

# Progress in the Implementation of G20/FSB Recommendations – June 2012

**Jurisdiction:** SWITZERLAND

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# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
<b>1. Refining the regulatory perimeter</b>						
1 (new)	Cannes	Strengthening the oversight of shadow banking	We agree to strengthen the regulation and oversight of the shadow banking system. <sup>1</sup>	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input checked="" type="checkbox"/> Draft regulations/guidelines published as of July 2011 (oversight over (hedge) fund managers) <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: ongoing supervisory review  <input checked="" type="checkbox"/> Completed as of Basel II.5: 1 January 2011; Basel III: Adoption of total revision of Capital Adequacy Ordinance by Federal Council on 1 June 2012, entry into force on 1 January 2013  Overview (short description) of action(s) taken: Activities of the formal banking sector related to shadow banking activities are subject to both regulatory and supervisory initiatives. On the regulatory side, CH has implemented Basel II.5 and enacted a Basel III compliant capital adequacy framework which specifically increases the scope of risk coverage. Also, the risk weighted asset reduction efforts of the SIFI banks - are followed closely. Both SIFI banks are	<p>Planned actions (if any):  As the BCBS is working on implications of shadow banking on its regulatory framework, CH is actively participating in the corresponding workstreams and will consider implementing them by rules and/or supervisory action.   Expected commencement date:   Web-links to relevant documents:</p>

<sup>1</sup> For this survey, the focus is exclusively on the recommendations for monitoring the shadow banking system, discussed in section 2 of the October 2011 FSB report: “Shadow Banking: Strengthening Oversight and Regulation”, which is available here: [http://www.financialstabilityboard.org/publications/r\\_111027a.pdf](http://www.financialstabilityboard.org/publications/r_111027a.pdf).

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					<p>subject to a leverage ratio as of today. In regard to hedge funds, FINMA has participated in the systemic footprint survey in September 2010 to identify systemically relevant hedge fund activities. In addition, it is proposed to revise the collective investment scheme act (CISA) to inter alia extend the supervisory scope to include asset managers of foreign collective investment schemes. The prime brokerage activities of the Swiss banks are subject to constant supervision.</p> <p>Web-links to relevant documents:</p> <p>CISA:  <a href="http://www.efd.admin.ch/dokumentation/gesetzgebung/00570/02453/index.html?lang=de">http://www.efd.admin.ch/dokumentation/gesetzgebung/00570/02453/index.html?lang=de</a></p> <p>Basel III:  <a href="http://www.efd.admin.ch/00468/index.html?lang=en&amp;msg-id=44781">http://www.efd.admin.ch/00468/index.html?lang=en&amp;msg-id=44781</a></p>	
2 (11)	(Lon)	Review of the boundaries of the regulatory framework	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: See below.</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>



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			<p>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.</p>		<p>Switzerland applies both a direct and an indirect supervisory approach with respect to hedge funds. Directly supervised (after having received the necessary approval by FINMA) are all domestic hedge funds and foreign ones if they shall be distributed in public in or from Switzerland, regardless of their size. In addition, managers of domestic hedge funds need an authorization. For managers of foreign hedge funds an authorization was, so far, optional, but there is an ongoing revision addressing this issue. The planned amendments of the collective investment scheme act were submitted for public consultation and will be debated in parliament in the course of this year. The third element of the direct supervisory approach relates to distribution matters and concerns representatives and distributors of hedge funds. The indirect supervisory approach takes place through their interfaces with banks. Moreover, certain investment restrictions for insurers exist.</p> <p>Web-links to relevant documents:</p> <p>CISA:  <a href="http://www.efd.admin.ch/dokumentation/gesetzgebung/00570/02453/index.html?lang=de">http://www.efd.admin.ch/dokumentation/gesetzgebung/00570/02453/index.html?lang=de</a></p>	

