

**Jurisdiction:** Switzerland

# 2018 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

## Contact information

- I. Hedge funds
- II. Securitisation
- III. Enhancing supervision
- IV. Building and implementing macroprudential frameworks and tools
- V. Improving oversight of credit rating agencies (CRAs)
- VI. Enhancing and aligning accounting standards
- VII. Enhancing risk management
- VIII. Strengthening deposit insurance
- IX. Safeguarding the integrity and efficiency of financial markets
- X. Enhancing financial consumer protection

List of abbreviations used

Sources of recommendations

List of contact persons from the FSB and standard-setting bodies

National authorities from FSB member jurisdictions should complete the survey and submit it to the FSB Secretariat ([imn@fsb.org](mailto:imn@fsb.org)) by **Friday, 8 June 2018** (*representing the most recent status at that time*). The Secretariat is available to answer any questions or clarifications that may be needed on the survey. Please also provide your contact details for the person(s) completing the survey and an index of abbreviations used in the response.

National authorities are expected to submit the information to the FSB Secretariat using the Adobe Acrobat version of the survey. The Microsoft Word version of the survey is also being circulated to facilitate the preparation/collection of survey responses by relevant authorities within each jurisdiction.

Jurisdictions that previously reported implementation as completed in a particular recommendation are only required to include information about main developments since last year's survey and future plans (if applicable) ("Update and next steps" table). New reforms to enhance the existing framework in that area should be described, but should not lead to a downgrade from implementation completed to ongoing. Jurisdictions that do not report implementation as completed are required to include full information both in the "Progress to date" and "Update and next steps" tables.

As with previous IMN surveys, the contents of this survey for each national jurisdiction will be published on the FSB's website at around the time of the 2018 G20 Summit in Buenos Aires. The FSB Secretariat will contact member jurisdictions ahead of the Summit to check for any updates or amendments to submitted responses before they are published.

I. Hedge funds

II	III	IV	V	VI	VII	VIII	IX	X
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**1. Registration, appropriate disclosures and oversight of hedge funds**

**G20/FSB Recommendations**

*We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds.*  
(Seoul)

*Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management.*  
(London)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

I. Hedge funds

II	III	IV	V	VI	VII	VIII	IX	X
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2. Establishment of international information sharing framework

**G20/FSB Recommendations**

We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)

**Remarks**

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's [Report on Hedge Fund Oversight \(Jun 2009\)](#) on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO [Principles Regarding Cross-border Supervisory Cooperation](#).

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date	
<input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of <input type="text" value="March 2013"/>	
<p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #cccccc; height: 200px; width: 100%;"></div>	
<p>If “Implementation ongoing” has been selected, please specify</p> <input type="radio"/> Draft in preparation, expected publication by <input type="text"/> <input type="radio"/> Draft published as of <input type="text"/> <input type="radio"/> Final rule or legislation approved and will come into force on <input type="text"/> <input type="radio"/> Final rule (for part of the reform) in force since <input type="text"/>	

I. Hedge funds

II	III	IV	V	VI	VII	VIII	IX	X
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2. Establishment of international information sharing framework

Progress to date	
<p><b>Issue is being addressed through</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation / Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions)</li> </ul> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>Based on the revised collective investment schemes act (CISA), FINMA receives information on the activities of asset managers and their funds on a regular basis and is able to request any information needed for supervisory purposes. The revised CISA also requires that cooperation arrangements with all relevant foreign supervisory authorities are in place, in particular with supervisors in those jurisdictions where the fund is domiciled. Switzerland (FINMA) is a full signatory (A-signatory) to the IOSCO MMoU since 2010.</p> <p>At the end of July 2013, FINMA had signed MoUs with 28 EU and EEA member states. These regulate the supervision of risks and the collection of data from asset managers, as well as the transfer of data by the relevant supervisory authorities to FINMA. The MoUs also include cross-border supervisory reviews and mutual assistance in the enforcement of the respective laws.</p> <p>In 2014, FINMA signed further agreements on cooperation and the exchange of information with foreign supervisory authorities in relation to foreign CIS being distributed to non-qualified investors in or from Switzerland (art. 120 CISA).</p> <p>Other actions: Full signatory of IOSCO MMoU; conclusion of bilateral MoUs.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

I. Hedge funds

- II
- III
- IV
- V
- VI
- VII
- VIII
- IX
- X

**2. Establishment of international information sharing framework**

**Update and next steps**

**Highlight main developments since last year's survey**

Based on the previous work respectively actions, no further steps were necessary in 2017. The existing international information sharing framework works.

**Planned actions (if any) and expected commencement date**

(This area is currently blank for planned actions.)

**Relevant web-links**

**Web-links to relevant documents**

CISA: <http://www.news.admin.ch/message/index.html?lang=en&msg-id=47754>

I. Hedge funds

- II
- III
- IV
- V
- VI
- VII
- VIII
- IX
- X

3. Enhancing counterparty risk management

**G20/FSB Recommendations**

*Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)*

*Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)*

**Remarks**

Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.

In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO [Report on Hedge Fund Oversight \(Jun 2009\)](#).

In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III capital requirements for counterparty risk, since it is [monitored separately](#) by the BCBS.

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO [Objectives and Principles of Securities Regulation](#), and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

**Progress to date**

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of Basel III Jan13/CISA

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- Draft in preparation, expected publication by [redacted]
- Draft published as of [redacted]
- Final rule or legislation approved and will come into force on [redacted]
- Final rule (for part of the reform) in force since [redacted]

I. Hedge funds

II III IV V VI VII VIII IX X

3. Enhancing counterparty risk management

Progress to date

Issue is being addressed through

- Primary / Secondary legislation
- Regulation / Guidelines
- Other actions (such as supervisory actions)

Short description of the content of the legislation/regulation/guideline/other actions

FINMA has reviewed the regulatory and supervisory regime for leveraged counterparties, including hedge funds, also taking into account the IOSCO principles published in June 09. With the recent revision of the Collective Investment Schemes Act (CISA), Switzerland aims to achieve compliance with the IOSCO principles.

The exposure of banks to leveraged counterparties is subject to regulation within the capital adequacy framework. FINMA has fully implemented the Basel III standards on counterparty credit risk and the treatment of highly leveraged counterparties as of 1 Jan 2013.

The BCBS reviewed the Swiss implementation of the Basel III risk-based capital regime during an RCAP and assessed the implementation as "compliant".

Prime Brokerage is a focus in the supervision of the IB activities of the two large banks. FINMA has regular meetings with the risk management units of the two large banks to discuss Hedge Fund (HF) issues. FINMA reviews ad hoc business activities and the HF reports the both large banks produce. It talks about disputes/haircut adjustments with the large banks and has a dialogue with the external and internal audit function on the banks' prime brokerage business.

Prime brokerage business is also an important part in FINMA's ongoing liquidity supervision of the two large banks. FINMA looks at liquidity in-/outflows from the prime brokerage business and at HF stress models. Strategy/growth plans and as well as onboarding strategies for new HF-clients are regularly discussed.

FINMA regularly reviews several leverage indicators, margin requirements, excess collateral numbers and across several prime broker in a peer analysis. FINMA, respectively its predecessor organization, participated in the interagency working group to review the counterparty risk management practices related to hedge funds under the lead of the Federal Reserve Bank of New York.

FINMA participated also in all Senior Supervisors Group (SSG) work streams that looked at counterparty credit risk management. A common report was issued that conveyed the SSG perspective on the state of CCR measurement and management practices based on discussions with major industry participants.

Other actions: Ongoing supervision.

