FINMA: An overview

One of FINMA's core tasks is licensing financial service providers to engage in specific activities in the Swiss financial market, subject to their compliance with legal requirements. Once a licence has been issued, FINMA acts as supervisor, ensuring that the licensing conditions continue to be met at all times and taking corrective measures where necessary.

FINMA licenses and supervises a wide range of providers in the financial market. Operating licences are generally issued in line with legal requirements; FINMA then continually monitors adherence to the licensing conditions. If supervisory law is violated, FINMA acts to restore compliance, initiating enforcement proceedings where necessary. It revokes licences as an ultimate sanction.

Licensing conditions for conducting activities in the Swiss financial market are set down in financial market legislation and the associated implementing provisions. Individuals complying with those requirements can apply for a licence. In the interest of equal treatment and transparency, FINMA sets out the conditions for licence holders in FINMA ordinances and circulars. Generally, it also provides guidelines and templates to assist with licence applications.

Licensing, authorisation and registration

Licences to engage in a financial market activity

FINMA mostly issues licences allowing the holders to engage in a specific financial market activity. Licensing conditions vary, depending on whether the holder is a bank, insurance company or other financial services provider.[1] Licence holders subject to prudential[2] supervision must satisfy requirements concerning their organisation, risk management and financial resources. These may also differ within a given group of licence holders. Systemically important banks, for example, must meet additional conditions for capital, liquidity and risk diversification, while insurance companies providing occupational pensions must hold special tied assets[3] to cover their obligations.

Licensing of financial intermediaries under the Anti-Money Laundering Act

Licences for financial intermediaries under the Anti-Money Laundering Act (AMLA) take a different form. For instance, independent asset managers requiring a licence must demonstrate their ability to comply with specific duties of due diligence: they must conduct clarifications, put in place the relevant organisational measures and report any suspicions of money laundering.

Institutions issued with a FINMA licence for their financial market activities do not need a separate licence to act as financial intermediaries under AMLA, but FINMA still monitors their compliance with the AMLA due diligence requirements.

Recognition of self-regulatory organisations under the Anti-Money Laundering Act

FINMA can also recognise self-regulatory organisations under AMLA. These ensure that their affiliated financial intermediaries – normally from the parabanking sector[4] – comply with their AMLA due diligence requirements.

Registration

Certain financial intermediaries such as insurance brokers are permitted or required to apply for registration. If they meet the requirements, which are purely formal in nature, they are entered in a register.

Product authorisation

FINMA authorises collective investment schemes and certain insurance products in the socially sensitive areas of supplementary health insurance and occupational pensions. Here the tariffs and the general terms and conditions are reviewed in a preventive product control process. Collective invest-

[1] See "Types of licences and intensity of supervision" chart, p. 11.

[2] See Glossary, p. 114.

[3] See Glossary, p. 115.

[4] See Glossary, p. 114.

ment schemes are authorised when the related documentation meets the requirements of the Collective Investment Schemes Act (CISA).

Authorisation of tariffs

The only area in which FINMA authorises tariffs is insurance.[5] As mentioned, FINMA reviews and authorises institutions' tariffs for supplementary health insurance and all occupational pension risks, as well as the standard tariff drawn up by the sector for natural hazard insurance.

Supervision[6]

Prudential supervision

Prudential supervision is a central task of the supervisory authority. FINMA adopts a risk-based approach under which it allocates each institution to a supervisory category[7] and assigns it an individual rating which then determines the intensity of supervision. FINMA applies this approach to the supervision of banks, insurance companies, securities dealers and licence holders managing collective investment schemes and financial market infrastructures.

Prudential supervision focuses on the soundness of both individual institutions and the system as a whole. The primary emphasis is on solvency (capital adequacy) and liquidity, but FINMA also monitors providers' risk management, business conduct and organisation. The aim is to protect creditors, investors and insured persons and secure the proper functioning of the financial markets. This is achieved by cross-institution monitoring and an associated risk warning function.

