2006

Annual Report
Key themes

Eidgenössische Bankenkommission
Commission fédérale des banques
Commissione federale delle banche
Swiss Federal Banking Commission

2006

Annual Report
Key themes

Eidgenössische Bankenkommission
Commission fédérale des banques
Commissione federale delle banche
Swiss Federal Banking Commission

Herausgeber / Editeur / Editor

Eidg. Bankenkommission / Commission fédérale des banques /
Swiss Federal Banking Commission

Schwanengasse 12, Postfach, 3001 Bern
Schwanengasse 12, case postale, 3001 Berne
Schwanengasse 12, P.O. Box, 3001 Berne

Telefon / Téléphone / Phone	+41 (0)31 322 69 11
Telefax / Téléfax / Fax	+41 (0)31 322 69 26
E-Mail / Courriel	info@ebk.admin.ch
Website / Site web	www.ebk.admin.ch
	www.cfb.admin.ch
	www.sfbc.admin.ch

Vertrieb / Diffusion / Distribution

BBL, Verkauf Bundespublikationen, CH-3003 Bern
OFCL, Vente des publications fédérales, CH-3003 Berne
SFBL, Distribution of Publications, CH-3003 Berne

Telefax / Téléfax / Fax	+41 (0)31 325 50 58
Website / Site web	www.bundespublikationen.admin.ch

Bestellnummer / Numéro de commande / Order number

No 612.006.eng

Weitere Publikationen / Autres publications / Other publications

Jahresbericht / Rapport de gestion, Bestellnummer / Numéro de commande /
Order number 612.006.DF

03.2007 400

Chairman

Dr. oec. Eugen Haltiner

Vice-Chairman

Prof. Dr. iur. Jean-Baptiste Zufferey

Members

Christoph Ammann
Dr. iur. Anne Héritier Lachat
Prof. Dr. rer. pol. René Kästli
Charles Pictet
Prof. Dr. iur. Luc Thévenoz

Chamber of International Cooperation of the Swiss Federal Banking Commission

Dr. oec. Eugen Haltiner
Prof. Dr. iur. Jean-Baptiste Zufferey
Dr. iur. Anne Héritier Lachat

Takeover Chamber of the Swiss Federal Banking Commission

Dr. Eugen Haltiner
Dr. iur. Anne Héritier Lachat
Prof. Dr. iur. Luc Thévenoz

Secretariat

Daniel Zuberbühler, Director, Attorney at law
Romain Marti, Deputy Director, Authorization / Investment funds (BAF)
Kurt Bucher, Vice-Director, Banks / Securities Firms (BEF)
Dr. rer. pol. Andreas Bühlmann, Vice-Director, Large Banking Groups (GB)
Franz Stirnimann, Vice-Director, Exchanges / Markets (BM)
Dr. iur. Urs Zulauf, Vice-Director, Legal Department (RD)
Markus Riesen, Member of the Management, Controlling / Logistics (CL)
Tanja Kocher, Head of Communication / Media relations (KOM)

Supervisory authorities guard borders: borders demarcated by the legislators, governed by a profusion of laws, Federal Council ordinances, official ordinances and circulars, supplemented by yet more agreements, guidelines, codes of conduct and recommendations from self-regulatory organisations. The content of these documents is often highly technical, difficult to read and comprehensible only to the specialist. When losing track of them all, ensuring compliance can become an operational risk. The question, therefore, is whether the regulations really need to be so complicated. Our answer to that question is no, they don't – unless the complexity of the subject matter makes it unavoidable. Every process must include a careful examination of whether the intended purpose can best be achieved by a raft of detailed provisions or a concentration on relevant principles. The goal remains the same: to maintain a level of equity capital that is commensurate with the risks involved, and to ensure that all market players comply materially and ethically with the rules. In practice, the network of regulations is unfortunately becoming increasingly dense. Why is this happening? There are many possible explanations, but one thing is certain: the more the borders – either already defined or merely expected – are deliberately tested by those seeking to exploit them to their own advantage, the more regulation will be necessary. The greater the awareness of how important are the fundamental values that must underpin the intermediation of financial services, the slimmer the rule books will become. Market players alone have the power to determine what happens. It is up to them, and them alone. Their failure will provoke the lawmakers, and regulation will follow. The supervisory authorities will have no option but to implement it.