If this recommendation has not yet been fully implemented, please provide **reasons for delayed implementation**

I. Hedge funds

- II
- III
- IV
- V
- VI
- VII
- VIII
- IX
- X

3. Enhancing counterparty risk management

Update and next steps	
<p><b>Highlight main developments since last year's survey</b></p> <p>The BCBS's standards for banks' equity investments in funds have been implemented as planned and entered into force on 1st January 2017 (with a transition period recently extended to 1 January 2020).</p>	<p><b>Planned actions (if any) and expected commencement date</b></p>

Relevant web-links	
<p><b>Web-links to relevant documents</b></p>	<p>CISA: <a href="http://www.news.admin.ch/message/index.html?lang=en&amp;msg-id=47754">http://www.news.admin.ch/message/index.html?lang=en&amp;msg-id=47754</a></p> <p>Total revision of the Capital Adequacy ordinance to implement Basel III: <a href="https://www.efd.admin.ch/efd/en/home/dokumentation/nsb-news_list.msg-id-44781.html">https://www.efd.admin.ch/efd/en/home/dokumentation/nsb-news_list.msg-id-44781.html</a></p> <p>Basel III Circulars: <a href="https://www.finma.ch/en/news/2012/07/mm-rs-umsetzung-b2-tbtf-20120718/">https://www.finma.ch/en/news/2012/07/mm-rs-umsetzung-b2-tbtf-20120718/</a></p> <p>BCBS standards: Ordinance: <a href="https://www.admin.ch/opc/de/classified-compilation/20121146/index.htm">https://www.admin.ch/opc/de/classified-compilation/20121146/index.htm</a>, cf. Article 63 Para. 3 letter fbis and Para. 6 /</p> <p>FINMA-Circular: <a href="https://www.finma.ch/de/~media/finma/dokumente/dokumentencenter/myfinma/rundschreiben/finma-rs-2017-07.pdf?la=de">https://www.finma.ch/de/~media/finma/dokumente/dokumentencenter/myfinma/rundschreiben/finma-rs-2017-07.pdf?la=de</a> , Section XIII.</p>



I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
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#### 4. Strengthening of regulatory and capital framework for monolines

**G20/FSB Recommendations**

*Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

I II. Securitisation III IV V VI VII VIII IX X

5. Strengthening of supervisory requirements or best practices for investment in structured products

G20/FSB Recommendations

Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)

Remarks

Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products.

Jurisdictions may reference IOSCO's report on [Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments \(Jul 2009\)](#).

Jurisdictions may also refer to the Joint Forum report on [Credit Risk Transfer-Developments from 2005-2007 \(Jul 2008\)](#).

**Progress to date**

**Not applicable**  
 **Applicable but no action envisaged at the moment**  
 **Implementation ongoing**  
 **Implementation completed as of** [redacted]

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

Domestic issuance:  
 There has been virtually no ABS issuance in Switzerland since 1999 (currently there are only 3-4 tranches issued on the CH market- 1 CC, 1 Autoloan, 1 RMBS). This hardly qualifies for talking about "a market". Trends remain pretty much unchanged. No specific action has been taken.

Domestic investment:  
 The extent and materiality of direct investments in ABS (domestic or foreign-issued) in Switzerland is very low. Swiss institutional investors tend not to hold direct ABS investment, or when they (rarely) do, the portfolios are of very modest size. There is also possibilities of indirect investment via credit funds or mutual fixed income funds. Most of the CH institutional investors that hold small direct ABS exposures are supervised by FINMA as they are either banks or insurance companies. In all those cases, the ABS are from jurisdictional domiciles that have implemented securities regulations around ABS. CH investors benefit in some part from the application of these rules or legislations (disclosure, specific retention, repositories etc..) elsewhere.

The supervisory requirements applied in Switzerland concerning ABS are mainly those inherited from the banking capital rules (BCBS Pillar 1, 2, 3). These apply to insurance companies as in CH capital requirements are aligned for credit risk. As issuance when it happens is mainly through banks, disclosure is [redacted]

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted]  
 Draft published as of [redacted]  
 Final rule or legislation approved and will come into force on [redacted]  
 Final rule (for part of the reform) in force since [redacted]

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
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**5. Strengthening of supervisory requirements or best practices for investment in structured products**

Progress to date	
<p><b>Issue is being addressed through</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>The main ABS surveillance and monitoring tool in Switzerland is via the prudential banking regulation as per BCBS. The various aspects Pillar 1, 2 and 3, are considered sufficient given the size and importance of the Swiss ABS market. BCBS prudential rules for securitization have been in place since 1.1.2007. These are implemented via the FINMA Circular on Credit Risk 17/0 and its predecessors.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
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**5. Strengthening of supervisory requirements or best practices for investment in structured products**

**Update and next steps**

**Highlight main developments since last year's survey**

The revised BCBS securitisation rules for banks entered in force 1.1.2018. These entail enhanced supervisory requirements, governance, best practice and disclosure measures for banks in the various roles of sponsor/originator and investor. These rules apply via the prudential capital rules for insurance to a large sub-set of institutional investors (insurance companies) that could potentially invest in ABS. The Swiss implementation of the Basel rules mirrors closely the BCBS securitisation framework as per BCBS main paper. The Swiss implementation strengthens supervisory requirements in regards to the BCBS paper in that it ties the access to the SF ratings based approach to computing capital to the proof that the bank and insurance investor have a demonstrated expertise in ABS, have well-established internal governance structures and risk management practice. Banks or insurance companies that cannot testify to such set-ups are asked to resort to capital calculation approaches that rest upon a detailed look-through in the ABS structure. Only those ABS that have enhanced disclosure and transparency can be targets for investments.

**Planned actions (if any) and expected commencement date**

[Empty area for planned actions and expected commencement date]

**Relevant web-links**

**Web-links to relevant documents**

<https://www.finma.ch/fr/~media/finma/dokumente/dokumentencenter/myfinma/rundschreiben/finma-rs-2017-07.pdf?la=fr>

I II. Securitisation III IV V VI VII VIII IX X

6. Enhanced disclosure of securitised products

**G20/FSB Recommendations**

Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)

**Remarks**

Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.

See, for reference, IOSCO’s [Report on Principles for Ongoing Disclosure for Asset-Backed Securities \(Nov 2012\)](#), [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities \(Apr 2010\)](#) and [report on Global Developments in Securitisation Regulations \(November 2012\)](#), in particular recommendations 4 and 5.

**Progress to date**

**Not applicable**  
 **Applicable but no action envisaged at the moment**  
 **Implementation ongoing**  
 **Implementation completed as of** [redacted]

If “**Not applicable**” or “**Applicable but no action envisaged...**” has been selected, please provide a brief justification

The size and size-trends of the Swiss ABS domestic Market. No Securities Market regulation around ABS.

If “**Implementation ongoing**” has been selected, please specify

Draft in preparation, expected publication by [redacted]  
 Draft published as of [redacted]  
 Final rule or legislation approved and will come into force on [redacted]  
 Final rule (for part of the reform) in force since [redacted]

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
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**6. Enhanced disclosure of securitised products**

Progress to date	
<p><b>Issue is being addressed through</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <div style="background-color: #f0f0f0; height: 400px; width: 100%;"></div>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p> <div style="background-color: #f0f0f0; height: 200px; width: 100%;"></div>

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
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**6. Enhanced disclosure of securitised products**

**Update and next steps**

<p>Highlight <b>main developments since last year's survey</b></p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>	<p><b>Planned actions</b> (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>
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**Relevant web-links**

<p><b>Web-links to relevant documents</b></p>	
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I II III. Enhancing supervision IV V VI VII VIII IX X

7. Consistent, consolidated supervision and regulation of SIFIs

**G20/FSB Recommendations**

All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)

**Remarks**

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIFIs, since these are monitored separately by the BCBS.

