



Amendment to the Capital Adequacy Ordinance to implement the final Basel III standards will enter into force in 2025

Bern, 29.11.2023 - At its meeting on 29 November 2023, the Federal Council adopted the amendment to the Capital Adequacy Ordinance (CAO) for banks. This bill transposes the final Basel III standards adopted by the international Basel Committee on Banking Supervision (BCBS) into Swiss law. The amended CAO will enter into force on 1 January 2025.

The national implementation of the final Basel III standards centres on the fact that higher-risk areas of the banking business must be backed by more capital, and lower-risk areas by less capital. No significant change in the total capital requirements is expected for the banking sector on average. However, the capital requirements for UBS in particular are likely to increase. In addition, the amendment to the CAO will limit the scope for internal models to determine capital requirements and achieve a transparent and internationally comparable calculation of capital.

Final Basel III framework

Basel III is the BCBS's comprehensive reform package, which aims to strengthen the solvency and liquidity of banks in particular. The BCBS adopted the finalised framework in December 2017 and completed it with a revised minimum standard for market risks in February 2019. The national implementation of the Basel III final standards began some time before the takeover of Credit Suisse by UBS in March 2023. This crisis emphasised their necessity even more and their implementation will further strengthen the stability of the Swiss financial centre and the foundation for Swiss banks' international business. An evaluation of the too-big-to-fail regulations for systemically important banks will also be carried out as part of the Federal Council's report in accordance with Article 52 of the Banking Act, which should be available in spring 2024.

The amendments were drawn up by the Federal Department of Finance (FDF) in collaboration with the Swiss Financial Market Supervisory Authority FINMA and the Swiss National Bank in close dialogue with the banking sector. In addition, the implementation drafts in Australia, the EU, Hong Kong, Canada, Singapore, the United Kingdom and the United States were considered by way of comparison. Australia, Japan and Canada have already amended their regulations. Implementation in the EU and the United States is scheduled for 1 January and 1 July 2025 respectively. The FDF will inform the Federal Council again about the status of international implementation by the end of July 2024 at the latest.

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Documents

 [Änderung der Eigenmittelverordnung \(Nationale Umsetzung der abgeschlossenen Basel-III-Reformen\)](#) (PDF, 792 kB)

 [Änderung der Eigenmittelverordnung \(Verlängerung der Übergangsfrist in Artikel 148k Abs. 1bis\)](#) (PDF, 201 kB)

 [Erläuterungen](#) (PDF, 2 MB)

 [Ergebnisbericht](#) (PDF, 233 kB)

 [Regulierungsfolgenabschätzung](#) (PDF, 3 MB)

Publisher

The Federal Council
<https://www.admin.ch/gov/en/start.html>

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