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***Synopsis of the most  
important regulatory  
developments***

Status as at 1 April 2017

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*Banking and Asset Management –  
what counts*

# Synopsis of the most important developments

(status as at 1 April 2017)

## Interdisciplinary projects

	page	2016			2017			2018												2018	2019	2020	2021	2022	2023
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
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<b>Anti-money laundering/compliance</b>																									
Federal Act to implement the 2012 revised recommendations of the Financial Action Task Force (FATF)	4											30.	1.												
FINMA circ. 11/1 'Activity as financial intermediary according to AMLA'	4			5.	1.																				
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FINMA circular 08/4 'Record of securities transactions'	5			9.		9.	13.																		
FINMA circular 08/11 'Reporting duty for securities transactions'	5																								
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FINMA circ. 18/1 'Organised trading facility'	6			9.	9.	9.																			
FINMA circ. 17/6 'Direct transmission'	6			16.	1.																				
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Amendment of the Gender Equality Act (EqA) (introduction of regular pay analyses)	7			27.																					

	Development		Consideration by Parliament		In force, end of final transition period
	Hearing/consultation		Publication of final regulation		Full application
	Publication results of hearing/consultation/dispatch		Referendum deadline		Estimated/approximately

## Banks/securities dealers

	page	2016			2017			Apr	2018												2018	2019	2020	2021	2022	2023																							
		Oct	Nov	Dec	Jan	Feb	Mar		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep																								
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CAO / FINMA circ. 17/7 'Credit risks'	11																																																
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Liquidity Ordinance (LiqO) / FINMA circ. 15/2 'Liquidity risks' (quantitative requirements)	12																																																
Liquidity Ordinance (LiqO)/FINMA circ. 15/2 'Liquidity risks' (partial revision of NSFR)	12																																																
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## Fund management companies/investment funds/representatives of foreign collective investment schemes

	page	2016			2017			2018												2018	2019	2020	2021	2022	2023	
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Total revision of FINMA Collective Investment Schemes Ordinance (CISO-FINMA)	15				1.																					
SFAMA guidelines on the valuation of the assets of collective investment schemes and the handling of valuation errors in the case of open-end coll. inv. schemes	15																									
SFAMA guidelines for money market funds	16				1.							28.														

## Most important aspects and changes

### Interdisciplinary projects

Regulation	Most important aspects/changes	Status
<b>Accounting</b>		
<b>Revised Code of Obligations (Accounting Act)</b> (amendment of 23 December 2011)	<ul style="list-style-type: none"> <li>• Introduction of structuring rules for the balance sheet, the income statement and the notes.</li> <li>• Amendment to valuation regulations, including the introduction of stand-alone valuation and valuation at market values for listed assets and assets with an observable market value.</li> <li>• Annual and consolidated financial statements of large companies to be prepared according to generally accepted accounting standards.</li> </ul>	<p>In force since: 1 January 2013</p> <p>Transitional period: stand-alone financial statements until 2015; consolidated financial statements until 2016</p> <p>Earlier voluntary implementation permitted</p>
<b>Anti-Money Laundering/compliance</b>		
<b>Federal Act for Implementing the Revised Financial Action Task Force Recommendations 2012 (FATF)</b> (12 December 2014)	<p>Amendments of the requirements according to the Code of Obligations, Collective Investment Schemes Act.</p> <ul style="list-style-type: none"> <li>• Reporting obligations and transparency on the acquisition of bearer shares of non-listed undertakings and SICAVs (investment companies with variable capital).</li> <li>• Keep a register of bearer shares and the declared beneficial owners or a register of cooperative members.</li> <li>• Introduction of a criminal law provision for the incorrect keeping of the share register of a SICAV.</li> </ul>	<p>In force since: 1 July 2015</p> <p>Transitional periods:</p> <ul style="list-style-type: none"> <li>• Reporting obligations until 31 December 2015</li> <li>• Amending the articles of association and internal regulations until 30 June 2017</li> </ul>
<b>FINMA circular 11/1 'Activity as financial intermediary according to AMLA'</b> (adjustment to amended AMLO)	<ul style="list-style-type: none"> <li>• Adjusted definition of the geographical scope of activities of financial intermediaries in and from Switzerland, in line with current practice of FINMA.</li> </ul>	<p>In force since: 1 January 2017</p>

