



Safeguarding financial market stability: Federal Council welcomes and supports UBS takeover of Credit Suisse

Bern, 19.03.2023 - The Federal Council welcomes the planned takeover of Credit Suisse by UBS. To strengthen financial market stability until the takeover is complete, the federal government is providing a guarantee for additional liquidity assistance from the Swiss National Bank (SNB) to Credit Suisse. This support is intended to secure the liquidity of Credit Suisse and thus also ensure the successful implementation of the takeover. The Federal Council is taking this measure in order to protect financial stability and the Swiss economy.

UBS announced today that it stands ready to take over Credit Suisse. The Federal Council welcomes this move as an important contribution to financial market stability. The Federal Council has agreed on additional liquidity measures to ensure business continuity at Credit Suisse until the takeover is complete and to reduce the burden on the Swiss economy.

- First, the Federal Council has created the necessary legal basis for the SNB to be able to provide Credit Suisse with additional liquidity assistance. Specifically, the Federal Council has established bankruptcy privilege rights for this additional liquidity assistance. This gives the SNB the necessary assurance to make available to Credit Suisse substantial additional liquidity.
- Second, to ensure that Credit Suisse is provided with sufficient liquidity at all times, the Federal Council has decided to give the SNB a default guarantee for liquidity assistance. Both of these measures were taken on the basis of Articles 184 and 185 of the Federal Constitution (emergency law).

These measures supplement SNB's existing instruments for strengthening banks' liquidity, which include standard emergency liquidity assistance (ELA). The Federal Council considers these measures to be the most appropriate solution to strengthen both market confidence in Credit Suisse and the Swiss financial centre. Similar instruments exist in the United States and also in the European Union and the United Kingdom.

In order to reduce any risks for UBS, the federal government is also granting UBS a guarantee in the amount of CHF 9 billion to assume potential losses arising from certain assets that UBS takes over as part of the transaction, should any future losses exceed a certain threshold.

The Federal Council submitted a request to the Finance Delegation for an emergency credit commitment, and this was approved by the Finance Delegation today, Sunday, 19 March 2023.

With the measures taken it is ensured that the SNB is able to provide Credit Suisse with sufficient liquidity if necessary. Strict conditions are in place for drawing on this liquidity assistance. The Federal Council will also impose restrictions in regard to remuneration packages, pursuant to Article 10a of the Banking Act.


The Federal Council has taken precautions to minimise the risk for the Confederation. Credit Suisse is thus required to pay a risk premium to both the federal government and the SNB, a commitment premium to the federal government for providing the default guarantee, and interest to the SNB. Together with the bankruptcy privilege rights, this means that the Confederation's default risk exposure is low.

The existing and newly available liquidity assistance from the SNB, together with the liquidity reserves available at Credit Suisse, are sufficient to comprehensively secure Credit Suisse's liquidity. With this package of measures, the Federal Council is reaffirming its readiness to take the necessary measures to protect depositors and the stability of the Swiss financial centre.

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Documents

 [Ordinance](#) (PDF, 190 kB)

 [Ordinance Amendment](#) (PDF, 242 kB)

 [Erläuternder Bericht](#) (PDF, 350 kB)

 [FAQ](#) (PDF, 154 kB)

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