

Press release

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FINMA revises FMIO-FINMA

The Swiss Financial Market Supervisory Authority FINMA is introducing a clearing obligation for standardised interest-rate and credit derivatives traded over the counter (OTC). Consequently, it is supplementing Annex 1 of its Financial Market Infrastructure Ordinance (FMIO-FINMA), for which it is conducting a consultation exercise that will run until 12 February 2018.

FINMA is designating the categories of OTC derivatives that will for the first time be subject to the clearing obligation. It is modelling these categories on European law because Swiss-market derivatives are predominantly cross-border operations, often transacted with market participants whose registered offices are in the European Union. The clearing obligation will concern standardised OTC interest-rate and credit derivatives. Transitional periods ranging from 6 to 18 months, dating from the entry into force of the amended FMIO-FINMA, are applicable before compliance becomes mandatory. To enact these changes, FINMA is adding detail to Annex 1 of its Financial Market Infrastructure Ordinance and, for this reason, is conducting a consultation exercise running until 12 February 2018.

A central component of Swiss rules governing derivatives trading is the obligation to clear trades involving FINMA-designated categories of OTC derivatives through central counterparties that are either authorised or recognised by FINMA. OTC derivatives are derivative instruments that are not traded through a trading venue such as an exchange or a multilateral trading facility.