<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<b>Organisation of financial market</b>		
<b>Financial Services Act (FinSA)</b>	<ul style="list-style-type: none"> <li>• Adjustment of behaviour and product rules to the customer segment (private customers/professional customers): <ul style="list-style-type: none"> <li>– Information on financial services provider, services and product, incl. by means of a basic information sheet</li> <li>– Suitability check before transactions with financial instruments (except 'execution-only')</li> <li>– Suitability check if providing advice and asset management</li> </ul> </li> <li>• Obligation for client advisors (relationship managers) to be entered in a public register and to undertake initial and further training.</li> <li>• Extension of legal means in favour of customers, incl. right to demand publication of documents.</li> </ul>	<p>Federal Dispatch published 4 November 2015</p> <p>Considered by Council of States on 14 December 2016</p> <p>Expected entry into force: 2017/2018</p>
<b>Financial Institutions Act (FinIA)</b>	<ul style="list-style-type: none"> <li>• Supervision of all financial service providers who operate an asset management business in any form whatsoever is to be governed in a uniform piece of legislation.</li> <li>• Managers of individual client assets as well as those who manage the assets of Swiss occupational benefits schemes will require a license in the future.</li> </ul>	<p>Federal Dispatch published 4 November 2015</p> <p>Considered by Council of States 14 December 2016</p> <p>Expected entry into force: 2018</p>
<b>Financial Market Infrastructure Ordinance (FinMIO)</b> (revised risk mitigation duties)	<ul style="list-style-type: none"> <li>• Alignment of the obligations set out in the FinMIA relating to the exchange of collateral for OTC derivative transactions not cleared by a central counterparty.</li> <li>• Extension of the exceptions to the collateral duties.</li> </ul>	<p>Hearing until 13 April 2017</p> <p>Expected entry into force: 1 January 2018</p>
<b>FINMA circular 08/4 'Securities journals'</b>	<ul style="list-style-type: none"> <li>• Formal amendments to the new legal provisions.</li> <li>• Extension of the duty to maintain a securities journal to orders and transactions involving derivatives.</li> <li>• Obligation to maintain a journal for derivatives that must be disclosed according to FINMA circ. 18/2 'Disclosure requirements for securities transactions'.</li> <li>• Documentation of the beneficial owner.</li> </ul>	<p>Entry into force: 1 January 2018</p>
<b>FINMA circular 18/2 'Disclosure requirements for securities transactions'</b> (total revision of previous FINMA circ. 08/11 'Disclosure requirements for securities transactions')	<ul style="list-style-type: none"> <li>• Disclosure required of derivatives with more than one underlying security if the proportion of those securities authorised for trading on a Swiss venue/platform amounts to at least 25%.</li> <li>• Definition of the term 'beneficial owner'.</li> <li>• Definition of reference for the identification of the beneficial owner in relation to a transaction by means of nationality, date of birth and the internal bank code, or Legal Entity Identifier (LIE).</li> <li>• Aggregated orders must now be reported both when they are executed on the stock exchange and upon definitive allocation to clients.</li> </ul>	<p>Entry into force: 1 January 2018</p> <p>Revocation of previous FINMA circ. 08/11: 31 December 2017</p>

