Swiss Federal Act on Banks and Savings Banks

(Banking Act, BA)

SR 952.0
dated 8 November 1934 (version as at 1 January 2019)
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The Swiss Federal Assembly of the Swiss Confederation, based on Articles 34 ter, 64 and 64 bis of the Federal Constitution, after examination of the Swiss Federal Council's message of 2 February 1934, decrees:

Section I: Scope of the Act

ARTICLE 1

1. Banks, private banks (individual proprietorships, general and limited partnerships) and savings banks, hereinafter referred to as banks, shall be subject to this Act.

2. Natural persons and legal entities that are not subject to this law may not accept deposits from the public on a professional basis. The Swiss Federal Council may provide for exceptions as long as the protection of the depositors is ensured. Issuing bonds is not deemed to be the acceptance of deposits on a professional basis.

3. The present Act specifically does not apply to:
   a. stockbrokers and trading houses dealing only in securities and transactions which engage in business directly related thereto, provided they do not engage in the banking business;
   b. asset managers, notaries and business agents who simply manage their customers’ funds and who do not engage in regular banking business.

4. The term “bank” or “banker”, alone or in combination with other words, may only be used in a company name, in the designation of the business purpose and in business advertising by institutions that have obtained a license from the Swiss Financial Market Supervisory Authority (FINMA) subject to the provisions of Article 2(3).

5. This Act shall only apply to the Swiss National Bank or central mortgage institutions if this is explicitly stated.

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2 [BS 13; AS 1976 2001]
3 BBl 1934 I 171
5 Now: Sole proprietorships.
ARTICLE 1a8  Banks

A bank shall be an institution primarily active in the financial sector that

a. Accepts deposits from the public in excess of CHF 100 million on a professional basis or that publicly advertises as doing so;

b. Accepts deposits from the public up to CHF 100 million on a professional basis or that publicly advertises as doing so, and which invests or gives interest on the deposits received from the public; or

c. On a large scale refinances itself with loans from banks that do not own any significant holdings in it in order to finance for own account and in any manner possible any number of persons or companies with which it does not form an economic unit.

ARTICLE 1b9  Innovation funding

1 The provisions of this Act shall also apply to persons that are primarily active in the financial sector, and:

a. Accept deposits from the public up to CHF 100 million on a professional basis or who publicly advertise as doing so; and

b. Which neither invest nor give interest on these deposits from the public.

2 The Swiss Federal Council may adjust the amount mentioned in (1), taking into account of the competitiveness and innovative capacity of Switzerland as a financial center.

3 Persons as per (1) shall specifically:

a. precisely define their scope of business and provide for an administrative organization in keeping with their business activities;

b. dispose of an adequately endowed risk management and effective internal controls, which ensure the adherence to legal regulations and company-internal policies (Compliance);

c. dispose of adequate financial means;

d. ensure that the persons in charge of administration and management enjoy a good reputation and thereby assure an irreproachable conduct of business operations;

4 The following provisions shall remain applicable:

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a. The accounting for persons as per (1) shall base itself exclusively on the provisions of the Swiss Code of Obligations (CO)\(^\text{10}\).

b. Persons as per (1) shall have their annual financial statements and, if necessary, their consolidated financial statements audited in accordance with the provisions of the CO; Article 727a(2)-(5) CO shall not apply.

c. Persons as per (1) shall arrange for an audit firm licensed by the Federal Audit Oversight Authority under Article 9a(1) or (4bis) of the Auditor Oversight Act of 16 December 2005\(^\text{11}\) out an audit in accordance with Article 24 of the Financial Market Supervision Act (FINMASA) of 22 June 2007\(^\text{12}\).

d. The provisions on privileged deposits (Article 37a) and on immediate payout (Article 37b) shall not apply to deposits made to persons as per (1); depositors shall be informed of this prior to making the deposit.

5 Under special circumstances, FINMA may also declare (1)-(4) applicable to persons who accept deposits from the public on a professional basis in excess of CHF 100 million or who publicly advertise as doing so but who neither invest nor grant interests on these funds and who ensure the clients’ protection with special precautions.

6 If the threshold of CHF 100 million is exceeded, FINMA must be notified within 10 days and a license application in accordance with Article 1a shall be submitted within 90 days. (5) shall remain applicable.

ARTICLE 1\(^\text{bis}\)\(^\text{13}\)

ARTICLE 2\(^\text{14}\)

1 The provisions of this Act shall also apply to the:

   a. established branches of foreign banks in Switzerland;

   b. representatives of foreign banks in Switzerland.\(^\text{15}\)

2 FINMA\(^\text{16}\) shall issue directives for such entities and may, in particular, require that these entities are adequately capitalized and that securities are provided.

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\(^{10}\) SR 220

\(^{11}\) SR 221.302

\(^{12}\) SR 956.1


\(^{16}\) Term according to Annex Section 15 of the Financial Markets Supervision Act of 22 June 2007, in force since 1 January 2009 (AS 2008 5207 5205; BBl 2006 2829). This change has been taken into account in the entire enactment.
3 In view of reciprocal recognition of equivalent rules regarding banking activities and of an equivalence in banking supervision, the Swiss Federal Council is empowered to sign treaties with states which stipulate that banks of the treaty state in question may open a branch, agency or representation without FINMA’s authorization.17

ARTICLE 2bis 18

1 As far as they are not subject to FINMA’s jurisdiction in bankruptcies in the context of single-entity supervision, the following are subject to Sections XI and XII of this Act:

   a. group parent companies of a financial group or financial conglomerate domiciled in Switzerland;

   b. group companies domiciled in Switzerland that fulfill functions significant for the activities subject to licensing (significant group companies).

2 The Swiss Federal Council shall define the criteria to determine significance.

3 FINMA shall name the significant group companies and maintain a list of these. This list shall be accessible to the public.

Section II: License to Operate a Bank19

ARTICLE 320

1 Banks shall be required to obtain a license from FINMA prior to engaging in business operations; they may not be entered into the Commercial Register before such a license has been granted.

2 A license shall be granted, if:

   a. a bank’s articles of incorporation, partnership agreements and business rules provide a clear definition of the scope of its business and establish an adequate organization in view of the proposed business activities. Where the business purpose or scope of business so requires, the bank must create separate bodies for its management on the one hand and for its direction, supervision and control on the other hand. These bodies must be adequately segregated in order to ensure the effective supervision of the bank’s management;

   b.21 the bank demonstrates that it has fully paid in its minimum capital as stipulated by the Swiss Federal Council;


20 Version according to Section I of the Act of 11 March 1971, in force since 1 July 1971 (AS 1971 808 824 Article 1; BBl 1970 I 1144). Also see the final provisions of 22. 4. 1999 at the end of this text.

c. the persons in charge of the bank’s administration and management enjoy a good reputation and thereby guarantee proper business conduct;

c.22 natural persons or legal entities that directly or indirectly hold equity interest in the bank of at least 10 percent of the capital or voting rights or whose business activities are otherwise such that they may influence the bank in a significant manner (qualified participation), guarantee that their influence will not have a negative impact on the bank’s prudent and solid business activity;

d.23 the persons entrusted with the bank’s management have their domicile in a place where they may exercise the management in a factual and responsible manner.

3 The bank shall file its articles of incorporation, partnership agreements and business regulations with FINMA and notify it of all subsequent amendments concerning the purpose and scope of its business, its share capital or its internal organization. Such amendments may not be entered into the Commercial Register unless they have been approved by FINMA.

