

# 2024-2030 Swiss Financial Commission Strategy Document

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## Priorities of the Swiss Financial Commission (SFC) for 2024-2030:

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### **Mission**

The main mission of the Swiss Financial Commission is to ensure the stability and transparency of the non-banking financial system in Switzerland through legal, administrative, and informational means, while protecting the interests of investors, insured, and socially insured persons.

### **Vision**

The Swiss Financial Commission envisions continuous improvement of regulatory and supervisory activities to address challenges in the investment, insurance, and social security sectors and to protect consumers of non-banking financial services.

### **Principles and Values**

The SFC operates based on the following principles:

- **Law, Impartiality, and Justice**
- **Responsibility, Honesty, and Transparency**
- **Effectiveness, Efficacy, and Objectivity**

Integrity is upheld in all Commission activities through adherence to ethical conduct, internal rules, annual plans, financial management and control, information security management, performance assessments, and internal audits.

### **IV. Priorities for the Period 2024-2030**

#### **Priority 1. Implementation of Consistent, Transparent, and Predictable Regulatory Activities**

##### **Objective 1.2. Compliance of National Regulations with the Specifics of the Swiss Financial Market to Stimulate Its Development**

The accomplishment of this objective will be achieved by:

- Introduction of new regulations that deploy at a national level institutes developed in European practice and create new opportunities for financial market participants in the non-banking sector.
- Studying the need for new regulations, technological innovations arising from them, assessment of their impact on the activities of the supervised entities, and the necessary resources to align their activities.

- Monitoring the implementation and enforcement of the legal framework and taking necessary actions to update it to overcome identified challenges in its practical application.

### **Objective 1.3. Implementation of a Consistent Regulatory Policy to Reduce the Administrative Burden**

The accomplishment of this objective will be achieved by:

- Identification and introduction of good practices in the Swiss Financial Commission's regulatory activities to reduce the administrative burden.
- Application of regulatory policy in favor of economic development, considering the business environment and its specifics.
- Use of e-governance tools to achieve regulatory quality and legal certainty.

### **Objective 1.4. Provision of Complete, Understandable, Timely, and Accessible Information to the Public About the Regulatory Activities of the SFC**

The accomplishment of this objective will be achieved by:

- Disclosure of practices followed by the regulatory authority to comply with the principle of predictability of administration.
- Effective discussions on proposals for amendments to the regulatory framework.
- Proactive communication with competent authorities, institutions, professional organizations, and other stakeholders when holding public consultations, clarifying issues in the application of regulations, or providing clarifications on newly introduced regulatory requirements.
- Promptly informing the public about planned regulatory changes through digital and traditional communication channels.

### **Objective 2.1. Compliance of Supervisory Activity with Relevant Common Policies and Standards**

### **Priority 2. Implementation of Effective Risk-Based Supervision of the Non-Banking Financial Sector and Sustaining Financial Market Stability**

The accomplishment of this objective will be achieved by:

- Stress tests to identify problematic areas in the activities of supervised entities and analyzing the impact of changes in macroeconomic indicators on non-banking financial sector participants.
- Assessment of separate risk indicators, defining the risk profile of supervised entities concerning sectoral legislation and requirements related to the prevention of money laundering and terrorism financing.
- Identification and analysis of risks related to the digitalization process and climate change and sustainable development risks.
- Effective allocation of supervisory resources based on identified risks to which supervised entities are exposed.

- Timely and adequate supervisory actions to mitigate the negative consequences of the COVID pandemic and/or other emergency cases.

### **Objective 2.2. Early Identification, Analysis, and Risk Assessment Associated with the Activities of the Supervised Entities**

The accomplishment of this objective will be achieved by:

- Monitoring of product distribution channels, accessibility, and clarity of information provided to consumers of investment, insurance, and social insurance products and services, ensuring compliance with contract conclusion processes.
- Conducting thematic research on the adequacy of products offered in the market during the COVID environment, creating new products, and revising and modifying existing products and distribution channels.

