

Answer 1:

The limitations and conditions for credit exposure to counterparties within tied assets are as follows:

1. The exposure to a counterparty may not exceed 5% of the target amount of the tied assets.
2. If there is a higher exposure per counterparty, it must be submitted to FINMA for approval without delay.
3. Claims against the Swiss Confederation, cantons, cantonal banks with a state guarantee, and Swiss mortgage bond institutions are exempt from the 5% limit.
4. Receivables from debtors whose obligations are due at any time and are not subject to a counterparty agreement are excluded from the calculation of the counterparty limits.
5. Securities that have been transferred to securities lending or repurchase agreements must be included in the calculation of the limits.

These limitations and conditions are intended to manage risk and ensure the stability of the tied assets, preventing excessive exposure to any single counterparty and maintaining diversification.

Answer 2:

The limitations and conditions for credit exposure to counterparties within tied assets, as outlined in the FINMA Circular 2016/5, include specific caps on exposure and requirements to ensure that credit risk is managed appropriately. Here are the key points:

#### Limitations on Counterparty Exposure

Counterparty Limits: The exposure to a single counterparty may not exceed 5% of the target amount of the tied assets. This limitation helps to mitigate the risk of significant loss from the potential default of any single counterparty.

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