See, for reference, the following documents:

BCBS

- [Framework for G-SIFIs \(Jul 2013\)](#)
- [Framework for D-SIFIs \(Oct 2012\)](#)

IAIS

- [Global Systemically Important Insurers: Policy Measures \(Jul 2013\) and revised assessment methodology \(updated in June 2016\)](#)
- [IAIS SRMP guidance - FINAL \(Dec 2013\)](#)
- [Guidance on Liquidity management and planning \(Oct 2014\)](#)

FSB

- [Framework for addressing SIFIs \(Nov 2011\)](#)

**Progress to date**

Not applicable  
 Applicable but no action envisaged at the moment  
 Implementation ongoing  
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by   
 Draft published as of   
 Final rule or legislation approved and will come into force on   
 Final rule (for part of the reform) in force since



I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
<b>7. Consistent, consolidated supervision and regulation of SIFIs</b>									

Progress to date	
<p><b>Issue is being addressed through</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation / Guidelines</li> <li><input type="checkbox"/> Other actions (such as supervisory actions)</li> </ul> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>-The revised banking act and, based thereon, the revised capital adequacy ordinance, introduced additional requirements for systemically important banks regarding capital, liquidity, risk diversification, and emergency planning. Switzerland currently has two designated G-SIBs (that are at the same time also D-SIBs) and three additional D-SIBs.</p> <p>- Basel III has been fully and timely implemented for all Swiss banks as of January 2013, when the revised ordinance on Capital Adequacy entered into force. (Naturally, the implementation of Basel III does not yet include issues that remain to be finalized in the Basel Committee on Banking Supervision, e.g. the revision of the credit risk standard approach.)</p> <p>- Implementation of resolution and recovery planning and crisis management colleges is ongoing in accordance with the FSB timetable.</p> <p>- Switzerland currently has no designated G-SII.</p> <p>- TLAC has been fully implemented for the two G-SIBs as of July 2016.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p> <div style="background-color: #D3D3D3; height: 150px; width: 100%;"></div>

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
7. Consistent, consolidated supervision and regulation of SIFIs									

Update and next steps	
<p><b>Highlight main developments since last year's survey</b></p> <p>Under Article 52 of the Banking Act, the Federal Council must carry out a review at two-year intervals to examine whether these provisions are in line with the international standards, as well as to check the manner in which the standards have been implemented abroad. The first such evaluation report was adopted on 18 February 2015. During its meeting on 28 June 2017, the Federal Council adopted the second evaluation report on systemically important banks, concluding that the regulatory model does not need to be fundamentally adapted. Gone concern capital requirements should apply not only for the two big banks in the future, but also for domestically focused systemically important banks.</p> <p>The Federal Council sees a need for action in the area of gone concern capital requirements. Corresponding provisions have applied for the two big banks, Credit Suisse and UBS, since 1 July 2016. The Federal Council would now like to introduce gone concern requirements also for domestically focused systemically important banks (PostFinance AG, Raiffeisen and Zürcher Kantonalbank). Like for the big banks, they should reflect the going concern capital requirements, but only 40% of them. With this proposal, the Federal Council is taking into consideration the fact that the banks in question are less interconnected internationally and are thus less systemically important. The three domestically focused systemically important banks differ in terms of their organisational structure and ownership. Account should be taken of these specific features with individual treatment and flexibility with regard to implementation of the measures.</p> <p>On 23 February 2018, the Federal Department of Finance (FDF) initiated a consultation on the required amendments to the Capital Adequacy Ordinance (CAO).</p>	<p><b>Planned actions (if any) and expected commencement date</b></p> <p>The consultation procedure on the amendments to the Capital Adequacy Ordinance (CAO) will last till end of May 2018.</p>

Relevant web-links	
<p><b>Web-links to relevant documents</b></p>	<p><a href="https://www.efd.admin.ch/efd/en/home/dokumentation/nsb-news_list.msg-id-69898.html">https://www.efd.admin.ch/efd/en/home/dokumentation/nsb-news_list.msg-id-69898.html</a></p>

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
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**8. Establishing supervisory colleges and conducting risk assessments**

**G20/FSB Recommendations**

*To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)*

*We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.

I II III. Enhancing supervision IV V VI VII VIII IX X

9. Supervisory exchange of information and coordination

**G20/FSB Recommendations**

*To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)*

*Enhance the effectiveness of core supervisory colleges. (FSB 2012)*

**Remarks**

Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the [September 2012](#) BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.

Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).

**Progress to date**

Not applicable  
 Applicable but no action envisaged at the moment  
 Implementation ongoing  
 Implementation completed as of 1 January 2016

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]  
 Draft published as of [redacted]  
 Final rule or legislation approved and will come into force on [redacted]  
 Final rule (for part of the reform) in force since [redacted]

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
<b>9. Supervisory exchange of information and coordination</b>									

Progress to date	
<p><b>Issue is being addressed through</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input checked="" type="checkbox"/> Regulation / Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions)</li> </ul> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>A new provision was implemented in the Financial Market Supervisory Act and entered into force on 1 January 2016, stating explicitly that FINMA is allowed to share information with foreign authorities and courts for resolution purposes (subject to specific conditions being fulfilled).</p> <p>On a national level, SNB and FINMA share tight links in monitoring the financial sector on the micro as well as macro level and coordinate regulatory initiatives of shared interest.</p> <p>On an international level, and in line with FSB, BCBS and IAIS standards, FINMA has established long standing relations with supervisory authorities of relevant jurisdictions, where Swiss institutions operate in, and has broadened and extended supervisory colleges as well as bilateral cooperation. This includes crisis management cooperation on the banking as well as on the insurance side.</p> <p>FINMA is particularly participating in the relevant international working groups for ensuring quality and recognition of the IOSCO MMoU and the IAIS MMoU. To the extent practicable and feasible, FINMA endeavours to base the information exchange and coordination efforts on bilateral or multilateral cooperation agreements.</p> <p>Cooperation agreements amongst the members of the Crisis Management Group and the members of the APAC College (non-CMG-host-authorities) for each of the two Swiss G-SIBs have been successfully established.</p> <p>Other actions: National and international cooperation.</p> <p>DEBR: Since the introduction of new regulation offering increased access to information per January 1, 2016, several foreign authorities have made use of this regulation and conducted on-site reviews in Switzerland. As part of its regular process, FINMA uses these opportunities for an exchange with the visiting authority.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p> <div style="background-color: #D3D3D3; height: 150px; width: 100%;"></div>

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
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**9. Supervisory exchange of information and coordination**

**Update and next steps**

**Highlight main developments since last year's survey**

There were no main developments as coordination agreements for insurance supervisory colleges are already in place for supervisory colleges led by FINMA and the ones where FINMA participates as a host supervisor.

**Planned actions (if any) and expected commencement date**

(Empty area for planned actions and expected commencement date)

**Relevant web-links**

**Web-links to relevant documents**

<https://www.finma.ch/en/finma/international-activities/supervisory-cooperation/supervisory-colleges/>

I II III. Enhancing supervision IV V VI VII VIII IX X

10. Strengthening resources and effective supervision

**G20/FSB Recommendations**

*We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)*

*Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)*

*Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)*

**Remarks**

Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB [thematic peer review report on supervisory frameworks and approaches to SIBs \(May 2015\)](#).

**Progress to date**

Not applicable  
 Applicable but no action envisaged at the moment  
 Implementation ongoing  
 Implementation completed as of

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by   
 Draft published as of   
 Final rule or legislation approved and will come into force on   
 Final rule (for part of the reform) in force since  J

I II III. Enhancing supervision IV V VI VII VIII IX X

10. Strengthening resources and effective supervision

Progress to date	
<p><b>Issue is being addressed through</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Primary / Secondary legislation</li> <li><input checked="" type="checkbox"/> Regulation / Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions)</li> </ul> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>FINMA Circular 2008/21 "Operational Risks - Banks" has been revised with regard to IT and cyber risks. The risk management principle on technological infrastructure has been expanded to include IT and cyber risks. In addition, the principle on business continuity has been expanded to include requirements for maintaining critical services when resolving systemically important banks.</p> <p>Circular 17/01 "Corporate Governance Banks" consolidates the supervisory requirements relating to corporate governance, internal control systems and risk management for banks.</p> <p>Circular 18/03 "Outsourcing - banks and insurers expands existing requirements to internal outsourcings, consolidates existing requirements for banks and insurers and introduces special requirements for the outsourcing of critical services of systemically important banks.</p> <p>Other actions: Regarding resources: FINMA has increased its FTE from 2009 to 2016 by 36% (mostly stable since then). In addition, resources have been shifted to increase effectiveness of risk based supervision. In 2016, FINMA has created a dedicated unit for operational, cyber and IT-risks of Banks. Regarding expertise/talent management: In 2014, FINMA has introduced a programme for identifying and fostering employee potential. Its aim is to enable long-term resource planning for internal management and specialist functions by preparing employees to take on higher-level functions and/or increased responsibilities. Regarding "Push Banks to improve IT/MIS": In addition to revised and new circulars, FINMA regularly conducts on-site supervisory reviews on the topics of risk aggregation and reporting to senior management of large banks. Regarding "Engage more on Board Level": The supervisory approach has been reformed and evolved since the financial crisis. The cornerstone is the supervisory dialogue. It entails meetings with the supervised institution's board of directors and executive board on fundamental issues, such as the company's strategic orientation, governance, capitalisation and profitability, risk situation and other topics. Regarding mandate and powers: no reforms are currently planned in this regard.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>



