

Consultation on a new circular on “Consolidated supervision of financial groups under the Banking Act and the FinIA”

Key points

2 September 2024

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1. In the new FINMA circular, FINMA is publishing its established practice on the consolidated supervision of financial groups under the Banking Act and the FinIA. The circular specifies the criteria for consolidated supervision, the regulatory scope of consolidation (scope of consolidated supervision) and the rules applicable throughout the Group (content of consolidated supervision).
2. Consolidated supervision (group/conglomerate supervision) is a key element of effective prudential supervision. It is a fundamental principle of prudential supervision that the competent supervisory authority can only really satisfy itself of the solidity of an individual institution under its supervision and integrated into a group structure if it is in a position to supervise the entire business and the complete structure of the financial group. In the case of financial groups operating across borders, this requires an exchange of information and cooperation between the various supervisory authorities.
3. The importance of the topic, the existence of many years of established practice and the need to ensure equal treatment justify the publication of the practice on the consolidated supervision of financial groups under the Banking Act and the FinIA in a circular. By incorporating the practice into a circular, FINMA is creating transparency and thus ensuring equal application under law of the relevant standards, enabling more efficient clarification of recurring questions of interpretation and increasing legal certainty for the supervised institutions concerned. In addition, a circular supports standardised practical application in reviews conducted by audit firms.
4. The circular is aimed at financial groups and conglomerates under the Banking Act and banks that are part of a financial group or financial conglomerate. The circular applies *mutatis mutandis* to financial groups dominated by securities firms and securities firms that are part of a financial group, as well as to financial groups dominated by persons pursuant to Article 1b of the Banking Act and persons pursuant to Article 1b of the Banking Act that are part of a financial group.
5. The new Circular “Consolidated supervision of financial groups under the Banking Act and the FinIA” is due to enter into force in mid-2025.