Supervision of distributors of collective investment schemes

Distributors require a licence issued by FINMA, but the law does not place them under FINMA's prudential supervision. Instead, they are supervised by fund providers under a self-regulatory regime recognised by FINMA which requires licensed distributors to undergo an annual audit by an audit firm to establish whether they adhere to the rules for distributors and the obligation to report changes of circumstances as required under Article 16 CISA. Fund providers ensure that the audit reports are received on time and subject them to a systematic evaluation.

Supervision of insurance intermediaries

Insurance intermediaries registered with FINMA are not subject to ongoing supervision, but FINMA carries out regular random sampling to ensure that they comply with supervisory requirements. Where there are indications of irregularities, FINMA takes the necessary supervisory measures.

Supervision of compliance with due diligence requirements under the Anti-Money Laundering Act

The due diligence obligations set out in AMLA are designed to prevent money laundering. FINMA's supervision of banks, securities dealers, insurance companies and collective investment schemes also extends to ensuring their compliance with these obligations. Self-regulation again plays a role here. The Agreement on the Swiss Banks' Code of Conduct with regard to the exercise of due diligence (CDB) contains provisions requiring banks, securities dealers and some CISA licence holders to verify the identity of the contracting partner and identify the beneficial owner. For insurance schemes, the corresponding document is the code of conduct issued by the Self-Regulatory Organisation of the Swiss Insurance Association (SRO-SIA).

5 See also "Overview of insurance companies", p. 50.

6 See "Types of licences and intensity of supervision" chart, p. 11.

7 See "Supervisory categories", p. 102 f.

Financial intermediaries in the para-banking sector, such as asset managers, fiduciaries, bureaux de change and payment services, can opt for supervision either directly by FINMA or by a self-regulatory organisation.

