

Press release

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Sandbox and settlement accounts: FINMA amends circular

The Swiss Financial Market Supervisory Authority FINMA is specifying its supervisory practice in connection with the Federal Council's new FinTech regulations. This entails amendments to its circular "Public deposits with non-banks", which are subject to a consultation ending on 16 October 2017. The amendments concern the new sandbox concept and the extended timeframe for settlement accounts.

FINMA is specifying its supervisory practice in connection with the Federal Council's new FinTech regulations regarding the sandbox and the timeframe for settlement accounts. This entails amendments to its Circular 2008/3 "Public deposits with non-banks", which are subject to a consultation ending on 16 October 2017. These amendments relate to the Federal Council's revision of the Banking Ordinance, dated 5 July 2017, which entered into force on 1 August 2017 and aims to reduce unnecessary regulatory obstacles for innovative business models.

The new sandbox concept defined in the revised Banking Ordinance allows for public deposits to be accepted without a licence up to a limit of CHF 1 million, provided that they are not invested and do not bear interest, even if such deposits come from more than 20 depositors. Depositors must be informed in advance that the sandbox is not subject to FINMA supervision and that the deposits are not covered by the deposit protection scheme. Deposits may be invested and interest bearing if they are intended to fund a commercial or an industrial main activity. The Federal Council has additionally set the maximum period for which deposits may be held in settlement accounts at 60 days. Up to now, FINMA has applied a timeframe of seven working days in accordance with the old legal provisions. FINMA has set these points out in its amended circular and adopted the new timeframe for settlement accounts.

The FinTech regulation efforts also include plans to introduce a new licensing category for FinTech firms in the Banking Act. The planned changes to the Banking Act in this respect are not part of the partial revision of the circular outlined here (see also [FINMA Guidance of 6 July 2017](#)).