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4 (14)	(Lon)	Effective oversight of cross-border funds	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input checked="" type="checkbox"/> Draft regulations/guidelines published as of Spring 2012</p> <p><input checked="" type="checkbox"/> Final rules expected to be in force by January 2013</p> <p><input checked="" type="checkbox"/> Others, please specify: See below.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:</p> <p>FINMA has performed a survey to assess the systemic footprint of hedge funds, which was coordinated within IOSCO. FINMA also actively supports the IOSCO task force working on this matter.</p> <p>Further, the current revision of the Swiss Collective Investment Schemes Act (CISA) will ensure that all managers of investment funds will be subject to authorisation and supervision by FINMA irrespective where the fund is domiciled. FINMA will receive information on the activities of these asset managers and their funds on a regular basis and will be able to request any information needed for supervisory purposes.</p>	<p>Planned actions (if any): Conditional of the approval of both chambers of the Swiss Parliament, the amendment of the collective investment scheme act is planned to come into force beginning of 2013.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>The revised CISA will also require that cooperation arrangements with all relevant foreign supervisory authorities are in place, in particular with supervisors in those jurisdictions where the fund is domiciled.</p> <p>Web-links to relevant documents: CISA: <a href="http://www.efd.admin.ch/dokumentation/ge&lt;br/&gt;setzung/00570/02453/index.html?lang=&lt;br/&gt;de">http://www.efd.admin.ch/dokumentation/ge setzung/00570/02453/index.html?lang= de</a></p>	
5 (15)	(Lon)	Effective management of counter-party risk associated with hedge funds	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.	<p>Ongoing</p> <p>Implementation ongoing:  <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by  <input type="checkbox"/> Draft regulations/guidelines published as of  <input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: See below.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:</p> <p>Prime Brokerage is a focus in the supervision of the IB activities of the 2 large banks. FINMA has regular meetings with the risk management units of the two large banks to discuss ongoing Hedge Fund</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>(HF) issues. FINMA reviews ad hoc certain businesses activities, reviews ad hoc all kinds of HF reports both large banks produce, talks about disputes/ haircut adjustments with representatives of the large banks and has a dialog with the external and internal audit function on the prime brokerage business of the two large banks.</p> <p>Prime brokerage business is also an important part in our ongoing liquidity supervision of the 2 large banks. FINMA looks at liquidity in-/ outflows from the prime brokerage business and looks at HF stress models. Strategy/growth plans and as well as onboarding strategies for new HF-clients are regularly discussed.</p> <p>FINMA regularly reviews several leverage indicators, margin requirements, excess collateral numbers and across several prime broker in a peer analysis. FINMA, respectively the predecessor organization SFBC, participated in the interagency working group to review the counterparty risk management practices related to hedge funds under the lead of the FRBNY.</p> <p>FINMA participated also in all Senior Supervisors Group (SSG) work streams that looked at counterparty credit risk management. A common report was issued</p>	

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					<p>that conveyed the SSG perspective on the state of CCR measurement and management practices based on discussions with major industry participants over the past two years.</p> <p>Web-links to relevant documents:</p>	
6 (16)	(FSF 2008)	Guidance on the management of exposures to leveraged counterparties	II.17 Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input checked="" type="checkbox"/> Draft regulations/guidelines published as of 2 March 2012 (CISA)</p> <p><input checked="" type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: See below.</p> <p><input checked="" type="checkbox"/> Completed as of Basel III: Adoption of total revision of Capital Adequacy Ordinance by Federal Council on 1 June 2012, entry into force on 1 January 2013</p> <p>Overview (short description) of action(s) taken:</p> <p>FINMA has been reviewing the regulatory and supervisory regime for leveraged counterparties, including hedge funds, also taking into account the IOSCO principles</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>published in June 09. With the aforementioned revision of the CISA, CH aims to achieve compliance with the IOSCO principles. The exposure of banks to leveraged counterparties is subject to regulation within the capital adequacy framework.</p> <p>Web-links to relevant documents:</p> <p>CISA:  <a href="http://www.efd.admin.ch/dokumentation/gesetzgebung/00570/02453/index.html?lang=de">http://www.efd.admin.ch/dokumentation/gesetzgebung/00570/02453/index.html?lang=de</a></p> <p>Basel III :  <a href="http://www.efd.admin.ch/00468/index.html?lang=en&amp;msg-id=44781">http://www.efd.admin.ch/00468/index.html?lang=en&amp;msg-id=44781</a></p>	
<b>(ii) Securitisation</b>						
7 (17)	(FSB 2009)	Implementation of BCBS/IOSCO measures for securitisation	<p>During 2010, supervisors and regulators will:</p> <ul style="list-style-type: none"> <li>implement the measures decided by the Basel Committee to strengthen the capital requirement of securitisation</li> </ul>	During 2010	<p>No response required for this survey.</p> <p>Please refer to the BCBS progress report on the Basel 2.5 adoption, available at:  <a href="http://www.bis.org/publ/bcbs/b2_5prog_rep_table.htm">http://www.bis.org/publ/bcbs/b2_5prog_rep_table.htm</a></p>	

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			and establish clear rules for banks' management and disclosure;			
			<ul style="list-style-type: none"> <li>implement IOSCO's proposals to strengthen practices in securitisation markets.</li> </ul>		<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by  <input type="checkbox"/> Others, please specify:  <input checked="" type="checkbox"/> Completed as of January 2011.  <p>Overview (short description) of action(s) taken:</p> <p>The Basel 2.5 enhancements, concerning securitisation among other things, have been implemented and became effective in Switzerland in January 2011.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
8 (18)	(Lon)	Improvement in the risk management of	The BCBS and authorities should take forward work	By 2010	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by	<p>Planned actions (if any):</p> <p>In the course of the Basel III</p>

