

Press release

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Completion of large banks merger brings clarity and stability

The Swiss Financial Market Supervisory Authority FINMA had already approved the merger of Credit Suisse and UBS on 19 March 2023. Today's legal consummation brings clarity and stability for the two banks, their clients and the financial centre. FINMA welcomes UBS's strategic focus, which foresees a rapid reduction of risk in investment banking. It has specified the central elements of the regulatory requirements for the combined bank. FINMA will continue to supervise the merged large bank very closely during the integration process.

The legal consummation of the merger between UBS Group and Credit Suisse Group marks the end of a phase of great uncertainty. This creates clarity and stability. Under the umbrella of UBS, the practical integration of the two large banks is now beginning under the new management structure and governance and with risk management processes clarified and defined for the enlarged bank. One of the most pressing goals for the merged bank is to quickly reduce the risks of the former Credit Suisse investment bank. FINMA welcomes this strategic focus. Following the completion of the transaction, the merged bank has the necessary capital and liquidity resources to carry out these risk reduction activities quickly and decisively and to successfully complete the integration.

FINMA CEO **Urban Angehrn**: "The legal consummation of the merger is a milestone. It creates clarity and stability for the banks involved, their clients and the Swiss banking centre. This completes what was announced on the weekend of 19 March. At the time, all parties involved considered the merger of the two large banks to be the best option to avert the impending failure of Credit Suisse. In fact, this successfully prevented serious damage to the Swiss and international financial markets. It is in the interests of all stakeholders that the merger is completed today and the bank can fully focus on the tasks ahead. For FINMA, the phase of intensive supervision will definitely continue. We will oversee the integration process with the utmost attention."

Foreign authorities recognise the merger

FINMA, as well as the other Swiss authorities, have been in intensive contact with their foreign partner authorities in recent weeks. The foreign supervisory authorities as well as other competent authorities have also recognised the merger.

Intensive supervision by FINMA

FINMA will now devote the teams and resources previously available for UBS and Credit Suisse to the intensive supervision of the merged bank. As already announced, the higher “too big to fail” capital requirements due to the progressive component will fully apply to UBS after an appropriate transitional period. The capital build-up required for this will take place gradually from the end of 2025 and will be completed by the beginning of 2030 at the latest. The transitional period is necessary to enable the aforementioned risk reduction activities to take place in an orderly manner. In addition, the existing rules and models will continue to be used by the respective entities of the two banks to calculate the risk-weighted capital requirements as well as the liquidity requirements until further notice. Furthermore, due to accounting effects, certain transitional provisions will apply from the date of the merger. FINMA will also set additional institution-specific liquidity requirements for the merged bank, as well as for the other systemically important banks, before the end of the year. These must be fulfilled in accordance with the revised legal basis from 1 January 2024.

Measures imposed as a result of enforcement proceedings at Credit Suisse will – wherever necessary from FINMA’s perspective – be maintained until they are implemented in the relevant entities.