

SFAMA News

Autumn edition

2015

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Introduction

Strengthening the Swiss fund market

Dear readers

The Asset Management Initiative has been the subject of debate for more than two years now, and time and again there are insinuations that it has yet to deliver any tangible actions or results. We would like to counter these accusations here with a brief update. Work has been going on in earnest on two key projects – „Market Access“ and „Standards in Asset Management“ – and this has already led to the first successes. For example, ESMA's positive advice regarding the application of the AIFMD passport to Switzerland would have scarcely been possible without SFAMA's active support. It is also hardly likely that the topic of asset management would be as high a priority on the FDF's agenda if we had not made the appropriate lobbying efforts. The impression that „tangible action“ is taking hold only rather slowly after the conceptual phase may have arisen due to the fact that initiatives – and indeed associations – essentially generate ideas, open doors, and can take on the role as a „sponsor“ thanks to the certain degree of neutrality they possess. However, the projects themselves must ultimately be implemented by industry players. This process involves discussions involving many partners, and therefore usually takes longer than hoped.

Next steps

For their ideas to be put into practice, the bodies behind the initiative are dependent on market participants, while politicians also have to be taken to task to provide the legal frameworks. In the latter respect, draft versions will soon be tabled for a financial services act and a financial institutions act. The Financial Market Infrastructure Act has fortunately already cleared all the parliamentary hurdles. These laws are of pivotal importance for Swiss asset management given their contribution to safeguarding the exportability of the corresponding services, thus bolstering the industry's competitiveness internationally. These considerations have been raised as part of the consultation processes, and we will see in the coming months to what extent they have actually been taken on board.

Broad support for the initiative

The other sponsors of the initiative are the Swiss Bankers Association SBA, the Swiss Insurance Association SIA, and the Conference of Managers of Investment Foundations KGAST. Asset management is also an issue of the utmost importance for various federal government working groups, such as the Brunetti Group of Experts. The initiative thus enjoys sufficient support in our view.

We hope you enjoy reading this issue !

Swiss Funds & Asset Management Association SFAMA



In focus

AIFMD passport for third countries – 1st milestone reached

ESMA advice

On 30 July 2015, the European Securities and Markets Authority (ESMA) published its positive advice on the extension of the EU passport to Swiss managers of alternative investment funds as well as Swiss funds. This is an exceptionally pleasing result for Switzerland as a location for funds and asset management. Having a small economy, Switzerland is dependent on being able to also offer its products and services abroad. However, for financial services in particular, access to foreign markets – and especially the EU – has become increasingly difficult.

AIFMD provisions

With the introduction of the Alternative Investment Fund Manager Directive (AIFMD), managers of alternative investment funds not already covered by the UCITS Directive were made subject to regulation. For Swiss providers, the AIFMD is relevant for the distribution of collective investment schemes in the EU and the involvement of Swiss asset managers in the management of European funds. EU providers can currently benefit from a passport system that has thus far not been made available to asset managers from third countries. The latter are subject to national private placement regimes, but these are limited in terms of time. However, the AIFMD provides for the passport to be extended to third countries.

Equivalent regulation

SFAMA pressed for compatibility with the AIFMD as part of the recent revision of the CISA. During the ESMA consultations on the extension of the AIFMD passport to Swiss asset managers, we highlighted the equivalent regulation under the CISA (*). Furthermore, the cooperation agreements between FINMA and the supervisory authorities of the EU member states put in place the prerequisites for the delegation of asset management of European alternative investment funds to Swiss asset managers, and for enabling the corresponding distribution to professional investors in the EU.

ESMA's analysis

ESMA shares SFAMA's opinion that Switzerland meets the criteria for the extension of the EU passport. It analyzed six countries with a view to granting the third-country passport: Guernsey, Hong Kong, Jersey, Singapore, Switzerland, and the US. Besides Switzerland, the only other positive recommendations thus far have been for Jersey and Guernsey.