In 2006, there were a number of widely publicised cases where attempts were made to test the ethical borders. Debate on this topic is entirely desirable: it reflects the sensitivity of the issue, encourages the necessary awareness and documents the extent of the potential loss of reputation – irrespective of any breach of supervisory or indeed criminal law. The Banking Commission is monitoring this development closely. Ultimately, the Commission grants licences only to those who enjoy a good reputation and guarantee proper conduct of their business activities.

Those who overreach the borders of ethical conduct undermine trust in the financial centre. Yet trust is the greatest asset it has to offer. A climate of trust that has taken a long time to establish can be destroyed in an instant. It is based on personal integrity and expert solutions; and supervisory authorities also have a role to play.

The Banking Commission's circular on supervision and internal control came into force on 1 January 2007. It is concerned with the important issue of corporate governance, and therefore also with trust. It establishes the basis for credible and contemporary governance within Switzerland's banks, securities dealers, financial groups and financial conglomerates dominated by banks and securities dealers. It is now incumbent upon the individual institutions to review the appropriateness of their current arrangements and, where necessary, undertake any corrections that have not already been made.

Other themes related to trust and the level of regulation necessary are still being examined. One notable example are the activities of the working group on market supervision and the associated preparation of a new draft circular on market conduct. Another involves a revision of the code of conduct for securities dealers. As part of the planned Federal Council memorandum on the revision of the Money Laundering Act, the Banking Commission's Money Laundering Ordinance and the Agreement on the Swiss banks' code of conduct with regard to the exercise of due diligence are also being reworked.

All these projects offer an opportunity to state where the line should be drawn between marking out borders through regulation and trusting market players to act with integrity even in the absence of formal rules. A more concerted effort to accord a recognisable place to trust is also a way to promote Switzerland as a financial centre.

Eugen Haltiner
Chairman

March 2007

1 Implementation of Basel II in Switzerland

The Basel Committee on Banking Supervision published the final version of the new Basel II Capital Accord in June. In September, the Federal Council took a decision on the implementation of the Accord's minimum standards in Switzerland, approving the Capital Adequacy Ordinance (CAO), which had been drawn up by the Banking Commission and the financial sector sitting together in a national working group in parallel with the Basel process. The Ordinance takes effect on 1 January 2007. The Banking Commission issued six new circulars based on the CAO, which set out the specific details of how the Ordinance is to be implemented in predominantly technical matters.[1] Taken together, the CAO and the circulars enshrine the provisions of Basel II in Swiss law.[2]

Regulation based on principles

The Capital Adequacy Ordinance was drawn up within the prescribed timeframe, thanks to close cooperation between the Banking Commission, the Swiss National Bank and representatives of the financial sector. Because the majority of banks in Switzerland will be using the standard approaches to calculate their capital requirements under Basel II, the working group agreed that only those approaches would be comprehensively regulated. The Ordinance therefore sets out only the underlying principles of the institution-specific Internal Ratings Based Approach (IRB) for credit risks and Advanced Measurement Approach (AMA) for operational risks. Both approaches will require approval by the Banking Commission. An ongoing process, involving 'dialogue meetings' with the banks concerned – in particular the two large banks –, is now under way to prepare for the implementation of the Basel II requirements in this area.

Widespread approval in the public hearing

In autumn 2005, the Banking Commission conducted a hearing and official consultation on the draft Ordinance and circulars, seeking the opinions of leading industry organisations and banking associations as well as the interested federal offices. As the working group had already achieved a consensus on all the contentious issues, the proposal met with widespread approval, even from those who had previously seen Basel II as posing a threat to the financing of small and medium-sized companies.

Evaluation of QIS-CH/QIS-5

In parallel with the hearing, the Banking Commission carried out a quantitative impact survey within Switzerland (QIS-CH) to examine the implications of the new regulations for capital adequacy requirements. The goal was to maintain the Swiss banking system's overall capital level and calibrate the new regulations accordingly. A representative selection of seventy banks

[1] see Annual Report 2005, VI/2.1.2
[2] see Annual Report 2005, Key themes, p. 15 ff

and seven securities dealers took part in the survey, which showed that the new provisions would lead to a marginal decline in capital adequacy requirements throughout the system as a whole. Banks mainly engaged in lending business would be required to set aside less capital, while unsurprisingly the requirement in respect of operational risks, which has now been separated out from the heading of credit risks, will impose a heavier burden on institutions chiefly involved in advisory services, asset management and trading. Simultaneously with QIS-CH, the Basel Committee carried out a further study, QIS-5, which looked at the international impact of Basel II. The capital adequacy requirements for the two big Swiss banks were found to be in the same range as when they are calculated using the currently applicable requirements under the Banking Ordinance.