General market supervision

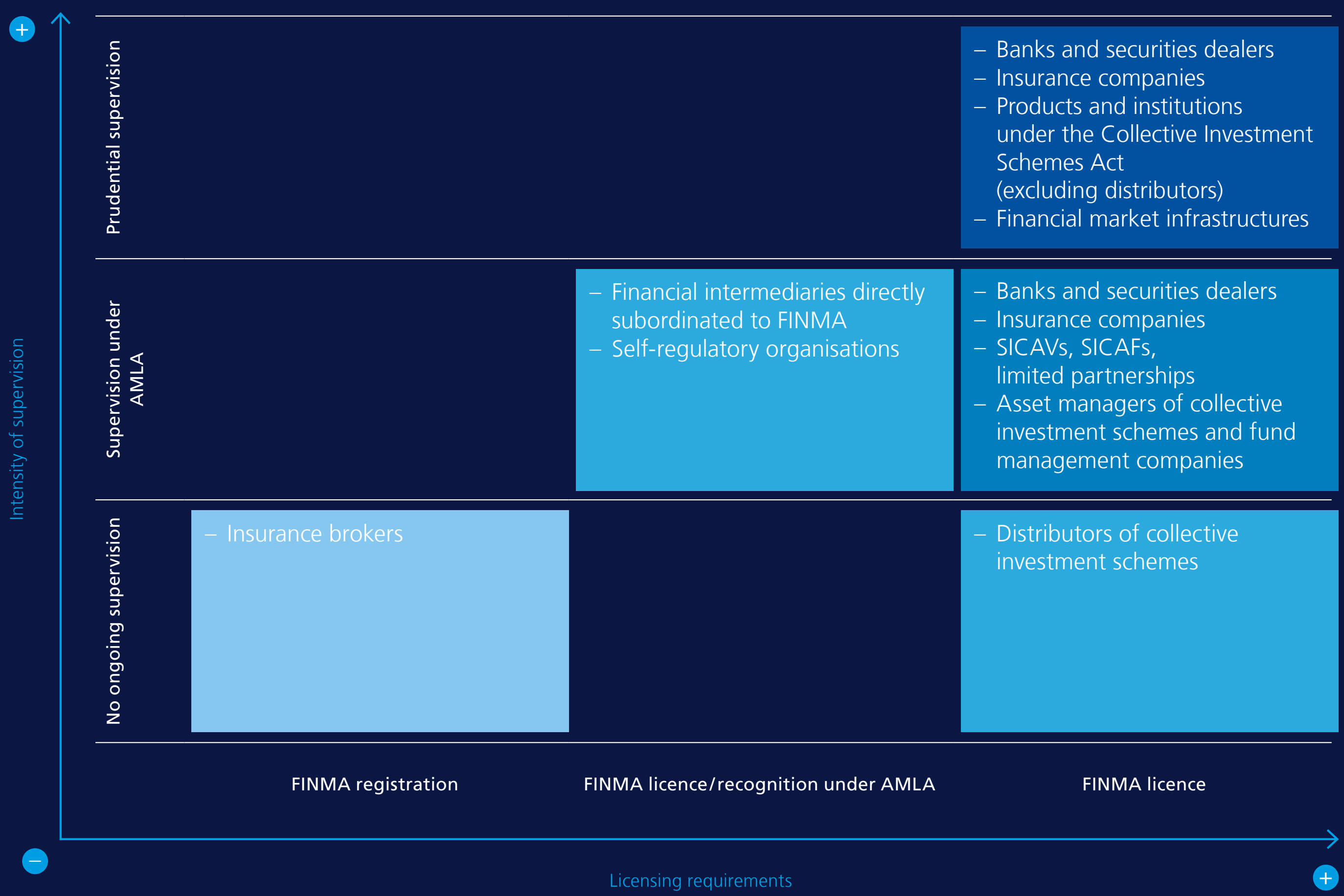
Unlike prudential supervision, which is primarily concerned with the soundness of institutions, market supervision focuses on integrity and propriety in business conduct. Under the Stock Exchange Act (SESTA), which prohibits insider trading and market manipulation and contains rules on the disclosure of shareholdings, FINMA can exercise powers relating to market conduct rules. As self-regulating institutions, exchanges must have their own front-line supervisory organisation covering operations, management and monitoring, whereas FINMA concentrates on determining where enforcement is needed and taking the appropriate measures. FINMA is responsible for ensuring compliance with market conduct rules designed to promote investors' trust in the functioning of the financial market. Since the revised Stock Exchange Act came into force on 1 May 2013, FINMA can enforce market conduct rules against individuals, not just licensed and supervised market participants.

Overview of licensing and supervision

As an ultimate measure, FINMA has the power to revoke licences, authorisation, recognition or registration from any provider that ceases to comply with licensing requirements or has seriously violated supervisory law. Even licence holders such as insurance intermediaries that are not subject to prudential supervision are supervised on a limited, though not ongoing, basis.

Intensity of supervision varies depending on the licence holder, risk category and type of licence. Prudential supervision is the most comprehensive form.

Types of licences and intensity of supervision[8]



[8] This chart is a simplified representation.

2014 in milestones

From A for asset management to Z for Zenith Vie, 2014 was a year of many and varied challenges for FINMA. The key milestones are summarised below by quarter.

First quarter

Mark Branson becomes new FINMA CEO

The FINMA Board of Directors appointed former Deputy CEO and Head of Banks division, Mark Branson, to succeed Patrick Raaflaub, FINMA's first CEO, who stepped down at the end of January after five successful years building the new authority. The Federal Council confirmed the appointment on 26 March and Mark Branson took up the post on 1 April. Léonard Bôle (Markets), Michael Loretan (Asset Management), Michael Schoch (Banks) and Peter Giger (Insurance) also joined the FINMA Executive Board during the year.