Over to the European Commission and Parliament

Switzerland has thus reached an initial milestone regarding European market access in the alternative investment funds area. In the coming three months, the European Commission and Parliament will decide whether to activate the provision on third countries, and whether Swiss asset managers can thus actually benefit from this passport.

(*) The position paper submitted by SFAMA is available at the following link: www.sfama.ch (Publications / Statements)



Latest News

Deadlines coming up!

Reminder

In this section we highlight any significant deadlines coming up over the short term. This is aimed at assisting your planning, but it is by no means an exhaustive list.

Partial revision of the CISA and CISO

**1 March 2013 –
28 February 2018**

The transitional provisions regarding the amendments to the Collective Investment Schemes Act (CISA) of 28 September 2012 are to be found in Articles 158a – 158e CISA, and those governing the amendments to the Collective Investment Schemes Ordinance (CISO) of 13 February 2013 in Article 144c CISO. Barring any ruling to the contrary in the specific transitional provisions, the new provisions apply from the entry into force on 1 March 2013. In its Newsletter 48 dated 17 May 2013, FINMA added specific detail with regard to the authorization requirement for asset managers of collective investment schemes, as well as the applicable statutory transitional provisions for CISA institutions and collective investment schemes. It also provided a brief overview of amendments to regulations downstream from the CISA and CISO.

Complete revision of the CISO-FINMA

**1 January 2015 –
1 January 2017**

The transitional provisions regarding the complete revision of 27 August 2014 are set out in Article 118 CISO-FINMA. Barring any ruling to the contrary in the specific transitional provisions, the new provisions apply from the entry into force, i.e. from 1 January 2015.

SFAMA Code of Conduct

31 December 2015

The SFAMA Code of Conduct entered into force on 1 January 2015. There will be a transitional period to 31 December 2015, during which fund management companies, investment companies with variable capital (SICAVs), limited partnerships for collective investment, investment companies with fixed capital (SICAFs), CISA asset managers, and representatives of foreign collective investment schemes, as well as their agents, are to carry out the necessary implementation work, in particular with regard to amending existing contracts.



Fund markets

Key data on the international fund business

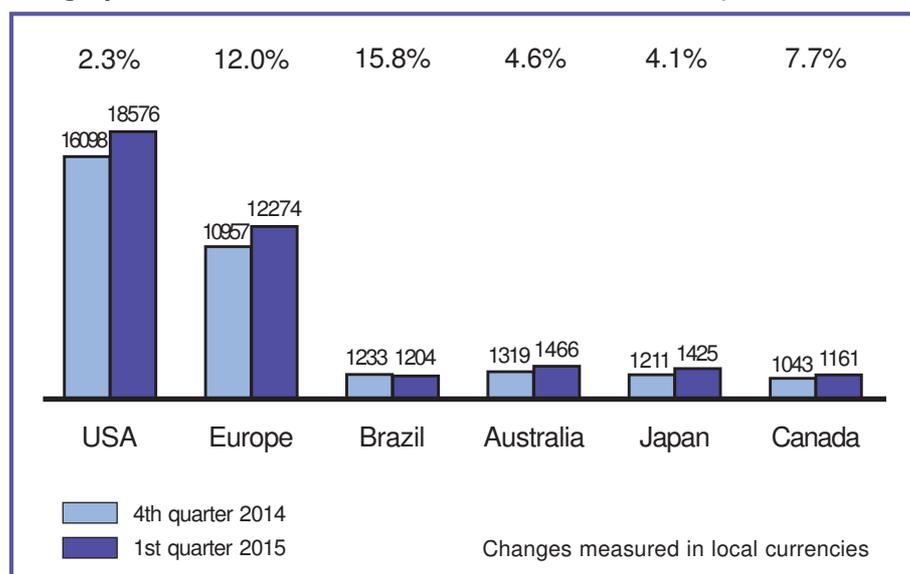
Increase in volumes in Q1 2015

The increase in global fund volumes stretching back over several quarters continued in Q1 2015. Working in conjunction with the IIFA (International Investment Funds Association), EFAMA incorporated new fund types into the universe covered – such as ETFs, institutional funds, and hedging products – and this resulted in a large increase in both fund volumes and product numbers. It is therefore no longer possible to make direct comparisons with the figures published to date in the SFAMA News. At the end of March 2015, the newly calculated fund volumes totaled EUR 37.8 trillion, with funds of funds accounting for EUR 3.14 trillion.

