



Systemically important banks: Federal Council adopts amendments to Liquidity Ordinance

Bern, 03.06.2022 - During its meeting on 3 June 2022, the Federal Council adopted amendments to the Liquidity Ordinance. The revision is intended to ensure that systemically important banks hold sufficient liquidity to absorb liquidity shocks and cover their needs in the event of restructuring or liquidation. A high level of liquidity is also a key condition for the introduction of a public liquidity backstop envisaged by the Federal Council. The amended Liquidity Ordinance will enter into force on 1 July 2022.

Events such as the 2007-2009 global financial crisis and the COVID-19 pandemic showed the significance of liquidity for the stability of a systemically important bank and for the economy. The failure of a systemically important bank can lead to considerable financial system turbulence. The current requirements in the Liquidity Ordinance did not result in systemically important banks holding an appropriate and consistently higher level of liquidity. The requirements were therefore comprehensively revised and increased.

The new regulatory concept for systemically important banks encompasses both basic and additional requirements. The basic requirements cover certain risks that are not sufficiently taken into account in the provisions applying to all banks. For instance, systemically important banks will now have to hold sufficient liquidity to weather a 90-day liquidity crisis (as opposed to 30 days). The Swiss Financial Market Supervisory Authority (FINMA) may also impose institution-specific surcharges.

For the purposes of meeting the increased requirements, certain measures can be counted up to an upper limit, such as the sale of marketable securities that a bank can use to generate liquidity during a crisis. Under certain conditions, cantonal guarantees and part of the emergency liquidity assistance provided by the Swiss National Bank (SNB) can also be recognised.

During the consultation stage, the proposal's aim of strengthening the resilience of systemically important banks was met with widespread approval. Some of the criticisms voiced by the affected banks have been taken into account by the Federal Council in the proposal.

The affected banks will have a transition period of 18 months in which to comply with the new requirements.

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Documents

 [Liquiditätsverordnung](#) (PDF, 279 kB)

 [Erläuterungen zur Verordnung](#) (PDF, 925 kB)

 [Ergebnisbericht](#) (PDF, 659 kB)

Publisher

The Federal Council
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