4 …

5 All natural persons or legal entities shall notify FINMA prior to directly or indirectly acquiring or selling qualified equity interests as defined in (2)(cbis) in a bank organized pursuant to Swiss law. Banks shall also notify FINMA whenever qualified equity interests are increased or decreased and thus reach, exceed or fall below the threshold of 20, 33 or 50 percent of the capital or voting rights, respectively.25

6 The bank shall notify FINMA of any persons subject to the requirements of (5) as soon as it has knowledge thereof, however at least once a year.26

7 Banks organized pursuant to Swiss law shall notify FINMA before they establish a subsidiary, branch office, agency or representation abroad.27

ARTICLE 3a28

A bank constituted in the form of a public-law institution or public limited company on the basis of a Cantonal legal directive shall be a Cantonal bank. The Canton’s equity holdings shall amount to more than one third of the capital and it shall dispose of more than one third of the voting rights. The Canton may assume full or partial liability for the bank’s liabilities.

28 Inserted with Section I of the Act of 18 March 1994 (AS 1995 246; BBl 1993 I 805). Version according to Section I of the Act of 22 April 1999, in force since 1 October 1999 (AS 1999 2405; BBl 1998 3847). See also the final provisions of these amendments at the end of this text.
ARTICLE 3b

Should a bank be part of a financial group or a financial conglomerate, FINMA may require the existence of an adequate consolidated supervision by a financial supervisory authority as a prerequisite to its issuing a license.

ARTICLE 3c

1. Two or more companies are deemed to be a financial group if:
   a. at least one acts as a bank or securities dealer;
   b. they are active primarily in the financial sector; and
   c. they form an economic unit and, due to circumstances on hand, it is to be assumed that one or more individual companies are legally obliged and factually forced to assist other group companies.

2. A financial group shall be considered to be a bank or security dealer-dominated financial conglomerate pursuant to (1) if it is predominantly involved in banking or securities trading and if at least one insurance company of considerable economic significance is part of it.

ARTICLE 3d

1. FINMA may subject a financial group or financial conglomerate dominated by banking or securities trading to group or conglomerate supervision if the group or conglomerate:
   a. controls a bank or a securities trader in Switzerland organized in accordance with Swiss law; or
   b. is actually managed from Switzerland.

2. If other foreign authorities concurrently claim the full or partial supervision of the financial group or the financial conglomerate, FINMA, under observance of its competences, shall agree with the foreign authority on responsibilities, modalities and extent of the group or conglomerate supervision. Before finalizing its decision, it shall consult those companies of the financial group or conglomerate that are incorporated in Switzerland.

ARTICLE 3e

1. FINMA’s group supervision shall be carried out in addition to the individual supervision of a bank.

2. FINMA’s conglomerate supervision shall be carried out in addition to the individual supervision of a bank or insurance company and to the supervision of a financial or insurance group by the respective competent supervisory authority.

ARTICLE 3f

1. The financial group’s or conglomerate’s persons entrusted with the executive management on the one hand and the direction, supervision and control on the other hand must have a good reputation and guarantee proper business conduct.

2. The financial group or conglomerate must be organized in such a manner to be able to specifically detect, mitigate and monitor all material risks.

ARTICLE 3g

1. FINMA shall be authorized to issue provisions on capital adequacy, liquidity, risk distribution, intra-group risk positions and accounting for financial groups.

2. FINMA shall be authorized to issue or establish entity-specific provisions on capital adequacy, liquidity, risk distribution, intra-group risk positions and accounting for financial conglomerates dominated by their banking or securities trading business. In regard to capital adequacy requirements, it shall take into consideration the prevailing rules of the financial and insurance industries as well as the relative significance of these two industries within the financial conglomerate and the associated risks.

ARTICLE 3h

ARTICLE 3bis
a. the country where the foreign bank or of the controlling corporation or shareholder is domiciled must guarantee reciprocity of supervision, provided no contradictory international obligations exist;
b. the use of a corporate name that does not indicate or suggest a Swiss character of the bank;
c. \[40\] …

1bis If a bank is part of a financial group or financial conglomerate, FINMA may make the license dependent on the agreement of the relevant foreign supervisory authority.\[41\]

2 The bank must inform the Swiss National Bank of the scope of its business activities and its relationships abroad.

3 A bank organized in accordance with Swiss law shall fall under the provisions of (1) whenever foreigners with qualified equity holdings directly or indirectly hold more than half of the voting rights or in any other way exercise a controlling influence.\[42\]

A foreigner shall be:

a. Any natural person who possesses neither Swiss citizenship nor a Swiss residency permit;
b. legal entities and partnerships domiciled abroad or, if they are domiciled in Switzerland, are controlled by persons as defined in (a).

ARTICLE 3ter \[43\]

1 After their inception, banks controlled by foreigners as described above must obtain an additional license in accordance with Article 3bis.

2 If there is a change in foreign shareholders with qualified equity interests, a new additional license must be obtained.\[44\]

3 The bank’s Board members and management must notify FINMA of all matters which could imply that the bank is foreign-controlled or that there has been a change in foreign-held qualified equity interests.\[45\]
ARTICLE 3quater 46

1 The Swiss Federal Council shall be authorized to declare in international treaties that the special licensing requirements set out in Articles 3bis and 3ter do not apply at all or only in part if citizens of a treaty state or legal entities domiciled in a treaty state establish or take over a bank organized pursuant to Swiss law or acquire qualified interests therein. Provided there are no international obligations to the contrary, the Swiss Federal Council may make this contingent on the granting of reciprocity by the treaty state.

2 Should the legal entity on its part be directly or indirectly controlled by citizens of another country or by legal entities domiciled in another country, the afore-mentioned provisions shall be applicable.

Section III: Capital, Liquidity and Other Requirements Relating to Business Operations

ARTICLE 448

1 Banks shall dispose of adequate capital and liquidity both at single entity and on a consolidated level.

2 The Swiss Federal Council shall determine the elements of adequate capital and liquidity. It shall establish the minimum requirements in accordance with a bank’s business activities and its risks. FINMA shall be authorized to issue implementing provisions.

3 In special cases, FINMA may grant alleviations to the minimum requirements or define more stringent provisions.

4 A bank’s qualified equity interests in a company outside the financial or insurance sectors may not exceed 15 percent of its capital. The total of such equity interests may not exceed 60 percent of the bank’s capital. Any exceptions to this rule shall be defined by the Swiss Federal Council.

ARTICLE 4bis 49

1 A bank’s loans to any single customer, as well as its equity interests in any single company, shall be in adequate proportion to the bank’s own capital.

2 The Implementing Ordinance shall define this proportion, with special consideration given to loans to public-law entities and to the type of security furnished.

3 …50

49 Inserted by Section I of the Act of 11 March 1971, in force since 1 July 1971
50 (AS 1971 808 824 Article 1; BBl 1970 I 1144). Also see the final provisions of 18 March 1994, at the end of this Act. Repealed
ARTICLE 4ter 51

1 Loans may be granted to the bank’s governing bodies and significant shareholders as well as to related persons and affiliated companies only in application of generally accepted principles of the banking industry.

2 ...

ARTICLE 4quater 53

Banks shall abstain from misleading or obtrusive marketing of their Swiss domicile or their association to Swiss institutions both in Switzerland and abroad.

ARTICLE 4quinquies 54

1 Banks with parent companies supervised by a banking or financial market regulator may transmit information or documents not publicly available to their parent companies if these are necessary for the purpose of consolidated supervision, provided:

a. such information is used exclusively for internal control or direct supervision of banks or other financial intermediaries subject to licensing;

b. both the parent company and the relevant supervisory authority for consolidated supervision are bound by official secrecy or professional confidentiality;

c. this information is not transmitted to third parties without the prior permission of the bank or based on the blanket permission previously defined in a state treaty.

2 If in doubt regarding the transmission of data pursuant to (1), banks may demand a formal decision from FINMA to allow or forbid the transmission of information.