<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<b>FINMA circular 18/1 'Organised trading facilities'</b>	<ul style="list-style-type: none"> <li>• Specification of the requirements of art. 38–42 FinMIO for the operation of an organised trading facility.</li> <li>• Definition of the terms 'organised trading facility', 'discretionary/non-discretionary trade', 'multilateral/bilateral trade' and 'traded financial instrument'.</li> <li>• Description of the duties of an operator of an organised trading facility.</li> </ul>	Entry into force: 1 January 2018
<b>FINMA circular 17/6 'Direct transmission'</b>	<ul style="list-style-type: none"> <li>• Rule of admissibility of transmission of non-public information to foreign financial market supervisors, other authorities, courts, etc.: <ul style="list-style-type: none"> <li>– For implementing financial market law</li> <li>– In connection with transactions of clients and supervised institutes (e.g. to reporting offices, register of transactions, self-regulatory organisations, stock exchanges, etc.)</li> </ul> </li> <li>• Exclusion of transmission of non-public information to foreign prosecution and tax authorities.</li> <li>• Duties to safeguard the rights of clients and third parties and preliminary reporting to FINMA.</li> </ul>	In force since: 1 January 2017
<b>FINMA guidance 02/2017</b> FMIA: reporting requirements/trade repositories	<ul style="list-style-type: none"> <li>• The authorisation of a Swiss trade repository (SIX Trade Repository AG) and the recognition of a foreign trade repository (Regis-TR S.A.) triggers the requirement for Swiss market participants to report derivatives transactions.</li> <li>• Open derivatives transactions must be reported from the following dates at the latest: <ul style="list-style-type: none"> <li>– From 1 October 2017, if the counterparty which is required to report is a central counterparty (CCP) or a financial counterparty (FC) which is not small</li> <li>– From 1 January 2018, if the counterparty which is required to report is a small financial counterparty (FC-)2 or a non-financial counterparty (NFC) which is not small</li> <li>– From 1 April 2018, in all other cases. However, transactions between two small non-financial counterparties (NFC-)3 do not have to be reported</li> </ul> </li> </ul>	Reports have to be made (depending on the type and size of the persons subject to the reporting requirement) by 1 April 2018, at the latest

<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<b>Other topics</b>		
<b>Amendment of the Code of Obligations (Law on companies limited by shares)</b>	<ul style="list-style-type: none"> <li>• Transfer of the provisions of the Ordinance against excessive remuneration in listed companies limited by shares (ERCO) to federal law.</li> <li>• Establishes guidelines for signing-on bonuses and compensation for prohibition of competition.</li> <li>• Liberalisation of the incorporation and capital provisions.</li> <li>• Better alignment of Company Law to the new Accounting Law, e.g. regarding a company's own shares and the use of foreign currencies in accounting and financial reporting.</li> <li>• Gender quotas for the Board of Directors (min. 30% each) and Executive Board (min. 20%) of large listed companies, 'comply or explain' clause.</li> <li>• Proposed solutions with regard to shares held that are not recorded in the stock register (so-called 'dispo shares').</li> <li>• Increased transparency requirements applicable to the commodities sector through the disclosure of payments to state-owned entities.</li> </ul>	Federal Dispatch to Parliament published on 23 November 2016 Consideration by Parliament pending
<b>Amendment of the Gender Equality Act (EqA)</b> (introduction of regular pay analyses)	<ul style="list-style-type: none"> <li>• Employers with at least 50 employees must perform a pay analysis every 4 years.</li> <li>• Review of internal pay analysis by an authorised audit firm.</li> <li>• Duty to provide information to employees.</li> </ul>	Consultation period closed and outcomes published on 27 October 2016 Federal Dispatch to be prepared by summer 2017

## **Banks/securities dealers**

<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<b>Accounting</b>		
<b>FINMA circular 15/1 'Accounting – banks' (ARB)</b> (expected loss adjustment)	<ul style="list-style-type: none"> <li>• Introduction of an expected loss approach to determine value adjustments.</li> <li>• Takes into consideration the consultation paper 'Guidance on accounting for expected credit losses' of the Basel Committee on Banking Supervision, dated 2 February 2015.</li> <li>• Existing FAQs integrated in the circular, expected to be largely formal amendments with no material impact.</li> </ul>	Hearing expected: approx. Q3 2017 Expected entry into force: 1 January 2019 or 2020



