



Regulatory Milestones and Projects in Swiss Financial Market Regulation in 2025

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Key takeaways

- **While there may be no large-scale overhaul of the Swiss regulatory framework on the horizon at present, there are nevertheless numerous other regulatory developments which either recently entered into force or are ongoing in 2025.**
- **Such projects span a broad range of fields, ranging from banking regulation and fintech, to the framework governing international co-operation in financial market supervision.**
- **This continued development and the resulting changes impact financial service providers in Switzerland, which need to constantly monitor and adapt to these developments.**

Introduction

The completion of the implementation of the Financial Services Act (“FinSA”) and the Financial Institutions Act (“FinIA”) represents the conclusion of the large-scale overhaul of the Swiss regulatory landscape relating to financial services, which has shaped discourse over the last decade.

However, this does not imply that the development in Switzerland in this regard has come to a standstill and that the regulatory pipeline has dried out. In 2025, a number of regulatory projects have either entered into force or are currently still being pursued by the Swiss legislator and/or FINMA.

This Legal Update provides an overview of these regulatory projects, their timelines, and their potential implications.

Insurance

On 1 January 2025, FINMA Circular 2025/03 «Liquidity – Insurers» (“FINMA Circular 25/3”) entered into force. This circular replaced the previous FINMA Circular 2013/05 on the same topic and followed the revision of the Insurance Supervision Ordinance (“ISO”) in 2024, reflecting the more prominent role of liquidity in insurance supervision.

FINMA Circular 25/3 aims at enhancing FINMA’s supervisory practice by specifying the provisions of the Insurance Supervision Act (“ISA”) and the ISO relating to liquidity risk management, liquidity requirements, and reporting to FINMA.

The circular addresses these points in a principle-based approach that can be subdivided into six topics: (i) governance, (ii) liquidity management and liquidity planning, (iii) liquidity reserve, (iv) liquidity risk management, (v) liquidity controlling and monitoring, and (vi) contingency funding planning.

While the above-mentioned provisions have already become applicable, insurers and Swiss branches of foreign insurers must also prepare a liquidity planning report to FINMA on an annual basis – with the first such report needing to be prepared for the 2025 financial year by 30 April 2026.

Financial Market Infrastructures

Back in July 2024, the Swiss Federal Council published its proposal for the revision of the Financial Market Infrastructure Act (“FinMIA”) and initiated a public consultation thereon, which lasted until 11 October 2024. For a more detailed discussion of the proposed revision of FinMIA, see our [Legal Update of 19 August 2024](#).

Based on the results of the public consultation, the Federal Council is presently preparing a consultation report as well as assessing the inclusion of potential amendments to its proposal before submitting a draft legislation to Parliament.

In light of the above, it becomes clear that the revision of FinMIA follows a more long-term timeline and is thus expected to be concluded beyond 2025.

Banks

Basel III

The finalised Basel III standard (also referred to as “Basel III Final”) entered into force in Switzerland on 1 January 2025 by means of the revised Capital Adequacy Ordinance (“CAO”).

This step concludes a significant overhaul process of the Swiss regulatory framework applicable to banks, which traces its roots back to the financial crisis of 2007/2008.

Specifically, Basel III Final focuses primarily on more risk-sensitive capital adequacy requirements and on the interplay between standardised and internal risk measurement procedures. Hence, the significance and risk sensitivity of the standardised approaches have

been increased, the applicability of internal bank models has been restricted and the existing output floor stemming from Basel II – and which referred to Basel I – has been replaced by an output floor that refers to the revised standardised approaches.

This approach aims at limiting the scope for so-called internal models when determining capital requirements and at achieving a transparent and internationally comparable calculation of capital requirements.

Consolidated Supervision

In order to ensure that all risks entered into by a financial group are adequately covered by consolidated supervision, FINMA is in the process of issuing a new circular, entitled «Consolidated Supervision Under BankA and FinIA». In September 2024, FINMA published its draft circular and has launched a public consultation thereon that lasted until 1 November 2024.

The planned new circular will compile FINMA's supervisory practice in the field of consolidated supervision of financial groups under the Banking Act ("BankA") and FinIA, which has been previously communicated to individual institutions by means of case-by-case decisions.

Specifically, the new circular sets forth the prerequisites for the inclusion of group entities into the scope of consolidated supervision (i.e. the regulatory scope of consolidation). In this regard, the two decisive factors, as stipulated by the new circular, are: (i) the entity's activity in the financial sector and (ii) the existence of an economic unity (most notably, a legal duty or a de facto obligation to provide support).

Moreover, the new circular also sets forth the content of the consolidated supervision and the implications thereof. In this regard, FINMA distinguishes between qualitative and quantitative elements. The former include elements of corporate governance at the group level, whereas the latter include capital adequacy and liquidity.

Following the conclusion of the public consultation, it is expected that FINMA will adopt the new circular in May 2025 and the entry into force is scheduled for 1 July 2025.

