

## Press release

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Date: 29 October 2013  
Embargo: ---

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# Accounting – banks: consultation on new standards

**Following the revision of the Swiss Code of Obligations concerning financial reporting, the accounting standards applicable to banks and securities dealers are being amended accordingly. The Federal Department of Finance FDF is releasing the amended Banking Ordinance for consultation, and the Swiss Financial Market Supervisory Authority FINMA is doing likewise with its new circular. The consultation will end on 31 December 2013.**

FINMA is opening the consultation on its new circular 'Accounting – banks' today. The existing circular 'Accounting – banks' has been amended, together with the Banking Ordinance, in line with the legislation on financial reporting that came into force on 1 January 2013. The consultation on the Banking Ordinance, for which the Federal Council is responsible, will run in parallel to that on the FINMA circular. Both consultations will end on 31 December 2013.

### Amended accounting standards

The most significant changes include the unrestricted individual valuation of participations, tangible fixed assets and intangible assets in all types of financial statement as well as the extension of the obligation to consolidate. Banks must in future recognise all significant subsidiaries, including special-purpose entities, in their consolidated financial statements. The obligation to consolidate was hitherto restricted to banks, finance companies and real estate companies. Furthermore, all institutions will have to prepare half-yearly interim financial statements, including a full income statement. The simplified requirements for smaller banks will thus be discontinued. Cash flow statements, meanwhile, will only be required for true and fair view financial statements.

The proposed changes are based on the new legislation on financial reporting contained in the Swiss Code of Obligations and are geared in part to the internationally recognised accounting standards IFRS and US GAAP. Swiss banks and securities dealers will thus have an amended set of accounting standards governing all types of financial statements: reliable assessment statutory single-entity finan-

cial statements, true and fair view statutory single-entity financial statements, true and fair view supplementary single-entity financial statements and consolidated financial statements.

### **Reorganised regulations**

From a formal point of view, the structure of the circular has been revised, and the Banking Ordinance has been streamlined. For example, the rules on structuring annual financial statements and consolidated financial statements have been moved from the Banking Ordinance to the FINMA circular. In addition, a number of detailed explanations have been systematically moved to the circular's appendices. The new circular 'Accounting – banks' will completely replace the circular that is currently valid (FINMA Circular 2008/2). The changes to the accounting standards also necessitate formal amendments to the Capital Adequacy Ordinance, the Liquidity Ordinance and the Bank Insolvency Ordinance as well as other FINMA circulars. However, these amendments have no material impact.

### **Contact**

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