Regulation	Most important aspects/changes	Status
<b>Disclosure</b>		
<b>FINMA circular 08/22 'Disclosure – banks'</b> (FINMA circular dated 20 November 2008, with amendments of 29 October 2014)	<ul style="list-style-type: none"> <li>• Acceptance of requirements concerning qualitative and quantitative disclosure of:               <ul style="list-style-type: none"> <li>– Leverage ratio</li> <li>– Liquidity coverage ratio (LCR)</li> </ul> </li> <li>• From 2015: disclosure of capital adequacy according to the previously applied periodicity:               <ul style="list-style-type: none"> <li>– For banks with annual disclosure: until end of April 2016 at the latest (based on year-end 2015 figures)</li> <li>– For banks with semi-annual disclosure: until end of August 2015 (based on figures as of end of June 2015)</li> </ul> </li> </ul>	In force since: 1 January 2015 Progressively replaced by FINMA circ. 16/1
<b>FINMA circular 16/1 'Disclosure – banks'</b> (phase I – FINMA circ. dated 28 October 2015)	<ul style="list-style-type: none"> <li>• Total revision and replacement of former FINMA circular 08/22 Disclosure – banks, with focus on standardising certain tables in order to improve comparability.</li> <li>• Exemption from detailed disclosure requirements according to the Basel standards for smaller institutes (FINMA supervisory categories 4 and 5).</li> <li>• Significant, one-off conversion costs expected for about 30 institutes of supervisory categories 1 to 3.</li> <li>• First annual disclosure for banks in:               <ul style="list-style-type: none"> <li>– Regulatory category 1, by end of April 2017 latest for the financial year ending 31 December 2016</li> <li>– Regulatory categories 2 &amp; 3, by end of April 2018 latest</li> <li>– Regulatory categories 4 &amp; 5, by end of April 2019 latest</li> </ul> </li> <li>• Banks that apply the 'consolidation discount' and foreign-owned banks exempted from the detailed disclosure obligations: publication of at least 6 key figures in the management report, for the first time as of 31 December 2015.</li> </ul>	In force since: 1 January 2016 Transition period until 2019
<b>FINMA circular 16/1 'Disclosure – banks'</b> (partial revision due to the amendment of the 'too big to fail' provisions of the CAO)	<ul style="list-style-type: none"> <li>• Specification and specific changes to               <ul style="list-style-type: none"> <li>– Calculation of the average for the short-term liquidity coverage ratio</li> <li>– Scope of the minimum disclosure requirements for institutions otherwise exempted from making detailed disclosures (e.g. subsidiaries of financial groups)</li> </ul> </li> <li>• Extension and standardisation of the disclosure requirements for TBTF institutions.</li> </ul>	In force since: 1 January 2017 Revised regulations apply to data disclosed as of 31 December 2016



<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<b>FINMA circular 16/1 'Disclosure – banks'</b> (revision due to new corporate governance requirements)	<ul style="list-style-type: none"> <li>• Regulatory requirements concerning disclosure bundled in FINMA circular 16/1.</li> <li>• Disclosure requirements for corporate governance specified.               <ul style="list-style-type: none"> <li>– Organisation, committees, composition, experience and independence of the BoD</li> <li>– Composition, professional experience and training of BoD members</li> <li>– Duty to disclose certain aspects according to SIX Directive on Information relating to Corporate Governance for category 1 to 3 banks</li> </ul> </li> <li>• Duty to update information on internet site within 3 months.</li> </ul>	In force since: 1 January 2017  First-time implementation of disclosure requirements as of the 2017 annual report
<b>FINMA circular 16/1 'Disclosure – banks'</b> (introduction NSFR/phase II)	<ul style="list-style-type: none"> <li>• Partial revision of the circular.</li> <li>• Introduction of new key ratio (NSFR).</li> <li>• Adaptation of LCR.</li> <li>• Additions relating to interest rate risks, fundamental trading book review, operating risks, comparative values of IRB and standardised approach, prudential valuation approach.</li> </ul>	Hearing expected Q3 2017  Expected enactment of the regulations in December 2017
<b>Capital adequacy/risk diversification</b>		
<b>Ordinance on Capital Adequacy and Risk Diversification (CAO)</b> (total revision of 1 June 2012)	<ul style="list-style-type: none"> <li>• Comprehensive revision of capital adequacy, risk diversification and liquidity rules due to changes to the Basel III rules.</li> <li>• More stringent requirements concerning quality and amount of equity.</li> <li>• 'Swiss finish' discontinued (Swiss standard approaches to credit risk measurement and risk diversification), with a transitional period running until 31 December 2018 at the latest.</li> </ul>	In force since: 1 January 2013  Extensive transitional period from 2013 until 2018