Systemically Important Banks

Following an in-depth assessment of the Swiss framework on the regulation of systemically important banks ("SIBs") and the adoption of the associated report on financial stability, the Federal Council proposed a reform package consisting of 22 measures for direct implementation as well as seven further measures designated for a more in-depth examination.

These measures are intended to strengthen and further develop the Swiss too-big-to-fail ("TBTF") framework and reduce the likelihood that another Swiss SIB will encounter a severe crisis, which would necessitate emergency measures by the Swiss government.

Moreover, the Federal Council will also take the findings of the Parliamentary Investigation Committee into consideration for this reform project.

Based upon the points outlined above, the Federal Council will draft the regulatory amendments, which will then be published for public consultation before being submitted to Parliament in a subsequent step.

Similarly to the above-mentioned revision of FinMIA, the revision with respect to the TBTF framework also follows a more long-term timeline and is thus expected to be concluded beyond 2025.

Fintech

As part of the report entitled «Digital Finance: Areas of Action 2022+», the Federal Council was instructed to conduct a review of the existing regulatory framework – notably regarding fintech actors and their business models.

Based on such review, as well as on the findings of an evaluation report on the so-called fintech licence pursuant to article 1b BankA, the Federal Council – under the auspices of the State Secretariat for Finance – will prepare a draft bill to amend the Swiss financial market legislation which may include, amongst others, an amendment to licencing requirements for payment service providers (including stablecoin) and for providers of crypto assets.

However, the details of the content of this reform package remain to be specified. It is expected that such information will become available upon the launch of a public consultation phase, which is slated for 2025.

Cross-Sector Projects

Conduct Rules under FinSA/FinSO

On 1 January 2025, FINMA Circular 2025/02 «Rules of Conduct under FinSA/FinSO» (“FINMA Circular 25/2”) entered into force.

FINMA Circular 25/2 compiles FINMA’s interpretation and practice in relation to the implementation of the conduct duties pursuant to FinSA and the Financial Services Ordinance (“FinSO”), prompting financial services providers subject to FinSA to review and amend their processes and internal guidelines in accordance with the circular.

For a more detailed discussion of the contents and implication of FINMA Circular 25/2, see our [Legal Update of 2 December 2024](#).

Enhancing International Supervisory Co-operation

On 20 September 2024, the Federal Council launched a public consultation on an amendment of the Financial Market Supervision Act (“FINMASA”) with respect to international supervisory co-operation.

The proposal consists of the following measures: (i) streamlining FINMA’s administrative assistance procedures in line with international developments – including the partial abolition of the right to be heard and to appeal in the so-called client procedure, (ii) establishing a legal

basis to strengthen co-operation by FINMA and the Swiss National Bank in international recognition and audit procedures, (iii) specifying the provisions governing the direct cross-border transmission of information by supervised entities, and (iv) authorising FINMA to request audits of foreign entities not subject to supervision and – under certain conditions – to allow foreign supervisory authorities to conduct such audits in Switzerland.

Furthermore, in order to ensure the alignment of its provisions with the proposed reform, the Audit Oversight Act will be amended in parallel in order to reflect the amendments to FINMASA.

The public consultation period on this reform project concluded in January 2025. The Federal Council will now assess the consultation feedback and, based thereon, prepare draft legislation for submission to Parliament.

Strengthening the Anti-Money Laundering Framework

In 2024, the Federal Council submitted to Parliament a bill to enhance and strengthen the Swiss anti-money laundering (“AML”) framework and published its dispatch on this regulatory project.

The proposed legislation consists of three key elements: (i) the introduction of a Swiss transparency register, in which Swiss companies and other legal entities must disclose information on their beneficial owners, (ii) extending the scope of applicability of AML due diligence obligations to certain advisory functions which are deemed to carry a heightened risk from an AML perspective, and (iii) a series of further measures concerning certain aspects of the existing AML framework – in this regard, it should be noted that the initially contemplated reform of the system of sanctions for the self-regulatory organisations no longer forms part of the bill due to the criticism expressed during the public consultation.

At present, the reform of the AML framework is being debated in Parliament. Therefore, the AML reform bill is not expected to enter into force before 2026 at the earliest.

Outlook

While there may be no far-reaching reform projects of a magnitude akin to the enactment of FinSA and FinIA, the regulatory development in the field of financial market legislation has by no means come to a halt.

As outlined in this article, there are a number of regulatory projects which have either entered into force recently or are being pursued at present. Therefore, financial service providers must continuously monitor the evolving regulatory environment.

Our team has many years of experience in advising on the impact and implementation of financial market legislation and FINMA’s practice. We will be pleased to provide you with further information and assistance.

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No legal or tax advice

This legal update provides a high-level overview and does not claim to be comprehensive. It does not represent legal or tax advice. If you have any questions relating to this legal update or would like to have advice concerning your particular circumstances, please get in touch with your contact at Pestalozzi Attorneys at Law Ltd. or one of the contact persons mentioned in this legal update.

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