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	(Pitts)	<p>securitisation, including retainment of a part of the risk of the underlying assets by securitisation sponsors or originators</p>	<p>on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010.</p> <p>Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently.</p>		<p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: See below.</p> <p><input checked="" type="checkbox"/> Completed as of Basel II.5: 1 January 2011; Basel III: Adoption of total revision of Capital Adequacy Ordinance by Federal Council on 1 June 2012, entry into force on 1 January 2013</p> <p>Overview (short description) of action(s) taken:</p> <p>Both large banks were informed in late 2007 that they are expected to perform due diligence on their securitization positions, particularly in the context of rating methodology. First results were presented to the regulators in 2008. Swiss banks are aware that such due diligence will be an integral part of the Basel III Pillar I rules.</p> <p>The Basel 2.5 enhancements, concerning securitisation among other things, have been implemented and became effective in Switzerland in January 2011.</p> <p>Web-links to relevant documents: Basel III: <a href="http://www.efd.admin.ch/00468/index.html">http://www.efd.admin.ch/00468/index.html</a></p>	<p>implementation, the risk weights for securitisations are being changed. This will become effective in January 2013.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<a href="http://www.fsb.org/?lang=en&amp;msg-id=44781">?lang=en&amp;msg-id=44781</a>		
9 (19)	(FSF 2008)	Strengthening of regulatory and capital framework for monolines	II.8 Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
10 (20)	(FSF 2008)	Strengthening of supervisory requirements or best practices for investment in structured products	II.18 Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any):</p> <p>FINMA has identified shortcomings in relation to client protection, and put forward various proposals on how the protection of retail clients could be improved in a discussion. The responses on the discussion paper were evaluated and a position</p>

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					<p>See below.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:</p> <p>In Switzerland only banks, insurances and securities dealers are permitted to market, guarantee or service structured products to retail customers and investors (art 5 CISA). Independent of their investment in structured products, these firms have to comply with severe requirements regarding internal control and risk management practices (e.g. art 9 banking ordinance and FINMA circular 08/24). In the context of the failure of Lehman Brothers FINMA initiated several reviews. Client investments as well as nostro account of 100 banks were analysed for transaction in structured products.</p> <p>Web-links to relevant documents:  <a href="http://www.finma.ch/d/finma/publikationen/Documents/bericht-lehman-madoff-20100302-d.pdf">http://www.finma.ch/d/finma/publikationen/Documents/bericht-lehman-madoff-20100302-d.pdf</a>   <a href="http://www.finma.ch/f/finma/publikationen/Documents/bericht-lehman-madoff-20100302-f.pdf">http://www.finma.ch/f/finma/publikationen/Documents/bericht-lehman-madoff-20100302-f.pdf</a></p>	<p>paper was issued in February 2012. The Ministry of Finance (MoF) is currently evaluating possibilities and measures in order to improve the regulatory framework in this respect through a possible future regulation. Such new regulation will comply with internationally accepted standards.</p> <p>Expected commencement date: April 2012</p> <p>Web-links to relevant documents:</p>

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11 (21)	(FSF 2008)	Enhanced disclosure of securitised products	III.10-III.13 Securities market regulators should work with market participants to expand information on securitised products and their underlying assets.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <p><input checked="" type="checkbox"/> Others, please specify: See below</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Switzerland is taking part in the international discussions and will amend its rules where appropriate. We also support the FSB's work on disclosure.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
<b>2. Enhancing supervision</b>						
12 (5)	(Pitts)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <p><input checked="" type="checkbox"/> Others, please specify:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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			standards.		<p>See below.</p> <p><input checked="" type="checkbox"/> Completed as of 1 March 2012 (legal framework for SIFI banks)</p> <p>Overview (short description) of action(s) taken:  FINMA has supervisory powers for financial groups and conglomerates, including appropriate intervention powers and rights to access information on group as well as solo level. All institutions regarded as systemically important for Switzerland are subject to consolidated group regulation and supervision. Group supervision, which is also applied to big insurance groups, has been broadened and extended in the aftermath of the crisis.</p> <p>On 1 March 2012 a legislative amendment came into force limiting the economic risks posed by SIBs and strengthening financial sector stability (too big to fail). The package of measures in the areas of capital requirements, liquidity, risk diversification and organizational structure strengthens the stability of the financial system and should help to prevent the government from having to use tax revenues in the future in order to bail out SIBs.</p> <p>As outlined in various stocktakes conducted by the SRC and ReSG, Switzerland considers its partly already enacted</p>	