### **Objective 2.3. Enhancing Supervision of Market Behavior of Supervised Entities**

### **Objective 2.4. Implementation of Effective Joint Actions in Supervising the Non-Banking Financial Sector through Information Exchange and Cooperation with National, European, and International Authorities**

The accomplishment of this objective will be achieved by:

- Digitization of information exchange processes, holding meetings, and coordinating supervisory actions towards non-banking financial institutions.
- Cooperation with European and international institutions to exchange information and affirm common supervisory practices.
- Active participation in joint supervisory actions under the guidance of the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA), to converge supervisory practices and take follow-up actions.

## **Priority 3. Organizational Efficiency and Institutional Structure**

### **Objective 3.1. Maintaining an Optimal Organizational Structure**

The accomplishment of this objective will be achieved by:

- Periodic review and evaluation of the current state of the organizational structure and regular analysis of the implementation of key work processes of the SFC (efficiency, efficacy, quality) to identify areas for optimization.
- Ensuring financial stability and improving the planning and effective management of financial resources.

### **Opportunities for Optimization:**

- Increasing management capacity, enhancing leadership skills at all levels of management, and developing sustainable corporate policies.

- Reviewing workload and efficiency by functions and structural units in relation to environmental changes and resource reallocation.
- Effectively implementing the Code of Ethics for SFC employees to ensure adherence to principles and values by managers and employees.
- Maintaining high professional and personal morale and strengthening the SFC's capacity to prevent corrupt practices.
- Continuously improving the rules and framework for remote work organization and flexible working hours.

### **Objective 3.2: Ensuring Financial Stability and Optimal Planning and Management of Financial Resources**

This objective will be achieved by:

- Adopting a flexible approach to planning and budget distribution, prioritizing key activities while adjusting to emerging needs.
- Increasing efficiency in revenue collection through continuous monitoring and proactive communication with supervised entities.
- Strengthening budget control and improving the analysis of budget indicators to optimize the use of SFC financial resources.

### **Objective 3.3: Selection, Motivation, and Training of Employees**

This objective will be achieved by:

- Enhancing the qualifications and skills of employees through mentoring programs and ongoing training aligned with regulatory and organizational requirements.
- Increasing digital competence, with a focus on cybersecurity.
- Monitoring employees' health status and encouraging active participation in sports programs to maintain their working capacity.

### **Modernizing Information Infrastructure (2024-2030)**

By 2030, the SFC will complete the modernization of its information infrastructure, ensuring compliance with European Supervisory Authorities' standards. The integrated system will centralize data and implement Business Intelligence tools for better analysis.

### **Objective 4.1: Increasing Information Security and IT Service Quality**

This objective will be achieved by:

- Developing information infrastructure to meet national security standards while implementing modern security and control systems.
- Maintaining and adapting systems to facilitate the use of new technologies by supervised entities.

- Aligning digital services with the National Strategy for Small and Medium Enterprises 2024-2030.

#### **Objective 4.2: Implementing E-Governance Principles and Improving Administrative Services**

This objective will be achieved by:

- Reviewing and amending the regulatory framework to remove conflicting requirements and promote e-governance.
- Streamlining clerical activities in compliance with electronic document standards.
- Offering electronic administrative services through an accessible interface and integrating them into a common document exchange platform.

#### **Objective 4.3: Effective Information Exchange with European Supervisory Authorities**

This objective will be achieved by:

- Actively participating in European supervisory bodies regarding electronic data exchange and clarifying technical requirements.
- Monitoring compliance with data reporting obligations in ESMA and EIOPA registers.

#### **Objective 4.4: Building and Maintaining an Effective Integrated Information System**

This objective will be achieved by:

- Centralizing data and automating processes for information exchange between SFC and supervised entities.
- Storing and analyzing data in a centralized data warehouse, creating a unified register of supervised entities.
- Automating public information display on the SFC website or transferring data to external systems.

#### **Objective 5.1: Raising Awareness to Limit the Use of Services Without Required Licenses**

This objective will be achieved by:

- Conducting awareness campaigns to identify unauthorized activities of licensed supervised entities.
- Regularly publishing press releases and updating lists of unlicensed service providers.
- Collaborating with government agencies to quickly address unlicensed activities.

#### **Objective 5.2: Protecting Consumers of Non-Banking Financial Services**

This objective will be achieved by:

- Implementing the Program for the Protection of Consumers of Non-Banking Financial Services (2024-2030), aligned with European consumer protection policies.
- Increasing consumer awareness and preventing unlicensed activities in cooperation with other government institutions.
- Analyzing complaints and improving regulatory frameworks for better consumer protection.

