

CH-3003 Bern

To: Banks, Securities Dealers, Financial and Insurance Groups and Conglomerates, Insurers, Asset Managers of Collective Investment Schemes and Fund Management Companies subject to FINMA supervision

Reference: FINMA Newsletter 37 (2012)

Contact: The institutions are requested to contact the FINMA team responsible for their supervision.

Bern, 19 June 2012

FINMA Newsletter 37 (2012)

Cross-border financial services business – FAQs about the Position Paper on Legal Risks

Dear Sir / Madam

On 22 October 2010, FINMA published a position paper on [Legal and reputational risks in cross-border financial services](#) (“Position paper on legal risks”). This paper reiterates and sets out in concrete terms the supervisory authority’s expectations of the way in which supervised institutions should handle inherent legal and reputational risks when conducting their cross-border business. Supervised institutions had, in particular, been urged to extensively analyse their cross-border activities and to capture, limit and control the risks involved.

Interpreting and implementing these expectations often gives rise to questions from audit companies and supervised institutions, for instance, regarding the extent of the analysis required, the effects on remuneration systems, the structure of the sanction regime and dealing with external asset managers. As a rule, FINMA responds to these questions on a case-by-case basis.

In order to reduce uncertainties and to uniformly address frequently asked questions, it seems appropriate to point out in general terms the expectations outlined in the position paper. These FAQs contain FINMA’s opinion on the cross-border business. Most of the questions are specifically geared to banking, while they also partly apply to financial intermediaries in general. The FAQs are published on FINMA’s website under FAQs → Institutions → “Legal and reputational risks in cross-border financial services”.

Reference: FINMA Newsletter 37 (2012)

Yours sincerely

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encl: FAQs on "Legal and reputational risks in cross-border financial services"

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