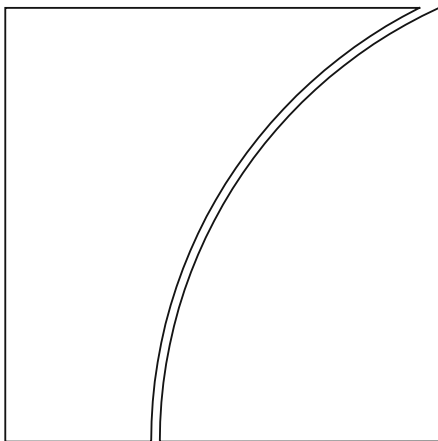


Basel Committee on Banking Supervision



Regulatory Consistency Assessment Programme (RCAP)

Assessment of the leverage ratio framework – Switzerland

October 2026



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ISBN 978-92-9259-992-8 (online)

Contents

Glossary	1
Preface	2
Executive summary	3
Response from the Swiss authorities	4
1 Assessment context.....	5
1.1 Regulatory system	5
1.2 Status of implementation of the leverage ratio framework.....	5
1.3 Scope of the assessment	5
2 Assessment findings	6
2.1 Assessment grades and summary of findings.....	6
2.2 Detailed assessment findings.....	7
2.3 Observations.....	9
Annexes	10
Annex 1 RCAP Assessment Team and Review Team.....	10
Annex 2 List of Basel standards and implementing regulations issued by the Swiss authorities	11
Annex 3 Materiality assessment	13
Annex 4 Areas for further guidance from the Basel Committee	14
Annex 5 Areas where Swiss rules are stricter than the Basel standards	15
Annex 6 National discretions implemented by the Swiss authorities	16
Annex 7 Key leverage indicators of the banking system in Switzerland	17

Glossary

C	Compliant (grade)
CAO	Capital Adequacy Ordinance
CRE	Credit risk standard
CreO-FINMA	FINMA Ordinance on Credit risk
DisO-FINMA	FINMA Ordinance on Disclosure
D-SIBs	Domestic systemically important banks
FINMA	Financial Market Supervisory Authority
FINMASAs	Financial Market Supervision Act
G-SIB	Global systemically important banks
LC	Largely compliant (grade)
LEV	Leverage ratio framework
LR	Leverage ratio
LROO-FINMA	FINMA Ordinance on the Leverage Ratio and Operational Risks
NC	Non-compliant (grade)
PNC	Partially non-compliant (grade)
RCAP	Regulatory Consistency Assessment Programme
SA-CCR	Standardised approach to counterparty credit risk
SFT	Securities financing transactions

Preface

The Basel Committee on Banking Supervision places a high priority on the implementation of regulatory standards underpinning the Basel III framework. The prudential benefits from adopting Basel standards can only fully accrue if they are implemented in a full, timely and consistent manner by all member jurisdictions. The Basel Committee established the Regulatory Consistency Assessment Programme (RCAP) to monitor, assess and evaluate its members' implementation of the Basel III framework.

This report presents the findings of an RCAP Assessment Team (Assessment Team) on the adoption of the Basel leverage ratio framework (LEV) in Switzerland. The assessment focused on the completeness and consistency of the Swiss leverage ratio regulations with the Basel standards and relied on information provided by the Swiss authorities.

The Assessment Team was led by Mr Arthur Yuen, Deputy Chief Executive of the Hong Kong Monetary Authority (HKMA), and comprised technical experts from the Central Bank of Brazil, the Reserve Bank of India, Sveriges Riksbank, and the Bank of Spain (see Annex 1). The main counterpart for the assessment was the Swiss Financial Market Supervisory Authority (FINMA). The work was coordinated by the Basel Committee Secretariat, with support from staff of HKMA.

The assessment began in October 2025 and comprised: (i) a self-assessment by FINMA (October 2025 to January 2026); (ii) an assessment phase (January to June 2026); and (iii) a review phase (July to October 2026) including a review of the Assessment Team's findings by a separate RCAP Review Team and the Basel Committee. This assessment report ultimately reflects the view of the Basel Committee.

The Assessment Team acknowledges the cooperation received from FINMA, throughout the assessment process.

