

Press release

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FINMA revises its circular on auditing

The Swiss Financial Market Supervisory Authority FINMA is orienting the regulatory auditing of banks, securities dealers and asset managers more towards risks. The Auditing circular is being revised so that auditing firms, who act on behalf of FINMA, operate in a more targeted manner in the future. The consultation will run until 31 January 2018.

FINMA is reshaping the way in which regulatory auditing is conducted by audit firms to take greater account of risks. Audits will be adapted to the risk situation of supervised institutions as well as identifying any challenges that these institutions could face in the future. The aim of these changes will be to heighten the efficiency of audit procedures. Consequently, FINMA is amending Circular 2013/03 "Auditing". The consultation runs until 31 January 2018. The revised circular is due to enter into force on 1 January 2019.

More focused auditing and less frequent audits for smaller institutions

Auditing firms are [important](#) to FINMA's supervisory duties, acting on its behalf in accordance with the specifications it has laid down. Regulatory audits are separate from the task of auditing financial statements for shareholders as required under company law. Under the current system every supervised bank, securities dealer and asset manager is audited on a yearly basis. In future, it is planned that audit firms will only have to conduct regulatory audits on small supervised institutions (categories 4 and 5) not exhibiting high risks every two or three years, respectively. Additionally, for all institutions, the regular audit process will be revised to have a narrower focus, consisting of more in-depth auditing of high-risk areas or focusing on a rotating selection of topics year after year.

Aiming for significantly lower costs

Regulatory audits conducted by audit firms cost the financial services industry CHF 116 million in 2015, of which CHF 109 million concerned banks, securities dealers and asset managers. The planned measures aim to reduce these costs by 30% or more. A small proportion of the cost savings is due to be re-employed for targeted, case-related intervention performed either by FINMA or its mandataries. Furthermore, for the purposes of improved guidance on audit procedures and enhancing cost transparency, audit firms will have to submit a cost estimate of audit procedures to be undertaken, together with the audit strategy, to all institutions.