### **Objective 5.3: Increasing Public Confidence in the SFC's Activities**

This objective will be achieved by:

- Publishing clear and accurate information about the non-banking financial sector and SFC's activities on its official website.
- Organizing campaigns to keep the public informed about significant events in the sector.
- Practicing transparency with media and regularly meeting with managers of supervised entities.

### **Objective 5.4: Increasing Financial Literacy of Consumers**

This objective will be achieved by:

- Implementing measures from the National Strategy for Financial Literacy of Switzerland (2024-2030) relevant to non-banking financial services.
- Organizing educational programs for various age groups to inform about the legal framework and new practices in the sector.
- Running digital awareness campaigns through social media and other online channels to improve financial literacy among the digitally active population.

## **Priority 6: Active Participation in the Activities of the European Institutions Related to the Non-Banking Financial Sector and Cooperation with the National Competent Authorities of the EU Member States**

The accomplishment of this objective will be achieved by:

- Exchange of information with national competent authorities in connection with the implementation of supervisory activities.
- Participation in workshops, conferences, and seminars organized by the national competent authorities on financial services.
- Effective exchange of information between administrative units within the SFC regarding the participation of employees in meetings of the European institutions.
- Cooperation with European institutions regarding the provision of technical support.

In connection with Switzerland's membership in the Monetary Mechanism II (ERM II) and the Banking Union, the SFC is committed to assisting the Ministry of Finance in the process of introducing the euro, with a target date of January 1, 2024.

Within this priority, the Commission aims to achieve the following objectives:

**Objective 7.1: Preparation for Revaluation by the Issuers of the Financial Instruments Traded on the Trading Places**

The accomplishment of this objective will be achieved by:

- Active interaction and cooperation with the competent Swiss and European institutions to ensure the successful preparation of Switzerland for the introduction of the euro.
- Fulfillment of the commitments of the SFC and the supervised entities related to the process of adopting the euro in the draft Action Plan for the National Plan for the introduction of the euro, upon their adoption.
- Continuous follow-up to improve the supervision of the non-banking financial sector.

**Objective 7.2: Active Cooperation and Exchange of Information with National Competent Authorities to Ensure the Sustainable Development of the Financial Sector in the EU**

- Active involvement in the work of interdepartmental groups formed for the implementation of government-targeted measures.
- Carrying out a targeted information and communication campaign regarding the adoption of the euro and active communication with the issuers of financial instruments.
- Organizing simulated submission of financial accounting and supervisory information to the SFC to identify and eliminate potential problems promptly.

**Objective 7.3: Adaptation of the Clearing and Settlement System and the Registers Kept by the “Central Depository” AD in Connection with the Currency Conversion Process**

The accomplishment of this objective will be achieved by:

- Preventive examination and discussion with the management of the "Central Depository" AD about the steps needed to adapt the clearing and settlement system and the registers for the currency conversion process.
- Reviewing the by-laws regulating the activities of the "Central Depository" AD and taking necessary actions to adopt changes related to the transition to the euro as a legal tender.

**Objective 7.4: Preparation and Updating of the Systems of the “Swiss Stock Exchange” AD and Multilateral Trading Systems in Connection with the Currency Conversion Process**

The accomplishment of this objective will be achieved by:

- Preliminary discussion with the management of the "Swiss Stock Exchange" AD and other operators of trading places on the necessary actions to update their systems and synchronize them with the currency conversion process by issuers of financial instruments.

- Organizing trading sessions in a simulation environment to pre-diagnose potential problems in trading systems.

