

Berne Financial Services Agreement set to benefit UK, Swiss companies

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By [Abhishek Kumar](#)

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The financial services cooperation agreement identifies key sectors where the two countries will mutually recognize domestic financial services laws and regulations under an "outcomes based" framework. The sectors include asset management, corporate banking, financial market infrastructures, insurance, investment services and over-the-counter derivatives.

"The Berne Financial Services Agreement is only possible due to new freedoms granted to the UK following its exit from the European Union," the UK's finance minister Jeremy Hunt said, hailing the agreement (see [here](#)) as a "global first" that builds on the UK and Switzerland's strengths as two of the world's largest financial centers. The agreement will also enhance the thriving financial services relationship between the two countries, Hunt said.

The agreement is aimed at bolstering frictionless cross-border financial services operations and unlocks new market access for British companies, the UK finance ministry said. It also establishes deference-based commitments for some covered areas, as well as stabilizing provisions to continue the status quo in other sectors where liberal cross-border access is already permitted.

A key example of "deference-based outcomes" the finance ministry gave was of the insurance sector, where British insurers will be able to provide a range of wholesale services to the Swiss market with significantly reduced regulatory requirements relying on familiar UK regulation.

Companies from both countries will be able to avoid duplicative and burdensome requirements, the finance ministry said.

The UK and Switzerland will also be able to build on sectoral commitments where new possibilities are identified in the future, the ministry said, adding that sustainable finance has already been identified within the agreement as an avenue for further cooperation.

The agreement also contains mechanisms to protect consumers, investors and markets, the ministry said.

UK and Swiss financial advisory companies catering to high-net-worth individuals will be able to access each other's domestic markets with the possibility to expand where opportunities arise, the UK finance ministry said. This will allow UK financial companies to serve their Swiss clients without the need to register with Swiss registration bodies. Requirements to sit Swiss examinations and provide documentation evidencing suitability will also not apply to British financial firms under the agreement.

The reduction of red tape for the UK financial advisory industry gives a boost to their competitive edge, the UK finance ministry said.

"This is just the latest deal we have struck with Switzerland to help our world-leading financial services companies access this lucrative market and grow UK-Swiss trade in services," said Kemi Badenoch, the UK's business and trade minister.

Small companies will no longer have to invest time and money in navigating unfamiliar Swiss rules, she said.

Only companies based in the UK will be exempted from Swiss rules — which require non-Swiss companies to establish a

base in the country before serving its citizens — giving a competitive advantage to British brokerages compared to international competitors, the UK finance ministry said.

The two countries will also be able to revise or bring in new domestic regulation as required, the ministry said.

Considering that 40 percent of financial services exports to Switzerland were from UK regions outside London and the southeast, the UK finance ministry said the benefits of the agreement will be felt across the country.

In 2020, the UK and Switzerland published a ministerial joint statement confirming their intention to negotiate a financial services cooperation agreement paving the way for the signing of this week's agreement. The initial agreement was signed jointly by the then finance ministers Rishi Sunak and Ueli Maurer.

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