Executive summary

The Basel leverage ratio standard has been implemented in Switzerland through the Swiss Capital Adequacy Ordinance and FINMA Ordinance on the Leverage Ratio and Operational Risks as of 1 January 2025. The leverage ratio standard is applied to all banks in Switzerland.

Overall, as of 30 June 2026, the regulations implementing the leverage ratio framework in Switzerland are assessed as compliant with the Basel Committee standards. This is the highest possible grade.

Three of the four components of the Basel leverage ratio standard – definitions and application, and calculation; exposure measurement; and disclosure requirements – are assessed as compliant. One component – buffer requirements and transitional arrangements for global systemically important banks (G-SIBs) – has been assessed as largely compliant. This component grade is driven by one potentially material finding relating to the absence of automatic capital distribution restrictions in case a global systemically important bank (G-SIB) fails to meet its leverage ratio buffer requirement.

The Assessment Team noted that, in some areas, the Swiss regulations go beyond the minimum Basel requirements (see Annex 5). In accordance with the methodology and guidance provided in the RCAP Handbook for jurisdictional assessments, the stricter rules have not been taken into account as mitigants for the overall or component-level assessment of compliance.

Response from the Swiss authorities

The Financial Market Supervisory Authority (FINMA) would like to express its sincere thanks to Mr Arthur Yuen, the Assessment Team and the supporting members from the Hong Kong Monetary Authority and the Basel Committee Secretariat for their professionalism, expertise and integrity throughout the whole assessment process, and welcomes the opportunity to respond to the Basel Committee on the report's findings concerning the Swiss implementation of the Basel leverage ratio framework.

FINMA strongly supports the implementation of a globally consistent Basel Framework in which member jurisdictions adhere to standards that are as strong as, or stronger than, the agreed minimum requirements. For this reason, FINMA highly appreciates the RCAP as an instrument for promoting consistency and thereby strengthening the credibility of the Basel Framework.

FINMA agrees with the overall assessment of "compliant" in the Swiss RCAP-LEV assessment report. This result confirms FINMA's self-assessment that all minimum standards of the international framework are met and there are no material differences that could give rise to prudential or supervisory concerns or jeopardise comparability across international banks.

FINMA also agrees with the main findings by component and corresponding ratings of compliant for definitions and application, and calculation; compliant for exposure measurement; largely compliant for buffer requirements and transitional arrangements for global systemically important banks (G-SIBs); and compliant for disclosure requirements.

The largely compliant grade is based solely on one deviation assessed as potentially material, namely the absence of a formal regulatory mechanism that automatically restricts capital distributions when a bank's capital buffer falls below the level implied by the Basel III G-SIB buffer framework. FINMA acknowledges this deviation in accordance with the RCAP assessment methodology. It is a conscious deviation as FINMA considers it unlikely that the Basel automatic distribution constraints would ever become binding in Switzerland, given that the Swiss framework is generally substantially more stringent than the corresponding Basel requirements.

Overall, FINMA believes that the RCAP facilitates robust discussions on the appropriateness of each member state's implementation of the Basel Framework, thereby taking due account of local circumstances and revealing areas in which national regulations can be improved. This assessment shows that a faithful and robust implementation of the Basel LEV framework has been achieved in Switzerland.

1 Assessment context

1.1 Regulatory system

Switzerland's regulatory approach has traditionally been principles-based: (i) rules in several areas remain less specified than the Basel standards; and (ii) while a substantial part of the Basel standards is established in Swiss primary legislation, a large part is also contained in secondary regulation, and the remainder in tertiary regulation.

The relevant secondary and tertiary regulation is developed by the Financial Market Supervisory Authority (FINMA) pursuant to Article 7, paragraph 1 of the Financial Market Supervision Act (FINMASA), according to which FINMA may exercise its regulatory powers by issuing ordinances and circulars on the application of financial market legislation. The content of FINMA regulation must be materially related to, and must not conflict with, a superordinate enactment (ie federal ordinances and acts). The ordinances issued by the Swiss Federal Council and the regulation issued by FINMA are also supplemented by other administrative procedures that provide non-enforceable and non-binding guidance on certain prudential matters.

