

Press release

Date:
27 November 2019

Embargo:

FINMA implementing small banks regime

Contact:
Tobias Lux, Media Spokesperson
Tel. +41 (0)31 327 91 71
tobias.lux@finma.ch

and

Vinzenz Mathys, Media Spokesperson
Tel. +41 (0)31 327 19 77
vinzenz.mathys@finma.ch

The Swiss Financial Market Supervisory Authority FINMA is implementing the small banks regime at circular level as of 1 January 2020: small, particularly liquid and well capitalised banks are to be exempted from certain regulatory requirements. FINMA is adjusting eight FINMA circulars for this purpose.

Following a [pilot phase](#) lasting several months and a [consultation](#), FINMA is implementing the small banks regime at circular level as of 1 January 2020. The pilot project with 68 participating institutions will end on 31 December 2019. FINMA is thus consistently continuing its existing efforts to achieve proportionality in supervision and regulation.

Small banks regime: easing of regulatory burden

The small banks regime seeks to increase efficiency in regulation and supervision for small, particularly liquid and well capitalised institutions. The goal is to reduce the regulatory burden on such institutions without jeopardising their stability and safety. Banks wishing to participate in the small banks regime must therefore be extremely well capitalised and enjoy high liquidity. In return, they are to benefit from a significantly less complex regulatory regime under the Capital Adequacy Ordinance that allows them, for example, to forego the calculation of risk-weighted assets. There will also be various reductions in the qualitative burden in accordance with the adjusted FINMA circulars. Owing to the exemptions and relaxations, the institutions participating in the small banks regime can expect to be able to save costs directly and indirectly in the future.

Positive feedback

Both the consultation participants and the institutions involved in the pilot project welcome the FINMA initiative to introduce a small banks regime and largely support the adjustments to the circulars. FINMA has incorporated various suggestions from the consultation in the final circulars in order to define certain relaxations more precisely.

Regulation adjusted

For the definitive launch of the small banks regime, the Federal Council revised the Capital Adequacy Ordinance. FINMA for its part adjusted eight circulars, namely Circular 18/3 “Outsourcing – banks and insurers”, 08/21 “Operational risks – banks”, 17/1 “Corporate governance – banks”, 16/1 “Disclosure – banks”, 19/1 “Risk distribution – banks”, 17/7 “Credit risks – banks”, 11/2 “Capital buffer and capital planning – banks” and 15/2 “Liquidity risks – banks”. The adjusted FINMA circulars will enter into force alongside the revised Capital Adequacy Ordinance of the Federal Council on 1 January 2020.

Further procedure

FINMA will inform banks and securities dealers from Supervisory Categories 4 and 5 in writing over the next few days about the further procedure and the registration process for the small banks regime.