

## Press release

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# Small banks regime: FINMA adjusts circulars

**The Swiss Financial Market Supervisory Authority FINMA is implementing the small banks regime within its regulatory scope. This involves it exempting small and solid banks from certain regulatory requirements and adjusting some of its circulars accordingly.**

The small banks regime seeks to increase efficiency in regulation and supervision for small and particularly solid institutions. The goal is to reduce the regulatory burden on such institutions without jeopardising their stability and safety. Institutions in the regime must therefore be extremely well capitalised and enjoy high liquidity. In return, they are able to benefit from a regulatory regime with significantly reduced complexity. They no longer need to calculate risk-weighted assets, for example.

FINMA launched the [idea of the small banks regime in 2017](#). Since then and in parallel with the pilot project which started in July 2018, it has conducted a constructive and intensive dialogue with numerous industry representatives, particularly regarding the possible relaxations. Compared with other financial centres, the proposed regime leads the way in terms of both its content and timing.

### **Small banks regime to become definite**

Before the small banks regime can be implemented, the Federal Council's Capital Adequacy Ordinance must be amended on the one hand. The Federal Department of Finance has prepared a draft text in this connection. On the other hand, FINMA is adjusting its circulars on "Outsourcing – banks and insurers", "Operational risks – banks", "Corporate governance – banks", and "Disclosure – banks" based on the Capital Adequacy Ordinance. The relaxations introduced as part of the small banks regime pertaining to outsourcing and operational risks should also apply to institutions with the FinTech licence in the future. The consultation exercise on the revised FINMA circulars is being conducted in parallel with the consultation on the amendments to the Capital Adequacy Ordinance. The consultation will go on until 12 July 2019.

### **Pilot a success**

The pilot regime for small banks launched in July 2018 (see [press release](#)) has enjoyed a high level of interest: 68 institutions from Supervisory Categories 4 and 5 are taking part. These institutions are already benefiting from relaxations during the 2018 reporting year. FINMA will continue the pilot project until the end of 2019. After this, it is scheduled to be replaced by the definite regime based on the revised Capital Adequacy Ordinance from 1 January 2020.