The principle-based approach is reflected in the Swiss leverage ratio rules, which are implemented in both primary and secondary regulation. The main regulatory instruments for the leverage ratio standard are the Capital Adequacy Ordinance (CAO) issued by the Federal Council and the FINMA Ordinance on the Leverage Ratio and Operational Risks (LROO-FINMA); each of these two regulations are accompanied by an explanatory report. In particular, the explanatory report to FINMA Ordinances on Basel III contains more granular specifications, illustrative examples, and methodological clarifications. In addition, several provisions of the FINMA Ordinance on Credit Risk (CreO-FINMA) and of the FINMA Ordinance on Disclosure (DisO-FINMA) are relevant for the implementation of the leverage ratio standard. more information is provided in Annex 2.

1.2 Status of implementation of the leverage ratio framework

While the Basel III leverage ratio standard was first implemented in Switzerland in January 2018, the Basel III final leverage ratio framework, which is assessed in this RCAP, has been in force since 1 January 2025.

It is applicable to banks, and securities firms in scope of application of the Capital Adequacy Ordinance. FINMA assigns banks to five categories based on their total assets, assets under management, deposits, and required minimum capital. Category 1 covers Swiss global systemically important banks (G-SIBs), Category 2 covers domestic systemically important banks (D-SIBs), Category 3 consists of large and complex institutions, and Categories 4 and 5 comprise medium-sized and small banks, respectively. The majority of banks and all securities firms (160 as of end-June 2025) are in Category 5. Banks in Categories 4 and 5 that are deemed liquid and well-capitalised may apply for the Swiss "Small Banks Regime" under which a simplified version of the leverage ratio applies. The leverage ratio, or its simplified version for small and non-complex banks, is applied in Switzerland to banks at both consolidated and entity levels.

1.3 Scope of the assessment

The Assessment Team considered the leverage ratio framework applicable to a sample of banks in Categories 1 to 3 as of 30 June 2025. The assessment had two dimensions:

- a comparison of the Swiss regulations with the Basel LEV standards to ascertain that all the required provisions have been adopted (completeness of the regulations); and

- whether there are any differences in substance between the Swiss regulations and the Basel LEV and, if so, their significance (consistency of the regulations).

In its assessment, the Assessment Team considered all binding documents that effectively implement the Basel LEV in Switzerland. Annex 2 lists the Basel standards used as the basis for the assessment. The assessment did not evaluate the resilience of the banking system in Switzerland or the supervisory effectiveness of the Swiss authorities.

The Assessment Team evaluated the materiality and potential materiality of identified deviations between the Basel LEV and the Swiss regulations. The evaluation was made using a sample of six banks in Switzerland. Together, as of 30 June 2025, these banks comprise about 61% of the total assets¹ of the Swiss banking system. In addition, the Assessment Team reviewed the non-quantifiable impact of identified deviations and applied expert judgment as to whether the Swiss LEV regulations meet the Basel standards in letter and in spirit. The materiality assessment is summarised in Annex 3, which also lists the sample of banks.

The Assessment Team noted that, in some areas, the Swiss rules go beyond the minimum Basel standards. Although these elements (listed in Annex 5) provide for a more rigorous implementation of the Basel Framework, they have not been taken into account for the assessment of compliance.

The outcome of the assessment is summarised using a four-grade scale, both at the level of each of the four key components of the Basel leverage ratio framework and of the overall assessment of compliance. The four grades are compliant (C), largely compliant (LC), partially non-compliant (PNC) and non-compliant (NC). The overall grade reflects the level of compliance with the leverage ratio framework, but not with the Basel standards on the definition of the capital, which determines the leverage ratio's numerator. Compliance with the Basel standards on the definition of capital was assessed as a component of the RCAP Risk-Based Capital assessment conducted in 2013. The definition of capital component of this assessment was graded largely compliant.²

2 Assessment findings

2.1 Assessment grades and summary of findings

Overall, the Assessment Team finds the implementation of the Basel LEV in Switzerland to be compliant. This grade is based on the materiality assessment as summarised in Annex 3.

¹ For this purpose, banking assets includes both on- and off-balance sheet assets. The total exposures are calculated as for the purpose of complying with the Basel leverage ratio standard.

² See Basel Committee on Banking Supervision, Regulatory Consistency Assessment Programme (RCAP) *assessment of Basel III regulations – Switzerland, 2013*; www.bis.org/publications/201306-implementation-reports-basel-iii-regulatory-consistency-assessment-level-2-assessment-basel-iii-regulations-switzerland

Assessment grades

Table 1

Component of the Basel leverage ratio framework	Grade
Overall grade	C
Definitions and application, and calculation	C
Exposure measurement	C
Buffer requirements and transitional arrangements for global systemically important banks	LC
Disclosure requirements	C

Assessment scale: C (compliant), LC (largely compliant), PNC (partially non-compliant) and NC (non-compliant).