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					<p>resolution regime as compliant with the FSB Key Attributes. In addition, accompanying ordinances are currently in consultation.</p> <p>Web-links to relevant documents:</p>	
13 (8)	(Lon)	Establishment of Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009.	June 2009 (for establishing supervisory colleges)	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2009 (colleges), 2010 (CMGs)</p> <p>Overview (short description) of action(s) taken:</p> <p>Supervisory colleges have already been established for all four large cross-border groups requiring a college according to the criteria of the FSB (2 banks and 2 insurance firms). The insurance firms are covered by global supervisory colleges since 2008. For the two banks, arrangements similar to</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>supervisory colleges have been in place since 2000. Supervisory colleges are also in place for other more significant financial institutions. The effectiveness of the colleges has been favourably assessed in a benchmarking exercise conducted by the BCBS Standards Implementation Group. Also, FINMA has established Crisis Management Groups for the two G-SIBs.</p> <p>Web-links to relevant documents:</p>	
14 (8)	(Seoul)	Conducting risk assessments through international supervisory colleges	We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges ...	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2009 (colleges).</p> <p>Overview (short description) of action(s) taken: See 13 above.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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15 (9)	(FSF 2008)	Supervisory exchange of information and coordination	V.7 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.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
16 (10)	(Seoul)	More effective oversight and supervision	We agreed that supervisors should have strong and	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by	Planned actions (if any):

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			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.		<input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by  <input type="checkbox"/> Others, please specify:  <input checked="" type="checkbox"/> Completed as of 2009  Overview (short description) of action(s) taken:  The new integrated supervisory authority FINMA was established in 2009 and was given increased independence and additional tools compared to its ancestor authorities. Within the current organisational setup, the lessons from the financial crisis led to an improved and more consequently risk oriented supervisory approach and an improved stress testing framework.  Web-links to relevant documents:	Expected commencement date:  Web-links to relevant documents:
17 (12)	(FSF 2008)	Supervisory resources and expertise to oversee the risks of financial	V.1 Supervisors should see that they have the requisite resources and expertise to oversee the risks associated	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	Planned actions (if any):  Expected commencement date:

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		innovation	with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks.	<input checked="" type="checkbox"/> Others, please specify: Ongoing improvement process, see below.  <input type="checkbox"/> Completed as of  Overview (short description) of action(s) taken: FINMA has increased its number of staff in the aftermath of the financial crisis by attracting qualified and experienced staff. Furthermore, FINMA has substantially increased the proportion of on-site work by its own staff. It is operating a qualified and experienced risk department directly overseeing the risk of large banks and insurances. Other institutions are covered by an early warning system as described below and are regularly reviewed by external auditors directly reporting to FINMA. The procedure proved to be effective. It helps to concentrate supervisory resources, while at the same time making sure that issues get recognized and addressed within the continual supervision process. However, in order improve the effectiveness of the system, both the use of external auditors and the governance of the process are currently under review.  Web-links to relevant documents: <a href="http://www.finma.ch/e/finma/publikationen/">http://www.finma.ch/e/finma/publikationen/</a>	Web-links to relevant documents:

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					<a href="#">Documents/br-aufsicht-20110421-e.pdf</a>	
<b>3. Building and implementing macro-prudential frameworks and tools</b>						
18 (23)	(Lon)	Amendment of regulatory systems to take account of macro-prudential risks	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.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input checked="" type="checkbox"/> Draft regulations/guidelines published as of 18th November 2011</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of Adoption of two amendments to Capital Adequacy Ordinance by Federal Council on 1 June 2012, one (countercyclical buffer) entering into force on 1 July 2012, the other (higher capital requirements for risky mortgages) entering into force on 1 January 2013</p> <p>Overview (short description) of action(s) taken: In March 2012, the Financial Stability Working Group (MoF, SNB, FINMA) published a report on proposals to amendments of regulatory systems (see web-link below). With respect to this, two amendments to the Capital Adequacy Ordinance have been made, one concerning the early introduction of a countercyclical capital buffer, the other concerning an increase in capital requirements for risky</p>	<p>Planned actions (if any): Amendment to NBA in the course of the next revision regarding the direct access for the SNB to further information (see below, #19).</p> <p>Expected commencement date: Not yet known</p> <p>Web-links to relevant documents: See "Progress to Date"</p>

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					<p>mortgage lending business. Complementary, self-regulation in the mortgage market will be tightened. Accordingly, the minimum sum from a source other than occupational benefits provision (second pillar) is 10% of the collateral value. Furthermore, a majority of the group has recommended the creation of a right to direct access for the SNB to information on financial market participants which goes beyond its existing entitlement to statistical data.</p> <p>Web-links to relevant documents: Amendments to Capital Adequacy Ordinance: <a href="http://www.efd.admin.ch/00468/index.html?lang=en&amp;msg-id=44781">http://www.efd.admin.ch/00468/index.html?lang=en&amp;msg-id=44781</a></p> <p>Report of the Financial Stability Working Group: <a href="http://www.efd.admin.ch/dokumentation/zaehlen/00578/02460/index.html?lang=en">http://www.efd.admin.ch/dokumentation/zaehlen/00578/02460/index.html?lang=en</a></p>	
19 (24)	(Lon)	Powers for gathering relevant information by national regulators	Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify:</p>	<p>Planned actions (if any): Amendment to NBA in the course of the next revision.</p> <p>Expected commencement date: Not yet known</p> <p>Web-links to relevant documents: See "Progress to Date"</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			<p>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.</p>		<p>FINMA already has a very broad legal power to gather any kind of information from supervised financial market institutions. The SNB has a legal power to collect statistical data and has a broad access to information from operators of payment and securities settlement systems.</p> <p>FINMA and the SNB are authorized to exchange information collected in this context. The FINMA-SNB MoU provides additional details regarding information exchange between both institutions (see web-link below).</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:  The majority of the Financial Stability Working Group (see above, #18) suggests that the SNB should be given direct access to information of a non-statistical nature through an amendment to the National Bank Act (NBA) (see web-link below).</p> <p>Web-links to relevant documents:  Report of Financial Stability Working Group:  <a href="http://www.efd.admin.ch/dokumentation/zaflen/00578/02460/index.html?lang=en">http://www.efd.admin.ch/dokumentation/zaflen/00578/02460/index.html?lang=en</a>  FINMA-SNB MoU:  <a href="http://www.snb.ch/en/mmr/reference/mofu/">http://www.snb.ch/en/mmr/reference/mofu/</a></p>	



# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			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.		<p>Web-links to relevant documents:</p> <p>Amendments to Capital Adequacy Ordinance:  <a href="http://www.efd.admin.ch/00468/index.html?lang=en&amp;msg-id=44781">http://www.efd.admin.ch/00468/index.html?lang=en&amp;msg-id=44781</a></p> <p>Report of Financial Stability Working Group:  <a href="http://www.efd.admin.ch/dokumentation/za/hlen/00578/02460/index.html?lang=en">http://www.efd.admin.ch/dokumentation/za/hlen/00578/02460/index.html?lang=en</a></p>	
21 (26)	(WAP)	Monitoring of asset price changes	Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Ongoing process, see below.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:  SNB is continuously monitoring asset prices and their implications for financial stability. FINMA has also implemented a macroeconomic monitoring process which concentrates both on the Swiss domestic real estate market and selected foreign asset</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					<p>markets. The results are inter alia used to design and calibrate stress scenarios. Both SNB and FINMA exchange their views.</p> <p>Implementation of a countercyclical buffer (see answer to #18) is in progress. The decision on activation, deactivation and adjustment of the countercyclical buffer will be based (amongst others) on an analysis of real estate price developments.</p> <p>Web-links to relevant documents:</p>	
22 (27)	(FSF 2008)	Improved cooperation between supervisors and central banks	V.8 Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: See below.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: SNB and the Swiss Federal Banking Commission have had a Memorandum of Understanding (MoU) in place since 2007 that was continued after the creation of</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					<p>FINMA. During the financial crisis and thereafter, the two authorities collaborated much more closely. To account for the insights gained during that period the MoU was revised in February 2010.</p> <p>Additionally, in January 2011, the MoF, FINMA and SNB signed a tripartite MoU. The agreement governs collaboration between the three authorities, which includes the exchange of information on financial stability and financial market regulation issues, as well as collaboration in the event of a crisis that would threaten the financial system's stability.</p> <p>Web-links to relevant documents:  <a href="http://www.efd.admin.ch/dokumentation/gesetzgebung/00571/02354/index.html?lang=en">http://www.efd.admin.ch/dokumentation/gesetzgebung/00571/02354/index.html?lang=en</a>  <a href="http://www.finma.ch/e/aktuell/pages/mm-mou-20110117.aspx">http://www.finma.ch/e/aktuell/pages/mm-mou-20110117.aspx</a></p>	
<b>4. Improving oversight of credit rating agencies</b>						
23 (35)	(Lon)	Registration of CRAs etc.	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p>	<p>Planned actions (if any):</p> <p>Because of the Swiss market of CRAs, FINMA renounces of an own ongoing supervision of CRAs particularly the most considerable CRAs are based abroad and will be subject to ongoing supervision in other jurisdictions in the medium-</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps
		<p>regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals.</p>		<p>See below.</p> <p><input checked="" type="checkbox"/> Completed as of 1 January 2012</p> <p>Overview (short description) of action(s) taken:</p> <p>Credit rating agencies whose ratings are used for regulatory purposes (e.g. as basis for capital adequacy) have to be registered with and recognized by FINMA. The recognition is currently governed by FINMA circular 2008/26 “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” (2004).</p> <p>FINMA revised its Circular regarding Recognition of Credit Rating Agencies in 2011. The revision took effect on January 2012. The scope of application is extended to all institutions supervised by FINMA which use credit ratings for regulatory purposes. By this occasion the IOSCO Code of Conduct Fundamentals 2008 and its current version were declared the basis for FINMA’s recognition of CRAs. Moreover, FINMA adapts new rules from the BCBS</p>	<p>term.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps
				Regulatory Framework (Basel III) regarding the registration requirements.  Web-links to relevant documents: CRA: <a href="http://www.finma.ch/e/regulierung/Documents/finma-rs-2012-01-e.pdf">http://www.finma.ch/e/regulierung/Documents/finma-rs-2012-01-e.pdf</a>	
24 (36)	(Lon)	CRA practices and procedures etc.	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.	End-2009  Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by  <input type="checkbox"/> Others, please specify:  <input checked="" type="checkbox"/> Completed as of 12 January 2012  Overview (short description) of action(s) taken:  Switzerland has already included the requirements of the according IOSCO code in its recognition practices.  Web-links to relevant documents:	Planned actions (if any):  Switzerland will review the adequacy of its recognition process and requirements with respect to the recommendations of the BCBS working group. It is envisaged that a possible need for adjustments will be rather small. In addition, the relevant agencies currently recognized for regulatory purposes are foreign firms.  Expected commencement date:  Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO.			
25 (37)	(FSB 2009)	Globally compatible solutions to conflicting compliance obligations for CRAs	Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010.	As early as possible in 2010	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <p><input checked="" type="checkbox"/> Others, please specify: Ongoing process.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Switzerland will follow the recommendations and standards of the BCBS. As nearly all relevant rating agencies are based outside Switzerland, there should not be too much room for potential conflicts.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>



# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
	(Cannes)		<p>independent evaluation.</p> <p>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.</p>			
<b>5. Enhancing and aligning accounting standards</b>						
27 (28)	(WAP)	Consistent application of high-quality accounting standards	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	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by  <input type="checkbox"/> Others, please specify:	<p>Planned actions (if any):</p> <p>Potential changes will be coordinated on the level of the BCBS and IOSCO and transposed into national regulation if deemed necessary. Accounting standards will be continuously improved and amended in line with internationally accepted accounting standards. Switzerland</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			enforcement of high-quality accounting standards.		<input type="checkbox"/> Completed as of  Overview (short description) of action(s) taken:  Web-links to relevant documents:	also supports the FSB's initiatives on accounting issues and convergence.  Expected commencement date:  Web-links to relevant documents:
28 (30)	(FSF 2009)	The use of valuation reserves or adjustments by accounting standard setters and supervisors	3.4 Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak.	End-2009	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by  <input checked="" type="checkbox"/> Others, please specify: Ongoing.  <input type="checkbox"/> Completed as of  Overview (short description) of action(s) taken:  Web-links to relevant documents:	Planned actions (if any):  FINMA is represented in the Working Groups of BCBS. FINMA will therefore implement the rules related to valuation reserves or adjustments and standards to dampen the potentially adverse dynamics of fair value accounting which are developed by the Working Groups of BCBS.  If deemed necessary national regulation will be amended accordingly. Valuation and provisioning standards will be amended in the light of changes of internationally accepted accounting standards. Potential changes will also be coordinated on the level of BCBS and transposed into national regulation