<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<p><b>Ordinance on Capital Adequacy and Risk Diversification (CAO)</b> (amendment of ‘too big to fail’ provisions)</p>	<ul style="list-style-type: none"> <li>• Newly calibrated overall requirements for going-concern capital of systemically important banks: <ul style="list-style-type: none"> <li>– Basic requirement: 4.5% leverage ratio + 12.86% of risk-weighted assets</li> <li>– Progressive component depending on market share</li> <li>– Progressive component depending on total commitment</li> </ul> </li> <li>• Extension of counter-cyclical buffer for large banks with significant accounts receivable in the foreign private non-banking sector: <ul style="list-style-type: none"> <li>– Capital buffers calculated as the weighted average of the buffers in effect in the member states of the Basel Committee to which banks have significant credit exposure.</li> <li>– The extended counter-cyclical capital buffer is limited to 2.5% of the weighted exposure.</li> </ul> </li> <li>• Transfer from FINMA circ. 11/2 ‘Capital buffer and capital planning – banks’ of: <ul style="list-style-type: none"> <li>– Capital ratios and capital buffer in the Capital Adequacy Ordinance (CAO), and</li> <li>– Categorisation of banks in the Banking Ordinance (BankO)</li> </ul> </li> </ul>	<p>In force since: 1 July 2016</p> <p>Various transitional periods until 2018 latest</p>
<p><b>FINMA circular 11/2 ‘Capital buffer and capital planning – banks’</b> (FINMA circular dated 30 March 2011, with amendments of 5 July 2012)</p>	<ul style="list-style-type: none"> <li>• Target capital resources depend on the bank's size, complexity and type of business.</li> <li>• FINMA will order measures to be taken in case a financial institute drops below its capital adequacy target (capital ratio 10.5 % to 14.4 %) or the level of intervention (capital ratio 10.5 % to 11.5 %).</li> <li>• Requirements made of banks regarding their capital planning.</li> </ul>	<p>In force since: 1 July 2011</p> <p>Target capital resources must be complied with by 31 December 2016</p>
<p><b>Leverage ratio</b> (compliance as minimum standard)</p>	<ul style="list-style-type: none"> <li>• Calculation of leverage ratio and analysis of impact during observation period 2014–2017.</li> <li>• Minimum requirement fixed later (current non-binding benchmark: 3%).</li> </ul>	<p>Consultation expected Q3 2017</p> <p>Expected enactment of the regulations in December 2017</p> <p>Compliance as minimum standard expected as of 1 January 2018</p>

<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<p><b>Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Traders (CAO)</b></p> <p><b>FINMA circular 17/7 ‘Credit risks – banks’</b> (total revision of FINMA circular 08/19)</p>	<ul style="list-style-type: none"> <li>• Adaptation of calculation of credit equivalents for derivatives: <ul style="list-style-type: none"> <li>– Introduction of a standard approach to calculate the credit equivalent amount of derivatives (SA-CCR)</li> <li>– Simplified SA-CCR for institutes of supervisory categories 4 and 5</li> <li>– Simplified SA-CCR for category 3 institutions under certain conditions</li> </ul> </li> <li>• Adaptation of methodology and risk weight rates: <ul style="list-style-type: none"> <li>– Introduction of various approaches to calculate the capital adequacy requirements: Look-through approach LTA, mandate-based approach MBA or fall-back approach FBA</li> <li>– Institutes of supervisory categories 4 and 5 are allowed to apply the fallback approach FBA with a risk weight of 250% instead of 1250%, if the fund has a synthetic risk indicator of 1 to 4</li> <li>– Fallback approach permitted for category 3 institutes under certain conditions</li> </ul> </li> <li>• Revision of regulatory capital for securitisation positions on the banking book.</li> </ul>	<p>Revisions to the Ordinance published on 23 November 2016</p> <p>Revisions to FINMA circular published on 19 December 2016</p> <p>Entry into force: 1 January 2017 with transition period until 1 January 2018</p>
<p><b>Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Traders (CAO)</b></p> <p><b>FINMA circular 08/23 ‘Risk diversification – banks’</b> (amendments to risk diversification rules)</p>	<ul style="list-style-type: none"> <li>• Alignment of the Swiss risk diversification rules with the international standards on risk diversification of the Basel Committee.</li> <li>• Use of freely available capital to cover exposures higher than the 25% limit is discontinued.</li> <li>• Exceptions to the 25% upper threshold limited mainly to positions with central banks and central governments with 0% risk weighting.</li> </ul>	<p>Hearing expected: Q2 2017</p> <p>Expected entry into force: 1 January 2019</p>
<p><b>Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Traders (CAO)</b></p> <p><b>FINMA circular 08/20 ‘Market risks – banks’</b> (fundamental review of the trading book modifications)</p>	<ul style="list-style-type: none"> <li>• Implementation of the results of the fundamental review of the trading book for the market risk conditions of the Basel Committee on Banking Supervision (BCBS).</li> <li>• Implementation requires further revision of the Capital Adequacy Ordinance (CAO) and FINMA circular ‘Market risks – banks’ by the beginning of 2019.</li> </ul>	<p>Expected hearing: Q1 2018</p> <p>Expected enactment of the regulations in December 2018</p> <p>Expected entry into force: Q4 2019</p>

