

Update

Newsflash April 2020

FinfraG Update XI – Extension by one year of the initial margin implementation dates

On April 14, 2020, FINMA communicated in its Guidance 04/2020 that it extends the initial margin implementation dates for phase 5 and 6 by one year.

On April 3, 2020, the Basel Committee on Banking Supervision ("BCBS") and the International Organization of Securities Commissions ("IOSCO") have agreed to delay the initial margin implementation dates for phase 5 and 6 to allow firms to focus resources on combatting the impact of the Covid-19 outbreak on their businesses.

FINMA supports the recommendation made by the Basel Committee and IOSCO and has, based on Article 131 para. 6 FMIO, extended the two final implementation dates for the mandatory exchange of initial margins under the FMIA (set out in Article 131 para. 5 let.d^{bis} and e FMIO) by one year.

The duty to exchange initial margins under the FMIA shall now apply for counterparties (other than small non-financial counterparties) whose aggregated month-end average gross position of noncentrally-cleared OTC derivatives at financial or insurance group level exceeds:

- › Phase 5: CHF 50 billion for each of the months of March, April and May 2021: from September 1, 2021
- › Phase 6: CHF 8 billion for each of the months of March, April and May 2022: from September 1, 2022

Please do not hesitate to contact us in case of any questions.

Legal Note: The information contained in this UPDATE Newsflash is of general nature and does not constitute legal advice. In case of particular queries, please contact us for specific advice.

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