

## Parliament, 2025–2026: from the committee room to the Council of States

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The capital bill reached Parliament in the spring of 2026 after a year in which the political battle lines had become clear. As early as September 2025, the National Council had rejected a motion aimed at delaying the debate on tougher capital requirements.<sup>1</sup> The Swiss People's Party and the business federation *economiesuisse* urged the government to seek a middle ground with UBS.<sup>2</sup> The Social Democrats and the Greens insisted on the full proposal. The parties of the centre and the Liberals were divided between their concern for financial stability and their closeness to the business community.

The Economic Affairs and Taxation Committee of the Council of States, as the committee of the first chamber, conducted the preliminary examination. Over the summer of 2026 it examined alternatives to the Federal Council's model, including solutions involving AT1 instruments. On 31 August 2026 it decided, by 10 votes to 2 with one abstention, to depart from the Federal Council. In its proposal, foreign participations were still to be backed in full, but only half with CET1 capital, while the other half could be covered by AT1 instruments of a new design.<sup>3</sup> The new instruments would trigger automatic consequences if the parent bank's CET1 ratio fell below about 11 per cent: no dividends, no share buybacks, no interest payments to AT1 investors, no repayment of the instruments and reduced or no bonuses for management.<sup>4</sup>

The committee's president, Erich Ettlin of The Centre from Obwalden, defended the proposal as a compromise that enhanced the safety of the financial market. According to Ettlin, nobody in the committee had disputed the need for stricter bank regulation, which is why he rejected the reading of the result as a victory for UBS.<sup>5</sup> The reactions showed how polarised the subject had become. The centrist Fabio Regazzi spoke of a good compromise. Cédric Wermuth, co-president of the Social Democrats,

called the decision “absolutely scandalous” and a refusal to do the work, signalling that his party might launch a referendum.<sup>6</sup> Finance Minister Karin Keller-Sutter publicly criticised the committee’s proposal.<sup>7</sup>

The plenary debate took place on 23 September 2026, during the autumn session. Three positions competed. The Federal Council and a minority defended the full backing with CET1. The committee majority proposed its 50/50 model with AT1 instruments. A second minority led by Peter Hegglin, a member of The Centre from the canton of Zug, proposed a backing of 90 per cent with CET1.<sup>8</sup> In the debate Keller-Sutter reduced the question to its core: who bears the risks, the shareholders or the Swiss taxpayers? Hannes Germann of the Swiss People’s Party, speaking against strict rules, replied that a maximum demand was not a compromise.<sup>9</sup>

The Council of States followed the Hegglin minority. In the final vote on the bill it approved a backing of 90 per cent of foreign participations with CET1 capital by 33 votes to 10, with 2 abstentions.<sup>10</sup> The chamber thus rejected both the committee’s AT1 model and the Federal Council’s full requirement, while remaining much closer to the latter. No specific requirement was set for the remaining ten per cent.<sup>11</sup> The press described the outcome as a defeat for UBS, which had lobbied for the committee’s model. Press accounts of the individual votes in the course of the debate differ, which is why only the result of the final vote is given here.

The bill now passes to the National Council, which may deal with it in the winter session of 2026 or later. Any disagreement between the two chambers will lead to the procedure for resolving differences. Against the final text a referendum remains possible.<sup>12</sup> According to the Federal Department of Finance, the statutory amendments could enter into force in 2029 at the earliest, followed by the seven-year phase-in.<sup>13</sup> The International Monetary Fund expected the final vote in 2027 or later.<sup>14</sup> Full implementation of the capital rules is therefore unlikely before the second half of the 2030s, some fifteen years after the collapse of Credit Suisse.

The state of play at the end of September 2026 can be summarised as follows. The amendments to the Capital Adequacy Ordinance on software and prudential valuation have been adopted and will enter into force on 1 January 2027. The capital bill on foreign participations has passed the first chamber in a modified form and awaits the National Council. The second statutory package, containing the senior managers regime, the remuneration rules, FINMA’s new powers, the liquidity requirements and the resolution provisions, is in consultation until 19 November 2026. The public liquidity backstop remains suspended in Parliament. The AT1

reforms at ordinance level have been postponed. The SNB's Extended Liquidity Facility is scheduled to begin operating in early 2027.