ARTICLE 555


Section IV: Accounting

ARTICLE 6 Preparation of financial statements

1 Banks shall prepare an annual report for every business year, consisting of:
   a. the annual financial statements;
   b. the management report;
   c. the consolidated financial statements.

2 Banks shall prepare at least semi-annual interim financial statements.

3 The annual report and the interim financial statements shall be prepared according to the provisions of Title XXXII of the Code of Obligations and this Act as well as any applicable implementing provisions.

4 In exceptional cases, the Swiss Federal Council may decide to diverge from (3).

ARTICLE 6a Publication

1 Annual reports shall be made accessible to the public.

2 Interim financial statements shall be made accessible to the public if the implementing provisions to this Act require an institution to do so.

3 (1) and (2) do not apply to private banks that do not publicly solicit customer deposits. Article 958e(2) of the Swiss Code of Obligations shall remain applicable.

ARTICLE 6b Implementing regulations

1 The Swiss Federal Council shall issue implementing provisions in regard to the form, content and publication of annual reports and interim financial statements.

2 The Swiss Federal Council may deviate from the provisions of the Swiss Code of Obligations on accounting and financial reporting if this is justified by the special features of the banking business or the protection of creditors and an institution's economic situation is presented in an equivalent manner.

3 The Swiss Federal Council may authorize FINMA to issue implementing provisions for matters of limited effect, usually aspects mainly technical in nature.

56 Version according to Annex Section 7 of the Act of 23 December 2011 (Accounting Act), in force since 1 January 2013 (AS 2012 6679; BBl 2008 1589).
57 SR 220
58 SR 220
59 SR 220
In consideration of the conditions set out in (2), FINMA may restrict the application of the accounting standards recognized by the Swiss Federal Council in the banking sector.

Section V: Systemically Important Banks

ARTICLE 7 Definition and purpose

1 Systemically important banks are banks, financial groups and bank-dominated financial conglomerates, the failure of which would cause considerable damage to the Swiss economy and the Swiss financial system.

2 The purpose of the provisions of this section, in conjunction with the generally applicable banking regulations, shall be to further mitigate the risks to the stability of the Swiss financial system posed by systemically important banks, to ensure the continuation of economically important functions and to avoid any recourse to state aid.

ARTICLE 8 Criteria and determination of systemic importance

1 Functions shall be deemed systemically important if they are indispensable to the Swiss economy and cannot be substituted at short notice. System-relevant functions are, in particular, the domestic deposit and lending business as well as payment transactions.

2 A bank’s systemic importance shall be determined by its size, its interconnectedness with the financial system and the economy as well as the speed at which the bank’s services can be substituted. Specifically, the following criteria shall apply:

   a. the market share in the systemically important functions as defined in (1);

   b. the amount of deposits protected as per Article 37h(1) that exceeds the maximum amount defined in Article 37h(3)(b);

   c. the ratio of the bank’s total assets to Switzerland’s annual Gross Domestic Product;

   d. the bank’s risk profile as determined by its business model, balance sheet structure, asset quality, liquidity and debt/equity ratio.

3 After consulting FINMA, the Swiss National Bank (SNB) shall issue a formal decision designating the systemically important banks and their systemically important functions.

ARTICLE 9 Special requirements

1 Systemically important banks shall meet special requirements. The scope and structure of these shall be based on the degree of systemic importance of the bank concerned. The requirements

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60 Version according to Section I of the Act of 30 September 2011 (Strengthening the stability in the financial sector), in force since 1 March 2012 (AS 2012 811; BBl 2011 4717).
must be proportionate to their benefit, make allowance for their impact on the banks concerned
and on their competitiveness, and must also take into account internationally recognized standards.

2 In particular, systemically important banks shall:

a. dispose of capital that in particular:

1. shows a higher loss absorbency than that of not systemically important banks, as measured
   by legal requirements,

2. significantly contributes to ensuring the continuation of systemically important functions in
   the event of impending insolvency (PONV),

3. is of a quality that sets incentives for the banks to limit their degree of systemic importance
   as well as to improve their capacity to be restructured or liquidated in Switzerland and
   abroad,

4. is measured for their risk-weighted assets on the one hand and for their non-risk-weighted
   assets (that may also contain off-balance sheet transactions) on the other hand;

b. dispose of liquidity that ensures a better absorbency of liquidity shocks compared to banks that
   are not systemically important and that can also service its outstanding payment commitments
   even in times of unusual stress;

c. diversify risks so as to limit counterparty risk and large exposures;

d. design their contingency planning with respect to structure, infrastructure, management and
   control as well as intra-group liquidity and capital flows in a way that it can be implemented
   immediately thus ensuring the continuation of the bank’s systemically important functions in
   the event of impending insolvency.

ARTICLE 10 Application to specific banks

1 After consulting the Swiss National Bank, FINMA shall issue a formal decision stipulating the special
requirements as defined in Article 9(2)(a) - (c) that systemically important banks must meet. It shall
inform the general public of the basic content of this formal decision, and the banks’ compliance
with it.

2 Systemically important banks must prove that they meet the special requirements of Article 9(2)(d)
and that they are able to continue providing the systemically important functions in the event of an
impending insolvency. Should a bank fail to provide this proof, FINMA shall impose any necessary
measures.

3 When defining capital requirements under Article 9(2)(a), FINMA may grant alleviations once the
bank has improved its recovery or liquidation capacities in Switzerland and abroad, exceeding the
requirements defined in Article 9(2)(d).

4 After consulting the Swiss National Bank and FINMA, the Swiss Federal Council shall regulate:
   a. the special requirements as per Article 9(2);
   b. the criteria for assessing the proof pursuant to (2);
   c. and the measures that the FINMA may impose if the bank fails to supply the proof as per (2).\textsuperscript{61}

**ARTICLE 10a Measures in regard to remuneration packages**

1 If a systemically important bank or its group parent company directly or indirectly receives state aid from federal funds despite implementing the special requirements, the Swiss Federal Council shall simultaneously impose measures in regard to the bank’s remuneration packages for the bank’s employees for the duration of the claimed aid.

2 In particular, after considering the bank’s financial situation and the support provided, the Swiss Federal Council can:
   a. entirely or partially prohibit the payment of variable remunerations;
   b. prescribe adjustments to the bank’s remuneration system.

3 A systemically important bank and its group parent company must include a binding caveat in their remuneration system to the effect that in the case of state aid the legal entitlement to variable remuneration may be curtailed as per this article.

**Section VI:\textsuperscript{62} Additional Capital**

**ARTICLE 11 Principles**

1 If their legal form allows for the issuance of shares or participation capital (share capital without voting rights), banks and the group parent companies of financial groups and bank-dominated financial conglomerates may in their articles of incorporation:
   a. authorize the Board of Directors to increase the share capital or the participation capital (buffer capital);
   b. allow for an increase in the share capital or participation capital that is carried out with the conversion of mandatory convertible bonds (conversion capital) if a trigger event occurs.

2 Banks and the group parent company of financial groups and bank-dominated financial conglomerates may, irrespective of their legal form, provide in the issuing conditions of bonds that creditors must waive their claims if a specific event occurs (bonds with debt waiver clause).

\textsuperscript{61} Also see the transitional provisions and amendments dated 30.9.2011 at the end of this text.

\textsuperscript{62} Version according to Section I of the Act of 30 September 2011 (Strengthening the stability in the financial sector), in force since 1 March 2012 (AS \textbf{2012} 811; BBl \textbf{2011} 4717).
3 The additional capital as defined in (1) and (2) may be created solely for reinforcing the bank’s equity base, thus allowing the bank to prevent or to cope with a crisis.