I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
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**10. Strengthening resources and effective supervision**

**Update and next steps**

Highlight <b>main developments since last year's survey</b>	<b>Planned actions</b> (if any) and expected commencement date
<p>Partially revised FINMA Circular 2008/21 "Operational Risks - Banks" and new Circular 17/01 "Corporate Governance Banks". Issuance of Circular 18/03 "Outsourcing - banks and insurers" in December 2017.</p>	<p>Changes to the Banking Act will enter into force in August 2018.</p>

**Relevant web-links**

<b>Web-links to relevant documents</b>	
	<p>Circular 08/21 Operational Risk - Banks: <a href="https://www.finma.ch/de/~media/finma/dokumente/dokumentencenter/myfinma/rundschreiben/finma-rs-2008-21-01-07-2017.pdf?la=de">https://www.finma.ch/de/~media/finma/dokumente/dokumentencenter/myfinma/rundschreiben/finma-rs-2008-21-01-07-2017.pdf?la=de</a></p> <p>Circular 17/01 Corporate Governance Banks: <a href="https://www.finma.ch/en/news/2016/11/20161101-mm-rs-corporate-governance-bei-banken/">https://www.finma.ch/en/news/2016/11/20161101-mm-rs-corporate-governance-bei-banken/</a></p> <p>Circular 17/XX "Outsourcing - banks and insurers": <a href="https://www.finma.ch/en/news/2016/12/20161206---mm---rs---outsourcing/">https://www.finma.ch/en/news/2016/12/20161206---mm---rs---outsourcing/</a></p>

11. Establishing regulatory framework for macro-prudential oversight

**G20/FSB Recommendations**

*Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk. (London)*

*Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)*

**Remarks**

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.

**Progress to date**

Not applicable  
 Applicable but no action envisaged at the moment  
 Implementation ongoing  
 Implementation completed as of February 2010: MoU+

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]  
 Draft published as of [redacted]  
 Final rule or legislation approved and will come into force on [redacted]  
 Final rule (for part of the reform) in force since [redacted]

11. Establishing regulatory framework for macro-prudential oversight

Progress to date	
<p><b>Issue is being addressed through</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation / Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions)</li> </ul> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>Both SNB and FINMA have mandates comprising elements of macroprudential oversight. According to the National Bank Act (NBA), one of the SNB's tasks is to contribute to financial stability. Further, the SNB publishes a Financial stability report on an annual basis. FINMA's mandate also comprises a supra-institutional component, which is provided by the FINMASA (Art.5), according to which financial market oversight includes the aim of protecting the functioning of the financial markets. The FDF is responsible for preparing any amendments of laws and ordinances and the Federal Council decides on adjustments of the countercyclical capital buffer, with involvement of SNB and FINMA (see answer to question 12). FINMA has broad legal powers to gather any kind of information from supervised financial market institutions. SNB has a legal power to collect statistical data and has direct access to information on financial market participants. The FINMA/SNB MoU (see web-link below), revised in February 2010, provides a clear division between the individual tasks of the two institutions and addresses information exchange between both institutions. In the MoU signed on January 2011, FDF, FINMA and SNB (see web-link) agreed to meet regularly for an exchange of information and views on financial stability and issues of current interest in financial market regulation. In the event of a crisis that threatens financial stability, they agreed to work closely together and, to this end, set up a joint crisis management organisation. In March 2012, the Financial Stability Working Group (FDF, SNB, FINMA) published a report and proposals on the macroprudential framework (see web-link). The report includes an assessment of the power to collect and share information. In line with recommendations of that report, new provisions of the NBA and the FINMASA have entered into force on 1 January 2016. As a result, SNB can directly access information on financial market participants and SNB and FINMA can share information with the FDF (see web-links).</p> <p>Other actions: MoUs among financial market authorities.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

**11. Establishing regulatory framework for macro-prudential oversight**

**Update and next steps**

Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date

**Relevant web-links**

Web-links to relevant documents	
	FINMA/SNB MoU: <a href="http://www.snb.ch/en/mmr/reference/mofu/source">http://www.snb.ch/en/mmr/reference/mofu/source</a>
	FDF/FINMA/SNB MoU: <a href="http://www.snb.ch/en/mmr/reference/tripartite/source/tripartite.en.pdf">http://www.snb.ch/en/mmr/reference/tripartite/source/tripartite.en.pdf</a>
	Report of Financial Stability Working Group: <a href="http://www.news.admin.ch/NSBSubscriber/message/attachments/35795.pdf">http://www.news.admin.ch/NSBSubscriber/message/attachments/35795.pdf</a>
	NBA: <a href="https://www.admin.ch/opc/en/classified-compilation/20021117/index.html">https://www.admin.ch/opc/en/classified-compilation/20021117/index.html</a>
	FINMASA: <a href="https://www.admin.ch/opc/en/classified-compilation/20052624/index.html">https://www.admin.ch/opc/en/classified-compilation/20052624/index.html</a>

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
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## 12. Enhancing system-wide monitoring and the use of macro-prudential instruments

### G20/FSB Recommendations

Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level. (Rec. 3.1, FSF 2009)

We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)

Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)


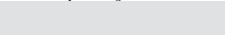
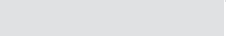
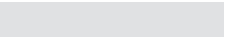
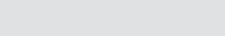
### Remarks

Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.

Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on [Macroprudential policy tools and frameworks \(Oct 2011\)](#)
- CGFS report on [Operationalising the selection and application of macroprudential instruments \(Dec 2012\)](#)
- IMF staff papers on [Macroprudential policy, an organizing framework \(Mar 2011\)](#), [Key Aspects of Macroprudential policy \(Jun 2013\)](#), and [Staff Guidance on Macroprudential Policy \(Dec 2014\)](#)
- IMF-FSB-BIS paper on [Elements of Effective Macroprudential Policies: Lessons from International Experience \(Aug 2016\)](#)
- CGFS report on [Experiences with the ex ante appraisal of macroprudential instruments \(Jul 2016\)](#)
- CGFS report on [Objective-setting and communication of macroprudential policies \(Nov 2016\)](#)

Progress to date
<p> <input type="radio"/> Not applicable  <input type="radio"/> Applicable but no action envisaged at the moment  <input type="radio"/> Implementation ongoing  <input checked="" type="radio"/> Implementation completed as of Amendments to the  </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by   <input type="radio"/> Draft published as of   <input type="radio"/> Final rule or legislation approved and will come into force on   <input type="radio"/> Final rule (for part of the reform) in force since  </p>