IAIS launches quantitative field trial of ComFrame

At the beginning of 2014, the International Association of Insurance Supervisors (IAIS) began a large-scale field test of quantitative capital requirements as part of a comprehensive programme to assess the Common Framework (ComFrame).[9] The first step is to draw up the basic capital requirements (BCR) which are to form the basis of the higher loss absorbency for global systemically important insurers (G-SIIs) and the Insurance Capital Standard (ICS) for internationally active insurance groups (IAIGs). Together with ComFrame, they are scheduled to enter into force in 2019.

Second quarter

Move to new headquarters in Bern

On 1 April, FINMA officially transferred its headquarters from Einsteinstrasse 2 to Laupenstrasse 27 and brought its three Bern offices together in one location. The move back to the city centre, which had been planned for some time, makes it easier for commuters and guests visiting FINMA to reach its headquarters by public transport.

New Asset Management and Markets divisions

The Markets division was split into two in the spring. The new Asset Management division is chiefly responsible for licensing, authorising and supervising institutions and products under the Collective Investment Schemes Act (CISA), while the new Markets division supervises financial market infrastructures, combats money laundering and coordinates regulatory audits.

Proceedings against Credit Suisse

On 20 May, Credit Suisse announced that it had reached an agreement with various US authorities. The same day, FINMA published a report on its enforcement proceedings against Credit Suisse in 2011–12 regarding the bank's cross-border business with US clients. It ruled that the bank had not applied adequate risk management in this area as required under Swiss supervisory law. Credit Suisse has implemented the measures ordered by FINMA.

International Monetary Fund publishes financial sector evaluation

On 28 May, the International Monetary Fund (IMF) published its main reports on the Financial Sector Assessment Program (FSAP), which offered a mostly positive verdict on the stability, regulation and supervision of the sector in Switzerland. Many of the improvements suggested by the IMF experts have already been incorporated into ongoing amendments to the Swiss regulatory framework.

Raiffeisen Group declared systemically important

On 16 June, the Swiss National Bank classified the Raiffeisen Group as systemically important. The crucial factor in the decision was the bank's strong market position in the deposit-taking and lending business. FINMA is currently deciding on "too big to fail" requirements for the Raiffeisen Group.

Proceedings against BNP Paribas (Suisse) SA concluded

FINMA conducted enforcement proceedings against BNP Paribas (Suisse) SA focusing on compliance with US sanctions. In a ruling dated 30 June, it stated that the bank had not applied adequate risk management in this area as required by Swiss supervisory law. FINMA ordered corrective measures against BNP Paribas (Suisse).

Third quarter

Groupe Mutuel ordered to reimburse premiums

FINMA had imposed a number of measures on Groupe Mutuel on 31 March, and on 24 July ordered it to reimburse premiums to numerous policyholders of supplementary health insurance. On 29 September, the insurance company announced the appointment of an entirely new Board of Directors.

"Too big to fail" ruling on systemically important Zürcher Kantonalbank

In a ruling dated 29 August, FINMA set out its special capital, liquidity and risk diversification requirements for the systemically important Zürcher Kantonalbank (solo and group), as required under Article 10 para. 1 BA.

Bankruptcy proceedings initiated against Banque Privée Espírito Santo SA

On 19 September, FINMA initiated bankruptcy proceedings against Banque Privée Espírito Santo SA domiciled in Pully and found that the bank, which had been in voluntary liquidation since July 2014, was over-indebted. The loss of confidence following the group's collapse had posed serious problems for the Swiss company. At the end of August, FINMA launched enforcement proceedings against the bank related to distribution of the group's financial products.

Fourth quarter

Proceedings against Coop Bank and its former CEO regarding market manipulation concluded

In a ruling dated 24 October, FINMA found that the Coop Bank had manipulated the market price of its own bearer shares between 2009 and 2013. This constituted a serious violation of supervisory provisions on market manipulation and an infringement of its organisational and business conduct requirements. FINMA imposed special conditions on the bank and banned the former CEO, who was held principally responsible, from holding a management position at a supervised institution for three years.

