



NEWSLETTER – September 2015

FinfraG, what else?

What is FinfraG?

FinfraG is the Swiss financial regulation on derivative trading which is part of the Swiss Financial Market Infrastructure Act (“FMIA”). Its objective is to bring more transparency and ensure a better control on market activities. FinfraG is the equivalent to EMIR in the EU and to Dodd-Frank in the US.

In August 2015, following adoption of FMIA by the Swiss Parliament, a draft of the ordinance detailing the FinfraG implementation details was published. The FMIA and the ordinance are both expected to **come into effect on 1st January 2016**. FinfraG and FMIA are important elements in the development of the Swiss regulatory environment and in ensuring that Switzerland remain amongst a group of leading financial centres.

How am I affected?

FinfraG applies to all Swiss market participants – i.e. counterparties that trade derivatives, including in most cases CH branches with foreign mother company. The definition of derivatives in FinfraG is aligned to EMIR and certain types of transactions have been carved out from the scope of application (spot transactions, repo, securities lending and borrowing, structured products). Similarly to EMIR, FinfraG is based on counterparty classification between two categories: Non-Financial Counterparties (NFC) and Financial Counterparties (FC). Most Swiss based corporates are likely to qualify either as NFC + or -. The + or – subcategory will depend on the volumes of the different type of derivatives traded (credit/equity derivatives and FX, interest and commodity derivatives) compared to thresholds set in the regulation.

What are the obligations under FinfraG?

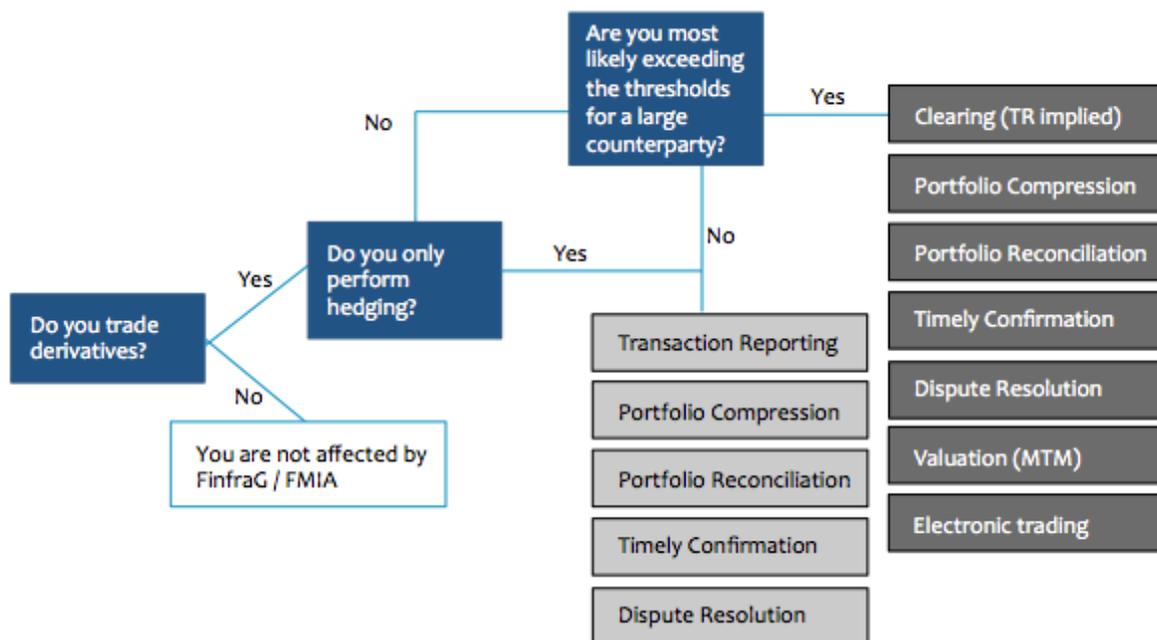
This is dependent on your counterparty classification (NFC +/-, FC +/- or small FC/NFC). In a nutshell, the obligations under FinfraG are:

	FC+	FC-	NFC+	NFC -
Reporting	+	+	+	+
Clearing	+	×	+	×
Risk Mitigation	+	+	+	+
Daily Valuation	+	×	+	×
Collateral exchange	+	+	+	×
Platform trading	+	×	+	×

Where to start?

If you are subject to EMIR and/or Dodd-Frank, you will need to identify the likely overlaps with FinfraG and make a detailed analysis of the differences included in the Swiss regulation in order to ensure both full compliance and efficient data management in your information systems.

If you are **not** subject to EMIR and/or Dodd-Frank, you will have to make a detailed review of your derivatives trading activity, determine your counterparty classification, design and implement necessary processes related to the FinfraG obligations and make sure that this is adequately and efficiently managed from a system/IT point of view. In most cases you will have to select an external Trade Repository services provider.



How to get assistance?

Based on our experience with EMIR and Dodd-Frank, we can assist you in scoping the impact of the FinfraG regulation on your trading activities and in designing and implementing relevant controls and measures required. In addition, we can offer an electronic based solution that will allow you to perform efficiently the reporting, measurement, valuation and other likely actions prescribed by the regulation.

Please contact us to discuss your needs on that front, we will be glad to assist.

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