

Press release

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FINMA publishes circular on credit risks and disclosure

The Swiss Financial Market Supervisory Authority FINMA has published the revised circular on credit risks and disclosure for banks. The regulations on credit risk capital requirements for banks have thus been aligned with enhanced international standards. Another change has been to account for the reinforced rules on Swiss "too big to fail" regulations for systemically important banks in the disclosure requirements.

The international Basel III banking standards include adjusted regulations on credit risk capital requirements for derivatives, fund investments and securitisations for banks. The Federal Council enacted their implementation by amending the Capital Adequacy Ordinance. FINMA has now issued the associated implementing provisions in a new circular 2017/7 "Credit risks – banks". The circular was put into [consultation](#) and comes into force on 1 January 2017 with a transitional period of one year.

The enhanced Swiss "too big to fail" regulations, which came into force on 1 July 2016, have resulted in adjustments being made to the corresponding rules set out in Circular 2016/1 "Disclosure – banks". The draft version of the circular underwent a [consultation](#) in the early autumn. The revised version comes into force on 1 January 2017 and the revised disclosure requirements apply to the data reported as of 31 December 2016.

Interested parties reacted positively to the consultation draft versions. FINMA incorporated most of the amendment proposals received. These ranged in particular from an extension of the transitional period from six to twelve months for credit risks to using the simplified approaches developed by FINMA for derivatives and fund investments for insignificant volumes of transactions also at medium-sized banks in (supervisory) Category 3. Due to incompatibility with the Basel III standards, a broader recognition of life insurance policies compared with the consultation draft was disregarded. None of the material adjustment proposals relating to disclosure were omitted.