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
						<p>if deemed necessary.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
29 (31)	(FSF 2009)	Dampening of dynamics associated with FVA.	3.5 Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any): See 28 above.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			financial asset categories; (iii) Simplifying hedge accounting requirements.			
<b>6. Strengthening adherence to international financial standards</b>						
30 (32)	(Lon)	<p>Adherence to international prudential regulatory and supervisory standards, as well as agreeing to undergo FSAP/ FSB periodic peer reviews</p> <p>(Note) Please try to prioritise any major initiatives conducted specifically in your jurisdiction</p>	<p>We are committed to strengthened adherence to international prudential regulatory and supervisory standards.</p> <p>FSB members commit to pursue the maintenance of financial stability, enhance the openness and transparency of the financial sector, implement international financial standards, and agree to undergo periodic peer reviews, using among other evidence IMF / World Bank FSAP</p>	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: See below.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: As a member of the FSB, Switzerland is committed to undergo periodic peer reviews by the FSB. Switzerland underwent an FSB peer review in 2011 and the FSB published the final report in Jan 25, 2012. In addition, Switzerland participates in all the thematic peer review that the FSB conducts.</p> <p>Switzerland as a member of the IMF with a systemically important financial sector is committed to undergo FSAP assessments</p>	<p>Planned actions (if any): Switzerland remains committed to undergo future peer reviews conducted by the FSB as well as future FSAP-updates conducted by the IMF. The next FSAP-update has been requested to be conducted in fall 2013. In addition, the next Art. IV consultations will take place in March 2013.</p> <p>Expected commencement date: FSAP: fall 2013</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			reports.		<p>and updates as well as annual Art. IV consultations. The last FSAP-update is relatively recent (2007) and the most recent Art. IV consultations took place in March 2012.</p> <p>Web-links to relevant documents:            FSB Swiss peer review report:  <a href="http://www.financialstabilityboard.org/press/pr_250112.pdf">http://www.financialstabilityboard.org/press/pr_250112.pdf</a>            IMF – Article IV:  <a href="http://www.sif.admin.ch/dokumentation/00513/00548/00549/index.html?lang=en&amp;msg-id=43846">http://www.sif.admin.ch/dokumentation/00513/00548/00549/index.html?lang=en&amp;msg-id=43846</a>   <a href="http://www.imf.org/external/np/ms/2012/032012.htm">http://www.imf.org/external/np/ms/2012/032012.htm</a></p>	
<b>7. Enhancing risk management</b>						
31 (4)	(WAP)	Enhancing guidance to strengthen banks' risk management practices	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	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input checked="" type="checkbox"/> Final rules expected to be in force by in line with the Basel III timetable (banking sector-wide liquidity regime).</p> <p><input type="checkbox"/> Others, please specify: See below.</p> <p><input checked="" type="checkbox"/> Completed as of 2008 (stress tests), 2009 (liquidity regime for large banks)</p>	<p>Planned actions (if any):</p> <p>FINMA and the SNB continue to monitor the economic environment and will adapt the stress scenarios as necessary. A liquidity ordinance in line with Basel III is planned to be in force in 1 January 2015.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			policies for sound risk management.		<p>Overview (short description) of action(s) taken:  Examples for enhanced guidance to strengthen banks' risk management practices are:</p> <ul style="list-style-type: none"> <li>• More robust liquidity regulation for the two large banks.</li> <li>• New compensation circular of FINMA to avoid excessive risk incentives for financial institution staff.</li> </ul> <p>FINMA participates actively and adopts the standards/ best practices proposed by the Basel Committee and other international regulatory bodies, like the Senior Supervisors Group.</p> <p>The approach adopted by FINMA to perform ST to the Swiss large banks consists of two different workstreams: the Building Block Analysis (BBA), and the Loss Potential Analysis (LPA). The BBA consists in a mandatory and uniform ST-analysis developed jointly by FINMA and SNB and imposed to banks. This analysis is intended to address limitations in the bank-internal ST-frameworks and, at the same time, to provide a better platform to compare ST-frameworks of the two Swiss large banks. The design of the BBA allows for an assessment of various market-, credit-, funding-, as well as business risk factors.</p>	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					<p>In order to ensure continued relevancy, FINMA and SNB have put in place a formal revision process in close collaboration with the two banks. The LPA is the analysis of the potential cumulative loss of Swiss large banks in case of a further drastic deterioration of markets. The LPA identifies so-called “hot spots”, i.e. critical portfolios or business lines of the two large banks. The results and conclusions from the BBA are used as input (together with bank-internal risk reports and discussions with banks’ senior risk management) for the LPA and the discussions in the context of LPA are used to refine the BBA. .</p> <p>In the course of the Basel III implementation, Switzerland is currently working on a new liquidity regime in line with Basel III. For the two large banks, comparable requirements have already been put in force on the basis of an agreement in 2010.</p> <p>Web-links to relevant documents:</p>	
32 (4)	(FSF 2009)	Validation of adequacy of banks’ capital buffers	1.4 Supervisors should use the BCBS enhanced stress testing practices as a critical part of the	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any): See 31 above.</p> <p>Expected commencement date:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			Pillar 2 supervisory review process to validate the adequacy of banks' capital buffers above the minimum regulatory capital requirement.		<input type="checkbox"/> Others, please specify:  <input type="checkbox"/> Completed as of  Overview (short description) of action(s) taken: See 31 above.  Web-links to relevant documents:	Web-links to relevant documents:
33 (4)	(FSF 2008)	Monitoring the implementation of updated guidance on liquidity risk	II.10 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	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by  <input type="checkbox"/> Others, please specify: See 31 above.  <input type="checkbox"/> Completed as of  Overview (short description) of action(s) taken:  Web-links to relevant documents:	Planned actions (if any): See 31 above.  Expected commencement date:  Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			practices.			
34 (4)	(FSB 2009)	Enhancing banks' operations in foreign currency funding markets	Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any): See 31 above.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
35 (39)	(Pitts)	Robust, transparent stress test	We commit to conduct robust, transparent stress tests as needed.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
					<input checked="" type="checkbox"/> Completed as of 2008  Overview (short description) of action(s) taken: See 31 above. For the insurance sector, the solvency regime "Swiss Solvency Test" employs several stress scenarios to test insurance firms' solvency under various systemic and idiosyncratic stress assumptions.  Web-links to relevant documents:	
36 (40)	(Pitts)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed.	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by  <input checked="" type="checkbox"/> Others, please specify: Ongoing process.  <input type="checkbox"/> Completed as of  Overview (short description) of action(s) taken:	Planned actions (if any):  FINMA continues to monitor the situation closely and would intervene formally and informally if necessary.  Expected commencement date:  Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents:	
37 (41)	(WAP)	Enhanced risk disclosures by financial institutions	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.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <p><input checked="" type="checkbox"/> Others, please specify: See below.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken:</p> <p>Since January 1 2009 CS and UBS have to issue an annual “Pillar 3 report” that provides information on their implementation of the Basel II framework and risk assessment processes in accordance with the Pillar 3 requirements.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
<b>8. Strengthening deposit insurance</b>						
38 (42)	(FSF 2008)	Review of national deposit insurance arrangements	VI.9 National deposit insurance arrangements should be reviewed	Ongoing	<p>No response required for this survey.</p> <p>Please refer to peer review report on deposit insurance systems published in February 2012, available at:</p>	

