

Frequently asked questions (FAQs)

Investor protection at banks and securities dealers

(last amended: May 2012)

1. What protection do clients have with regard to their account balances if a bank or securities dealer domiciled in Switzerland becomes insolvent?

In the event that a bank or securities dealer is declared bankrupt, deposits of up to CHF 100,000 per client are given privileged treatment. This extends to all client deposits, including those made at branches of banks or securities dealers outside Switzerland.

Provided the bank or securities dealer has sufficient liquidity, privileged deposits of up to CHF 100,000 held at branches in or outside Switzerland will be satisfied immediately, without any offsetting of claims and regardless of the ordinary schedule of claims.

In the event that privileged deposits cannot be paid out immediately, the Deposit Protection Scheme steps in for privileged deposits held in branches in Switzerland. Under this scheme, depositors are guaranteed payment of deposits by way of an advance within 20 working days once FINMA issues an order to this end. Where payments are made under the Deposit Protection Scheme, the privileged claims are assigned over to it.

Other separate privileged arrangements apply to deposits with bank and vested benefits foundations, up to a maximum of CHF 100,000. However, these do not benefit from additional cover under the Deposit Protection Scheme and there is no immediate payout separate from the schedule of claims.

If it is not possible to pay out privileged deposits in full even under the Deposit Protection Scheme, they will be satisfied by way of a dividend in bankruptcy. Privileged deposits are secured by assets located in Switzerland, to ensure full payment of such deposits in the bankruptcy proceedings at the latest.

2. What happens to the assets in my custodial account if a bank or securities dealer domiciled in Switzerland becomes insolvent?

Unlike cash deposits in bank accounts, assets in custodial accounts are client property (i.e. shares, units in collective investment schemes and other securities). In the event a bank or securities dealer goes bankrupt, all such assets are immediately ring-fenced, excluded from bankruptcy and then released to clients. This rule applies to all assets in custodial accounts as well as any precious metals physically held at banks to which the client has title.

3. Who can I contact if I have further questions?

questions@finma.ch or tel. +41 31 327 91 00