

Zurich, 2 September 2019

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## **Instruction sheet on admission to the SIC system and sight deposit accounts**

### **1. Introduction**

The Swiss National Bank may maintain sight deposit accounts in performing its monetary policy mandate. Its statutory tasks also include facilitating and securing the functioning of cashless payment systems. The Swiss Interbank Clearing payment system (SIC system) serves to process cashless payment transactions in Swiss francs and is operated by SIX Interbank Clearing Ltd (SIC Ltd) on behalf of the SNB.

This SNB Instruction Sheet provides information on the types of admission to the SIC system and sight deposit accounts (point 2); it also defines the corresponding admission criteria (points 3, 4 and 5) and specifies the circumstances under which a participant may be suspended/excluded from the SIC system (point 6). Lastly, it sets out the administrative procedure for submitting an application for admission (point 7).

As a general rule, to be admitted participants must make a significant contribution to the fulfilment of the SNB's tasks, and their admission must not pose any major risks. Decisions on admission to the SIC system and on the opening of sight deposit accounts lie with the SNB. The SNB is not bound by this Instruction Sheet and may, for monetary policy reasons in particular, expand or restrict admission, either entirely or for specific categories of participant.

### **2. Admission categories**

The SNB offers two categories of admission to the SIC system (points 2.1 and 2.2) and one for sight deposit accounts (point 2.3).

#### **2.1. SIC participation with a sight deposit account**

SIC participation with a sight deposit account is the primary form of admission for *SIC participants* to the SNB. It requires the opening of a sight deposit account that forms a single

legal entity together with the settlement account in the SIC system (SIC settlement account). This form of SIC participation must be effected directly, i.e. without another SIC participant acting as intermediary. As a general rule, the SNB offers only one SIC settlement account per participant.

SIC participation with a sight deposit account is governed by contracts between the SIC participant, the SNB and SIC Ltd, as well as the SIC regulations<sup>1</sup> and the SNB's Terms of Business.

## **2.2. SIC participation without a sight deposit account**

SIC participation without a sight deposit account refers to access to the SIC system for *third-party system operators*. This form of admission allows third-party system operators that do not themselves have a sight deposit account or SIC settlement account to effect debits and credits to the SIC settlement accounts of SIC participants, provided the said third-party system operator has received one-off authorisation in this respect from the SIC participant in question.

SIC participation without a sight deposit account is governed by contracts between the third-party system operator, the SNB and SIC Ltd, as well as the SIC regulations<sup>2</sup> and the SNB's Terms of Business.

## **2.3. Sight deposit account without SIC participation**

This format allows a sight deposit account to be held without the *sight deposit account holder* being admitted as a participant in the SIC system. As a general rule, the SNB offers only one sight deposit account per account holder.

Holding a sight deposit account without SIC participation is governed by a contract between the sight deposit account holder and the SNB as well as the SNB's Terms of Business.

## **3. Criteria for SIC participation with a sight deposit account**

Subject to the specific criteria in each case, the following *domestic financial market participants* are eligible to participate in the SIC system with a sight deposit account:<sup>3</sup>

- *banks and branches of foreign banks;*
- *securities dealers*, provided they participate in the securities settlement system SECOM, and correspondingly use the SIC system for processing payments in Swiss francs arising from securities transactions;
- *central mortgage bond institutions;*

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<sup>1</sup> Swiss RTGS Handbook and the Swiss Payments Rulebook.

<sup>2</sup> Ibid.

<sup>3</sup> Institutions authorised by the Financial Market Authority Liechtenstein and subject to its prudential supervision are deemed equivalent to domestic financial market participants provided they are subject to authorisation and supervision equivalent to that of the Swiss Financial Market Supervisory Authority FINMA.

- *Compenswiss (Swiss Federal Social Security Funds AHV/IV/EO)*;
- *cash processing operators*, which process cash for third parties on a commercial basis and/or supply them with cash and regularly pay in and withdraw cash at the SNB in their own name, and which also perform an appropriate clearing function. Furthermore, they must be regulated directly or indirectly in respect of compliance with the duty of due diligence with regard to combating money laundering;
- *fintech companies pursuant to art. 1b of the Banking Act* that operate a significant business model in the area of payment transactions in Swiss francs;
- *insurance companies, branch offices of foreign insurance companies, fund management companies, investment companies with variable capital (SICAVs), investment companies with fixed capital (SICAFs) and limited partnerships for collective investment (LPs)*, provided they contribute to liquidity on the secured Swiss franc money market;
- *financial market infrastructures*, specifically *central counterparties; central security depositories* that operate a securities settlement system, and *payment systems* authorised in accordance with the Financial Market Infrastructure Act, provided they process payments in Swiss francs via the SIC system.

The SNB may permit *foreign financial market participants* to participate in the SIC system with a sight deposit account.

#### **4. Criteria for SIC participation without a sight deposit account**

Third-party system operators that meet all of the following criteria are eligible for SIC participation without a sight deposit account:

- The third-party system operator is domiciled in Switzerland.
- There is a demonstrable market requirement for the service underlying the payment processing effected by the third-party system operator.
- The participation of the third-party system operator facilitates the processing of payments and significantly reduces systemic or specific payment processing risks.

#### **5. Criteria for holding a sight deposit account without SIC participation**

The following are eligible to hold a sight deposit account without SIC participation:

- *domestic banks and domestic branches of foreign banks*, provided they do not engage in transaction activity. SIC participation with a sight deposit account (point 2.1) is required in cases where there is transaction activity;

- the *central federal administration* of the Swiss Confederation and *units of the Swiss federal administration that are not a separate legal entity in their own right*, as well as Switzerland's *federal courts*;
- *institutions pursuant to the Coinage Ordinance*;
- *depositor protection schemes pursuant to the Banking Act*.

The SNB may also permit *central banks*, as well as *international organisations* that contribute to international monetary cooperation, to hold a sight deposit account without SIC participation.

## 6. Suspension and exclusion from the SIC system

In accordance with the corresponding contractual agreements, the SNB may terminate SIC participation (points 2.1 and 2.2) with immediate effect (exclusion) or may temporarily exclude a SIC participant/third-party system operator (suspension) under the following circumstances: (a) if they no longer fulfil the admission criteria; (b) if insolvency law measures have been imposed against them; (c) if they are in breach of either the contractual provisions or the associated SIC regulations;<sup>4</sup> or (d) if a case arises that the SNB assesses as posing a particular risk for the SIC system or the reputation of the SNB.

## 7. Administrative process and contact details

The following documents are to be submitted for the assessment of admission applications:

- a written application stating the form and purpose of admission;
- a valid Commercial Register extract;
- a list of authorised signatories;
- for authorised financial market participants: Authorisation (licence) from the competent supervisory authority;
- for securities dealers: Confirmation of participation in the securities settlement system SECOM.

Applications and enquiries are to be sent to: Swiss National Bank, Department III, Middle Office, Börsenstrasse 15, CH-8022 Zurich or by email to [customer@snb.ch](mailto:customer@snb.ch).

*This is an English translation of a German original. Only the German original text is authoritative.*

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<sup>4</sup> Swiss RTGS Handbook and the Swiss Payments Rulebook.