US still out in front

Brazil led the way in local currency terms in Q1 2015 with an increase of 15.8%, thus even outdoing the 12.0% gain recorded by Europe. Meanwhile, if the calculations were made in EUR across the board, the resultant figure for the US f.i.e. would have been a rise of just 2.3%. The marked difference stems from the currency gains posted by the USD vs the EUR. In the US, the total volume was well above EUR 18 trillion at the end of March 2015. According to the latest EFAMA report, a total of EUR 12.2 trillion was invested in funds in Europe.

Geographical trends in investment fund assets in Q1/15 (in EUR billions)

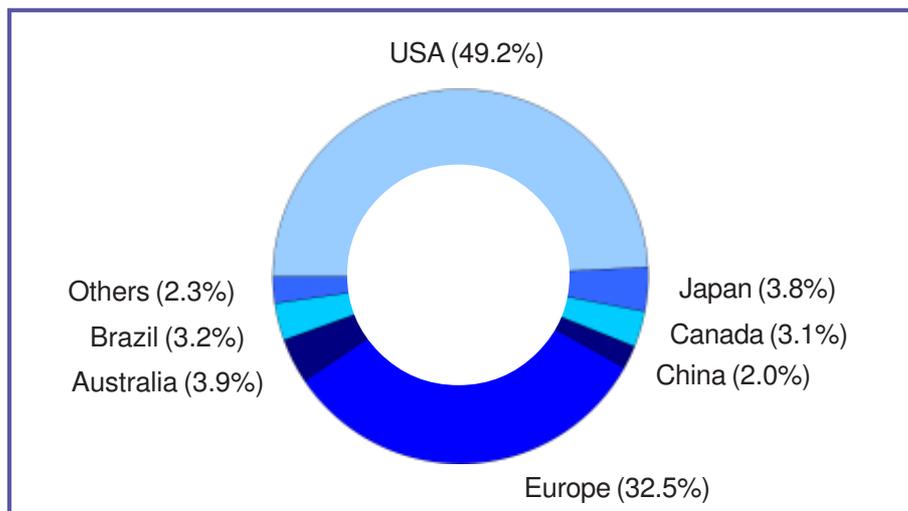


Source: EFAMA International Statistical Release, July 2015

Little change in the international breakdown

Comparing the data gathered, the US accounted for 49.2% of the global assets invested in funds at the end of the first quarter (see chart on next page). Europe followed in second place with 32.5%, with Australia (3.9%) now holding off Japan (3.8%) in third spot.

Geographical trends in investment fund assets by end of March 2015 (in EUR billions)



