



Memorandum of Understanding between the Swiss Federal Banking Commission and the Swiss National Bank in the field of financial stability

1. Preamble

¹ This Memorandum of Understanding (MoU) between the Swiss Federal Banking Commission (SFBC) and the Swiss National Bank (SNB) in the field of financial stability

- contains a clear division of the individual responsibilities of the two institutions,
- describes their common areas of interest and
- governs their collaboration in these areas.

² The statutory responsibilities and decision-making powers of the SFBC and the SNB are unaffected.

³ A separate agreement governs the collection and exchange of statistical data. Collaboration and exchange of information for the oversight of operators of payment and securities settlement systems are governed by provisions in the Banking Act, the Stock Exchange Act, the National Bank Act (NBA) and the National Bank Ordinance.

2. Tasks and responsibilities of the SNB and the SFBC

¹ The SNB conducts the monetary policy, in accordance with the National Bank Act (art. 5 para. 1 NBA). It is responsible for the supply of liquidity (art. 5 para. 2 (a)–(c) NBA). It contributes to the stability of the financial system (art. 5 para. 2 (e) NBA).

² In fulfilling its mandate, the SNB monitors developments in the banking sector from the perspective of the system as a whole. It does not exercise any banking supervision and is not responsible for enforcing banking legislation.

³ In the event of a crisis, the SNB may also act as a lender of last resort in accordance with art. 9 (1) (e) NBA. In doing so, it is guided by the criteria of systemic importance, solvency and sufficient collateral (*Guidelines of the SNB on Monetary Policy Instruments*).

⁴ The SFBC is the supervisory body for banks and securities traders, collective investment schemes, stock exchanges and markets, disclosure of participations, public



offerings in the case of companies listed on the stock exchange, as well as mortgage bond business in accordance with the Banking, Stock Exchange, Mortgage Bonds and Collective Investment Schemes Acts. One objective of its supervision is to protect bank creditors and investors in collective investments and securities. The other objective is to safeguard the reputation and ensure the smooth functioning of the financial centre.

⁵ In order to attain these objectives, the SFBC monitors developments in the banking industry at the level of the individual banks and financial groups subject to its supervisory authority. It relies on information provided by the supervised institutions and by their auditing companies, and assesses the risks incurred by the individual banks and groups.

⁶ If necessary, the SFBC takes measures to ensure that the institutions it supervises fulfil the supervisory requirements. If there is a danger of insolvency at a supervised bank or security trader, it takes the protective measures at its disposal (art. 26 Banking Act). It may decide restructuring (art. 28 et seq. Banking Act) or bankruptcy (art. 33 et seq. Banking Act).

3. Common areas of interest

¹ The list of tasks and responsibilities set out in the previous section implies that both institutions have an interest in the following areas:

- Assessment of the soundness of the banking system and/or of banks, in particular the systemically relevant banks;
- regulations that have a major impact on the soundness of banks. These include rules on liquidity, capital adequacy and large exposures, where they are of relevance for financial stability;
- contingency planning and crisis management.

² In these fields the SFBC and the SNB work together. They consider how their actions will affect the other institution's area of responsibility. Moreover, they coordinate their activities in common areas of interest, in particular with regard to requests for information from the institutions that are supervised.

³ The setting in which their collaborative work takes place includes half-yearly discussions between the Commission and the SNB Governing Board, as well as the meetings of an upper-management-level information and coordination body, the 'standing committee'.

⁴ The standing committee meets at least twice a year. Its chair alternates between the SFBC and the SNB on an annual basis.



4. Information exchange and opinion sharing in bank sector monitoring

¹ The SFBC and the SNB are authorised to exchange information and documents that are not publicly accessible, if they require these in order to fulfil their tasks (art. 23 (b) para. 3 Banking Act and art. 50 NBA). They exchange information and share opinions on the soundness of the banking sector. The information to be exchanged includes, in particular:

- assessment of identifiable risks in the macroeconomic and financial environment;
- preparation of macroeconomic scenarios as a basis for assessing financial stability and for conducting stress tests in the areas of liquidity and capital adequacy requirements as well as for conducting crisis simulation exercises;
- assessment of the various risk exposures for the banking sector, in particular for the two large banks;
- assessment of capital adequacy and liquidity of the banking sector, in particular of the two large banks;
- conclusions drawn from the early warning system for small and medium-sized banks;
- questions arising out of specific incidents or issues;
- assessment of a possible need for action;
- planned, ongoing and completed analyses and research.

² Such information should be treated as confidential.

³ Information is exchanged either when it is topical or through the meetings of the standing committee or the half-yearly discussions held by the Commission and the SNB Governing Board. Where appropriate, written documents are prepared and exchanged prior to meetings of the standing committee and the half-yearly discussions.

5. Collaboration in regulation projects

¹ In the case of regulation projects that affect the common areas of interest mentioned in section 3, collaboration between the SFBC and the SNB works as follows:

- At the beginning of the process, the lead-managing or coordinating institution confers with the other institution with regard to the definition of project priorities and objectives. Outside parties are not involved or informed until a later stage.



- At the end of the process, the lead-managing or coordinating institution confers with the other institution before making a final decision.
- Discussions take place – as required – at standing committee level, during meetings at Chairman level, or as part of the half-yearly discussions held by the SNB Governing Board and the Commission.
- If the SFBC and the SNB do not reach agreement at a lower level, the differing views will be discussed by the Commission and the Governing Board.

² The SFBC and the SNB act autonomously in the process of consultation among federal offices, hearings and formal consultation procedures (“Vernehmlassungen”).

6. Contingency planning and crisis management

¹ The SNB and the SFBC take the requisite contingency measures for managing crisis situations.

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