<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<b>Liquidity</b>		
<p><b>Liquidity Ordinance (LiqO)</b> (adaptation of quantitative requirements)</p> <p><b>FINMA circular 15/2 ‘Liquidity risks –banks’</b> (qualitative requirements for liquidity risk management and quantitative requirements for liquidity maintenance of 3 July 2014)</p>	<ul style="list-style-type: none"> <li>• Replacement of present regulation total liquidity with compliance with Liquidity Coverage Ratio (LCR) as of 1 January 2015 with in principle monthly duty to report within 20 working days: <ul style="list-style-type: none"> <li>– From 1 January 2015, non-systemically important banks’ compliance set at 60 %, with gradual increase in the percentage up to full compliance as of 1 January 2016</li> </ul> </li> <li>• Introduction of Net Stable Funding Ratio (NSFR) as well as further observation ratios: <ul style="list-style-type: none"> <li>– Test reporting in 2015</li> <li>– Mandatory reporting as of Q2 2016 to end 2017</li> </ul> </li> </ul>	<p>In force since: 1 January 2015</p>
<p><b>Liquidity Ordinance (LiqO)/FINMA circular 15/2 ‘Liquidity risks – banks’</b> (partial revision of NSFR)</p>	<ul style="list-style-type: none"> <li>• Enactment of mandatory requirements relating to the Net Stable Funding Ratio (NSFR).</li> <li>• Full compliance with NSFR as of 1 January 2018 according to Basel Committee guidelines (without phase-in, incl. first-time disclosure as of 31 December 2018).</li> <li>• Adaptation of LCR based on impact analysis relating to efficiency and effectiveness of liquidity regulations.</li> </ul>	<p>Hearing until 10 April 2017</p> <p>Expected enactment of the regulations in June 2017</p> <p>Expected entry into force: 1 January 2018</p>
<b>Asset management/cross-border</b>		
<p><b>SBA Portfolio management guidelines (2017)</b></p>	<ul style="list-style-type: none"> <li>• Enabling technology-neutral execution of asset management mandates.</li> <li>• Asset management mandates may be issued in writing, as previously, and in any other form verifiable by text and that bears the client’s signature.</li> </ul>	<p>Entry into force: 1 March 2017</p> <p>Transitional period to amend documentation until 1 June 2017</p>
<p><b>SBA Directives on fiduciary investments</b></p>	<ul style="list-style-type: none"> <li>• Obligation to maintain a binding list of financial intermediaries that have a good credit rating and may be used for fiduciary investments.</li> <li>• Obligation to evidence in writing that customers may demand a list of the financial intermediaries and the bank’s credit rating principles.</li> <li>• Requirements concerning the selection of financial intermediaries and their credit rating.</li> <li>• Disclosure to customers of the bank’s conflicts of interest.</li> </ul>	<p>In force since: 1 January 2017</p>