New enforcement and communication policies

On 30 October, FINMA published its new enforcement and communication policies. The enforcement policy replaces an earlier version from 2009 and outlines how FINMA takes enforcement action against regulatory violations and where its priorities lie. The communication policy explains the criteria governing FINMA's public information policy and the vehicles it uses.

Proceedings against UBS concluded, individual proceedings opened regarding foreign exchange manipulation

On 11 November, FINMA concluded enforcement proceedings against UBS related to the bank's foreign exchange dealings in Switzerland. It found that owing to the conduct of its staff and breach of organisational rules, the bank had severely violated proper business conduct requirements. FINMA ordered UBS to disgorge a total of CHF 134 million and imposed other measures. It also initiated enforcement proceedings against 11 members of the bank's staff and management involved in the case.

Portfolio transfer and bankruptcy proceedings at Zenith Vie SA

The life insurance company Zenith Vie SA no longer fulfilled the regulatory capital requirements. To protect its policyholders, on 5 December FINMA therefore ordered the transfer of all its policyholder portfolios to a newly founded company held by private insurance companies. On 15 December, FINMA also initiated bankruptcy proceedings against Zenith Vie, which was found to be over-indebted.

Rules on calculating the leverage ratio, disclosure of the leverage ratio and liquidity coverage ratio

FINMA Circular 2015/3 "Leverage ratio" sets out the rules for calculating the ratio, which is defined as Tier 1 capital divided by the total exposure. FINMA Circular 2008/22 "Disclosure – banks" now also contains disclosure requirements for the leverage ratio and liquidity coverage ratio. The two circulars came into force on 1 January 2015.

Self-assessment of risk situation and capital requirements for insurance groups

In 2014, FINMA drew up requirements for insurance groups and conglomerates to carry out the Own Risk and Solvency Assessment (ORSA). These will be applied for the first time in 2015 in the form of voluntary reporting to FINMA. ORSA is forward-looking and will provide an overall view of risks and capital adequacy as required for business management during the planning period.

Federal Council report on FINMA and its regulatory and supervisory activities

The report published by the Federal Council on 18 December in response to the Graber postulate and other parliamentary initiatives was a key milestone in assessing FINMA's fulfilment of its remit since its creation.

[9] See also "FINMA and international standard-setting bodies", p. 17.

FINMA in the political context

In the political world, the primary focus in 2014 was on supervisory issues from previous years. The Federal Council also published a report on FINMA's supervisory activities in response to the Graber request.

In 2014, FINMA again provided specialist information to the Committees for Economic Affairs and Taxation (CEAT) on a number of occasions. In January, when the CEAT were asked to rule on parliamentary initiatives to further develop the Swiss "too big to fail" legislation and the separation of retail and investment banking, FINMA representatives reported on their experience in implementing the "too big to fail" regime.

Hearings before supervisory committees

In May 2014, following its annual appearance before the Control Committees (CCs) in April, FINMA welcomed a subcommittee of the Finance Committees (FCs) to a briefing at its offices. The hearings served essentially to provide information on ongoing supervision, mainly the majority of FINMA's work that takes place away from the media spotlight.

There were fewer parliamentary initiatives related to FINMA's work than in previous years. Instead, focus was mostly on legacy issues and FINMA's enforcement practice, which repeatedly gave rise to questions by politicians.

Federal Council report in response to parliamentary initiatives

The report[10] published by the Federal Council on 18 December 2014 in response to the Graber request[11] and other parliamentary initiatives was a key milestone in assessing FINMA's fulfilment of its remit since its creation. It follows a comprehensive study of FINMA's regulatory and supervisory activities based on a number of external expert opinions, and offers a favourable overall verdict on the authority and its work. The Federal Council concludes that FINMA's legal form, management structure and organisation ensure efficient and effective supervision of the financial markets. It particularly emphasises the exploitation of cross-divisional synergies since the new authority was created in early 2009.