Source: EFAMA International Statistical Release, July 2015

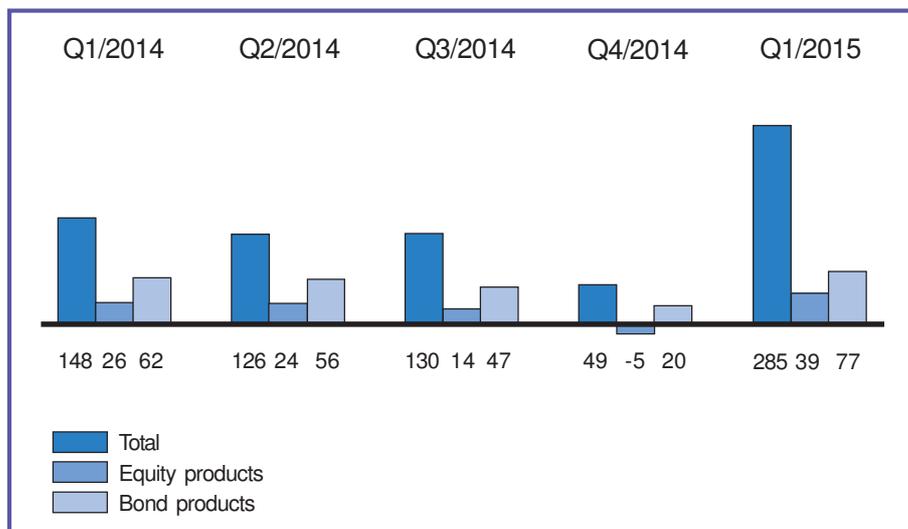
Global fund universe of 98,971 funds

At the end of March 2015, the fund universe covered by EFAMA stood at a total of 98,971 products. This corresponds to an increase of 7,371 funds in the year to date. The breakdown of products per fund category is as follows: equities 40%, bonds 21%, mixed 17%, money market 11%, and others 11%.

A look at Europe

The net inflows in recent quarters reflect the confidence of many investors, both with regard to the solution to the Greek crisis and also the economic situation in Asia. All fund categories have enjoyed net inflows over the past five quarters. While money market funds saw inflows and outflows essentially balance each other out in 2014, they posted a pronounced increase in inflows in Q1 2015 like the other fund categories.

Net sales into UCITS in Europe since spring 2015



Source: EFAMA Quarterly Statistical Release, June 2015 (monthly figures in EUR billions)

Trend in volumes mostly positive

A look at the European fund markets shows that all countries were able to post increases in volumes in Q1 2015, with the exception of Malta and Greece. The other countries with well-documented problems were at the upper end of the scale (Portugal: +9.3%, Italy: +10.5%, Spain: +17.7%). The European average stood at 15.4% for UCITS and 7.8% for AIFs. The UK is out in front, with Switzerland sharing second place with Spain (+17.7%).

Swiss fund market in 2015

Cooperation between SWISS FUND DATA /// and

Association SFAMA and SIX Swiss Exchange Ltd, has been publishing new statistics for the Swiss fund market together with Morningstar Switzerland GmbH since the beginning of March 2014. The market data of the two companies are brought together and published by Swiss Fund Data AG in the form of public market statistics and via a monthly statistics subscription service. This offering is complemented by the regular market commentaries from SFAMA, which cover the development of the Swiss fund market.

Fund volumes around CHF 874.3 billion

According to the statistics on the Swiss fund market, the total volume stood at CHF 874.3 billion at the end of June 2015, a drop of just CHF 1.9 billion quarter-on-quarter (-0.2%). The figures are based on the FINMA authorization list and cover all funds under Swiss law as well as all foreign funds authorized for distribution in Switzerland, including institutional unit classes.

Broken down by asset class, equity funds still have the largest share at nearly 41%, followed by bond funds with around 31.6%. Asset allocation funds remain in third spot with around 12.8%.

Development of fund assets since January 2015

Fund category	Volumes 31.12.2014	Volumes 30.06.2015	Overall change
Equities	336.6	356.6	+ 20.0
Bonds	268.0	276.2	+ 8.2
Money Market	63.5	56.8	- 6.7
Asset Allocation	105.8	111.8	+ 6.0
Others	5.1	3.4	- 1.7
Natural resources	19.0	18.3	- 0.7
Alternatives	34.5	23.2	- 11.3
Real Estate	31.9	28.0	- 3.9
Total Swiss Market	864.4	874.3	+ 9.9

Source: Swiss Fund Data AG / Morningstar (in CHF billions)

More Swiss funds authorized

The number of funds established under Swiss law increased markedly in 2014 (from 1,447 to 1,515 products), and this positive trend continued in Q2 2015. A total of 1,529 Swiss-law products are now registered with FINMA, including 18 limited partnerships for collective investment.