4 The capital raised with the issue of mandatory convertible bonds or bonds with a debt waiver clause as per the provisions of this section may be included in the required capital to the extent that this is admissible as per this Act and its implementing provisions. Its eligibility is contingent on the FINMA’s prior approval of the respective issue conditions.

ARTICLE 12 Buffer capital

1 The General Assembly may authorize the Board of Directors to increase the share capital or the participation capital by amending the articles of incorporation. The articles of incorporation shall indicate the nominal amount by which the Board of Directors may increase the capital.

2 For important reasons, the Board of Directors may revoke the subscription rights of the shareholders or participation certificate holders, in particular if this serves the rapid and smooth placement of the shares or participation certificates. In this case, the new shares or participation certificates must be issued at market conditions. If it is in the bank’s interest, a discount shall be granted if this enables a rapid and complete placement of the shares or participation certificates.

3 In all other respects, the provisions of the Swiss Code of Obligations63 on the authorized capital increase shall apply, with the exception of the following:

   a. Article 651(1) and (2) (time limits and restrictions in regard to the amount of authorized capital increases);

   b. Article 652b(2) (important reasons for revoking subscription rights);

   c. Article 652d (capital increase using equity);

   d. Article 656b(1) and (4) (limitation of amount of an approved increase in participation capital).

ARTICLE 13 Conversion capital

1 The annual general meeting may decide a contingent increase of the share capital or participation capital by defining in the articles of incorporation that the debt securities arising from mandatory convertible bonds are converted into shares or participation certificates once the triggering event occurs.

2 It may limit the nominal value of the contingent capital increase in its articles of incorporation. In the articles of incorporation, the annual general meeting shall define:

   a. the number, type and nominal value of the shares and participation certificates;

   b. the basis on which the issue price shall be calculated;
c. revocation of the subscription rights of the shareholders and participation certificate holders;
d. restricted fungibility for new registered shares and participation certificates.

3 The Board of Directors shall be authorized to issue mandatory convertible bonds within the scope of the articles of incorporation’s provisions. Unless the articles of incorporation specify otherwise, the Board of Directors shall determine:
   a. a possible split into several bonds or into several tranches;
   b. the triggering event or, in the case of tranches, the triggering events;
   c. the issue price or the rules by which it is determined;
   d. the conversion ratio or the rules by which it is determined.

4 The mandatory convertible bonds shall be offered for subscription to the shareholders and participation certificate holders in proportion to their equity interest. If the mandatory convertible bonds are issued at market conditions or with a discount to ensure a rapid and complete placement, the annual general meeting may revoke the subscription rights of the shareholders and participation certificate holders.

5 Once the triggering event for the conversion occurs, the Board of Directors shall immediately issue a public document. This document must contain the number, the nominal value and type of the issued shares and participation certificates, the new amount of the share capital and the participation capital as well as the necessary amendments to the articles of incorporation.

6 The Board of Directors’ resolution is to be submitted to the Commercial Register without delay. The Commercial Register entry cannot be blocked.

7 The share capital and the participation capital shall be increased upon the Board of Directors’ resolution to do so. Simultaneously, all claims arising from the mandatory convertible bonds shall expire.

8 None of the provisions of the Swiss Code of Obligations64 on contingent capital increases shall apply, with the exception of the following provisions:
   a. Article 653a(2) (minimum capital contribution);
   b. Article 653d(2) (protection of beneficiaries of conversion or option rights);
   c. Article 653i (expiry).

ARTICLE 1465

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64 SR 220
Section VII: Savings and Deposits

ARTICLE 15

1. Deposits referred to as “savings” in any combination of words may be accepted only by banks publishing financial statements. No other companies are authorized to accept savings deposits and may not use the term “savings” with regard to the money deposited with them in either their company name, or in the designation of their business purpose or in their advertising.

2–3. ...

ARTICLE 16

The following assets shall be considered to be deposits as per Article 37d of this Act:

1. tangible assets and securities belonging to the depositor;
2. tangible assets, securities and claims which the bank safekeeps on behalf of the depositor;
3. freely available delivery claims of the bank against third parties arising from spot transactions, completed forward transactions, collateral transactions or issues for the account of depositors.

Section VIII: ...

ARTICLE 17

70 Version according to Section I of the Act of 3 October 2003, in force since 1 July 2004 (AS 2004 2767; BBl 2002 8060).
Section IX: Supervision and Audit

ARTICLE 18

1. Banks, financial groups and financial conglomerates must arrange for an audit firm licensed by the Federal Audit Oversight Authority under Article 9a(1) of the Auditor Oversight Act of 16 December 2005 to carry out an audit in accordance with Article 24 of the Financial Market Supervision Act of 22 June 2007.

2. Banks, financial groups and financial conglomerates must have their annual financial statements, and if applicable, the consolidated financial statements, audited in accordance with the principles of an ordinary audit (as per Code of Obligations) by an audit firm subject to state supervision.

ARTICLES 19–22

Section X: Supervision

ARTICLE 23

The FINMA may itself carry out audits at banks, banking groups and financial conglomerates if this is necessary in view of the bank’s economic significance, the complexity of the factors to be addressed or its approval of internal models.

ARTICLE 23bis

1. If a bank outsources significant functions to another natural or legal person, these shall be subject to the information and notification requirements as per Article 29 of the Financial Markets Supervision Act of 22 June 2007.

2. FINMA may audit such persons at any time.
ARTICLE 23ter 82

When implementing Article 3(2)(c bis) and 5 of this Act, the FINMA may, in particular, suspend the voting rights connected to shares or stock held by shareholders or partners with qualified equity interests.

ARTICLE 23quater 83

ARTICLE 23quinquies 84

1 Should the FINMA revoke a bank’s license, this shall cause the dissolution of legal persons, general and limited partnerships and the deletion from the Commercial Register for sole proprietorships95. FINMA shall appoint a liquidator and monitor its activities.

2 The above is subject to the measures defined in Section XI.

ARTICLE 23sexies 86

ARTICLE 23septies 87

ARTICLE 23octies 88

ARTICLE 2489

1 …90

2 In the procedures in accordance with Sections XI and XII of this Act, creditors and owners of a bank, a group parent company or a significant group company may, as per Article 2 bis, appeal only against the approval of a restructuring plan or plans to divest operations. Appeals in accordance with Article 17 of the Swiss Federal Act on Debt Collection and Bankruptcy of 11 April 188991 are excluded from these procedures.92

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85 Now: sole proprietorships
91 SR 281.1
Appeals in procedures in accordance with Sections XI and XII do not have a deferring effect. The judge presiding over the proceedings may order a deferment if requested to do so. However, no deferring effect may be granted for appeals against the approval of a restructuring plan.\textsuperscript{93}

Should a creditor’s or owner’s appeal against the approval of a restructuring plan be accepted, the court may only award it a compensation.\textsuperscript{94}

Section XI:\textsuperscript{95} Measures in Case of impending Insolvency

ARTICLE 25 Prerequisites

Should there be a justified concern that a bank is over-indebted or has serious liquidity problems or that the bank can no longer fulfill the capital adequacy provisions after the expiry of a deadline set by the FINMA, the FINMA may order the following:

a. protective measures pursuant to Article 26;

b. restructuring procedures pursuant to Articles 28–32;

c. the bank’s liquidation due to bankruptcy\textsuperscript{96} (bankruptcy of the bank) pursuant to Articles 33–37g.

The protective measures may be ordered as stand-alone measures or in conjunction with a restructuring or liquidation.

The provisions concerning debt remission (Articles 293–336 DCBA\textsuperscript{97} [Swiss Federal Act on Debt Collection and Bankruptcy]), the moratorium under company law (Articles 725 and 725a of the Swiss Code of Obligations\textsuperscript{98}) and the duty to inform the judge (Article 729b(2)\textsuperscript{99} of the Swiss Code of Obligations) do not apply to banks.

