

Media conference with President Karin Keller-Sutter, June 6, 2025

Check against delivery.

Vice-Chancellor
Chair Amstad
Chairman Schlegel
Ladies and gentlemen of the media

In March 2023, the authorities succeeded in preventing the uncontrolled collapse of Credit Suisse, thereby averting damage to the economy, the Confederation and the taxpayer. The solution chosen at that time was the takeover of Credit Suisse by UBS, accompanied by state support.

In the wake of the crisis, everyone agreed: Firstly, the Confederation must take all possible precautions to prevent a similar crisis. And secondly, if a crisis should nonetheless occur, it must ensure the recovery or orderly resolution of even a global systemically important bank.

The too-big-to-fail regulations are designed to achieve this. It was, of course, already the goal, but the crisis at Credit Suisse revealed gaps in the regulations, which now need to be closed.

Since then, the efforts of the government, of Parliament, and of the international community have been focused on this.

In April last year, the Federal Council presented corresponding measures in its report on banking stability, the so-called too big to fail report. It then waited for the findings of the Parliamentary Investigation Committee (PInC), so that it could take the Committee's recommendations and procedural requests into account.

Today, the Federal Council has issued a first ordinance amendment for consultation, and established the parameters

for legislative amendments. There will, of course, also be an ordinary consultation on the legislative amendments.

The proposed measures are a package of complementary amendments to acts and ordinances.

There are 31 measures in total. They have been chosen and designed to increase the resilience of the banking system in a targeted way: prevention and liquidity will be strengthened, and the crisis toolkit needed for the orderly resolution of a systemically important bank will be expanded.

The measures are risk-based and should therefore also be introduced in a targeted way for the systemically important banks, and partly also specifically for internationally active systemically important banks. Only where a limitation is not appropriate, for example for reasons of competitiveness, do the measures affect other financial institutions as well.

I will now provide an overview of the key decisions taken by the Federal Council, before asking Mr Schlegel and Ms Amstad to say a few words.

I will focus only on the key measures. You can find details of all 31 measures in your document packages.

With a view to prevention, the Federal Council has advocated the introduction of a senior managers regime. Under this regime, responsibility would be assigned in writing to individual members of a bank's senior management.

This should go without saying. In every well run and responsible enterprise, people know where the responsibilities lie. If somebody does not carry out their responsibilities, it should be possible, not just to reduce or cancel retained bonuses, but also to demand their repayment – this is known as clawback. And precisely that, namely the clawback of

bonuses that have already been paid out, should be possible in future. The legal framework for this should also be established.

The clear allocation of responsibilities makes it easier for FINMA to prove misconduct and sanction the relevant person by withdrawing recognition of the guarantee of proper business conduct or prohibiting them from practising a profession.

As regard the crisis toolkit, the Federal Council is also proposing to expand FINMA's supervisory powers and to increase the requirements for recovery and resolution plans.

The potential for obtaining liquidity via the SNB [as lender of last resort] should likewise be significantly expanded. Here, the focus is on rules regulating how banks must prepare for obtaining liquidity.

As you know, the so-called public liquidity backstop also plays an important role in the area of liquidity, but the Federal Council already adopted the corresponding dispatch for the attention of Parliament back in September 2023.

I will now turn to the measures on capital. These measures are obviously crucial for the stability of the financial sector and, in turn, the protection of the economy and taxpayers.

For this reason, these measures, too, were assessed and defined in close collaboration with FINMA and the SNB.

A distinction should be drawn here between measures at ordinance level and those at legislative level.

At ordinance level, the Federal Council would like to remedy deficiencies with regard to assets such as software and deferred tax assets, among other things. In this regard, it emerged that these assets are not sufficiently recoverable in a crisis or are generally hard to value.

By contrast, the Federal Council has refrained from a generalised increase in capital. Instead, it would like to establish at legislative level that, in future, parent banks must provide more capital backing for foreign subsidiaries than is currently the case.

The proposal is based on a comprehensive review of the Credit Suisse crisis. This crisis revealed a gap in the existing regulations.

Remember: Currently, the parent bank of a foreign subsidiary must provide capital backing amounting to only 60 percent of the value of that subsidiary. This is known as going-concern capital, in other words CET1 capital and additional AT1 instruments. And in fact, capital backing with purely CET1 capital, which is available to absorb losses in the going concern, amounts to only around 45 percent.

However, if there is only 45 percent CET1 backing for a subsidiary and that subsidiary loses value, this reduces the equity in the Swiss parent bank. Under some circumstances, the parent bank may then no longer be able to meet the capital requirements for its own business. This can also occur in the event of a partial or full sale.

In the case of Credit Suisse, this mechanism drastically limited the bank's room for manoeuvre. It was unable to dispose of its foreign subsidiaries, either in full or in part, because the Swiss parent bank would have been caught in the crossfire to a certain extent, and there would have been a shortfall relative to the capital regulations.