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
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## 12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Progress to date	
<p><b>Issue is being addressed through</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation / Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions)</li> </ul> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>Quantitative indicators regularly enter the monitoring and analysis of SNB, FINMA and the FDF. SNB is continuously monitoring a broad range of indicators - among them asset prices, credit volumes - and their implications for financial stability. The SNB also launched an additional quarterly survey on mortgage lending in early 2011. In the survey, the 25 largest banks in the domestic market, representing a total market share of over 80%, are asked about key risk indicators such as loan-to-value ratios and affordability criteria for new mortgages. Further, the SNB publishes a Financial stability report on an annual basis. FINMA has implemented a macroeconomic monitoring process, which concentrates on the Swiss domestic real estate market and selected foreign asset markets. In addition to capital and other regulatory requirements in general, more specific available policy tools include the countercyclical buffer, capital requirements for risky mortgage lending business and self-regulation on lending practices in the mortgage market. Moreover, FINMA can impose specific measures on individual banks where appropriate. In January 2014, the Federal Council, upon proposal by the SNB, decided to increase the sectoral countercyclical capital buffer (CCB) to 2% of risk weighted positions, still restricted to residential mortgage loans, and being effective as of June 30, 2014 (see web-link below). In February 2016, the Basel III CCB was announced to s at 0% (see web-link below). The sectoral CCB remains at 2% of relevant risk weighted assets. The CCB had been implemented in July 2012 and activated (to a level of 1% of risk weighted positions) by the Federal Council upon proposal by the SNB in February 2013. Its objective is to increase the resilience of the banking sector against the consequences of excessive credit growth but also to mitigate the build-up of excesses in mortgage markets. The decision on activation, adjustment and deactivation is made by the Federal Council upon proposal by the SNB and after consultation with FINMA. The SNBs decision on proposing adjustments is based on an approach of guided discretion (see web-link below) based on a set of key quantitative indicators. In addition, amendments to the Capital Adequacy Ordinance (see web-link below) have been made: capital requirements for risky mortgage lending business have been increased, being effective as of January 2013. Complementary, self-regulation in the mortgage market has been tightened, requiring a minimum downpayment of 10% of the real estate transaction coming from a source other than occupational benefits provision (second pillar of the Swiss pension system). In July 2014, FINMA approved further amendments to the minimum standards for mortgage financing issued by the SBA (see web-link below). The revisions to the self-regulation entered into force on 1 September 2014. This includes: i) stricter amortization requirements, ii) stricter use of second income for financial sustainability evaluation, iii) stricter valuation requirements for residential real estate. In 2016, the revised Capital Adequacy Ordinance, introducing international reciprocity for internationally active banks (as required by the Basel III countercyclical capital buffer), has come into effect</p> <p>Other actions: ongoing monitoring</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Update and next steps

<p>Highlight <b>main developments since last year's survey</b></p>	<p><b>Planned actions</b> (if any) and expected commencement date</p> <p>Ongoing monitoring. If appropriate, further decisions on the adjustment of the countercyclical capital buffer or on the regulatory framework, including the potential introduction of additional regulatory measures affecting the demand for mortgages.</p>
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Relevant web-links

<p><b>Web-links to relevant documents</b></p>	<p>Capital buffer: <a href="https://www.news.admin.ch/message/index.html?lang=en&amp;msg-id=51758">https://www.news.admin.ch/message/index.html?lang=en&amp;msg-id=51758</a></p> <p>Factsheet Countercyclical: Swiss National Bank, ^Implementing the countercyclical capital buffer in Switzerland: concretising the Swiss National Bank's role", fact sheet, June 2012 and Press release of 23 January 2014, ^Swiss National Bank proposal to increase the countercyclical capital buffer", available at <a href="http://www.snb.ch">www.snb.ch</a>, Financial Stability, Publications.</p> <p>Basel III CCB: <a href="http://www.snb.ch/n/mmr/reference/CCB_communication_2016/source/CCB_communication_2016.n.pdf">http://www.snb.ch/n/mmr/reference/CCB_communication_2016/source/CCB_communication_2016.n.pdf</a></p> <p>^Stance of the Basel III countercyclical capital buffer in Switzerland", available at <a href="http://www.snb.ch">www.snb.ch</a>, Financial Stability, Publications.</p>
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13. Enhancing regulation and supervision of CRAs

G20/FSB Recommendations

All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)

National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.

CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.

The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)

Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)

We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)

Remarks

Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:

- [Code of Conduct Fundamentals for Credit Rating Agencies \(Mar 2015\)](#) (including on governance, training and risk management)

Jurisdictions may also refer to the following IOSCO documents:

- Principle 22 of [Principles and Objectives of Securities Regulation \(Jun 2010\)](#) which calls for registration and oversight programs for CRAs
- [Statement of Principles Regarding the Activities of Credit Rating Agencies \(Sep 2003\)](#)
- [Final Report on Supervisory Colleges for Credit Rating Agencies \(Jul 2013\)](#)

Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.

**Progress to date**

Not applicable  
 Applicable but no action envisaged at the moment  
 Implementation ongoing  
 Implementation completed as of

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by   
 Draft published as of   
 Final rule or legislation approved and will come into force on   
 Final rule (for part of the reform) in force since



I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)	VI	VII	VIII	IX	X
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**13. Enhancing regulation and supervision of CRAs**

<b>Progress to date</b>	
<p><b>Issue is being addressed through</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>Credit rating agencies whose ratings are used for regulatory purposes (e.g. as basis for capital adequacy) have to be recognized by FINMA. The recognition is currently governed by FINMA circular 2012/1 "Rating Agencies" and includes requirements in regard to objectivity, independence, access to ratings, disclosure, resources and credibility. Process and requirements are in line with the standards of the BCBS and with the "IOSCO Code of Conduct Fundamentals for Credit Rating Agencies" (2015). The scope of application covers all institutions supervised by FINMA which use credit ratings for regulatory purposes.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

I II III IV

V. Improving oversight of credit rating agencies (CRAs)

VI VII VIII IX X

**13. Enhancing regulation and supervision of CRAs**

Update and next steps	
<p>Highlight <b>main developments since last year's survey</b></p> <div style="background-color: #cccccc; height: 400px;"></div>	<p><b>Planned actions</b> (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 400px;"></div>

Relevant web-links	
<p><b>Web-links to relevant documents</b></p>	<p><a href="https://www.finma.ch/de/~media/finma/dokumente/dokumentencenter/myfinma/rundschreiben/finma-rs-2012-01-2015-d.pdf?la=de">https://www.finma.ch/de/~media/finma/dokumente/dokumentencenter/myfinma/rundschreiben/finma-rs-2012-01-2015-d.pdf?la=de</a></p> <div style="background-color: #cccccc; height: 100px;"></div>

I II III IV V. Improving oversight of credit rating agencies (CRAs) VI VII VIII IX X

14. Reducing the reliance on ratings

G20/FSB Recommendations

We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)

Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)

We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)

We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)

We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)

Remarks

Jurisdictions should indicate the steps they are taking to address the recommendations of the [May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings](#), including by implementing their [agreed action plans](#). Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.

Jurisdictions may refer to the following documents:

- FSB [Principles for Reducing Reliance on CRA Ratings \(Oct 2010\)](#)
- FSB [Roadmap for Reducing Reliance on CRA Ratings \(Nov 2012\)](#)
- BCBS [Basel III: Finalising post-crisis reforms \(Dec 2017\)](#)
- IAIS [ICP guidance](#) 16.9 and 17.8.25
- IOSCO [Good Practices on Reducing Reliance on CRAs in Asset Management \(Jun 2015\)](#)
- IOSCO [Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings \(Dec 2015\)](#).

**Progress to date**

Not applicable  
 Applicable but no action envisaged at the moment  
 Implementation ongoing  
 Implementation completed as of January 2015: revised

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]  
 Draft published as of [redacted]  
 Final rule or legislation approved and will come into force on [redacted]  
 Final rule (for part of the reform) in force since [redacted]

I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)	VI	VII	VIII	IX	X
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**14. Reducing the reliance on ratings**

Progress to date	
<p><b>Issue is being addressed through</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>On May 13, 2014, in the context of the FSB thematic peer review on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings, Switzerland published an action plan (see web-link) for implementing the FSB principles for reducing reliance on CRA ratings. This action plan noted that only a few references to ratings had been found in Swiss laws and regulations, most of which are the result of international standards such as the capital adequacy requirements of the Basel Committee on Banking Supervision ("Basel III"). In order to reduce reliance on ratings, the Swiss action plan has notably foreseen an active involvement in the relevant international bodies on these issues and the organisation of a workshop (see web-link below). The objective of this workshop that took place on August 28 2014 was to facilitate the exchange of views and the sharing of best practices among market participants regarding additional information used- and alternatives to CRA ratings in credit risk assessment. This workshop has also raised awareness about potential risks associated with CRAs and their ratings. In addition, some specific regulatory steps have been taken. For instance, references to CRA ratings have been removed from the FINMA Collective Investment Schemes Ordinance (see web-link). The revised ordinance entered into force on 1 January 2015. Moreover, disclosure requirements within banking regulations have been updated, facilitating credit assessment for market participants. The updated circular "Disclosure Banks" entered into force on 1 January 2015, before having been revised to reflect enhanced international standards. The revised circular (see web-link below) came into force on 1 January 2016.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

