



Federal Council adopts dispatch on partial revision of Banking Act

Bern, 19.06.2020 - During its meeting on 19 June 2020, the Federal Council adopted the dispatch on the partial revision of the Banking Act. The legislative amendment aims to strengthen depositor and customer protection and promote system stability.

The Banking Act regulates only the main features of the restructuring procedure for banks; details can be found in the FINMA Banking Insolvency Ordinance. In order to strengthen legal certainty, the Federal Council wants above all to enshrine at the legislative level those instruments such as capital measures (e.g. a bail-in) which impinge on the rights of the bank's owners and creditors. An adjustment to the Mortgage Bond Act should also strengthen the functioning of the Swiss mortgage bond system in the event of a member bank's insolvency or bankruptcy.

Moreover, in order to better protect depositors, banks are no longer to secure half of their obligatory deposit insurance contributions in the form of additional liquidity, but by depositing securities or Swiss francs in cash with a custodian. The period for paying out deposit insurance funds is also to be shortened. They should reach the bankruptcy liquidator within seven days instead of the existing 20 days. Once the bankruptcy liquidator has received bank clients' payment instructions, clients will receive their secured deposits within seven days.


Finally, the Federal Council is proposing to amend the Intermediated Securities Act. Custodians of intermediated securities should be obliged to segregate their own holdings from those of clients. If the custody chain leads abroad, the last Swiss custodian has to take measures to protect the intermediated securities placed with the foreign custodian. Clients should also be better informed about these procedures.

Parliament is expected to address the bill for the first time in the second half of 2020. It is not expected to come into force until the start of 2022 at the earliest.

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Documents

 [Botschaft](#) (PDF, 600 kB)

 [Gesetzesentwurf](#) (PDF, 208 kB)

Publisher

The Federal Council
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