<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<b>Other topics</b>		
<b>FINMA circular 17/1</b> <b>‘Corporate governance – banks’</b> (total revision of FINMA circular 08/24 ‘Supervision and internal control – banks’)	<ul style="list-style-type: none"> <li>• Revision of the circular and integration of FAQ Board of Directors: banks and securities dealers and the general principles of FINMA circ. 08/21 ‘Operational risks – banks’.</li> <li>• Obligation to appoint an audit committee and a separate risk committee for banks in categories 1 to 3. Combined audit and risk committee permitted for category 3 banks.</li> <li>• Minimum requirements for the composition of the Board of Directors, incl. adequate competence coverage in main business areas and of key functions, such as Finance &amp; Accounting and Risk Management.</li> <li>• The independence requirements must be met by at least one third of the Board of Directors members; in justified cases, FINMA may grant an exception.</li> <li>• Obligation to implement a comprehensive framework for institution-wide risk management.</li> <li>• ‘Comply or explain’ approach is revoked in cases of non-compliance with the requirements.</li> </ul>	Entry into force: 1 July 2017 Individual transitional periods up to one year after entry into force
<b>FINMA circular 10/1</b> <b>‘Remuneration schemes’</b>	<ul style="list-style-type: none"> <li>• Applicability is limited to banks required to maintain equity capital in the amount of at least CHF 10 billion (previously CHF 2 billion).</li> <li>• Clawback clause waiver.</li> </ul>	Entry into force: 1 July 2017
<b>FINMA circular 08/21</b> <b>‘Operational risks – banks’</b>	<ul style="list-style-type: none"> <li>• Category 4 and 5 banks are classed as ‘small banks’ with regard to the qualitative requirements. FINMA decides whether an institution is a ‘small’ or a ‘large’ bank and not the auditor as previously.</li> <li>• Integration of principles and requirements for IT risk and cyber risk management concepts.</li> <li>• Requirements concerning the maintenance of critical services in cases of insolvency (applies to systemically important banks).</li> <li>• Integration of the principles for risks relating to cross-border services.</li> </ul>	Entry into force: 1 July 2017
<b>FINMA circular 08/6</b> <b>‘Interest rate risks – banks’</b>	<ul style="list-style-type: none"> <li>• Measurement of interest rate risks by all banks using the standardised approach required by supervisory law with predefined calculation stage.</li> <li>• Category 1 to 3 banks, at least, will have to disclose the results.</li> <li>• Entry into force expected:               <ul style="list-style-type: none"> <li>– Category 1 to 3 banks: 31 December 2017</li> <li>– Other banks: 31 December 2018</li> </ul> </li> </ul>	Hearing expected: Q3 2017 Expected enactment of the regulations in Q4 2017 Expected entry into force: 31 December 2017 resp. 31 December 2018

<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<b>FINMA circular 08/7 'Outsourcing – banks'</b> (total revision)	<ul style="list-style-type: none"> <li>• Obligation to maintain a record of all outsourced services.</li> <li>• All requirements of the circular apply to intra-group outsourcing.</li> <li>• In case of outsourcing abroad, all the necessary data required in the event of restructuring, resolution and liquidation must be accessible in Switzerland at all times.</li> <li>• For systemically important banks: <ul style="list-style-type: none"> <li>– No longer permitted to outsource critical services to banks within the same financial group</li> <li>– Ensure that outsourcing does not adversely impact the continuity of critical services in the event of insolvency</li> <li>– Higher requirements apply to contracts concerning critical services</li> </ul> </li> <li>• Extension of the area of application to include insurance companies.</li> </ul>	<p>Hearing until 31 January 2017</p> <p>Expected entry into force: Spring 2017</p> <p>After entry into force: immediate application to new or modified outsourcing arrangements</p> <p>Transition period of 2 years to amend pre-existing outsourcing arrangements</p>
<b>FINMA Banking Insolvency Ordinance (BIO-FINMA)</b> (partial revision)	<ul style="list-style-type: none"> <li>• Specifying the regulations that entered into force as of 1 January 2016 in art. 30a BankA and art. 12 para. 2<sup>bis</sup> BankO requiring banks to accept amendments to contracts or conclude new contracts that are subject to foreign law or a foreign place of jurisdiction only if the contracting party acknowledges a postponement of the termination of contracts in accordance with art. 30a BankA.</li> <li>• Only applies to conventional contracts used for financial market transactions.</li> <li>• Clarification that the revision has to be undertaken only for amendments to contracts or new contracts.</li> </ul>	<p>Entry into force: 1 April 2017</p> <p>Transition periods up to 12 or 18 months after entry into force of the provisions</p>
<b>Banking Act (Bank A)/ Banking Ordinance (BankO)</b> (reducing barriers to entry for Fintech firms)	<ul style="list-style-type: none"> <li>• Amendment of BankA, BankO and, potentially, CCA to reduce barriers to entry for Fintech firms.</li> <li>• Extension of deadlines for settlement accounts from 7 to 60 days.</li> <li>• Permitted to take deposits from the public up to a total of CHF 1 million without requiring a licence.</li> <li>• Authorisation for institutions not engaged in lending and investing activities with non-interest-bearing deposits up to CHF 100 million and relaxation of the authorisation and operating requirements as well as lower requirements concerning minimum capital, equity and liquidity.</li> </ul>	<p>Consultation process expected until 8 May 2017</p>