**14. Reducing the reliance on ratings**

**Update and next steps**

Highlight <b>main developments since last year's survey</b>	<b>Planned actions</b> (if any) and expected commencement date
	

**Relevant web-links**

<b>Web-links to relevant documents</b>	
	<p>Action plan: <a href="http://www.news.admin.ch/NSBSubscriber/message/attachments/34816.pdf">http://www.news.admin.ch/NSBSubscriber/message/attachments/34816.pdf</a>            Press release concerning the action plan: <a href="https://www.news.admin.ch/message/index.html?lang=en&amp;msg-id=52926">https://www.news.admin.ch/message/index.html?lang=en&amp;msg-id=52926</a>            Press release concerning the workshop: <a href="https://www.sif.admin.ch/sif/en/home/dokumentation/medienmitteilungen/medienmitteilungen.msg-id-54245.html">https://www.sif.admin.ch/sif/en/home/dokumentation/medienmitteilungen/medienmitteilungen.msg-id-54245.html</a>            CISO-FINMA: <a href="https://www.admin.ch/opc/en/classified-compilation/20140344/index.html">https://www.admin.ch/opc/en/classified-compilation/20140344/index.html</a>            Press release concerning disclosures: <a href="https://www.finma.ch/en/news/2015/11/20151120-mm-rs-offenlegung-banken/">https://www.finma.ch/en/news/2015/11/20151120-mm-rs-offenlegung-banken/</a></p>

15. Consistent application of high-quality accounting standards

G20/FSB Recommendations

Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)

Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: <http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx>.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- [Supervisory guidance for assessing banks' financial instrument fair value practices \(Apr 2009\)](#)
- [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#)
- [Regulatory treatment of accounting provisions - interim approach and transitional arrangements \(March 2017\)](#)

**Progress to date**

Not applicable  
 Applicable but no action envisaged at the moment  
 Implementation ongoing  
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by   
 Draft published as of   
 Final rule or legislation approved and will come into force on   
 Final rule (for part of the reform) in force since

I	II	III	IV	V	VI. Enhancing and aligning accounting standards	VII	VIII	IX	X
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**15. Consistent application of high-quality accounting standards**

<b>Progress to date</b>	
<p><b>Issue is being addressed through</b></p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>IFRS (as published by the IASB) and US GAAP are allowed for bank's consolidated financial statements (and required if listed in the International Reporting Standard of Swiss stock exchange). Swiss Accounting Standards are continuously being improved and amended in line with internationally accepted accounting standards. Enforcement of consistent application of accounting standards is performed by SIX exchange regulation and FINMA. The Fair Value Guidance is partly reflected in national legislation (e.g. FINMA circular 08/20 Marktrisiken Banken).</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

**15. Consistent application of high-quality accounting standards**

**Update and next steps**

**Highlight main developments since last year's survey**

Basically, the adequate implementation of the expected credit loss model by banks forms part of the work of external auditors. However, FINMA is also following the implementation of the new accounting requirements. As there are only few institutions using IFRS or US GAAP in Switzerland and therefore comparing and fostering consistent implementation of the new accounting requirements for the measurement of expected credit losses is difficult on a national level FINMA actively participates in the respective work on international level (e.g. BCBS).

FINMA put in consultation from October 2017 to January 2018 a proposal for transitional arrangements for the regulatory treatment of accounting provisions. The definitive solution is planned to come into effect on 1 January 2019.

**Planned actions (if any) and expected commencement date**

In general: Changes in IFRS and US GAAP with particular focus on the treatment of financial instruments will be analysed and transposed into national regulation where needed.

Expected Credit Losses: FINMA will continue to follow the implementation of the new accounting requirements and also to actively participate in the respective work on international level.

**Relevant web-links**

**Web-links to relevant documents**

<https://www.finma.ch/en/~media/finma/dokumente/dokumentencenter/myfinma/rundschreiben/finma-rs-2015-01.pdf?la=en>



16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

G20/FSB Recommendations

Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)

National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)

Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)

We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)

Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks' risk management practices, including BCBS good practice documents ([Corporate governance principles for banks](#), [External audit of banks](#), and the [Internal audit function in banks](#));
- measures to monitor and ensure banks' implementation of the BCBS [Principles for Sound Liquidity Risk Management and Supervision \(Sep 2008\)](#);
- measures to supervise banks' operations in foreign currency funding markets;<sup>1</sup> and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are [monitored separately by the BCBS](#).

<sup>1</sup> Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

**Progress to date**

Not applicable  
 Applicable but no action envisaged at the moment  
 Implementation ongoing  
 Implementation completed as of Stress Testing 2008,

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by   
 Draft published as of   
 Final rule or legislation approved and will come into force on   
 Final rule (for part of the reform) in force since

I II III IV V VI VII. Enhancing risk management VIII IX X

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Progress to date	
<p><b>Issue is being addressed through</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input checked="" type="checkbox"/> Regulation / Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions)</li> </ul> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <ul style="list-style-type: none"> <li>- Stress tests for large banks since 2008 as part of ongoing supervision; in particular focused stress test on interest rate risk.</li> <li>- Extended supervisory activities in liquidity area by dedicated reviews.</li> <li>- FINMA implemented national LCR regulation in 2013 in coordination with FDF, SNB</li> <li>- Circular 08/21 on Operational Risk published in Oct 2013.</li> <li>- The Federal Council issued the final rules on the LCR (ordinance on Liquidity) in June 2014. In accordance with this ordinance FINMA introduced the update of the circular 13/6 which was extended towards the inclusion of the quantitative requirements on the LCR (enacted in July 2014, in force in January 2015) --&gt; circular 15/2. Revised Ordinance on Liquidity and Circular 15/2 Liquidity Risk in effect 1 Jan 2018 (NSFR not included)</li> <li>- Circular 17/01 on Corporate Governance (published Oct 2016 in effect Jul 2017) is the revised former circular on Risk Control. It contains rules and principles to Risk Management (incl. data), Internal Control System, roles and responsibilities of executive board and board of directors, Internal Audit. )</li> </ul>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

I II III IV V VI VII. Enhancing risk management VIII IX X

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Update and next steps

Highlight main developments since last year's survey

Revised Ordinance on Liquidity and Circular 15/2 Liquidity Risk in effect 1 Jan 2018 (NSFR not included)  
 Revised Circular on Interest Rate Risk in the Banking Book: Consultation ended in Jan 2018. Final rule is planned to come into force on 1 January 2019.  
 Draft rules for NSFR were in consultation until April 2017. Release of NSFR rules (ordinance and circular) put on hold by Federal Council (next decision end of 2018).  
 Reporting on Basel Liquidity Monitoring Rules in place as of Jan 2018.  
 Revised Circular on Capital Buffer and Capital Planning for Banks: Consultation ended in Jan 2018. Final rule is planned to come into force on 1 January 2019.  
 Extended supervisory activities in liquidity area by dedicated reviews.

Planned actions (if any) and expected commencement date

- Implementation Circular on Interest Rate Risk in the Banking Book and Capital Buffer and Capital Planning for Banks: Final rule is planned to come into force on 1 January 2019.  
 - Finalization of NSFR rules: next decision planned end of 2018 by Federal Council

Relevant web-links

Web-links to relevant documents

Consultation Circular on Interest Rate Risk in the Banking Book / Capital Buffer and Capital Planning for Banks  
<https://www.finma.ch/de/dokumentation/anhoerungen/abgeschlossene-anhoerungen/2018/>  
 Liquidity Ordinance: <https://www.admin.ch/opc/de/classified-compilation/20122528/index.html>  
 Liquidity Circular 2015/2: [https://org.finma.ch/sites/4002-T/Dossiers/03\\_Risikomanagement%20B-RIM/0302\\_B-LOA/Liquidity/Regulierung/finmars201502.pdf](https://org.finma.ch/sites/4002-T/Dossiers/03_Risikomanagement%20B-RIM/0302_B-LOA/Liquidity/Regulierung/finmars201502.pdf)  
 Liquidity circular in consultation: (NSFR: <https://www.admin.ch/opc/de/classified-compilation/20170110/index.html>)

17. Enhanced risk disclosures by financial institutions

**G20/FSB Recommendations**

Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)

We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)

**Remarks**

Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on [Enhancing the Risk Disclosures of Banks](#) and [Implementation Progress Report by the EDTF \(Dec 2015\)](#), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the [Impact of Expected Credit Loss Approaches on Bank Risk Disclosures \(Nov 2015\)](#), as well as the recommendations in Principle 8 of the BCBS [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#).

