

Exchanges and trading platforms

Switzerland opens access to the Swiss equity market to UK trading platforms

Par Rashid Bahar le 5 February 2021

The Brexit, which took effect on 31 January 2021, is now having a direct impact on UK-Swiss relations in the financial sector. In addition to ongoing discussions on mutual recognition, which remain at a high level for the time being, the UK has recognised the equivalence of Swiss regulations on trading venues for the purposes of Art. 23 [MiFIR](#) (see [The Markets in Financial Instruments \(Switzerland Equivalence\) Regulations 2021](#) adopted on 12 January 2021, presented to parliament on 13 January and entered into force on 3 February 2021 ; on equivalence, see Bacharach, [cdbf.ch/1081](https://www.cdbf.ch/1081)).

As a result, the Federal Department of Finance removed the United Kingdom from the list of countries whose regulations impede the trading of Swiss company securities on Swiss trading venues pursuant to the Ordinance of 30 November 2018 on the recognition of foreign platforms for the trading of securities of companies with their registered office in Switzerland ([RS 958.2](#)). FINMA has therefore updated the [list of recognised trading venues](#) and issued a [FINMA Supervisory Release 01/2021](#) on this subject. Stock exchanges and trading venues based in the United Kingdom can therefore resume trading in Swiss equities, which had to be suspended in June 2019.

It should be noted that the purpose of the ordinance was to prohibit European trading venues from trading equity securities of Swiss issuers whose securities were admitted to trading in Switzerland. As a result, European investment firms subject to Article 23(1) MiFIR were able to continue trading these securities on Swiss trading venues, despite the European Commission's refusal to recognise equivalence within the meaning of Article 23 (3) of MiFIR of the relevant Swiss regulations without a framework agreement (see [Implementing Decision 2017/2441](#) of the European Commission of 21 December 2017, making the temporary recognition granted to Swiss stock exchanges conditional on 'progress towards the signing of an agreement establishing a common institutional framework' and the European Commission's [Implementing Decision 2018/2047](#) of 20 December 2018, which was not renewed). Thanks to this ban, trading in Swiss equity securities within the European Union is, at best, non-systematic, ad hoc, occasional and infrequent within the meaning of Article 23(1) (a) of MiFIR, which allows investment firms to be exempted from their trading obligation for securities covered by the Ordinance and to continue trading on Swiss markets. The Ordinance has thus preserved the liquidity of Swiss equity securities trading on Swiss markets (see the [following link](#)).

With Brexit, the competence to declare the equivalence of third-country regulations has been

transferred, as far as the United Kingdom is concerned, to the British government, which has been able to declare the equivalence of Swiss law for the purposes of Article 23 MiFIR, paving the way for Switzerland to respond. Thus, with the decision of the Federal Department of Finance, the main collateral victims of this dispute arising from the negotiations on the framework agreement between Switzerland and the European Union, namely City-based investment banks operating multilateral trading facilities (MTFs) based in London, can resume their activities without harming Swiss stock exchanges.

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