

# Guidelines

for **licence holders in supervisory category 5** under the Financial Institutions Act and the Collective Investment Schemes Act concerning **reduced audit frequency**

Published 29 June 2020

---

## Purpose

These guidelines should be regarded as instructions for licence holders under Article 2 para. 1 lets. c and d of the Financial Institutions Act (FinIA; SR 954.1) as well as under the Collective Investment Schemes Act (CISA; SR 951.31) (hereinafter “institutions”) wishing to apply for a reduced audit frequency as specified in margin no. 113.2 of FINMA Circular 2013/3 “Auditing”<sup>1</sup>. They do not confer any legal entitlement.

## I. Application by the board of directors<sup>2</sup>

- The application must be made in writing and contain confirmation that the institution does not have heightened risks or any significant areas of weakness.
- An excerpt from the corresponding minutes of the board of directors must be attached to the application from which it is clear that a resolution was passed to apply for a reduced audit frequency.
- In the application it must be stated in which year no regulatory audit is to take place for the first time.
- A copy of the application with a legally binding signature is to be sent to the audit firm. Applications must be received by the end of January<sup>3</sup> in order to apply to the corresponding audit year.
- As soon as the institution’s audit firm is informed about the submitted application for a reduced audit frequency, it will postpone the submission of the

---

<sup>1</sup> The transitional provision specified in margin no. 150 FINMA Circ. 13/3 is to be taken into account.

<sup>2</sup> For institutions with no board of directors (e.g. branches), the application should be submitted by the executive board.

<sup>3</sup> This applies to institutions with an audit period ending in December. The deadline will be postponed accordingly for deviating audit periods.

risk analysis and audit strategy for the corresponding audit year until FINMA has made a decision regarding the reduced audit frequency.

- If the application is rejected, FINMA will grant an appropriate extension of the deadline for submitting the risk analysis and audit strategy.

## **II. Approved reduced audit frequency**

- If the reduced audit frequency is approved, it shall apply until it is revoked by FINMA or until the institution resolves to return to auditing on an annual basis. This resolution must be communicated to FINMA immediately.
- FINMA (revocation) or the institution (waiver) will make the audit firm or the institution (resolution) aware of the return to auditing on an annual basis. FINMA will determine how the regulatory audit is to be conducted in the future after consulting the audit firm.

## **III. Confirmation of conformity by the institution to FINMA**

For business years in which no regulatory audit is conducted due to the reduced audit frequency approved by FINMA, the institution confirms to FINMA in accordance with Article 63 para. 3 FinIA the conformity of its business activities with the law.

The confirmation must be effected by way of a standardised confirmation of conformity issued by FINMA. This will be made available to institutions with a reduced audit frequency in electronic form via the FINMA survey and application platform (EHP). A sample text for the confirmation of conformity in accordance with Article 63 para. 3 FinIA will be made available on the FINMA website<sup>4</sup>

A PDF version of the confirmation of conformity is to be signed by the chair of the board of directors (or equivalent position, depending on the legal form) and the CEO (or equivalent position, depending on the legal form) by way of a qualified electronic signature and submitted to FINMA as an attachment to the electronic survey via the survey platform. If it is not possible to apply a qualified electronic signature, the confirmation of conformity must be printed out, signed by hand and submitted to FINMA by post in addition to submitting the confirmation electronically via the survey platform.

---

<sup>4</sup> [www.finma.ch](http://www.finma.ch) > Supervision > Cross-sector issues > Auditing > Auditing of institutions under FinIA and CISA