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is [monitored separately](#) by the BCBS.

**Progress to date**

Not applicable  
 Applicable but no action envisaged at the moment  
 Implementation ongoing  
 Implementation completed as of 2009 (adjusted in 2012)

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted]  
 Draft published as of [redacted]  
 Final rule or legislation approved and will come into force on [redacted]  
 Final rule (for part of the reform) in force since [redacted]

**17. Enhanced risk disclosures by financial institutions**

Progress to date	
<p><b>Issue is being addressed through</b></p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions)</p> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>Since January 1, 2009 banks have to issue a Pillar 3 report (Pillar 3 of the BCBS standards); this regulation was adjusted in 2012. In October 2014, an updated version of a FINMA Circular on Pillar 3 disclosure along the BCBS standards has been published (update Leverage Ratio and Liquidity Coverage Ratio). The new BCBS disclosure Standards issued in January 2015 have been implemented nationally (final FINMA Standards released in November 2015) and entered into force on 31.12.2016. On the phase II revision of BCBS disclosure standards a draft regulation was put in consultation during Oct. 2017 to Jan. 2018; planned entry into force is 31.12.2018 (cut-off date for disclosure until end-April 2019).</p> <p>Further remarks:</p> <ul style="list-style-type: none"> <li>- IFRS (as published by the IASB) and US GAAP are allowed for bank's consolidated financial statements and required if listed in the International Reporting Standard of Swiss stock exchange (for Swiss Accounting Standards for banks see also 15 above).</li> <li>- With respect to enhanced risk disclosures, upon recommendation by FINMA, both Swiss G-SIBs disclose information along the EDTF design.</li> </ul> <p>Other actions: Ongoing supervision.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

**17. Enhanced risk disclosures by financial institutions**

Update and next steps	
<p><b>Highlight main developments since last year's survey</b></p> <p>Updated FINMA circular on disclosure put in consultation from October 2017 to January 2018. The update shall implement the phase II revisions of the BCBS disclosure standards.</p>	<p><b>Planned actions (if any) and expected commencement date</b></p>

Relevant web-links	
<p><b>Web-links to relevant documents</b></p>	<p>CS: <a href="https://www.credit-suisse.com/corporate/en/investor-relations/financial-and-regulatory-disclosures.html">https://www.credit-suisse.com/corporate/en/investor-relations/financial-and-regulatory-disclosures.html</a>            UBS: <a href="https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2017.html">https://www.ubs.com/global/en/about_ubs/investor_relations/annualreporting/2017.html</a>            FINMA Circular 2016/1 Discosure Banks: <a href="https://www.finma.ch/de/~media/finma/dokumente/dokumentencenter/myfinma/rundschreiben/finma-rs-2016-01-01-01-2017.pdf?la=de">https://www.finma.ch/de/~media/finma/dokumente/dokumentencenter/myfinma/rundschreiben/finma-rs-2016-01-01-01-2017.pdf?la=de</a></p>

18. Strengthening of national deposit insurance arrangements

**G20/FSB Recommendations**

National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)

**Remarks**

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI [Core Principles for Effective Deposit Insurance Systems](#) (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI's 2016 [Handbook](#)) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

**Progress to date**

Not applicable  
 Applicable but no action envisaged at the moment  
 Implementation ongoing  
 Implementation completed as of [redacted]

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted] October 2018  
 Draft published as of [redacted]  
 Final rule or legislation approved and will come into force on [redacted]  
 Final rule (for part of the reform) in force since [redacted]

**18. Strengthening of national deposit insurance arrangements**

<b>Progress to date</b>	
<p><b>Issue is being addressed through</b></p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>i) The current payout delay will be shortened. The benchmark for the delay is the international standard of 7 working days with an implementation period of minimum 5 years.</p> <p>ii) The existing deposit insurance system, which combines ex ante (additional liquidity provisions covering 50% of obligations) and ex post components, will be complemented by a 50% collateralisation. The banks have to collateralise half of their payment obligations with securities.</p> <p>iii) The current nominal target level of the deposit insurance of CHF 6 billion will be transformed into a new target coverage ratio of 1,6% of the total of the insured deposits.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>



**18. Strengthening of national deposit insurance arrangements**

**Update and next steps**

**Highlight main developments since last year's survey**

In February 2017, the administration presented its findings of the examination of recommendations regarding the deposit insurance system to the Federal Council. The Federal Council decided on the main parameters as described above for the planned improvement of the Swiss deposit insurance system.  
The decision of the Federal Council on the consultation draft with the required legislative amendments - initially planned for end of 2017 - was postponed to September 2018.

**Planned actions (if any) and expected commencement date**

The public consultation procedure on the legislative amendments is planned to take place in the fourth quarter of 2018.

**Relevant web-links**

**Web-links to relevant documents**

[https://www.efd.admin.ch/efd/de/home/dokumentation/nsb-news\\_list.msg-id-65655.html](https://www.efd.admin.ch/efd/de/home/dokumentation/nsb-news_list.msg-id-65655.html)

**19. Enhancing market integrity and efficiency**

**G20/FSB Recommendations**

*We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)*

**Remarks**

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- in relation to dark liquidity, as set out in the IOSCO [Report on Principles for Dark Liquidity \(May 2011\)](#).
- on the impact of technological change in the IOSCO [Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency \(Oct 2011\)](#).
- on market structure made in the IOSCO Report on [Regulatory issues raised by changes in market structure \(Dec 2013\)](#).

Progress to date
<p> <input type="radio"/> Not applicable  <input type="radio"/> Applicable but no action envisaged at the moment  <input checked="" type="radio"/> Implementation ongoing  <input type="radio"/> Implementation completed as of _____                 </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 300px; width: 100%;"></div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by _____  <input type="radio"/> Draft published as of _____  <input checked="" type="radio"/> Final rule or legislation approved and will come into force on _____ Transitional period up to _____  <input type="radio"/> Final rule (for part of the reform) in force since _____                 </p>

**19. Enhancing market integrity and efficiency**

Progress to date	
<p><b>Issue is being addressed through</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input checked="" type="checkbox"/> Regulation / Guidelines</li> <li><input checked="" type="checkbox"/> Other actions (such as supervisory actions)</li> </ul> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>Primary / Secondary legislation: Financial Market Infrastructure Act (FMIA) and Financial Market Infrastructure Ordinance (FMIO): To strengthen market transparency and financial stability, the Swiss Federal Council launched a reform package that fully implements the G-20 commitments on OTC derivatives and brings financial market infrastructure including trading venues in line with international standards. This package also contains new elements on market integrity and came into force on January 1st 2016. For parts of the new provisions a transitional period will be granted (transaction reporting, etc.). The legislation strengthens pre- and post-transparency requirements for exchanges, multilateral trading systems and organized trading systems and introduces a series of waivers that corresponds to international standards. In terms of new trading technology, FMIA/FMIO introduce specific requirements such as the identification of trading members using algorithmic trading, algo flagging and adequate systems and processes to maintain an orderly market in the presence of high trading volumes caused by algorithmic and high frequency trading. In general, FMIO requires trading venues to have adequate systems and processes in place to process peak trading volumes and to maintain an orderly market under stressed conditions. Trades have to be rejected if breaching predefined price or volume thresholds and there must be trading halts and circuit breakers in place.</p> <p>Regulation / Guidelines: FINMA has revised and published its Circular on the duty to report securities transactions and introduced a new Circular on Organized Trading Systems.</p> <p>Other actions: Dark Pools: FINMA conducted Alternative Trading Platform (ATP; including ATS, MTF, SI and Broker-dealer crossing network) Supervisory Reviews at the two major Swiss banks. The purpose of this review was mainly: - to assess management oversight and organizational set-up; - to review the respective policies, procedures and guidelines and assess the overall governance; - to understand the key risks regarding the operation of ATPs; - to assess the design of the key controls to prevent and - to detect these risks, as well as their operating effectiveness and to examine independent reviews and self-assessments, identified weaknesses and remediation actions taken. In our view, the key risks regarding the operation of ATPs include: (1) reputational and litigation risks, (2) system stability issues and (3) market risks due to operational failures as well as counterparty risks. In addition, the regulation of ATPs is increasing on a global scale. High Frequency Trading: FINMA started to gather information on the volume of HFT in the Swiss exchange landscape. FINMA proactively initiated an in-depth-analysis of the control procedures of specific HF-Traders. In addition, FINMA analyzed a Swiss Dark Pool's Service related to the maintenance of a fair and orderly trading system including appropriate systems of market supervision.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