Further increase in foreign funds authorized in Switzerland

As at the end of June, the number of funds authorized for distribution stood at 8,542, an increase of 172 funds quarter-on-quarter or 645 year-on-year. This came primarily on the back of foreign funds (above all those domiciled in Luxembourg and Ireland). Both Luxembourg and Ireland have been able to extend their lead among the domicile locations even further.

Development of number of funds by type of fund / fund location

(in brackets: funds for qualified investors)

Fund type / Fund location	As of end-Dezember 2014		As of end-June 2015		Change in the year 2015	
Swiss funds	1515	(734)	1529	(728)	14	- (6)
Swiss limited partnerships	18	(18)	18	(18)	0	(0)
Securities funds	141	(0)	142	(0)	1	(0)
Other funds for trad. investm.	1244	(681)	1256	(676)	12	- (5)
Other funds for altern. investm.	63	(17)	61	(13)	- 2	- (4)
Real estate funds	49	(18)	52	(21)	3	(3)
Non-Swiss funds	6701		7013		312	
Luxembourg	4539		4750		211	
Ireland	1223		1322		99	
Other countries	939		941		2	
Total Swiss and Non-Swiss	8216	(734)	8542	(728)	326	- (6)

Source: FINMA (as of the beginning of July 2015)

Assets under management down slightly

Securities totaling CHF 5.48 trillion held in Swiss custody accounts

The securities holdings in client custody accounts at Swiss banks fell slightly in Q2, and stood at CHF 5.48 trillion at the end of June according to the latest SNB statistics. This represents a drop of 2% over the end of Q1. According to the SNB Monthly Statistical Bulletin for August 2015, the securities holdings of non-resident clients have fallen by 1.86% to CHF 2.95 trillion in the year to date. Meanwhile, in the case of resident custody account holders the corresponding decrease was -1.25% to CHF 2.53 trillion. Non-resident clients thus still account for nearly 54% of the securities holdings.

Comparison of fund holdings

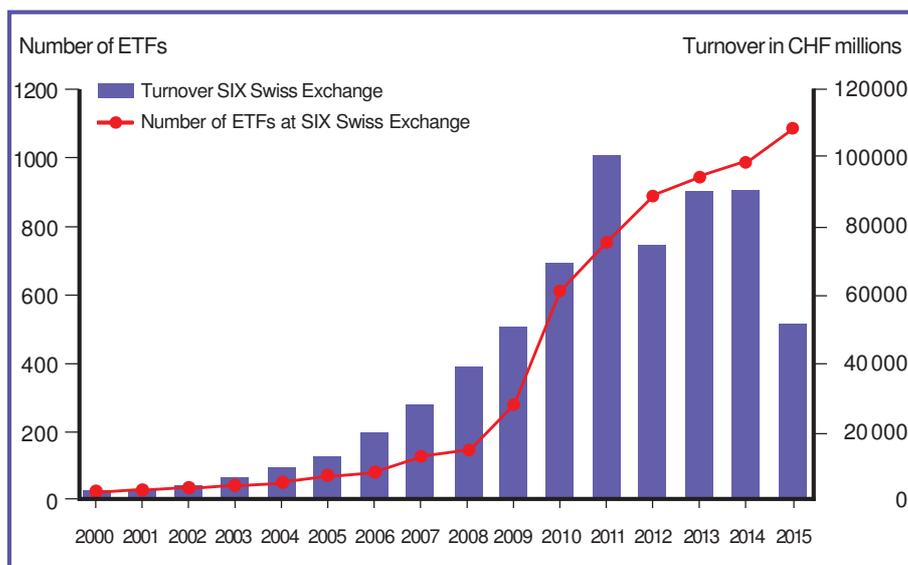
A comparison of fund holdings shows different trends for resident and non-resident custody account clients. Between the beginning of the year and the end of June 2015, the fund assets held by resident custody account clients rose by CHF 11 billion to CHF 994 billion (+1.1%), while the corresponding figure for non-resident clients fell by CHF 29 billion to CHF 782 billion (-3.58%). The weighting of fund holdings in custody accounts of resident clients rose slightly, and stood at around 39.3% at the end of June. The corresponding figure for non-resident clients has fluctuated around 27% this year, and currently stands at 26.6%. It is still primarily resident clients that hold funds under Swiss law in their custody accounts; at around CHF 612 billion these holdings make up more than half of volume of collective investment schemes. Non-resident investors are still tending to avoid this fund type (the figure lies around 9%). Hence, the CHF 29 billion decrease in volume stems mainly from foreign funds.