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			against the agreed international principles, and authorities should strengthen arrangements where needed.		<a href="http://www.financialstabilityboard.org/publications/r_120208.pdf">http://www.financialstabilityboard.org/publications/r_120208.pdf</a>	
<b>9. Safeguarding the integrity and efficiency of financial markets</b>						
39 (new)	(Cannes)	Market integrity and efficiency	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.	Ongoing	<p>Implementation ongoing:</p> <input checked="" type="checkbox"/> Draft regulations/guidelines being developed, expected publication by end of 2012 <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by  <input type="checkbox"/> Others, please specify:  <input type="checkbox"/> Completed as of  <p>Overview (short description) of action(s) taken:  At the moment, an initiative of the MoF, FINMA and SNB is looking into issues related to financial market infrastructure with the aim to revise the regulatory and supervisory framework. According to current planning, the Federal Council will decide on the main aspects of the initiative</p>	<p>Planned actions (if any):  Revision of the regulatory and supervisory framework related to financial market infrastructure (exchanges, CCPs, CSDs, TRs, etc.) and participating members</p> <p>Expected commencement date:  mid of 2012</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
				until mid of year.  Web-links to relevant documents:		
40 (new)	(Cannes)	Enhanced market transparency in commodity markets	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,	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by  <input checked="" type="checkbox"/> Others, please specify:  <input type="checkbox"/> Completed as of  Overview (short description) of action(s) taken: Commodity linked financial products (e.g. commodity ETFs) are subject to financial market regulation and supervision, as well as banks and securities brokers engaged in commodity finance. While commodity traders in general are not regulated, traders who participate in a foreign exchange are generally subject to the rules laid out in the Swiss Stock Exchange Act (there is no exchange for commodities in Switzerland). The prerequisites for obtaining exemptions for traders of commodity derivatives participating in foreign exchanges have	Planned actions (if any): Review of the implications of the IOSCO principles for the Swiss regulatory framework.  Expected commencement date:  Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			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		<p>been defined by FINMA. Moreover, any persons or firms trading in commodities for the account of others are considered as financial intermediaries and subject to the Swiss Legislation on Combating Money Laundering and the Financing of Terrorism.</p> <p>Web-links to relevant documents:</p>	
<b>10. Enhancing consumer protection</b>						
41 (new)	(Cannes)	Financial consumer protection	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	Ongoing	<p>Implementation ongoing:</p> <p><input checked="" type="checkbox"/> Draft regulations/guidelines being developed, expected publication by 2013/2014</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: In February 2012 FINMA has published a position paper proposing two key measures to improve client protection: (1) Clear rules of business conduct for financial services</p>	<p>Planned actions (if any): On 28 March, 2012, the Federal Council charged the MoF to develop possibilities and measures in order to improve the regulatory framework in this respect through a possible future regulation. Such new regulation will comply with internationally accepted standards.</p> <p>Expected commencement date: April 2012</p> <p>Web-links to relevant documents: <a href="http://www.efd.admin.ch/dokumentation/medieninformationen/00467/index.html?lang=fr&amp;msgid=43953">http://www.efd.admin.ch/dokumentation/medieninformationen/00467/index.html?lang=fr&amp;msgid=43953</a> (not available in English)</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			pursue the full application of these principles in our jurisdictions.		providers, and (2) better product documentation.  Web-links to relevant documents: <a href="http://www.finma.ch/e/aktuell/pages/mm-vertriebsbericht-20120224.aspx">http://www.finma.ch/e/aktuell/pages/mm-vertriebsbericht-20120224.aspx</a>	

**Origin of recommendations:**

Cannes: The Cannes Summit Final Declaration (3-4 November 2011)

Seoul: The Seoul Summit Document (11-12 November 2010)

Pitts: Leaders' Statement at the Pittsburgh Summit (25 September 2009)

Lon: The London Summit Declaration on Strengthening the Financial System (2 April 2009)

Tor: The G-20 Toronto Summit Declaration (26-27 June 2010)

WAP: 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)

## **Index of acronyms**

Example:

FSB: Financial Stability Board

BBA: Building Block Analysis

CISA: Collective Investment Scheme Act

FINMA: Swiss Financial Market Supervisory Authority

HF: Hedge Fund

LPA: Loss Potential Analysis

MoF: Ministry of Finance

MoU: Memorandum of Understanding

NBA: National Bank Act

SFBC: Swiss Federal Banking Commission

SNB: Swiss National Bank

SSG: Senior Supervisors Group