In its report, the Federal Council considers the current formulation of FINMA's mandate, with its focus on protection, to be appropriate. It believes that the proposal made by various parties to give FINMA the separate task of enhancing the reputation and competitiveness of the Swiss financial centre would inevitably lead to conflicts of interest and a loss of credibility, both nationally and internationally. The Federal Council also believes that FINMA's regulatory powers are appropriate, as are its internal rules designed to secure uniform and consistent regulatory action. However, it identified room for improvement in a number of areas, and has made corresponding recommendations to FINMA.

In anticipation of the report, FINMA drew up its new communication policy[12] and enforcement policy[13] containing improvements designed to enhance the transparency of its activities. It will also assess carefully the recommendations for further improvements set out by the Federal Council and address their implementation where necessary.

[10] See Federal Council report "Die FINMA und ihre Regulierungs- und Aufsichtstätigkeit" (FINMA and its supervisory and regulatory activities) dated 18 December 2014 in fulfilment of requests 12.4095 Graber, 12.4121 de Courten, 12.4122 Schneeberger and 13.3282 de Buman (http://www.news.admin.ch/NSBSubscriber/message/attachments/37800.pdf, in German).

[11] See request 12.4095 "External and independent assessment of FINMA", submitted by Council of States member Konrad Graber on 11 December 2012.

[12] See "FINMA and its national stakeholders", p. 15.

[13] See "Enforcement policy", p. 30.

FINMA and its national stakeholders

FINMA maintains contacts with a large number of national institutions and associations. To the extent permitted by law, it pursues a policy of open and transparent communication with supervised institutions, other stakeholders and the public at large.

FINMA maintains regular contact in various forms with almost 100 institutions and associations. They include supervisory authorities, prosecutors, other authorities and federal bodies, as well as the associations of supervised institutions. There are also important contacts with business, professional and staff associations, as well as consumer protection organisations and ombudsmen in the various supervisory areas. Through active dialogue with its stakeholder groups, FINMA aims to improve understanding of supervisory and regulatory matters and raise awareness of financial market issues.

Brunetti group of experts

FINMA devoted considerable resources to its work as a member of the Federal Council-appointed group of experts on further developing financial market strategy and three of its four topic-based sub-groups. FINMA contributed both its technical expertise and perspective as a supervisory authority. The Federal Council took note of the group's final report[14] on 5 December 2014.

Communication policy

The Financial Market Supervision Act (FINMASA) requires FINMA to report on its activity and practice at least once a year, limit communication on individual proceedings to exceptional cases, and respect the personal rights of those it supervises. The legislation therefore places restrictions on FINMA, but also grants the authority a degree of discretion with regard to its communication.

The communication policy[15] establishes a framework for FINMA's information strategy and explains how it interprets the discretion granted to it. It lays down the principles of its communication policy, such as creating legal certainty, enhancing the preventive effect of supervision and explaining FINMA's regulatory actions, and sets out the options and limits available to it. It explains the areas and extent of the information FINMA provides to supervised institutions and the public (individuals, parliamentarians and the media) and the vehicles used. Communication on general supervisory issues is continual and detailed, while regulatory matters are dealt with solely in FINMA ordinances and circulars. FINMA's ability to provide information on individual companies and persons is circumscribed by law. The policy is designed to help improve the structure of FINMA's communication activities. It was published on 1 November 2014.

FINMA debates with academic community members

A number of seminars once again took place at FINMA in 2014 at which university professors[16] presented the results of their latest research on financial market topics. FINMA's aim in staging these events is to foster debate with the academic community and engage in critical discussion of relevant issues. The seminars are also an opportunity for FINMA staff to learn more about the latest findings of academic research.

[14] See final report "Expertengruppe zur Weiterentwicklung der Finanzmarktstrategie" (Expert group on the further development of financial market strategy) dated 1 December 2014 (http://www.news.admin.ch/NSBSubscriber/message/attachments/37585.pdf, in German).