ETF segment as strong as last year

Turnover set for record levels

The ETF success story was curbed slightly for the first time in 2012, but the sector seems to be back on a steadier footing. The total turnover of the segment on the SIX Swiss Exchange in the first six months of the year came to CHF 54.2 billion, higher than in the same period in 2014. At the end of June 2015, there were 1,080 ETFs from various product providers listed on the SIX Swiss Exchange, an increase of 147 compared with the same time last year.

Turnover and number of ETFs since 2000



Source: SIX Swiss Exchange

The category „Equities – developed regions“ accounts for the majority of products, but the „Fixed income“ category also has an ever increasing number of products. If we look at the turnover by asset class in Q2, equities from the developed regions (59.2%) remained well out in front, building on the 56.8% share they held last year. Commodities and precious metals slipped back into fourth spot. Emerging market equities were in second place with 16.4%. Fixed income products now rank third, while theme equities are rather insignificant in terms of turnover.

Median doggedly low

The average trade size remained essentially stable. From a level of around CHF 155,000 in 2003, by H1 2015 it stood at just CHF 95,775. The median did not fall any further, but still remains very low at CHF 14,199.

SFA ARI®

Yield on investment indicator for real estate funds in Switzerland

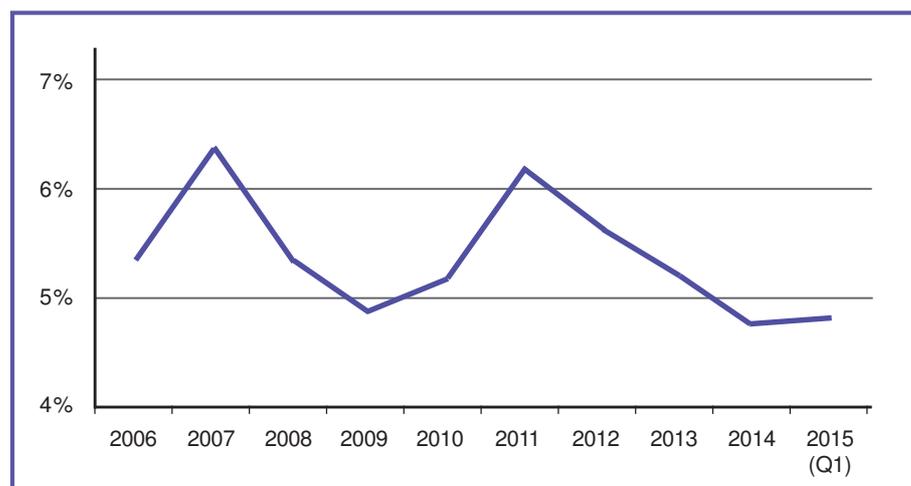
SFAMA launched the SFAARI® in 2012 with a view to making it possible to compare the actual yields of listed Swiss real estate funds at the product level. This indicator is based on the investment yield statistics and is calculated quarterly (January, April, July, October) by Swiss

Fund Data AG on the basis of the respective annual reports. The fund universe comprises the real estate funds listed on the SIX Swiss Exchange that make direct real estate investments in Switzerland, with Switzerland being their sole investment country. Funds of funds and Swiss funds that invest directly outside Switzerland are excluded.