<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<b>Strengthening depositor protection</b>	<ul style="list-style-type: none"> <li>Measures to improve depositor protection: <ul style="list-style-type: none"> <li>Period in which payments are made of insured deposits in the event of bankruptcy shortened to 7 working days</li> <li>Securities deposit required equivalent to 50% of the payment obligation</li> <li>No requirement to hold liquidity for potential cash outflows to the depositor protection scheme</li> <li>The scheme's upper system limit is to be increased to 1.6% of the total amount of insured deposits and at least CHF 6 billion</li> </ul> </li> <li>Introduction of the obligation to segregate proprietary assets and customers' assets recorded in custody accounts throughout the entire custody 'chain'.</li> </ul>	Consultation process expected: end of November 2017

## ***Fund management companies/investment funds/representatives of foreign collective investment schemes***

<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<b>Total revision of FINMA Collective Investment Schemes Ordinance (CISO-FINMA)</b>	<ul style="list-style-type: none"> <li>Revision of risk assessment model for derivatives.</li> <li>New requirements for the management and safe-keeping of securities for all investment techniques and transactions with OTC derivatives.</li> <li>Regulation of details regarding master-feeder fund structures.</li> <li>Specification of minimum requirements for risk management of fund managers, SICAVs (ICVCs) and collective investment schemes asset managers.</li> <li>Introduction of internal guidelines on the control of fund managers and SICAVs by custodian banks.</li> <li>Regulation of details regarding the calculation of de minimis thresholds and professional liability insurance for collective investment schemes asset managers.</li> <li>Adjustments to the accounting standards guidelines to align them with the new requirements of the Code of Obligations.</li> </ul>	<p>In force since: 1 January 2015</p> <p>Transition period until 1 January 2016, in some cases until 1 January 2017</p>
<b>SFAMA guidelines on the valuation of the assets of collective investment schemes and the handling of valuation errors in the case of open-end collective investment schemes</b>	<ul style="list-style-type: none"> <li>Amendment of thresholds for the assessment of the significance of valuation errors.</li> <li>Investments in developed markets and emerging markets no longer need to be differentiated.</li> <li>Different significance limits for asset allocation funds and for convertible bonds are no longer required.</li> <li>Significance threshold for mixed funds is reduced to 0.5%.</li> </ul>	In force since: 1 July 2016



<b>Regulation</b>	<b>Most important aspects/changes</b>	<b>Status</b>
<b>Guideline for money market funds</b> (adaptation of 4 May 2016)	<ul style="list-style-type: none"> <li>• Introduction of rules for valuation and liquidity management of money market funds.</li> <li>• Regulation of potential postponement of redemption in fund contracts and statutes.</li> <li>• Introduction of rules for creditworthiness of money market instruments.</li> <li>• For money market papers held before 1 October 2016: Transition period of 300 days after entry into force of guideline for certain valuation rules.</li> </ul>	In force since: 1 January 2017 Transition period until 28 October 2017 to adapt certain valuation rules

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