Neutral impact on competition

Switzerland is adopting into its own regulations the three pillars contained in Basel II: the minimum capital requirements (Pillar 1), the supervisory review process (Pillar 2) and market discipline through disclosure (Pillar 3). The IRB approaches, the approaches for capital underpinning of operational risks and the changes in the capital buffer for market risks have been adopted largely unchanged from Basel II. The new regulations therefore take account of the differing requirements of the banks, but their impact on competition is neutral.

Swiss and international standard approaches

Switzerland has two versions of the standard approach for credit risks. The Swiss standard approach (SA-CH), which is tailored primarily to domestically active universal banks and is based on the current, long-standing capital adequacy provisions, has been amended only insofar as was necessary for it to be compatible with the minimum standards laid down by Basel II. As a result, the IT-related costs of implementation have been kept low. The international standard approach (SA-BIS) responds to the requirements of banks with international operations by eliminating the need for them to maintain two sets of accounts – one to comply with Swiss standards and the other for international standards. As far as possible, SA-BIS adopts the provisions of Basel II unchanged, and is closely based on European Union directives. A series of multipliers were used to ensure that the capital requirements of SA-BIS were aligned with SA-CH such that the application of SA-BIS, with its lower risk weightings taken direct from Basel II, did not create any competitive advantage as against SA-CH.

Changeover time flexible

The transitional provisions allow for flexibility, permitting banks to switch to the new method of calculating capital adequacy at some time during 2007. The new method will apply simultaneously to the new approaches for credit, market and operational risks. This will enable banks to complete the new

Basel II-based capital adequacy report at any time from 31 March 2007 to the deadline of 31 March 2008. Institutions employing the institution-specific approaches (Advanced IRB and AMA) will have to change over on 1 January 2008. This timetable corresponds to the one set out by the European Union.

Simplified approach if work involved is disproportionate

Under Basel II, banks can select the calculation method that fits their business model. However, implementing individual provisions may cause an excessive amount of work for a given institution. For this reason, the CAO contains a provision allowing banks to depart from the strict wording of the Ordinance or adopt a simplified approach if compliance with the letter of the regulations would entail an excessive workload for them. This pragmatic approach is, though, subject to certain conditions. Simplified application of a provision in the Ordinance is permitted only if risk management is still ensured and the bank's ratio of required to eligible capital is at least maintained. In addition, banks are obliged to document the simplifications.

Assistance with the changeover

The Banking Commission stands ready to assist institutions in the changeover to the new regulatory regime. It publishes answers to questions of interpretation that are of general interest in FAQ on its website. The dialogue leading to the signing off (i.e. examination and approval) of the first institution-specific approaches (Advanced IRB, AMA) is expected to be completed by the end of 2007.

2 Risks in the financial market

Processing of credit derivatives

The increasing complexity of financial instruments and the global orientation of the major financial institutions increasingly mandate multinational collaboration between supervisory authorities. One initiative currently under way is looking at ways of dealing with delays in processing transactions in derivatives trading. Major backlogs in the preparation of manually processed trade confirmations for over-the-counter derivatives may mean that an unexpected event can exacerbate turbulence on the markets. This problem is especially acute in the area of credit derivatives, where the nominal amount of outstanding contracts has risen particularly sharply. The growing complexity of financial products also creates issues such as how they are to be valued and accounted for. Moreover, the operational infrastructure for dealing with them often lags behind the rise in volumes and product innovation.

Globalisation of risks

The increasing orientation of major banks towards the international markets also leads to the globalisation of the risks in this area. To ensure adequate oversight, national supervisors will have to adopt a global approach to dealing with them. This is especially true in Switzerland, where the two big banks conduct a large proportion of their business abroad.