The FINMA’s orders shall pertain to all of the bank’s assets, including assets and liabilities as well as contractual relationships, whether they are in Switzerland or abroad.\textsuperscript{100}
ARTICLE 26   Protective Measures

1   FINMA may order protective measures as follows:101

   a. issue instructions to the governing bodies of the bank;

   b.102 appoint an investigator;

   c. strip governing bodies of their power to legally represent the bank or remove them from office;

   d. remove the audit firm under the Banking Act or Code of Obligations from office;

   e. limit the bank’s business activities;

   f. forbid the bank to make or accept payments or undertake securities transactions;

   g. close down the bank;

   h. order deferment of payments or payment extension, except for mortgage-secured receivables of central mortgage bond institutions.

2   It shall ensure that the measures are made public appropriately if this is necessary for their enforcement or for the protection of third parties.

3   Provided the FINMA does not order anything else regarding accrued interests, payment deferrals shall have the effect as per Article 297 DCBA103.

ARTICLE 27104   Precedence of netting, liquidation or transfer agreements

1   Memorandums of understanding concluded in advance pertaining to the following shall remain unaffected by measures foreseen as per Sections XI and XII:

   a. netting of accounts receivable, including the agreed-upon method and the value assessment;

   b. discretionary utilization of collateral in the form of securities or other financial instruments whose value is objectively ascertainable;

   c. transfer of accounts receivable and accounts payable as well as of collateral in the form of securities or other financial instruments whose value is objectively ascertainable;

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103 SR 281.1

2 Article 30a remains applicable.

**ARTICLE 28**

 Restructuring Plans

1 If it appears likely that the bank can recover or can continue to provide individual banking services, FINMA may initiate its restructuring.

2 It shall issue the necessary provisions and orders for such a restructuring.

3 It may entrust a person to prepare a restructuring plan (restructuring agent: Sanierungsbeauftragter).

**ARTICLE 29**

 Restructuring of the Bank

In case of a bank restructuring, a restructuring plan must ensure that the bank fulfills the licensing requirements and complies with statutory regulations after it has been restructured.

**ARTICLE 30**

 Continuation of banking services

1 The restructuring plan may foresee the continuation of selected banking services, regardless of the continued existence of the bank concerned.

2 It may, in particular, transfer the bank’s assets or parts thereof, including assets and liabilities as well as contractual relationships, to other entities or to a temporary “bridge bank”.

3 If contractual relationships or the bank’s assets or parts thereof are transferred, the transferee shall take the place of the bank, provided the restructuring plan foresees this. The Mergers Act of 3 October 2003 is not applicable.

**ARTICLE 30a**

 Deferment of the Termination of Agreements

1 With the ordering or approval of measures as per this section, the FINMA may postpone the following:

   a. the termination of agreements and the exercising of rights aimed at their termination;

   b. the exercising of netting, liquidation or transfer rights as per Article 27.
2 The deferment may only be ordered if the termination or the exercising of rights as per (1) is due to the ordered measures.

3 It can be ordered for a maximum of two working days. FINMA shall specify the beginning and the end of the deferment.

4 The deferment shall be excluded or become void if the termination or the exercising of a right as per (1)
   a. is not linked to the ordered measures; and
   b. is due to the behavior of the bank in an insolvency proceeding or the legal entity that takes over the agreements in part or in full.

5 If, after the deferment has elapsed, the licensing requirements and the remaining statutory provisions have been complied with, the agreement shall continue to be force and the rights as per (1) in connection with the ordered measures can no longer be exercised.

ARTICLE 31 Approval of restructuring plan

1 FINMA shall approve the restructuring plan if it specifically:
   a. is based on a prudent valuation of the bank’s assets;
   b. anticipates the creditors’ position more favorably than they would be in the case of a liquidation of the bank;
   c. takes into consideration the precedence of the creditors’ interests over those of the shareholders and takes into account of the ranking of the creditors;
   d. considers the legal and economic interconnection between assets, liabilities and contractual relationships.

2 No approval of the bank’s annual general meeting is necessary.

3 As a last resort to preventing the bank’s insolvency, the restructuring plan may, while preserving the creditors’ rights as per (1), call for a reduction of the existing equity and the creation of new equity, the conversion of borrowed capital into equity as well as the reduction of accounts receivable.

4 FINMA must inform the public of the basics of this restructuring plan.

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111 Version according to Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 September 2011 (AS 2011 3919; BBl 2010 3993)
112 Inserted with Section I of the Act of 30 September 2011 (Strengthening the stability in the financial sector), in force since 1 March 2012 (AS 2012 811; BBl 2011 4717).
113 Version according to Appendix Section 10 of the Financial Markets Infrastructure Act of 19 June 2015, in force since 1 January 2016 (AS 2015 5339; BBl 2014 7483)
114 Inserted with Section I of the Act of 30 September 2011 (Strengthening the stability in the financial sector), in force since 1 March 2012 (AS 2012 811; BBl 2011 4717).
ARTICLE 31a  Rejection of the restructuring plan

1 Should the restructuring plan provide for an encroachment on the creditors' rights, FINMA shall set the creditors a deadline within which they can reject the restructuring plan, at the latest with its approval.

2 Should creditors representing more than half, according to the books of account, of the third-class claims pursuant to Article 219(4) DCBA reject the restructuring plan, FINMA must define the bank’s liquidation pursuant to Articles 33-37g.

3 This article does not apply to the restructuring of a systemically important bank.

ARTICLE 31b  Rebalancing

1 If assets, liabilities and contractual relationships are only partially transferred to another entity or to a bridge bank, FINMA shall order an independent valuation of these.

2 FINMA shall regulate how to handle the re-balancing among the entities affected and accordingly complement the restructuring plan with an addendum.

ARTICLE 32  Assertion of claims

1 Once FINMA has approved a restructuring plan, the bank shall be entitled to contest legal transactions in accordance with Articles 285-292 DCBA.

2 Should the restructuring plan exclude the bank’s contesting of legal transactions as per (1), each creditor is entitled to do so up to the extent that the restructuring plan encroaches on his/her rights.

2bis Legal acts performed during the FINMA-approved restructuring plan cannot be appealed in accordance with Articles 285–292 DCBA.

3 The date on which the restructuring plan is approved is relevant for determining the deadlines foreseen under Articles 286–288 DCBA. If FINMA has ordered protective measures as set out in Article 26(1)(e)-(h) beforehand, then the date of that enactment shall be relevant.

3bis The right to appeal shall expire two years after the restructuring plan has been approved.
Paragraphs (1) and (2) shall also apply to the assertion of legal claims regarding responsibility pursuant to Article 39.

Section XII: Liquidation of Insolvent Banks (Bank Bankruptcy)

ARTICLE 33 Order of Insolvency Proceedings and Appointment of Liquidators

1 Should there be no prospect of restructuring or if a restructuring were to fail, FINMA shall revoke the bank’s license, order its liquidation due to bankruptcy and make this public.

2 FINMA shall appoint one or several liquidators. These shall be under FINMA supervision and provide FINMA with a report if requested.

3 The liquidators shall inform the creditors at least annually as to the status of the liquidation proceedings.

ARTICLE 34 Consequences and Procedure

1 Ordering a bank’s liquidation shall have the effect of opening bankruptcy proceedings pursuant to Articles 197–220 DCBA.

2 The liquidation shall be conducted in accordance with Articles 221–270 DCBA, subject to the provisions following below.

