



Media release

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Embargo

Self-regulation in the Swiss financial sector – report of the Swiss Federal Banking Commission

Self-regulation has a long tradition as a form of regulation in the Swiss financial sector and is a cornerstone of Switzerland's financial market architecture. At the international level there are trends pointing in opposite directions. The Swiss Federal Banking Commission presents its position in a new report.

4 July 2007 – The Swiss Federal Banking Commission (SFBC) recognises the important role of self-regulation in the Swiss financial sector and intends to retain this form of regulation in the future. It is in close contact with self-regulators like the Swiss Bankers Association, the SWX Swiss Exchange and the Swiss Funds Association and intends to maintain and expand its productive relationships with the self-regulators. It further intends to enhance the status of self-regulation by creating a favourable framework.

The SFBC reviews each new regulatory project to see if its purpose can be achieved just as effectively, if not better through alternative means such as self-regulation. This is in accordance with the Guidelines for effective financial market regulation drawn up by the Federal Finance Administration, the Federal Office of Private Insurance and the SFBC.

An appropriate government framework – recognition of self-regulatory standards as a mandatory minimum standard or recognition based on a statutory mandate to self-regulate – can enhance the status of self-regulation. This lends self-regulatory norms greater legitimacy, effectiveness and credibility. These processes also help minimise potential weaknesses of self-regulation and contribute to the recognition of self-regulation as a fully equivalent alternative to government regulation both in Switzerland and abroad. Self-regulation that benefits from a government framework should – in the interest of everyone affected – meet certain requirements in terms of processes and effects. The SFBC therefore encourages self-regulators to take certain regulatory principles into account when developing regulations.

The new Financial Market Supervision Act passed by Parliament in June 2007 also requires the future Financial Market Supervision Authority to leave sufficient scope for self-regulation. Today's established practice of recognising self-regulation a minimum standard is stipulated explicitly in the new Act.