

## Press release

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# FINMA revises circulars on credit risks and leverage ratio

**The Swiss Financial Market Supervisory Authority FINMA is updating its banking circulars on credit risks and the leverage ratio to reflect the amended Capital Adequacy Ordinance. The consultation period for the changes to these circulars will end on 15 February 2018.**

On 22 November 2017, the Federal Council amended the Capital Adequacy Ordinance to the effect that banks will be permitted to apply the current exposure method for derivatives and the present rules governing capital adequacy for investments in funds for a further two years. This amendment necessitates a change to Circular 2017/7 “Credit risks – banks” for the calculation of the minimum capital requirement for the default fund of a central counterparty. The amended Capital Adequacy Ordinance also requires all institutions to maintain a 3% minimum leverage ratio on Tier 1 capital, effective 1 January 2018. FINMA is updating Circular 2015/3 “Leverage Ratio” so that banks can also apply the Basel III standard approach for derivatives when calculating the leverage ratio. It has done so in response to concerns raised by the industry. The consultation period for these changes will end on 15 February 2018.