3 FINMA may issue orders and injunctions differing from those of the DCBA.

ARTICLE 35 Creditors’ Meetings and Creditor’s Committee

1 The official liquidator may request that FINMA:

   a. constitute a creditors’ meeting and determine its powers as well as the necessary attendance and voting quorums necessary to pass resolutions;

   b. designate a creditors’ committee and determine its composition and powers.

2 FINMA shall not be bound to the liquidator’s requests.


123 Terminology as per Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 September 2011 (AS 2011 3919; BBl 2010 3993). This amendment has been taken into account throughout the entire enactment.

124 SR 281.1

125 Version according to Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 September 2011 (AS 2011 3919; BBl 2010 3993).
ARTICLE 36  Handling of Claims; Claims Schedule

1 When preparing the claims schedule, any claims on the books are deemed to be lodged automatically.

2 Creditors can consult the claims schedule to the extent that it is necessary for the protection of their creditor rights; in doing so, professional secrecy pursuant to Article 47 shall be maintained to the extent possible.

ARTICLE 37  Obligations entered into during Protective Measures

In the case of a liquidation, the bank shall satisfy any obligations arising during the protective measures pursuant to Article 26(1)(e)-(h) before all others.

ARTICLE 37a126  Privileged Deposits

1 Deposits in the name of the depositor, including medium-term bonds that are deposited with the bank in the name of the depositor, shall be assigned to the second class of creditors for up to CHF 100,000 for each creditor, pursuant to Article 219(4) DCBA127.

2 The Swiss Federal Council may adjust the maximum amount referred to in (1) for inflation.

3 Deposits with enterprises which act as banks but without a FINMA license are not privileged.

4 Should a claim belong to several persons, the privileged status may be asserted only once.

5 Receivables of bank foundations acting as pension schemes pursuant to Article 82 of the Swiss Federal Act on Old-Age and Survivors’ Insurance of 25 June 1982128 and vested benefits institutions subject to the Vested Benefits Act of 17 December 1993129 shall be considered deposits of the individual pension holders and policy holders. Regardless of other deposits belonging to these pension and policy holders, they are privileged for a maximum of up to what was stated in (1).

6 Banks must hold domestic receivables or other assets sourced in Switzerland in the amount of 125 percent of their privileged deposits. FINMA may increase this amount and in justified cases allow for exceptions, in particular for those institutions that maintain equivalent coverage due to the structure of their business activities.

ARTICLE 37b130  Immediate Payments

1 Privileged deposits as defined in Article 37a(1) shall be paid out immediately from a bank’s available liquid assets outside of the claims schedule and excluding any netting.

126 Version according to Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 September 2011 (AS 2011 3919; BBl 2010 3993).

127 SR 281.1

128 SR 831.40

129 SR 831.42

130 Version according to Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 September 2011 (AS 2011 3919; BBl 2010 3993).
2. In individual cases, FINMA shall determine the maximum amount of deposits that can be paid out immediately. It thereby takes account of the ranking of the remaining creditors pursuant to Article 219 DCBA\textsuperscript{131}.

**ARTICLE 37c\textsuperscript{132}**

**ARTICLE 37d\textsuperscript{133} Exclusion of Deposited Assets**

Deposited assets pursuant to Article 16 shall be segregated in accordance with Articles 17 and 18 of the Federal Intermediated Securities Act (FISA) dated 3 October 2008\textsuperscript{134}. In case of a shortfall, Article 19 FISA (of 3 October 2008) shall apply.

**ARTICLE 37e Distribution and Wind-down Procedures**

1. The distribution table shall not be made public.

2. Following distribution, the liquidators must submit a final report to FINMA.

3. FINMA shall issue the necessary orders for the wind-down procedures. It shall announce the wind-down publicly.

**ARTICLE 37f Coordination with Foreign Procedures**

1. Should the bank also be subject to foreclosure procedures abroad, FINMA is to coordinate the bank’s bankruptcy proceedings with the competent foreign authorities to the furthest extent possible.

2. Should a creditor have been partially paid in a procedure abroad related to the bank’s bankruptcy, then the creditor’s bankruptcy dividend from the Swiss procedure (after deduction of costs incurred by the creditor) shall be lessened by the amount already received abroad.

**ARTICLE 37g\textsuperscript{135} Recognition of Foreign Bankruptcy Orders and Measures**

1. It shall be in FINMA’s discretion to recognize bankruptcy injunctions or insolvency measures pronounced abroad against banks.

2. FINMA may put assets located in Switzerland at the disposal of a foreign bankruptcy estate without any previous domestic legal procedure, if the foreign insolvency proceedings:

   a. treat the claims collateralized and privileged in accordance with Article 219 DCBA of creditors

\textsuperscript{131} SR 281.1

\textsuperscript{132} Repealed with Section I of the Act of 18 March 2011 (Protection of bank deposits), in effect from 1 September 2011 (AS 2011 3919; BBl 2010 3993).

\textsuperscript{133} Version according to Annex Section 5 of the Swiss Federal Intermediated Securities Act of 3 October 2008, in force since 1 January 2010 (AS 2009 3577; BBl 2006 9315).

\textsuperscript{134} SR 957.1

\textsuperscript{135} Version as per Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 September 2011 (SR 281.1 AS 2011 3919; BBl 2010 3993).
domiciled in Switzerland equally; and\textsuperscript{136}

\begin{itemize}
  \item[\textbf{b.}] adequately take into account the other claims of creditors domiciled in Switzerland.
\end{itemize}

\textbf{3} It shall be in FINMA’s discretion to recognize bankruptcy injunctions or measures pronounced against banks in the country where their headquarters are domiciled.

\textbf{4} Should legal procedures take place domestically for the assets located in Switzerland, third-class creditors as defined in Article 219(4) DBCA and creditors domiciled abroad may also be included in the claims schedule.

\textbf{4\textsuperscript{bis}} Should the bank have branch offices in Switzerland, a procedure in accordance with Article 50(1) DCBA shall be permitted until the claims schedule in accordance with Article 172 Swiss Federal Act on International Private Law (IPLA)\textsuperscript{137} of 18 December 1987 has become legally valid.\textsuperscript{138}

\textbf{5} Moreover, Articles 166-175 IPLA shall apply.\textsuperscript{139}

\section*{Section XIII:\textsuperscript{140} Depositor protection scheme}

\textbf{ARTICLE 37h} \hspace{1em} Principle

\textbf{1} Banks must ensure that privileged deposits with Swiss branches are secured pursuant to Article 37a(1). For this purpose, banks holding such deposits shall be required to join a self-regulation organization for banks.\textsuperscript{141}

\textbf{2} The self-regulation organization shall be subject to FINMA approval.

\textbf{3} The self-regulation shall be approved if it:

\begin{itemize}
  \item[\textbf{a.}]\textsuperscript{142} ensures the repayment of secured deposits within 20 working days of the introduction of measures pursuant to Article 26(1)(e)-(h) or of the liquidation procedures pursuant to Articles 33-37g;
  
  \item[\textbf{b.}]\textsuperscript{143} foresees a maximum amount of CHF 6 billion for the total of outstanding contributions due;
\end{itemize}

\textsuperscript{136} SR \textsuperscript{281.1}
\textsuperscript{137} SR \textsuperscript{291}
\textsuperscript{138} Inserted with Appendix Section 2 of the Act of 16 March 2018, in force since 1 January 2019 (AS \textsuperscript{2018} 3263; BBl \textsuperscript{2017} 4125).
\textsuperscript{139} Version according to Appendix Section 2 of the Act of 16 March 2018, in force since 1 January 2019 (AS \textsuperscript{2018} 3263; BBl \textsuperscript{2017} 4125).
\textsuperscript{140} Originally before Article 36. Version according to Section I of the Act of 3 October 2003, in force since 1 July 2004 (AS \textsuperscript{2004} 2767; BBl \textsuperscript{2002} 8060).
\textsuperscript{141} Version according to Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 September 2011 (AS \textsuperscript{2011} 3919; BBl \textsuperscript{2010} 3993).
\textsuperscript{142} Version according to Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 September 2011 (AS \textsuperscript{2011} 3919; BBl \textsuperscript{2010} 3993).
\textsuperscript{143} Version according to Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 September 2011 (AS \textsuperscript{2011} 3919; BBl \textsuperscript{2010} 3993).
c. ensures that each bank disposes of liquid funds for half of its contributions due in addition to its statutory liquidity at all times.