[15] See FINMA communication policy dated 25 September 2014 (http://www.finma.ch/e/aktuell/Documents/ll-FINMA-Kommunikationsleitlinien-20140925-e.pdf).

[16] Prof. Ernst Fehr, Prof. Steven Ongena and Prof. Franca Contratto (University of Zurich), Prof. Franco Lorandi and Dr Martin Eling (University of St. Gallen), Prof. Jörg Rocholl (European School of Management and Technology, Berlin), Prof. Anat Admati (Stanford University), Prof. Geoffrey Parsons Miller (New York University), Nicolas Véron (Brussels European and Global Economic Laboratory [Bruegel]).

Key topics discussed with important stakeholder groups

FINMA conducts institutionalised annual or semi-annual discussions with the most important associations and stakeholder groups of supervised institutions. The main topics covered in 2014 are indicated below.

BANKS

Swiss Bankers Association (SBA)

- Cross-border financial services (US)
- Self-regulation of the mortgage market
- Market access for Swiss financial services providers in the European Union
- FFSA, FinIA, FMIA

INSURANCE COMPANIES

Swiss Insurance Association (SIA)

- Regulatory projects, in particular the revision of the Insurance Supervision Ordinance (including the Swiss Solvency Test)
- International trends in supervision
- Equivalence recognition by the European Commission
- Financial centre strategy
- FFSA, FinIA

COLLECTIVE INVESTMENT SCHEMES

Swiss Funds & Asset Management Association (SFAMA)

- Full revision of the FINMA Collective Investment Schemes Ordinance
- SFAMA guidelines on distribution of collective investment schemes and transparency
- Adjustments to current model documents to reflect revisions of the Collective Investment Schemes Act and the Collective Investment Schemes Ordinance

AUDIT FIRMS

Swiss Institute of Certified Accountants and Tax Consultants (SICATC)

- Implementation of new instruments for regulatory audits
- Independence of audit firms
- Transfer of supervisory responsibilities for audit firms to the Federal Audit Oversight Authority
- Full revision of the Financial Market Auditing Ordinance
- Results measurement and quality controls in auditing

FINMA and international standard-setting bodies

Reform of financial market regulation continued at the international level in 2014. Through its participation in various bodies, FINMA actively influences the drafting of international standards.

FINMA is represented in various international organisations and, in particular, standard-setting bodies such as the Basel Committee on Banking Supervision (BCBS), the International Association of Insurance Supervisors (IAIS) and the International Organization of Securities Commissions (IOSCO). As well as providing a forum for exchanging experience and discussing current developments, these bodies are involved in drawing up internationally recognised minimum standards for financial market regulation and supervision. As a member, FINMA works to achieve solutions that are as appropriate and proportionate as possible and to leave sufficient scope for regulation and supervision in line with the needs of the Swiss financial sector, while also creating a level playing field for market participants.

Financial Stability Board

The Financial Stability Board (FSB) liaises between the G-20 and the BCBS, IAIS and IOSCO, representing the various sectors. Although Switzerland is not a member of the G-20, it is closely involved in formulating the main international regulatory reforms through its work on the FSB. FINMA's CEO represents Switzerland in the Standing Committee on Supervisory and Regulatory Cooperation, while FINMA represents Swiss interests in the Resolution Steering Group. It also continues to work closely with the Swiss National Bank (SNB) and the State Secretariat for International Financial Matters (SIF), which represent Switzerland on the FSB's Steering Committee and other committees.

The FSB again focused on resolving the "too big to fail" issue in 2014, revising the basic requirements for the orderly resolution of global systemically important financial institutions, discussing the required level of loss-absorbing capital in bankruptcies and addressing the cross-border recognition of resolution action. It also continued its work on shadow banks and OTC derivatives.