## 1 Notes

1. finews.asia, "Swiss Regulators Accused of Pushing UBS Out of the Country", 15 September 2025, <https://www.finews.asia/finance/43992-ubs-cevian-shareholder-switzerland-regulator-lars-foerberg>. ↩
2. SWI swissinfo.ch (Bloomberg), "UBS says capital reforms put future in Switzerland at risk", January 2026, <https://www.swissinfo.ch/eng/ubs-says-capital-reforms-put-future-in-switzerland-at-risk/90089650>. ↩
3. SWI swissinfo.ch (Keystone-SDA), "Kommission will schärfere Eigenkapitalvorschriften für Banken", 31 August 2026, <https://www.swissinfo.ch/ger/kommission-will-sch%C3%A4rfere-eigenkapitalvorschriften-f%C3%BCr-banken/91982787>. ↩
4. Blick, "So wollen die Ständeräte die UBS regulieren", 31 August 2026, <https://www.blick.ch/politik/niederlage-fuer-kks-sieg-fuer-ermotti-staenderaete-schwenken-auf-ubs-linie-um-id22223949.html>. ↩
5. Blick, "So wollen die Ständeräte die UBS regulieren", 31 August 2026, <https://www.blick.ch/politik/niederlage-fuer-kks-sieg-fuer-ermotti-staenderaete-schwenken-auf-ubs-linie-um-id22223949.html>. Ettlin is quoted as saying "In der Kommission war unbestritten, dass es eine strengere Bankenregulierung braucht" and "Das ist kein Sieg für die UBS". ↩
6. Bote der Urschweiz, "Ständeratskommission legt UBS neue Eigenkapitalregeln vor", 31 August 2026, <https://www.bote.ch/nachrichten/schweizundwelt/staenderatskomm-ission-legt-ubs-neue-eigenkapitalregeln-vor-art-1719342>. ↩
7. FStech, "Swiss finance minister 'pushes back against watered down UBS capital plans'", 2 September 2026, [https://fstech.co.uk/fst/Swiss\\_Finance\\_Minister\\_Pushes\\_Back\\_Against\\_Watered\\_Down\\_UBS\\_Capital\\_Plans.php](https://fstech.co.uk/fst/Swiss_Finance_Minister_Pushes_Back_Against_Watered_Down_UBS_Capital_Plans.php), reporting, with reference to the Financial Times, Keller-Sutter's criticism of the committee's proposal to allow UBS to meet half of the additional requirement with AT1 capital and her remark that the changes had emerged because "lobbying in parliament is so strong". ↩

8. finews.ch, “Ständerat zeigt Härte gegenüber der UBS”, 23 September 2026, <https://www.finews.ch/news/banken/73684-lex-ubs-ergebnisse-karin-keller-sutter-a-t-1>. ↩
9. 20 Minuten, “Showdown um Lex UBS: Wie entscheidet der Ständerat?”, live report of 23 September 2026, <https://www.20min.ch/story/herbstsesion-showdown-um-lex-ubs-wie-entscheidet-der-staenderat-103637559>. ↩
10. SWI swissinfo.ch (Keystone-SDA), “Ständerat sagt Ja zu schärferen Eigenmittel-Regelungen für Banken”, 23 September 2026, <https://www.swissinfo.ch/ger/st%c3%a4nderat-sagt-ja-zu-sch%c3%a4rferen-eigenmittel-regelungen-f%c3%bcr-banken/92104124>. ↩
11. finanzen.ch (AWP), “UBS-Aktie tiefer: Ständerat will 90 Prozent Eigenkapital für UBS-Auslandbeteiligungen”, 23 September 2026, <https://www.finanzen.ch/nachrichten/aktien/ubs-aktie-tiefer-standerat-will-90-prozent-eigenkapital-fuer-ubs-auslandbeteiligungen-1036564467>. ↩
12. finanzen.ch (AWP), “UBS-Aktie tiefer: Ständerat will 90 Prozent Eigenkapital für UBS-Auslandbeteiligungen”, 23 September 2026, <https://www.finanzen.ch/nachrichten/aktien/ubs-aktie-tiefer-standerat-will-90-prozent-eigenkapital-fuer-ubs-auslandbeteiligungen-1036564467>. ↩
13. Federal Department of Finance, “Too Big To Fail”, overview page, <https://www.efd.admin.ch/en/tbtf-en>. ↩
14. SWI swissinfo.ch (Bloomberg), “Switzerland’s capital plan for UBS wins wholehearted IMF backing”, 25 June 2026, <https://www.swissinfo.ch/eng/switzerlands-capital-plan-for-ubs-wins-wholehearted-imf-backing/91649572>. ↩

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