2.1.1 Definitions and application, and calculation

This component is assessed as compliant with the Basel standard. One not material finding was identified, related to the semi-annual instead of quarterly reporting frequency of the leverage ratio at the consolidated level.

2.1.2 Exposure measurement

This component is assessed as compliant with the Basel standard. One not material finding was identified. Regarding the conditions to net derivative transactions for leverage ratio purposes under netting contracts, the Swiss regulations omit a condition that requires default to be an event triggering the netting.

2.1.3 Buffer requirements and transitional arrangements for global systemically important banks (G-SIBs)

This component is assessed as largely compliant with the Basel standard. One potentially material finding was identified, which relates to the fact that the Swiss regulation does not contain an automatic capital distribution restriction in case a G-SIB fails to meet the leverage ratio buffer requirement.

2.1.4 Disclosure requirements

This component is assessed as compliant with the Basel standard. No findings were identified.

2.2 Detailed assessment findings

2.2.1 Definitions and application, and calculation

Section grade	Compliant
Basel paragraph number	LEV20.6: Frequency of reporting
Reference in the domestic regulation	CAO Article 14
Finding	LEV20.6 requires both the capital and exposure measures to be computed on a quarter-end basis. Swiss regulation specifies a quarterly frequency for the leverage ratio calculation at <u>solo</u> level, but does not impose a universal quarter-end calculation requirement at <u>consolidated</u> level. The deviation is limited in practice by the Disclosure Ordinance, which requires banks in Categories 1 and 2 (and some in Category 3) to calculate and disclose the consolidated leverage ratio quarterly. As a result, certain banks in Categories 3 to 5 calculate and disclose their consolidated leverage ratio only on a semi-annual basis, which is less frequent than the Basel requirement. In the sample, three Category 3 banks are required to report the consolidated leverage ratio semi-annually instead of quarterly, representing about 11% of the total leverage ratio exposure measure of the sample banks. However, for two of these banks, the solo leverage ratio exposure measure accounts for 95% and 99% of the consolidated

	leverage ratio exposure measure, respectively. Therefore, for these banks the quarterly solo reporting largely captures the group-level exposure. The remaining one Category 3 bank reports the consolidated leverage ratio to FINMA quarterly even though it is not required to do so. Against this background, the Assessment Team considers this deviation as not material.
Materiality	Not material

2.2.2 Exposure measurement

Section grade	Compliant
Basel paragraph number	LEV30.19: Netting contract requirements
Reference in the domestic regulation	CreO-FINMA Article 3(3) and 4 – LROO-FINMA Article 12(3) d
Finding	LEV30.19 stipulates that banks may net derivative transactions for the purpose of the leverage ratio exposure measure if they have netting contracts and satisfy their national supervisors that these contracts create a single legal obligation covering all included transactions, such that the bank would only have to pay or receive the net amount in the event that a counterparty fails to perform due to default, bankruptcy, liquidation or similar circumstances. The Swiss regulation, in its credit risk requirements, includes this provision but restricts it to the event of “insolvency, bankruptcy or liquidation or similar circumstances”. As insolvency, bankruptcy and liquidation involve legal acts, default is not fully captured by “similar circumstances”. Default, in addition to the three events, could be triggered if the counterparty is 90 days past due on a material credit obligation (see CRE20.104 or CRE36.68). For leverage ratio purposes, the reference to default events is included, but it applies in the narrow context of the recognition of cash variation margin, not to the netting of contracts. This deviation was assessed as not material as the Assessment Team recognises that the reference to default, albeit in the specific context of cash variation margin, is a mitigating factor. The Assessment Team also notes that banks in Switzerland generally use standardised netting contracts (notably the ISDA Master Agreement and the Swiss Master Agreement) whose scope extends to a broad range of default and termination events beyond insolvency, bankruptcy and liquidation.
Materiality	Not material

2.2.3 Buffer requirements and transitional arrangements for G-SIBs

Section grade	Largely compliant
Basel paragraph number	LEV40.3–40.4: Capital distribution constraints
Reference in the domestic regulation	CAO Article 130(3)-(4)
Finding	LEV40.3 requires capital distribution constraints to be imposed on a G-SIB that fails to meet its leverage ratio buffer requirement. The Swiss regulation requires that the leverage ratio buffer must be met at all times, allowing temporary shortfalls in the event of bank losses. In case of a shortfall, the bank must demonstrate what measures will be taken to restore the buffer and when. FINMA may impose binding corrective measures, including restrictions on distributions, if the institution fails to restore compliance. This is considered a deviation as a breach of the leverage-ratio buffer does not trigger automatic capital distribution restrictions.