Basel Committee on Banking Supervision

Switzerland is represented at the highest level of the BCBS by FINMA and the SNB. In 2014, the Committee once again focused on completing central elements of the Basel III framework,[17] in particular the technical details of the leverage ratio and net stable funding ratio (NSFR), disclosure obligations related to the liquidity coverage ratio (LCR), and capital requirements for bank exposures to central counterparties. Framework regulation on measurement and limitation of risk concentrations was also finalised in 2014 and principles on the treatment of securitisations were adopted.

In addition to drafting new standards, the BCBS is devoting much effort to reviewing compliance with existing minimum standards. In 2014, FINMA headed the team assessing Basel III compliance in the US. The BCBS also examines the impact of the minimum standards on an ongoing basis in its Basel III monitoring exercise. FINMA and its supervised institutions regularly take part in the quantitative impact studies (QISs) carried out in this context.

[17] See "Implementation of Basel III in Switzerland", p. 45.

International Association of Insurance Supervisors
FINMA was re-elected to the Executive Committee of the IAIS in spring 2014. During the year, the IAIS again focused on identifying global systemically important insurers (G-SIIs) for the FSB and measures for limiting their risks. Acting on behalf of the G-20 and in coordination with the relevant national supervisory authorities, the FSB designated nine insurers as global systemically important financial institutions for the first time in July 2013. None of them were Swiss. The status of the same firms was confirmed in November 2014 on the basis of the latest evaluations.[18] The FSB and IAIS additionally announced a revision of the identification method, also to include reinsurers.

On 23 October 2014, the IAIS published the basic capital requirements (BCR).[19] This is the first milestone in the development of a global Insurance Capital Standard (ICS). The IAIS also published various guidelines on implementing the G-SII measures.

Good progress was also made on the Common Framework for the Supervision of Internationally Active Insurance Groups. Known as ComFrame, it forms the international basis for national supervisory authorities to record the qualitative and quantitative risks of insurance groups in their entirety. Various ComFrame field tests, including the ICS, were conducted in 2014, and more are planned ahead of scheduled implementation in 2018 and 2019. Selected Swiss insurance groups and FINMA are actively involved.

The IAIS is also continually revising some of the Insurance Core Principles (ICP), which contain minimum standards for appropriate insurance regulation and supervision and form the basis for evaluations under the IMF's Financial Sector Assessment Program (FSAP).

International Organization of Securities Commissions
FINMA's Chair was once again elected as Switzerland's representative to the IOSCO Presidents' Committee at the annual conference in October. IOSCO continued work on strengthening capital markets as the foundation for economic growth in 2014. Major issues included implementation of the principles on financial benchmarks and further groundwork on global systemically important financial institutions (G-SIFIs) outside the banking and insurance sector. IOSCO made further progress with the Multilateral Memorandum of Understanding, its international benchmark for cross-border cooperation, and the development of an effective enforcement mechanism for a credible deterrence framework. The work of the task force on cross-border regulation established in June 2013 is also at an advanced stage. Its goal is to identify and, as far as possible, remove unnecessary hindrances to cross-border financial market activities. FINMA supports this as vice-chair of the task force. Discussions also took place during the year on drawing up standards for simplified securitisation structures. Work began on an initiative related to capacity building, which includes providing technical assistance to emerging markets on developing international capital market standards.

[18] See FSB press release dated 6 November 2014 (http://www.financialstabilityboard.org/2014/11/fsb-announces-update-of-list-of-global-systemically-important-insurers-g-siis/).

[19] See IAIS documentation on the BCR standard dated 23 October 2014 (http://iaisweb.org/index.cfm?event=openFile&nodeId=34528).

FINMA's international cooperation in figures

FINMA was represented in a total of 88 working groups at the four central international standard-setting bodies in 2014.

Standard-setting body	Number of working groups
FSB	15
BCBS	29
IAIS	25
IOSCO	19
Total	88

Although the number of international working groups continues to increase overall, FINMA was able to maintain the workload for its international activities at a largely unchanged level, thanks to prioritisation and efficient management.