4 The Swiss Federal Council may adapt the amount foreseen under (3)(b) provided special circumstances warrant it.

5 Should the self-regulation not satisfy the requirements of (1)-(3), the Swiss Federal Council shall regulate the deposit protection in an ordinance. In particular, it shall designate the entities which protect deposits and define the banks’ contributions to these.

ARTICLE 37i\textsuperscript{144} Trigger of the Deposit Protection

1 If the FINMA has ordered protective measures as per Article 26(1)(e)-(h) or bankruptcy as per Article 33, it shall inform the provider of the Deposit Protection Scheme of this and the needed amount of contributions to pay out the protected deposits.

2 The provider of the Deposit Protection Scheme shall make available the corresponding amount within 20 working days after being informed by the investigator, recovery agent or liquidator appointed by FINMA.

3 In case protective measures are in place, FINMA may defer notification as long as:
   a. it seems likely that the protective measures will be lifted within a short period of time; or
   b. the protected deposits are not affected by the protective measure.

4 The time limit referred to in (2) shall be interrupted if and as long as the order of the protective measures or bankruptcy is not enforceable.

ARTICLE 37j\textsuperscript{145} Settlement and Legal Cession

1 The investigator, restructuring agent or liquidator appointed by FINMA shall pay out the secured deposits to the depositors.

2 The secured deposits shall be paid out under exclusion of any netting.

3 The depositors shall not be entitled to any direct compensation from the provider of the Deposit Protection Scheme.

4 Depositors’ rights shall be transferred to the provider of the Deposit Protection Scheme in the amount of disbursements made.

\textsuperscript{144} Version according to Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 September 2011 (AS 2011 3919; BBl 2010 3993)

\textsuperscript{145} Inserted with Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 Sep 2011 (AS 2011 3919; BBl 2010 3993).
ARTICLE 37k\(^{146}\) Data Exchange

1. FINMA shall provide the provider of the Deposit Protection Scheme with the information necessary to fulfill its duties.

2. The provider of the Deposit Protection Scheme shall make available to FINMA and the investigator, restructuring agent or liquidator appointed by FINMA any information and all documents they require to enforce the protection of the deposits.

Section XIIIa:\(^{147}\) Dormant assets

ARTICLE 37l Transfer of Assets\(^{148}\)

1. A bank may transfer dormant assets to another bank without the creditors’ consent.

2. Such a transfer requires a written agreement between the transferring bank and the receiving bank.

3. In case of a bank’s bankruptcy, the liquidators shall act on behalf and in the interest of the creditors of dormant assets towards third parties.

4. The Swiss Federal Council shall determine when assets are considered to be dormant.

ARTICLE 37m\(^{149}\) Liquidation

1. Banks shall liquidate dormant assets after 50 years, provided the rightful owner has not answered to any prior publication of such account. Dormant assets amounting to CHF 500 or less may be liquidated without prior publication.

2. Any beneficiary claims shall expire with the completion of the liquidation.

3. The proceeds of such a liquidation shall be credited to the Swiss Confederation.

4. The Swiss Federal Council shall regulate the publication and liquidation of dormant assets.

\(^{146}\) Inserted with Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 Sep 2011 (AS 2011 3919; BBl 2010 3993).

\(^{147}\) Inserted with Section I of the Act of 18 March 2011 (Protection of bank deposits), in force since 1 Sep 2011 (AS 2011 3919; BBl 2010 3993).

\(^{148}\) Inserted with Section I of the Act of 22 March 2013 (Dormant Assets), in force since 1 January 2015 (AS 2014 1267; BBl 2010 7495).

\(^{149}\) Inserted with Section I of the Act of 22 March 2013 (Dormant Assets), in force since 1 January 2015 (AS 2014 1267; BBl 2010 7495).
Section XIV: Liability and Penal Provisions

ARTICLE 38\textsuperscript{150}

1. Private bankers shall be subject to the provisions of the Swiss Code of Obligations\textsuperscript{151} in regard to responsibilities under civil law.

2. Article 39 shall apply to all other banks.

ARTICLE 39\textsuperscript{152}

The responsibility of the founders of a bank, of the bodies responsible for a bank’s management, its direction, supervision and control as well as the liquidators and audit firms appointed by the bank shall be subject to the provisions of company law (Articles 752-760 of the Swiss Code of Obligations\textsuperscript{153}).

ARTICLES 40 – 45\textsuperscript{154}

ARTICLE 46\textsuperscript{155}

1. Whoever intentionally does the following shall be imprisoned up to three years or fined accordingly:

   a. unlawfully accepts public or savings deposits;

   b. fails to maintain the accounting in an orderly manner or does not archive company books of account, records and documents as prescribed;

   c. does not establish and make public the annual or interim financial statements in accordance with Article 6.

2. Whoever acts in negligence shall be penalized with a fine of up to CHF 250,000.

3. …\textsuperscript{156}


\textsuperscript{151} SR 220

\textsuperscript{152} Version according to Annex Section 5 of the Act of 20 June 2014 (Bundling of Supervision over Auditing Firms), in force since 1 January 2015 (AS 2014 4073; BBl 2013 6857).

\textsuperscript{153} SR 220

\textsuperscript{154} Repealed by Section I of the Act of 3 October 2003, with effect from 1 July 2004 (AS 2004 2767; BBl 2002 8060).


\textsuperscript{156} Repealed by Appendix Section 10 of the Financial Markets Infrastructure Act of 19 June 2015, with effect from 1 January 2016 (AS 2015 5339; BBl 2014 7483).
ARTICLE 47\textsuperscript{157}

1 Whoever intentionally does the following shall be imprisoned up to three years or fined accordingly:

a. disclose confidential information entrusted to them in their capacity as a member of an executive or supervisory body, employee, representative, or liquidator of a bank or a person in accordance with Article 1b, as member of a body or employee of an audit firm or that they have observed in this capacity;

b. attempt to induce an infraction of the professional secrecy;

c. disclose confidential information to third parties or use this information for own benefits or the benefit of others.

\textsuperscript{125} Whoever enriches themselves or others with an action in accordance with (1)(a) or (c) shall be punished with imprisonment for up to five years or fined accordingly.\textsuperscript{160}

2 Whoever acts in negligence shall be penalized with a fine of up to CHF 250,000.

3 ...

4 The violation of the professional confidentiality shall remain punishable even after a bank license has been revoked or a person has ceased his/her official responsibilities.

5 The federal and cantonal provisions on the duty to provide evidence or on the duty to provide information to an authority shall be exempted from this provision.

6 Prosecution and judgment of offenses pursuant to these provisions shall be incumbent upon the cantons. The general provisions of the Swiss Penal Code\textsuperscript{162} shall be applicable.

ARTICLE 48\textsuperscript{163}


\textsuperscript{158} Version according to Appendix Section II 14 of the Financial Institutions Act of 15 June 2018, in force since 1 January 2019 (AS 2018 5247; BBl 2015 8901).

\textsuperscript{159} Inserted with Section I 2 of the Act of 12 December 2014 on the Expansion of the Prosecution of the Violation of the Professional Confidentiality, in force since 1 July 2015 (AS 2015 1535; BBl 2014 6231 6241).