	The absence of a formal Swiss regulation requiring restrictions on dividend payouts when a Swiss G-SIB fails to meet its buffer requirement is considered a deviation. Notwithstanding the fact that the Swiss regulation requires a higher buffer and thus the trigger level of the automatic Basel standard capital distribution constraints is less probable to be breached, the deviation is assessed as potentially material. This assessment is consistent with the assessment for the related deviation on capital distribution restrictions if a G-SIB breaches its higher loss absorbency requirements (RCAP G-SIB Switzerland (2016)).
Materiality	Potentially material

2.2.4 Disclosure requirements

This component is assessed as compliant with the Basel standard. No findings were identified.

2.3 Observations

The following observation highlights certain special features of the regulatory implementation of the Basel leverage ratio framework in Switzerland. It is presented to provide additional context and information. Observations are considered compliant with the Basel standards and do not have a bearing on the assessment outcome.

2.3.1 Exposure measurement

Basel paragraph number	LEV30.16: Maturity factor for margined derivative transactions
Reference in the domestic regulation	LROO-FINMA Articles 9 to 11
Observation	When determining the leverage exposure amount of margined derivative transactions, in particular its potential future exposure component LEV30.16 permits the use of the maturity factor set out in the Basel standardised approach to counterparty credit risk (SA-CCR) CRE52.48 to CRE52.53. The Swiss regulation allows the maturity factor for margined trades to be capped at the unmargined maturity factor, or for margined trades to be treated as unmargined (Article 11(4)). This cap for the maturity factor is not provided in Basel LEV30.16(3)(b) and, for very short residual maturities, may reduce the maturity factor below the SA-CCR margined factor. As a result, short-dated margined trades may receive a lower maturity factor than prescribed by the Basel Framework. FINMA notes that this treatment ensures that the leverage ratio exposure measure for a margined netting set will not be higher than for an otherwise identical unmargined netting set, consistent with the principle under the Basel credit risk framework (CRE22.3). The Assessment Team is of the view that the purpose of LEV30.16(3)(b) is to clarify that the margined maturity factor is allowed to be used for margined netting sets – thus departing from the general approach in the leverage ratio framework, which is not to allow the recognition of collateral. It is not to allow banks to apply the margined or unmargined maturity factor on a case-by-case basis (ie the effect of the cap in the Swiss regulation). The Assessment Team acknowledges however that it is unclear whether LEV30.16 should also be read together with the overarching principle set out in CRE22.3, ie that banks should not be penalised for taking margin/collateral. In that regard, the Assessment Team invites the Basel Committee to provide further guidance on this paragraph (see Annex 4).

Annexes

Annex 1 RCAP Assessment Team and Review Team

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Annex 2 List of Basel standards and implementing regulations issued by the Swiss authorities

The RCAP-LEV assesses member jurisdictions' compliance with the Basel leverage ratio framework. The scope of RCAP-LEV includes:

- The revised leverage ratio as published by the Basel Committee in December 2017 that includes the various refinements to the 2014 definition of the leverage ratio exposure measure. These refinements include modifying the way in which derivatives are reflected in the exposure measure and updating the treatment of off-balance sheet exposures to ensure consistency with their measurement in the standardised approach to credit risk.
- The June 2019 revision to the leverage ratio related to the treatment of client cleared derivatives.
- The leverage ratio global systemically important bank (G-SIB) buffer introduced by the 2017 reforms. The G-SIB buffer must be met with Tier 1 capital and is set at 50% of a G-SIB's risk-weighted higher-loss absorbency requirements.
- The disclosure requirements for the leverage ratio, including the key prudential metrics related to that framework. This will capture the revisions to the LEV disclosure requirements published by the Basel Committee in June 2019 (the requirements for banks to disclose their leverage ratios based on quarter-end and on daily average values of securities financing transactions).