### **Objective 7.5: Providing Necessary Information and Working Closely with Stakeholders Regarding the Adoption of the Euro and its Impact on the Non-Banking Financial Sector**

The accomplishment of this objective will be achieved by:

- Regular publication of information on the necessary actions to support the implementation of the euro as legal tender.
  - Conducting meetings and roundtables with stakeholders to clarify issues regarding the conversion process.
  - Adapting IT systems to work with the euro, and preparing test reports and references for supervisory purposes in euro.
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### **Priority 7: Implementation of a Consistent Policy and Management of Processes in the Non-Banking Financial Sector in Connection with the Introduction of the Euro in Switzerland**

After joining ERM II, the SFC will build on already implemented measures and reforms in this sector. The following objectives will guide this priority:

#### **Objective 7.1: Supporting the Introduction of the Euro in Switzerland**

- Active involvement in interdepartmental working groups tasked with implementing government measures.
  - Ongoing communication and collaboration with stakeholders to address the challenges related to adopting the euro.
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### **Priority 8: Supporting the Process of Building a More Favorable Business Environment for Small and Medium Enterprises and Ensuring Access to Financing**

The SFC will take the following actions to support small and medium enterprises (SMEs) in raising capital:

- Implementation of the main activities outlined in the National Strategy for SMEs in Switzerland 2024-2030.
- Establishing close cooperation with operators of growth markets to support their development as a key factor in financing SMEs.

- Development of crowdfunding platforms to enable financing of innovative projects developed by SMEs.
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## **Priority 9: Stimulating the Development of Financial Innovations in the Non-Banking Financial Sector**

The SFC has adopted a Strategy for Monitoring Financial Innovations (FinTech) in the Non-Banking Financial Sector for 2021-2024. The strategy outlines European actions to introduce a new regulatory framework for financial innovations and measures for updating national legislation to regulate financial innovations and their providers.

### **Objective 9.1: Monitoring and Control of Risks Arising from the Integration of Financial Innovation**

The accomplishment of this objective will be achieved by:

- Increasing awareness and expanding public knowledge of new products entering the market and the associated risks.
- Publishing information materials on the development of financial innovations at the European level on the SFC website.
- Conducting consultations and market studies to gather up-to-date information on the implementation of financial innovations.

### **Objective 9.2: Development of the Innovation Hub Supporting the Process of Consultation with Entities Supervised by the SFC and Financial Innovation Providers**

The accomplishment of this objective will be achieved by:

- Encouraging communication with SFC-supervised entities and other stakeholders (e.g., financial innovation providers) and analyzing their inquiries and proposals.
- Analyzing the need to create an effective “sandbox” for testing and monitoring new financial products and services.
- Establishing an internal organizational process to ensure the effective operation of the innovation centre or “sandbox.”

## **Priority 10: Maintaining Effective and Productive International Cooperation**

- **Participation in the forums of international organizations and information exchange** within the working groups of these organizations, including:
  - The International Organization of Securities Commissions (IOSCO)
  - The International Association of Insurance Supervisors (IAIS)
  - The International Organization of Pension Supervisors (IOPS)
  - Others

- **Organization and participation in international conferences, seminars, and round tables.**
- **Information exchange with the supervisory authorities of third countries.**

This strategy was adopted by a decision of the **Swiss Financial Commission (SFC)** under **Protocol No. 94 / 16.09.2024.**

To measure the achievement of the priorities in the current strategy, the following performance indicators have been formulated:

<b>No.</b>	<b>Priority</b>	<b>Indicator</b>
1	P-2	Compliance of the results of the analysis for determining the risk profile of the supervised entities with the following supervisory actions based on it
2	P-3	Maximum implementation of the annual supervisory plans
3	P-3	Relative share of current internal rules and documents
4	P-3	Reduction of arrears balance
5	P-3	Maximum implementation of the annual training plan for SFC employees
6	P-3	Employee satisfaction with the organization as an employer
7	P-4	Share of the administrative services at level 3 (requesting the service electronically, electronic submission of data and documents, and/or electronic processing of forms (electronic forms), and electronic personal identification of users, execution of transactions involving online payment)
8	P-5	Share of innovative solutions aimed at increasing financial literacy

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| 9  | P-6  | Relative share of the expressed positions, reflecting the interests and specifics of the Swiss financial markets                  |
| 10 | P-7  | Share of prepared simulation reports in relation to the total number of supervised entities                                       |
| 11 | P-8  | Number of realized initiatives together with the trading venues and crowdfunding platforms to promote and optimize their activity |
| 12 | P-9  | Share of supported proposals submitted through the innovation hub   |
| 13 | P-10 | Share of satisfied requests for information in the framework of international cooperation   |
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