The bank would have been destabilised even more during a critical phase.

The Federal Council therefore decided, already last year, to remedy this deficiency.

Today, it confirmed this by deciding that there should be 100 percent capital backing in future. At the same time, capital quality should be improved by using only CET1 capital as backing.

Before I go into more detail about this measure, I would like to hand over to the SNB and FINMA, so that they can present their assessments of the package announced today.

Please go ahead, Mr Schlegel.

..... Schlegel.

Thank you Mr Schlegel. I would now like to turn to Marlene Amstad, and ask her to provide the supervisory authority's assessment.

..... Amstad.

Thank you Ms Amstad.

The higher capital backing for subsidiaries has given rise to a number of questions. I would therefore like to talk about this key measure once again, from the point of view of the Federal Council, and also briefly explain why it was chosen over other alternatives.

This proposal has the advantage that, compared to other proposals on capital, its impact is highly targeted.

There was also some discussion of a generalised increase in the so-called progressive component for capital, or a generalised adjustment of the leverage ratio.

I am sure you remember the arguments put forward.

However, such catch-all approaches were focused less on risk and more on the size of the bank.

For them to have any impact, they would, firstly, result in the affected bank having higher additional capital needs than the Federal Council is currently proposing.

Secondly, they would not have remedied the deficiency identified during the Credit Suisse crisis.

And thirdly, these measures would also have affected the Swiss operation, and hence would have tended to impact lending to businesses and private consumers in Switzerland.

The Federal Council therefore regarded them as too wide-ranging and not sufficiently targeted. As such, today's decision on parameters should be viewed as a compromise.

Conversely, capital backing lower than 100 per cent for foreign subsidiaries was considered by the Federal Council to be insufficient, and was therefore rejected.

The reason is that only with full capital backing by means of CET1 capital can it be ensured that foreign subsidiaries do not become a problem for the Swiss parent bank in a crisis. Any lower capital backing cannot consistently eliminate the problem of a capital shortfall at the Swiss parent bank.

Ladies and gentlemen,

UBS will need more capital as a result of the proposed measures. You can also find relevant estimates in the two expert opinions published today.

Theoretically, the measure could mean that UBS needs up to USD 23 billion in additional CET1 capital. However, I want to make clear that this is a theoretical view. The numbers could be significantly lower. Ultimately, the amount of additional capital actually needed will be driven by a number of factors, and will also depend to a large extent on how UBS responds to the measure. Such decisions are the responsibility of the bank and its bodies, not the Federal Council.

As regards capital, as a general rule it should be borne in mind that there are multiple variables and that UBS itself can actively influence quite a few of them. But each number should be approached with caution. It cannot preclude either market shifts or adjustment decisions by the bank.

When making international comparisons of capital ratios, the relative sizes of a bank and the country in which it is based should also be taken into account. In this respect, the prerequisites in Switzerland are different to those in, say, the USA or France. Because the Swiss market is small, UBS has a much larger foreign business, relatively speaking, than a US or French bank. Accordingly, UBS is much larger relative to Swiss GDP: a ratio that, according to the PInC, must be better reflected in the regulations, especially through stricter capital requirements for foreign participations.

The Federal Council, the SNB and FINMA all agree that the measure announced today is appropriate, necessary, targeted and manageable for UBS.

It will not be able to implement the new rules overnight. The Federal Council will provide an appropriate transitional period, which should also help to make the measure more manageable for UBS.

In its report, too, the PlnC made clear that banks' additional capital costs would have to be weighed against the costs that might be incurred by the state for any support needed.

So, put simply, the question is: Who bears the risk? The bank's shareholders, or the taxpayer?

The Federal Council bears the responsibility for the taxpayer.

What happens next?

As mentioned, in autumn this year, the Federal Council will launch a consultation on capital backing for foreign subsidiaries by the parent bank. This will be followed by the dispatch, and then it is Parliament's turn. So the new rules will not enter into force until 2028 at the earliest. In addition, as I mentioned, a sufficiently long transitional period should apply for the bank. We are currently contemplating at least six to eight years after the rules come into force.

The consultation for the bill on the other measures, such as the senior managers regime or bonuses, is planned for the first half of 2026.

The measures at ordinance level which the Federal Council has already issued for consultation will not enter into force until 2027 at the earliest.

And so, to conclude:

Today, the Federal Council set out the detail for a package of measures that will make the Swiss financial centre more crisis-resistant.

This reduces the risk of a financial crisis for the state, the economy and the taxpayer.

The measures adopted are targeted and proportionate.

They are also manageable for UBS and are aimed at strengthening it over the long term; the associated costs can be largely influenced by UBS through its own decision-making.

The Federal Council, the SNB and FINMA are convinced that this package of measures draws the necessary lessons from the Credit Suisse crisis of March 2023.

We will now be happy to take your questions.