In accordance with this scope, the chapters of the consolidated Basel Framework listed in Table A.1 were used as the basis of this RCAP assessment.

Chapters of the Basel Framework	Table A.1
	Chapter
Definitions and application	LEV10
Calculation	LEV20
Exposure measurement	LEV30
Buffer requirements for global systemically important banks	LEV40
Transition	LEV90
Disclosure requirements (key metrics related to leverage ratio and disclosure requirements for the leverage ratio)	DIS20 (Template KM1, rows 13-14d) and DIS80

Table A.2 lists the regulations issued by the Swiss authorities to implement the Basel III leverage ratio framework in Switzerland. A previous RCAP assessment of the Swiss implementation of the Basel standards considered the binding nature of its regulatory documents.³ This RCAP Assessment Team did not repeat that assessment but instead relied on its findings. That assessment concluded that the types of instruments described in Table A.2 could be considered as binding on banks and supervisors for the purposes of an RCAP assessment.

³ See Annex 6 of Basel Committee on Banking Supervision, *Regulatory Consistency Assessment Programme (RCAP) assessment of Basel III LCR regulations – Switzerland, 2017*, www.bis.org/bcbs/publ/d422.pdf

Overview of relevant Basel III regulations in Switzerland

Table A.2

Domestic regulations	Type, version and date
Capital Adequacy Ordinance (CAO)	Regulation, version issued in November 2023 and effective since 1 January 2025
FINMA Ordinance on the Leverage Ratio and Operational Risks (LROO-FINMA)	Regulation, version issued in March 2024 and effective since 1 January 2025
FINMA Ordinance on Credit Risk (CreO-FINMA)	Regulation, version issued in March 2024 and effective since 1 January 2025
FINMA Ordinance on Disclosure (DisO-FINMA)	Regulation, version issued in March 2024 and effective since 1 January 2025

Source: FINMA.

Annex 3 Materiality assessment

The outcome of the RCAP assessment is based on the materiality of the findings described in Section 2.2 and summarised in Table A.3. The Assessment Team evaluates the materiality of findings quantitatively where possible or using expert judgment when the impact cannot be quantified.

The materiality assessment for quantifiable gaps is based on the cumulative impact of the identified deviations on the reported LR exposure measure of banks in the RCAP sample. These banks are listed in Table A.4.

Number of deviations by component			Table A.3
Component	Not material	Potentially material	Material
Definitions and application, and calculation	1	0	0
Exposure measurement	1	0	0
Buffer requirements and transitional arrangements for global systemically important banks	0	1	0
Disclosure requirements	0	0	0

RCAP sample banks		Table A.4
Banking group	Share of banks' assets in the total assets of all banks in the Swiss banking system as of 30 June 2025 (in per cent)	
UBS AG	38.4%	
Zürcher Kantonalbank	6.5%	
Julius Bär Gruppe	3.1%	
Banque Cantonale Vaudoise	1.9%	
Raiffeisen-Gruppe	9.3%	
Pictet et Cie	1.5%	

Banking assets are measured using the total exposures from the leverage ratio, which include both on-balance and off-balance sheet exposures. Among the sample banks, the leverage ratio is the binding constraint for 5 of them. That is, these banks have Tier 1 capital required for the leverage ratio (including buffers) that is higher than the Tier 1 capital required to meet risk-based capital requirements (including the capital conservation buffer plus any higher loss absorbency requirements for G-SIBs, any countercyclical capital buffer requirements and any other higher domestic Pillar 1 loss absorbency requirements, including for D-SIBs). Maintaining the same exposure measure, these banks could increase the risk weighted amount of their assets by between 2 and 33% before the risk-based capital requirements become the binding constraint.

Source: FINMA.

