

## MEMORANDUM OF UNDERSTANDING

in the area of financial stability and the exchange of information on financial market regulation

between the

**Federal Department of Finance (FDF)**

and the

**Financial Market Supervisory Authority (FINMA)**

and the

**Swiss National Bank (SNB)**

on trilateral cooperation between the Swiss financial market authorities

- *In an effort* to further the exchange of information and the cooperation between the Federal Department of Finance (FDF), the Financial Market Supervisory Authority (FINMA) and the Swiss National Bank (SNB) – hereafter ‘the Parties’,
- *with the objective* of contributing to improving and strengthening the stability of the Swiss financial system,
- *with the intention*, in the context of cooperation in the event of a crisis, of taking due consideration of the impact of their actions on the sphere of responsibility of the other Parties, and coordinating their activities,

the Parties have agreed as follows:

### 1. Scope of application

<sup>1</sup> This Memorandum of Understanding (MoU) between the Federal Department of Finance (FDF), representing the Swiss Federal Council, the Financial Market Supervisory Authority (FINMA) and the Swiss National Bank (SNB) in the area of financial stability shall apply to

- the exchange of information on matters relating to financial stability and financial market regulation;
- cooperation in the event of a crisis which has the potential to threaten financial market stability.

<sup>2</sup> This MoU shall not affect the Parties’ statutory responsibilities and decision-making powers.

<sup>3</sup> Bilateral agreements between the Parties shall not be affected by this MoU. Representation in the Financial Stability Board (FSB) and International Monetary Fund (IMF) has been addressed by the Parties in separate agreements.

## 2. Exchange of information

<sup>1</sup> The Parties shall meet regularly for an exchange of information and views on financial stability and issues of current interest in financial market regulation.

<sup>2</sup> The exchange of information and views shall, in particular, cover the following topics:

- the macroeconomic environment;
- the situation in the financial markets and the banking sector;
- national regulatory initiatives concerning the financial markets and the banking sector;
- international regulatory initiatives and standards concerning the financial markets and the banking sector (in particular from the Basel Committee on Banking Supervision);
- challenges and risks facing the Swiss financial centre.

<sup>3</sup> Such exchange shall take place at least twice a year between the State Secretary of the FDF, the CEO of FINMA and the Vice Chairman of the Governing Board of the SNB. The FDF shall be responsible for organising the discussions, and shall draw up the agenda in consultation with the other Parties.

## 3. Cooperation in the context of a financial crisis

<sup>1</sup> In the event of a crisis that threatens the stability of the financial system, the FDF, FINMA and the SNB shall work closely together. To this end, they shall set up a joint crisis management organisation and shall work together to prepare crisis management tools.

<sup>2</sup> Strategic coordination of the crisis management organisation and of any intervention shall be performed by the **Steering Committee (SC)**.

<sup>3</sup> The SC shall be made up of the Head of the FDF, who shall chair the Committee, the Chairman of the Governing Board of the SNB and the Chairman of FINMA. Meetings of the SC shall be held whenever necessary, and as a rule shall be attended by the members of the Committee on Financial Crises (CFC).

<sup>4</sup> The **Committee on Financial Crises (CFC)** is responsible for coordinating preparatory efforts and for crisis management. It commissions preparatory work for decision-making in crisis situations.

<sup>5</sup> The CFC shall be made up of the CEO of FINMA, who shall chair the Committee, the State Secretary of the FDF, the Vice Chairman of the Governing Board of the SNB and the Director of the

Federal Finance Administration (FFA). In non-crisis times, members shall meet once or twice a year as a rule; during a crisis, they shall meet whenever necessary. In principle, FINMA shall chair the CFC unless, instead of FINMA's supervisory and insolvency measures, the Confederation's or the SNB's measures take precedence for combating the crisis. In this case, the SC can transfer the leadership of the CFC to the FDF or the SNB.

<sup>6</sup> As a matter of general principle, it shall be at the discretion of the Head of the FDF to decide when the entire Federal Council should be informed of the evaluation and necessity of measures. However, the Head of the FDF is obliged to inform the entire Federal Council immediately, once the risk assessment reveals the likelihood of exceptional measures having to be taken by the authorities.

<sup>7</sup> The FDF, FINMA and the SNB shall coordinate their communications on their cooperation as stipulated in Section 3 hereto, although as a rule each body shall issue separate communiqués.

#### **4. Documentation and confidentiality**

The committees named in this MoU shall keep records of their decisions. The Parties shall treat the exchange of information and the cooperation as confidential.

#### **5. Entry into force**

This MoU shall enter into force at the time of signature, and replaces all previous agreements between the FDF, the SNB and FINMA or their predecessor bodies with regard to cooperation in the context of a financial crisis. Any amendments and additions to this MoU shall be valid only if made in writing and signed by the Parties.

The German original was signed by the three parties in January 2011.