



## Media release

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### **SFBC aims to amend the rules on deposits with cooperatives, associations and foundations**

**SFBC opens consultation process on the amendment of article 3a of the Banking Ordinance. This provision foresees exception rules for deposits paid to cooperatives, associations and foundations. According to the proposed amendment, this exception would be restricted to cases where the deposits have a mandatory connection to the organisation's non-commercial purpose or mutual self-help objective. The consultation takes place in arrangement with the Federal Finance Administration.**

Berne, 21 July 2008 – According to the SFBC, the current exception rules for deposits paid to cooperatives, associations and foundations are not strict enough to meet the requirements of investor protection. It indeed enables associations, foundations and cooperatives to maintain accounts for their members which, like current account relationships with banks, permit deposits and withdrawals with no notice periods. The funds received do not need to have any connection to the organisation's non-commercial purpose or mutual self-help objective.

It is precisely those retail clients attracted by the possibility of short-term deposits for whom the Banking Act seeks to provide special protection. Contrary to the organisations concerned, not only do banks have to meet general capital adequacy requirements, but smaller deposits also benefit from a bankruptcy privilege and depositor protection. It is likely that most retail clients are unaware of the lack of such protection with regard to deposits with associations, foundations and cooperatives.

The proposed amendment does not endanger the longer-term financial basis that is important for associations, foundations and cooperatives. By restricting the exception rules to cases where there is a mandatory connection with the organisation's non-commercial purpose or mutual self-help objective, however, investors will be saved from unknowingly making deposits for which there is an increased risk of loss.

The consultation takes place in arrangement with the Federal Finance Administration. Interested parties may address their comments to the SFBC by 15 September 2008.

More information available under [www.ebk.ch/e/regulier/regulierungsprojekte.html](http://www.ebk.ch/e/regulier/regulierungsprojekte.html).