\textsuperscript{160} Inserted with Section I 2 of the Act of 12 December 2014 on the Expansion of the Prosecution of the Violation of the Professional Confidentiality, in force since 1 July 2015 (AS 2015 1535; BBl 2014 6231 6241).

\textsuperscript{161} Repealed by Appendix Section 10 of the Financial Markets Infrastructure Act of 19 June 2015, with effect from 1 January 2016 (AS 2015 5339; BBl 2014 7483).

\textsuperscript{162} SR 311.0

ARTICLE 49 \(^{164}\)

1. Whoever intentionally does the following shall be fined up to CHF 500,000:

   a. unlawfully using the term “bank,” “banker” or “savings” in their company name, the description of their business purpose or in their business advertising;

   b. not forwarding to FINMA the mandatory reports;

   c. publicly advertising their acceptance of savings and public deposits without possessing the legally required license to do so.

2. Whoever acts in negligence shall be fined up to CHF 150,000.

3. … \(^{165}\)

ARTICLE 50 \(^{166}\)

ARTICLE 50bis \(^{167}\)

ARTICLE 51 \(^{168}\)

ARTICLE 51bis \(^{169}\)

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\(^{165}\) Repealed by Appendix Section 10 of the Financial Markets Infrastructure Act of 19 June 2015, with effect from 1 January 2016 (AS 2015 5339; BBl 2014 7483).


Section XV: Transitional and Final Provisions

ARTICLE 52170

The Swiss Federal Council shall review the provisions in regard to their comparability with the corresponding international standards and their degree of implementation abroad no later than 3 years after the entry into force of Sections V and VI of the amendment dated 30 September 2011, and after this, at an interval of 2 years. Each time, it shall report its findings to the Swiss Federal Assembly and highlight the possible need for amending laws and ordinances.

ARTICLE 52a171

The Swiss Federal Council shall review the amendments of 15 June 2018 no later than 3 years after their entry into force to determine whether they meet financial market supervisory goals in accordance with FINMASA172. It shall report its findings to the Swiss Federal Assembly and highlight the possible need for amending laws and ordinances.

ARTICLE 53

1 The entry into force of this law shall repeal the following provisions:

a.173 the cantonal provisions on banks; with the exception of the provisions on cantonal banks, the provisions concerning professional trading in securities as well as the provisions on the monitoring of compliance with cantonal laws against abusive interest rates;

b. Article 57 of the Final Title of the Civil Code.174

2 The cantonal provisions for a statutory lien in favor of savings deposits shall become void if they are not replaced by new regulations in accordance with Articles 15 and 16 within three years of the coming into force of the present Act.

ARTICLE 54175

ARTICLE 55176
ARTICLE 56

The Swiss Federal Council shall define the entry into force of this Act and legislate the necessary provisions for its enforcement.

Date of entry into force: 1 March 1935\textsuperscript{177}

\textsuperscript{177} Swiss Federal Council Decision of 26 February 1935
Final Provisions to the Amendments of 11 March 1971

1. Banks and financial companies founded prior to the effective date of the Act are not required to obtain a new license in order to remain operative.

2. Financial companies that are now subject to the Act must register with the Swiss Federal Banking Commission within three months of its effective date.

3. Banks and financial companies must adapt to comply with the provisions of Article 3(2)(a), (c) and (d) as well as of Article 3bis(1)(c) within two years of the effective date of the Act. Their license may be revoked if their adaptation does not occur on a timely basis.

4. In order to allow taking into consideration the particular circumstances of financial companies and credit offices that have a waiting period, the Swiss Federal Council shall be permitted to issue special provisions.

Final Provisions to the Amendments of 18 March 1994

1. Natural persons and legal entities holding deposits from the public at the time the amendment to this Act of 18 March 1994 takes effect, that fall into the scope of the prohibition set out in Article 1(2), have to repay these within two years of the effective date of entry into force of the new Act. The Swiss Federal Banking Commission may extend or shorten this deadline on a case-by-case basis, whenever particular conditions exist.

2. Bank-like financial companies, which had been authorized by the Swiss Federal Banking Commission to publicly solicit the acceptance of third-party funds prior to the implementation of the Act, do not require a new license to operate as a bank. They must adopt Articles 4bis and 4ter within one year from the date these amendments to the Act have taken effect.

3. Banks must adopt the provisions of Articles 3(2)(c bis) and (d) as well as 4(2 bis) within one year of the entry into force of this amendment.

4. The cantons must ensure compliance with the provisions of Articles 3a(1) and 18(1) within three years of the entry into force of this amendment. Should responsibility for supervision as per Article 3a(2) be transferred to the Swiss Federal Banking Commission prior to expiry of this deadline, the provisions of Article 18(1) must be complied with already at the time of the transfer.

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178 AS 1971 808; BBl 1970 I 1144
181 This provision has been repealed.
183 AS 1995 246; BBl 1993 I 805
184 This provision has been reworded.
All natural persons and legal entities who at the date on which these amendments to the Act take effect, hold qualified equity interests in a bank according to Article 3(2)(c bis), must notify the Swiss Federal Banking Commission to this effect within one year of the date when these amendments to the Act take effect.

Banks must inform the Swiss Federal Banking Commission as per Article 3(6) for the first time one year after the date when these amendments to the Act take effect.

Banks organized according to Swiss law must inform the Swiss Federal Banking Commission of all subsidiaries, branch offices, agencies and representations abroad within three months following the date when these amendments to the Act take effect.

Final Provisions to the Amendment of 22 April 1999

In the case of cantonal banks which are subject in full to the supervision of the Swiss Federal Banking Commission at the time this Act takes effect, the license foreseen under Article 3 is deemed to have been granted.

For the cantonal bank of the Canton of Zug, the requirement of the Canton to hold more than one third of the voting rights in accordance with Article 3a does not apply, provided that the cantonal guarantee and the exercise of the voting right by the Canton of Zug is not modified and that it remains ensured that important resolutions cannot be adopted without the consent of the Canton of Zug.

In the case of the Cantonal Bank of the Canton of Geneva, the equity interests held by the municipalities shall be deemed to be equivalent to the shares held by the Canton as foreseen under Article 3a, provided the canton does not reduce its current equity holdings.

Final Provisions to the Amendment of 3 October 2003

The self-regulation shall be submitted to the Swiss Federal Banking Commission for approval within one year of the entry into force of this amendment.

Should the Swiss Federal Banking Commission issue an injunction regarding the liquidation of a bank prior to the entry into force of this amendment, the previous law will apply for the liquidation as well as for a banking moratorium or a deferment of payments related to the bankruptcy.
Final Provisions to the Amendment of 17 December 2004\textsuperscript{187}

1. Persons who de facto manage a financial group or financial conglomerate from Switzerland without managing a bank in Switzerland, must register with the Swiss Federal Banking Commission within three months of the effective date of these amendments.

2. Existing financial groups and financial conglomerates must adopt the new provision within two years of the effective date of these amendments.

3. The Swiss Federal Banking Commission may extend these deadlines upon timely and justified petition.

Transitional provision in regard to the amendment of 30 September 2011\textsuperscript{188}

The first-time adoption of the provisions as per Article 10(4) shall be submitted to the Swiss Federal Assembly for approval.

Transitional provision in regard to the amendment of 22 March 2013\textsuperscript{189}

For assets deemed to be dormant assets for more than 50 years as at 22 March 2013, the duration of publication shall be 5 years.

\textsuperscript{187} AS 2005 5269; BBl 2003 3789
\textsuperscript{188} AS 2012 811; BBl 2011 4717
\textsuperscript{189} AS 2014 1267; BBl 2010 7495
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