**19. Enhancing market integrity and efficiency**

Update and next steps	
<p><b>Highlight main developments since last year's survey</b></p> <p>FMIA/FMIO came into force on January 1st 2016. Transition period for implementation apply. Based on new FMIA, FINMA has revised and published its Circular on the duty to report securities transactions.</p>	<p><b>Planned actions (if any) and expected commencement date</b></p> <p>Revised FINMA circular on duties to report securities transactions came into force by January 2018. The new reporting transaction regime has to be implemented by securities dealers until October 2018.</p>

Relevant web-links	
<p><b>Web-links to relevant documents</b></p>	<p><a href="https://www.admin.ch/opc/en/classified-compilation/20141779/index.html">https://www.admin.ch/opc/en/classified-compilation/20141779/index.html</a>  <a href="https://www.finma.ch/en/news/2017/02/20170209-mm-rs-finfrag/">https://www.finma.ch/en/news/2017/02/20170209-mm-rs-finfrag/</a></p>

**20. Regulation and supervision of commodity markets**

**G20/FSB Recommendations**

*We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)*

*We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)*

**Remarks**

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on [Principles for the Regulation and Supervision of Commodity Derivatives Markets \(Sep 2011\)](#).

Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the [update to the survey](#) published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.

**Progress to date**

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of 1 January 2016

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

- Draft in preparation, expected publication by [redacted]
- Draft published as of [redacted]
- Final rule or legislation approved and will come into force on [redacted]
- Final rule (for part of the reform) in force since [redacted]

**20. Regulation and supervision of commodity markets**

Progress to date	
<p><b>Issue is being addressed through</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Primary / Secondary legislation</li> <li><input type="checkbox"/> Regulation / Guidelines</li> <li><input type="checkbox"/> Other actions (such as supervisory actions)</li> </ul> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>The Financial Market Infrastructure Act (FMIA) and Financial Market Infrastructure Ordinance (FMIO) implement reforms of the OTC derivatives markets and give the Federal Council amongst others the power to introduce position limits. With this new regulatory framework, Switzerland complies with the large majority of the IOSCO Principles. Some aspects of the Principles are not applicable to Switzerland because there is no relevant commodities exchange and no regulated market for physically settled contracts.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

**20. Regulation and supervision of commodity markets**

**Update and next steps**

**Highlight main developments since last year's survey**

The Swiss Financial Market Supervisory Authority FINMA has extended the transitional provisions from 1 April 2018 to 1 January 2019 for non-financial companies with low derivatives trading volumes with foreign counterparts, to give these companies more time to adapt operations before the reporting requirement comes into force.

**Planned actions (if any) and expected commencement date**

[Empty area for planned actions and expected commencement date]

**Relevant web-links**

**Web-links to relevant documents**

<https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-59647.html>

**21. Reform of financial benchmarks**

**G20/FSB Recommendations**

*We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)*

Collection of information on this recommendation will continue to be deferred given the forthcoming FSB progress report on implementation of FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.



22. Enhancing financial consumer protection

**G20/FSB Recommendations**

We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)

**Remarks**

Jurisdictions should describe progress toward implementation of the OECD’s [G-20 high-level principles on financial consumer protection \(Oct 2011\)](#).

Jurisdictions may also refer to OECD’s [September 2013 and September 2014 reports](#) on effective approaches to support the implementation of the High-level Principles. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation.

Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.

Progress to date
<p> <input type="radio"/> Not applicable  <input type="radio"/> Applicable but no action envisaged at the moment  <input checked="" type="radio"/> Implementation ongoing  <input type="radio"/> Implementation completed as of _____                 </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 300px; width: 100%;"></div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by _____  <input checked="" type="radio"/> Draft published as of 4 november 2015  <input type="radio"/> Final rule or legislation approved and will come into force on _____  <input type="radio"/> Final rule (for part of the reform) in force since _____                 </p>

**22. Enhancing financial consumer protection**

Progress to date	
<p><b>Issue is being addressed through</b></p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p><b>Short description of the content of the legislation/regulation/guideline/other actions</b></p> <p>The Financial Services Act (FinSA) improves client protection. It contains rules on providing financial services and offering financial instruments for all financial service providers operating on the financial market on a commercial basis. The proposed regulation takes account of the various features of financial service providers and financial instruments, as well as the different needs of the various client segments. The improvement in client protection is achieved namely by means of comprehensive transparency provisions, while refraining from imposing bans. E.g. it includes a duty to inform about all remuneration (e.g. retrocessions, brokerage fees, etc.) received from third parties. Or, FinSA makes provisions for a basic training and continuing professional development duty for client advisers. Once adopted, we expect Switzerland to be compliant with international standards.</p>	<p>If this recommendation has not yet been fully implemented, please provide <b>reasons for delayed implementation</b></p>

**22. Enhancing financial consumer protection**

**Update and next steps**

**Highlight main developments since last year's survey**

The primary legislation has been debated by both chambers of the Parliament and is expected to be adopted at the next parliamentary session (May-June 2018). The FinSA is expected to come into force on 1 January 2019 at the earliest.

Work on secondary legislation (Financial Services Ordinance, FinSO) has been taken up.

**Planned actions (if any) and expected commencement date**

The draft of the FinSO is expected to go into public consultation process in September 2018.

**Relevant web-links**

**Web-links to relevant documents**

[https://www.efd.admin.ch/efd/en/home/dokumentation/nsb-news\\_list.msg-id-59331.html](https://www.efd.admin.ch/efd/en/home/dokumentation/nsb-news_list.msg-id-59331.html)

ATP: Alternative Trading Platforms  
 BCBS: Basel Committee on Banking Supervision  
 CCB: countercyclical capital buffer  
 CISA: Collective Investment Schemes Act  
 CISO: Collective Investment Schemes Ordinance  
 CRA: credit rating agency  
 D-SIB: domestic systemically important banks  
 EDTF: Enhanced Disclosure Task Force  
 FDF: Federal Department of Finance  
 FMIA: Financial Market Infrastructure Act  
 FMIO: Financial Market Infrastructure Ordinance  
 FINMA: Swiss Financial Market Supervisory Authority  
 FINMASA: Federal Act on the Swiss Financial Market Supervisory Authority  
 FinSA: Financial Services Act  
 FSB: Financial Stability Board  
 G-SIB: global systemically important banks  
 G-SII: global systemically important insurance company  
 HF: hedge fund  
 IASB: International Accounting Standards Board  
 IFRS: International Financial Reporting Standards  
 IOSCO: international organization of securities commissions  
 MoU: memorandum of understanding  
 NBA: National Bank Act  
 LCR: liquidity coverage ratio  
 NSFR: net stable funding ratio  
 RCAP: Regulatory Consistency Assessment Programme  
 SNB: Swiss National Bank  
 SSG: Senior Supervisors Group  
 TBTF: too-big too-fail  
 TLAC: total loss-absorbing capacity  
 US-GAAP: United States Generally Accepted Accounting Principles

## Sources of recommendations

- [Hamburg: G20 Leaders' Communique \(7-8 July 2017\)](#)
- [Hangzhou: G20 Leaders' Communique \(4-5 September 2016\)](#)
- [Antalya: G20 Leaders' Communique \(15-16 November 2015\)](#)
- [Brisbane: G20 Leaders' Communique \(15-16 November 2014\)](#)
- [St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)
- [Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)
- [Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)
- [Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)
- [Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)
- [Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)
- [London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)
- [Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)
- [FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)
- [FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)
- [FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)
- [FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)