International cooperation

International cooperation is therefore a vital pillar of supervisory activity. The initiative launched in September 2005 by the Federal Reserve Bank of New York (Fed New York) to reduce unconfirmed trades was continued.[1] The principal regulators held further meetings with the world's biggest investment banks in February and September 2006. The Banking Commission was also involved in these activities. The joint progress achieved was such that, one year after the initiative began, the number of transactions still unconfirmed 30 days after trade date was reduced by 90 per cent across the sector as a whole, and trading is now far more automated. Today, investment banks carry out 80 per cent of their credit derivative trading via electronic platforms, and this has led to a substantial reduction in the systemic risk arising out of credit derivatives.

Expansion of cooperation

The focus of the cooperation has progressively expanded and now also covers backlogs in the processing of equity derivatives. Although the situation here is not comparable, the banks have been urged to push ahead with the standardisation and automation of trading in this area, and to eliminate existing backlogs.

Indirect monitoring of hedge funds

The advantage of global solutions coordinated by the supervisory authorities in this way is that, unlike direct national regulation, a multinational approach enjoys the support of the major investment banks and removes opportunities for arbitrage between the various jurisdictions. Such solutions also impose an indirect discipline on unregulated market participants such as hedge funds. These investment vehicles have continued to attract vast amounts of assets, leading to increasingly vociferous calls for their regulation. In addition, hedge funds are increasingly active in areas covered by the investment banks, which raises issues of equal treatment. Until now, both the Banking Commission and the Swiss National Bank have been of the view that indirect supervision of hedge funds via their interface with the banks is an adequate global approach.

Trilateral meetings

For the Banking Commission, cooperation with foreign regulators remains a central element of its supervisory activity. Regular trilateral meetings are held with the Federal Reserve Bank of New York and the Financial Services

[1] see Annual Report 2005, p. 58 (German), p. 55 (French)

Authority in the UK to exchange information on key aspects of supervision and their findings, and to coordinate activities. The meetings also promote mutual trust and facilitate a coordinated reaction in the event of a crisis. The banks also welcome this kind of cooperation between regulators, as it reduces the regulatory burden on them. The meetings have been specifically praised by bodies such as the Special Committee on Effective Regulation of the Institute of International Finance (IIF).

3 Collective investment schemes legislation

The Collective Investment Schemes Act and the Federal Council Ordinance comes into force on 1 January 2007. The Banking Commission's own Collective Investments Schemes Ordinance comes into force on 15 February 2007. They replace the previous legislation on investment funds which applied for a total of 12 years.

Modern legislation

Comprehensive yet and at the same time modern, open and flexible, the Collective Investment Schemes Act lays the foundation for Switzerland to prosper as an attractive and competitive domicile for investment funds. It is now incumbent on the fund industry to seize the opportunity and take full advantage of what the Act offers. The Banking Commission will offer its backing to an interpretation which promotes competition while maintaining protection for investors. This could provide a major boost for the country as a fund location.

Growing importance

Switzerland's fund market is significant and growing steadily, with over 1,100 Swiss and 4,100 foreign investment funds licensed for distribution. In 2006, some 600 billion Swiss francs were invested in funds managed by Swiss promoters, 37 per cent of that sum being in Swiss collective investment schemes, making the country the fifth-largest fund distribution centre in Europe. When it comes to production, however, Switzerland is still a niche market. In view of these developments, a wholesale revision of the investment fund legislation was essential. The expanded, comprehensive legal framework for collective investment schemes is designed to create new legal forms alongside the existing contractual investment funds, enabling Switzerland's fund industry to keep pace with its European competitors.

Overview of changes

The collective investment schemes legislation re-establishes full congruity between Swiss law and European Union regulations on EU-compatible investment funds – an aim that had already been partly achieved by the partial revision of the Investment Fund Ordinance in 2004. It also introduces two new legal forms: the SICAV (investment company with variable capital); and the LLP (limited partnership for collective investment schemes), which is modelled on the Anglo-Saxon limited liability partnership. The fund sector welcomes these developments, as well as the simplified approval procedures and short time to market. It is the responsibility of all licence-holders and their agents to adhere to codes of conduct. In other words, they must act independently and solely in the interests of investors.