Annex 4 Areas for further guidance from the Basel Committee

LEV30.16: Maturity factor for margined derivative transactions

The Assessment Team believes it would be helpful to receive guidance from the Basel Committee on the determination of the maturity factor for margined derivative transactions. When determining the leverage exposure amount of margined derivative transactions, in particular its potential future exposure component, LEV30.16 permits the use of the maturity factor set out in the Basel standardised approach to counterparty credit risk (SA-CCR), paragraphs CRE52.48 to CRE52.53. The Assessment Team is of the view that the purpose of LEV30.16(3)(b) is to clarify that the margined maturity factor is allowed to be used for margined netting sets – thus departing from the general approach in the leverage ratio framework, which is to not allow the recognition of collateral. Allowing banks to apply the margined or unmargined maturity factor on a case-by-case basis and introducing a cap on the maturity factor for margined derivative transactions at the one applying to unmargined transactions, seems to go beyond what is currently prescribed in the Basel standard. However, the Assessment Team acknowledges that from a policy perspective, there is a case for the maturity factor of margined trades not exceeding the same trade without margining, in accordance with the general policy intent of the credit risk framework, which is to not introduce disincentives for collateralised transactions.

The Assessment Team invites the Basel Committee to provide further guidance on whether introducing a cap on the maturity factor for margined derivative transactions at the one applying to unmargined transactions is compliant with LEV30.16.

Annex 5 Areas where Swiss rules are stricter than the Basel standards

In some areas, the Swiss authorities have adopted a stricter approach than the minimum standards prescribed by the Basel Committee. These are listed below for information. These stricter rules have not been taken into account as mitigants for the overall or component-level assessment of compliance.

Leverage ratio buffer

According to LEV40.1 to LEV40.2, global systematically important banks (G-SIBs) must meet a leverage ratio buffer requirement, set at 50% of their higher loss absorbency risk-based requirements.

The Swiss regulation fixes the G-SIB leverage ratio buffer at 1.5% with additional surcharges for market share and bank size as measured by the leverage ratio exposure measure. For market shares up to 27%, banks are assigned to one of four buckets, with surcharges ranging from 0 to 0.375%. For every additional 5 percentage points of market share, the surcharge is increased by 0.125%. In addition, for a bank size up to CHF 1,341 billion, banks are assigned to four buckets mapping into the same surcharge percentages. For every additional CHF 215 billion of total exposure, the size surcharge is increased by 0.125%.

This approach makes the Swiss regulation more stringent than the Basel leverage ratio buffer. The largest Swiss bank is currently assigned to Bucket 2 in the Basel Framework, which would result in a buffer of 0.75%, while the Swiss leverage ratio buffer amounts to 2%. The Swiss buffer would be more conservative even if this bank would be assigned to Bucket 5 in the Basel Framework and thus subjected to the highest Basel leverage ratio buffer of 1.75%.

In addition, LEV40.1 requires G-SIBs to meet the leverage ratio buffer with Tier 1 capital. The Swiss regulations require the leverage ratio buffer to be met with Common Equity Tier 1 (CET1) capital, which is more conservative.

Annex 6 National discretions implemented by the Swiss authorities

Implementation of national discretions by Swiss authorities

Table A.5

Basel paragraph	Description	National implementation
<u>LEV30.7</u>	Treatment of central bank reserves in exceptional circumstances	The national discretion is not exercised.
<u>LEV30.47</u>	Exemption of certain arrangements from the definition of commitment	The national discretion is exercised in LROO-FINMA Article 22, paragraph 1 (see reference to CAO Article 53, paragraph 5).
<u>LEV30.56</u>	Treatment of certain off-balance sheet securitisation exposures	The national discretion is not exercised.

Source: FINMA.

Annex 7 Key leverage indicators of the banking system in Switzerland

Overview of leverage of the Swiss banking system as of end-June 2025

Table A.6

Size of banking sector		
	Number of banks	Total assets (CHF, millions)
All banks incorporated in Switzerland, of which	250	3,431,366
G-SIBs, headquartered in Switzerland	1	1,317,695
Subsidiaries of foreign banks	87	257,441
Banks to which the Basel leverage ratio framework is applied ⁴	195	3,373,599
Breakdown of leverage ratio for six RCAP sample banks (CHF, millions)		
Tier 1 capital		122,900
Total on-balance sheet exposures (excluding derivatives and SFTs, but including collateral)		1,674,163
Total derivative exposures		149,737
Total SFT exposures		178,747
Off-balance sheet items		80,379
Total leverage ratio exposure measure		2,083,026
Adjustments for temporary exemption of central bank reserves (if applicable)		-
Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)		5.9%
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)		5.9%
Source: FINMA.		

⁴ Banks in FINMA's Small Banks Regime are excluded here.