

## Press release

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Embargo:

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# FINMA initiates bankruptcy proceedings against Bank Hottinger

The Swiss Financial Market Supervisory Authority FINMA initiated bankruptcy proceedings against Bank Hottinger & Cie Ltd on 26 October 2015. FINMA was obliged to take this measure as the bank is at risk of becoming overly indebted. The option of restructuring was thoroughly reviewed but ultimately proved unattainable. Current calculations indicate that privileged deposits can be fully refunded from the bank's available assets.

FINMA became aware some time ago that Bank Hottinger & Cie Ltd did not meet the minimum capital requirement under regulatory law owing to sustained losses and unresolved litigation. FINMA held intensive discussions with the bank and other involved parties to assess the options for returning the bank to a stable and sustainable position.

### No prospect of restructuring

Subsequent efforts made by the bank and its shareholders proved unsuccessful. A planned recapitalisation failed to materialise and the bank remained unable to meet the minimum capital requirement. Moreover, a suitable investor could not be found to take over the bank. As a result, restructuring the bank did not prove feasible.

As the minimum capital requirements are no longer met and there is no prospect of restructuring, the bank has to be liquidated. There is also the risk of overindebtedness resulting from the costs of the liquidation, which led to the initiation of bankruptcy proceedings. FINMA has appointed Brigitte Umbach-Spahn and Karl Wüthrich (Wenger Plattner Zurich) as the responsible bankruptcy liquidators.

### Refunding of privileged deposits

FINMA's primary goal is depositor protection. The bankruptcy liquidator will therefore start by promptly refunding client assets of up to CHF 100,000 (privileged deposits). Current calculations indicate that privileged deposits can be fully refunded from the available assets. That means there will be no need



to resort to the depositor protection scheme for Swiss banks (Esisuisse). Furthermore, the clients' securities custody accounts will be segregated and refunded.

Bank Hottinger & Cie Ltd is a banking group specialising in asset management headquartered in Zurich with a major subsidiary in Geneva. The bank has total assets in the region of CHF 145 million with about 1,500 clients and 50 employees.

### **Contact**

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