

New regulatory disclosure requirements for Swiss banks

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Two FINMA circulars currently set out the disclosure requirements for banks and securities dealers for each supervisory category. The new FINMA Circular 2016/1 has a transitional period that extends until the beginning of 2019. It will fully replace the current FINMA Circular 2008/22 and has already been revised since it was first published at the beginning of 2016.

Regulatory disclosures will remain on the move for the foreseeable future as a further revision is already underway with publication anticipated for the beginning of 2018.

The new requirements have been aligned to the enhanced international standards (Basel III framework). As a general rule and in line with the Basel framework, institutions in supervisory categories 4 and 5 are exempt from detailed disclosures, and disclosures are limited to specific areas. However, systemically relevant, large and medium-sized institutions in supervisory categories 1 to 3 are subject to the full disclosure requirements.

We can offer you the following support during your implementation project

The challenges for your institution (whether a bank, securities dealer or financial group) are multifaceted. The principles that apply to the specific institution and the scope of disclosure must be established. The fixed and flexible disclosures should then be specified so that these can subsequently be applied in data management, information technology and in the reporting processes. Internal controls should also be adapted, and possibly extended, to satisfy the disclosure requirements, as they must be comparable with those applied in the publication of the annual standalone and consolidated financial statements.

The new requirements broaden the scope and increase the complexity of the information to be published by all institutions. The **2017 annual report** must for the **first time** include **disclosures on corporate governance** as well as meeting the additional information requirements concerning capital resources and liquidity. PwC has addressed in detail the new requirements and the additional changes that will take effect from mid-2018.

We would be happy to assist you in evaluating the disclosure requirements that specifically apply to your institution, documenting or assessing your disclosure concept and/or the new disclosure report, interpreting supervisory regulations, evaluating whether disclosures have been performed correctly as part of a quality review, or in reassessing disclosure requirements resulting from the revised circular effective from mid-2018.

Your advantages – our approach

- Early evaluation of disclosure requirements – Have you defined the disclosure requirements for your institution or financial group yet?
- Evaluation of the completeness and accuracy of the texts, tables and underlying data to be disclosed – does your source data include the required information?
- Evaluation of the internal controls with respect to disclosure requirements – has the board of directors approved the principles that specifically apply to your institution and the scope of the disclosure requirements? Have appropriate internal controls been implemented?
- With regards to corporate governance disclosure requirements, have you implemented a process to ensure that information about material changes to corporate governance is published?

The table below outlines the timing of the implementation of the new disclosures regime by prudential categories and exemptions that apply for certain banks:

Institution		FINMA Circular 2016/1 (last change 07.12.2016)		
		Full Disclosure	Partial Disclosure	Corporate Governance
Prudential Category	1	31.12.2016	n/a	annual report 2017
	2	31.12.2017	n/a	annual report 2017
	3	31.12.2017	n/a	annual report 2017
	4	1)	31.12.2018	annual report 2017
	5	1)	31.12.2018	annual report 2017
Foreign controlled Banks		Exemptions apply		annual report 2017
Consolidation discount		Exemptions apply		n/a
Securities dealers		Exemptions apply		annual report 2017

1) Full Disclosure is applicable if an institution has implemented securitization business or uses model approaches to determine minimum required capital

Have we sparked your interest? We would be very happy to answer any questions you may have about disclosure requirements!