SICAV

In parallel with the contractually based form of the investment fund, which remains essentially unchanged, the new law creates a second type of open-ended collective investment scheme: the SICAV. Already highly popular in the rest of Europe, this kind of investment fund is based on the company law concept of the joint stock corporation, but is in fact a new form of company. It is difficult to predict how the SICAV will develop alongside the contractual investment fund, but it is reasonable to assume that a number of investment foundations will convert themselves into SICAVs. This will happen partly for tax reasons, but also because the pension funds involved will enjoy genuine rights of co-determination (annual general meeting, board of directors). Independent asset managers, too, are likely to use the Swiss SICAV for new or existing collective investment schemes, obviating the necessity to employ fund domiciles outside Switzerland. The SICAV will enable them to make their own collective investment schemes for their clients, manage the funds' assets themselves, and delegate the entire task of administration to a fund management company. They will no longer need to go through the expensive process of setting up their own fund management company, as they are required to by current law on contractual investment funds.

LLP and SICAF

The LLP, meanwhile, is based on the limited partnership under the Swiss Code of Obligations but includes a variety of modifications that add up to a new company form, whereas the investment company with fixed capital (SICAF) is a conventional joint stock corporation under the Code of Obligations. In both cases, investors have no claim against the collective assets for redemption of their fund units at the net asset value, and for this reason, LLPs and SICAFs are deemed to be closed-ended collective investment schemes. In view of the LLP's liberal design (minimum of five investors, investments in risk capital as well as other alternative investments, construction and real-estate projects) and various statements from within the sector, a large number of such schemes is likely to be set up in Switzerland. For private equity investments and certain hedge funds, the LLP is a more appropriate legal form than open-ended collective investment schemes. In addition, LLPs are tax-transparent, in other words tax-exempt, like SICAVs and contractually based investment funds. The issue of taxation of general partners, which in the case of the LLP are joint stock corporations and whose managers are permitted to acquire holdings in the partnership using their personal assets, is as yet unresolved. If they receive similar preferential tax treatment in Switzerland to that granted under foreign regulations, this legal form can be expected to boom.

Asset managers

In the European Union, the asset managers of EU-compatible investment funds are required to submit themselves to prudential supervision. Accordingly, Swiss collective investment schemes are now only allowed to delegate asset management responsibilities to persons who are supervised by a recognised body. Asset managers who are licensed by the Banking Commission meet the conditions of the EU regulations and are therefore permitted not only to manage Swiss collective investment schemes but also to accept asset management mandates for EU-compatible investment funds. Independent asset managers based in Switzerland who are not subject to prudential supervision can also manage EU funds if they voluntarily subject themselves to the Collective Investment Schemes Act – a provision that removes a competitive disadvantage.

Structured products

Structured products are clearly demarcated from collective investment schemes and do not normally fall within the purview of the Collective Investment Schemes Act. However, the public distribution of structured products in Switzerland is subject to certain conditions (issue and distribution only by supervised financial intermediaries, publication of a simplified prospectus). The new minimum regulation therefore does not stipulate any requirement for a licence. This is crucial to the objective of developing a time-to-market solution. The new regime achieves two further objectives in addition to competitiveness. The requirement to publish a simplified prospectus that must be easily comprehensible to the average investor strengthens investor protection. In addition, the Banking Commission is relieved of the obligation to carry out time-consuming investigations into whether certain structured products should be classified as collective investment schemes and therefore subject to the Act.

Self-regulation and implementation

The Collective Investment Schemes Act accords an important role to self-regulation, specifically in terms of licensing requirements. The Banking Commission can make the granting of a licence dependent on whether, in addition to the other requirements, compliance with the code of conduct of an industry organisation is guaranteed. The Commission is maintaining close contact with the Swiss Funds Association in order to ensure that the new legislation is implemented in as practical a way as possible.

4 Corporate governance for banks and securities dealers

New circular

The Banking Commission's circular on Supervision and internal control comes into force on 1 January 2007.[1] It underscores the Commission's requirement for credible, leading-edge corporate governance within Switzerland's banking and financial sector. The Commission regards this as absolutely vital, not least because of the sector's importance to the economy as a whole and the complex risks to which it is exposed.

Comply or explain

The circular sets out different regulations for institutions based on their size, complexity, structure and risk profile, reflecting the diverse nature of the Swiss financial centre. A 'comply or explain' clause gives certain provisions additional flexibility. Where, for important reasons, an institution is temporarily or permanently unable to comply with regulations, it must provide a convincing and comprehensible explanation for this in its annual report. Following the hearing on the circular, the decision was taken to refrain from including provisions on whistle blowing. Parliament will be examining this issue.

