

## **Martin Schlegel: Introductory remarks - TBTF news conference**

Introductory remarks by Mr Martin Schlegel, Chairman of the Governing Board of the Swiss National Bank, at the TBTF news conference, Berne, 6 June 2025.

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### **Introduction**

Ladies and gentlemen

The Swiss National Bank supports the amendments at legislative and ordinance level planned by the Federal Council in the areas of capital and liquidity requirements, early intervention, and recovery and resolution planning. The crisis at Credit Suisse highlighted weaknesses in the regulatory framework. The regulatory adjustments now planned constitute a package of measures drawing the right lessons from this crisis. The planned regulatory adjustments are key to strengthening banks' resilience and their resolvability in a crisis. In my remarks, I would like to focus on two topics that are particularly relevant with regard to the stability of the financial system and the role of the SNB, namely liquidity and capital requirements.

### **Liquidity**

In crisis situations, the SNB performs its role as lender of last resort. A particularly relevant measure in this regard is the planned regulatory requirement for systemically important banks to prepare sufficient collateral for obtaining central bank liquidity. Fulfilling its role as lender of last resort is of the utmost importance to the SNB. The ample liquidity support that we provided to Credit Suisse was a key part of the measures to safeguard the stability of the financial system. The SNB is continuously developing its framework for liquidity support in order to remain prepared for future challenges. The recently announced Extended Liquidity Facility (ELF) is an important step in this direction. The effectiveness of liquidity support depends largely on banks being able to transfer their assets as collateral to the SNB. We therefore support the Federal Council's proposal that banks be required to prepare for access to liquidity support from the SNB and other central banks.

### **Capital**

The SNB supports the planned regulatory adjustments in the area of capital. For a bank's reported capital ratios to be meaningful, they must reflect the bank's actual loss-absorbing capacity.

In the case of Credit Suisse, this was true only to a certain degree. First, the value of its assets such as software and deferred tax assets fell sharply during the crisis. As a result, the bank's capital situation deteriorated significantly. This came at an exceptionally unfavourable time, when a robust capital situation would have been crucial. Second, the value of the bank's foreign participations fell by more than half in the space of one year. Under the current capital regime, these impairments impacted on the parent bank's capitalisation.

The proposed regulatory adjustments in the area of capital regulation address these weaknesses in a targeted way and thereby strengthen the stability of the financial system. The prudent valuation of certain balance sheet items and the full deduction of software and deferred tax assets from Common Equity Tier 1 (CET1) capital, the highest quality of regulatory capital, make the reported capital ratios more robust. The planned full backing of foreign participations with CET1 capital ensures that losses on foreign participations do not negatively impact the parent bank's capital situation. This also facilitates the implementation of stabilisation options in future crises.

Thank you for your attention.