Bankers Association guidelines

The Bankers Association decided to repeal its own guidelines, which lay down a minimum standard for internal control, when the circular came into force. The circular covers the content of the guidelines and also takes account of the international context, namely the documents produced by the Basel Committee on Banking Supervision on the subjects of 'Compliance and the compliance function in banks' and 'Enhancing corporate governance in banking organisations'.

5 The FINMA project

FINMA in the political process

In February, the Federal Council forwarded the memorandum and draft for the federal law on financial market supervision (FINMAG) to Parliament. During the political debate, the Federal Council's proposal to employ staff on a private-law basis was rejected. It was argued that staff with responsibilities of state should be employed under public law, and concern was also expressed regarding excessive top management salaries. The Banking Commission does not share these concerns. It emphasises that the new authority will require a sufficient degree of freedom with respect to the private sector when it comes to recruiting and retaining highly qualified, experienced specialists. An effective FINMA must have its own staff regulations that en-

[1] see Annual Report 2005, II/1.4

sure flexibility and transfer the associated responsibility to the board of directors.

Convincing arguments for integrated supervision

The Banking Commission believes that the arguments for strong and integrated financial market supervision are incontrovertible. Within Europe and also outside the EU, a number of countries have already taken this step to strengthen their financial centres. Others will follow. Although the international bodies that lay down the standards for supervision of banks, insurance companies and markets remain separate organisations, and there is no prospect of an integrated, supranational supervisory authority being established in the next few years, there are many arguments in favour of merging the various areas of supervision at national level. They include not just increased operational efficiency but also the potential for harmonising regulation across sectors and bringing the various supervisory tools into line with one another.

The financial markets are growing ever closer together. There are increasing overlaps in the intermediation of financial services, and companies across the financial sector face similar challenges. Stronger ties between market players, together with the associated risks, make it essential that both they and the supervisory authorities adopt a consolidated approach. Risk management is one of the central functions of both insurance companies and banks, and it is key to their success. Whatever the differences between the sectors, identifying and assessing risks is a broadly similar task for all concerned. Only integrated supervision can ensure that the same rules apply to comparable circumstances.

Synergies in cross-business functions

Merging the various authorities will allow scarce resources to be bundled. Large companies, in particular, expect a great deal from the supervisory bodies. Integrated supervision makes expert knowledge more easily available that it is in separate structures. Synergies can be achieved by combining functions that are common to all organisations, such as personnel management, communication or logistics. Standardising the regulatory tools, working with authorities in Switzerland and abroad, and pooling resources in the international sphere will also make a contribution.

Status of the FINMA project

In March, Federal Councillor Hans-Rudolf Merz instructed the merging authorities to initiate a project aimed at making preparations for integrated financial market supervision, accompanying moves in the political arena. Headed by the Chairman of the Banking Commission, the project is divided into four areas working on the strategy and organisational structure, operational integration, the lawmaking process as well as FINMA's image and communication activities. Work has begun in all project areas and is being carried out mainly in joint teams composed of staff from the partners in the merger. This procedure will help the three entities grow together even before FINMA itself comes into being. It also ensures that the solutions developed are based closely on practice, retain the existing strengths, and address at an early stage any weaknesses that are identified.

The project groups report to a steering committee made up of the heads of the three merging authorities as well as a representative of the Federal Department of Finance. The committee takes interim decisions and will make applications in respect of matters that will be decided on by the board of directors, once the latter is constituted. The project is supported by a panel of experts consisting of representatives of the sectors of the economy affected and their industry associations. This body acts as a valuable sounding board for selected questions and is designed to foster identification with, and trust in, the new organisation.

Risks of the project

The project work will need to be adjusted to reflect the changed political timetable. The National Council will be the first body to consider the matter, with discussion scheduled for its spring 2007 session. As a result, it is unrealistic to expect FINMA to begin operation on 1 January 2008, as originally planned. Instead, it will probably need to be postponed to the start of 2009. The objective remains for FINMA to begin work as soon as possible after the final political decision has been taken. Projects of this magnitude also involve risks. Management of the interfaces, in other words coordinating the content and schedule for the various project activities, is a challenging task. The biggest risk, though, is the long transitional period required as a result of the political decision-making process. If the timetable for the project is unclear, employees will become uneasy, and this could lead to undesired staff turnover as well as delays to decisions on matters of substance. This in turn will complicate the task of managing the three bodies concerned and preparing them for FINMA.

EBK CFB