Current yield

The current investment yield as measured by the SFAARI® stands at 4.78%. This figure is based on the annual reports as at 31 March 2015, and is slightly higher compared with last quarter (up 0.04 of a percentage point). 25 real estate funds with net assets totaling around CHF 26.6 billion were included in calculating the current figure.

Development of the SFAARI® since 2006



Source: Swiss Fund Data

Global fund industry managing USD 74 trillion

Record value according to yearly report published by the Boston Consulting Group

The assets under management by the global asset management industry reached a fresh record high last year. This development came on the back of the sharp rise in equity and bond valuations fueled by hopes of a global economic recovery nurtured by central bank interventions. Asset managers' profits also rose to USD 102 billion, roughly on a par with the high posted in 2007. This is a very profitable business, especially for those firms that do it properly. Net revenues continued to suffer, however, due to cost pressure and the switching from traditional funds to cheaper index trackers.

Extended business areas

This growth in assets under management and profits comes in a phase in which certain fund managers are moving into business areas previously primarily covered by traditional banks, such as direct lending. This expansion in activities is prompting scrutiny from regulators, who are discussing whether such major asset managers should also be deemed systemically important, and thus subject to the corresponding requirements.



National environment

Federal Council decides on direction to be taken – dispatch at end of year

FinSA/FinIA

On 13 March 2015, the Federal Council took note of the results of the consultation on the Financial Services Act (FinSA) and the Financial Institutions Act (FinIA), and instructed the Federal Department of Finance (FDF) to draw up a dispatch by the end of the year. The Federal Council made initial decisions on the direction to be taken on the controversial topics in the consultation process. In addition to the reversal of the burden of proof, the procedural costs fund and the arbitration court will also be eliminated. Access to a court of law is to be facilitated with a new cost settlement rule without cross-financing among financial service providers. The regulations on the instruments of collective legal protection (group settlement proceedings and representative action) will be integrated in the corresponding work on adapting the Civil Procedure Code and no longer regulated in the FinSA. The client advisor register will be completely revised and will be merged with the register for foreign financial service providers. The rule on disclosure of compensation (e.g. retrocessions) will be retained in its current form in the preliminary draft. In this way, there will be no provision made for a ban on retrocessions or restrictions on transparency. The concept of the FinIA is to be pursued further, albeit without repealing the Banking Act. However, the FinIA and the Banking Act are to be reconciled with each other.

The FDF media release is available at the following link:

<https://www.news.admin.ch/message/index.html?lang=en&msg-id=56559>

At its meeting on 24 June 2015, the Federal Council set down the principles for the specific form of three further areas of the FinSA and the FinIA. Its decisions concern the supervision of asset managers, training and continuing professional development, and the issue of enforcement costs. As regards the supervision of independent asset managers, in light of the greater acceptance shown the Federal Council opted for supervision by a newly established supervisory organization or organizations, and defined the parameters for this supervision. The principle of only allowing client advisers with adequate training and continuing professional development (CPD) to provide client advice, to which no objections were raised in the consultation, will be developed further to include the responsibility of financial service providers, who must ensure that their client advisers have the required training and CPD. Within the scope of self-regulation, the individual sectors should also set the minimum training and CPD requirements for each activity. A new concept was also presented for exemptions from the duty of clients to bear costs in civil proceedings.

The FDF media release is available at the following link:

<https://www.news.admin.ch/message/index.html?lang=en&msg-id=57832>

AMLO-FINMA

On 1 April 2015, SFAMA submitted its position on the draft version of the revised FINMA Anti-Money Laundering Ordinance (AMLO-FINMA). In our statement, we made particular reference to the fact that the AMLO-FINMA merely sets out in specific detail the obligations arising from the AMLA for institutions supervised by FINMA and financial intermediaries that come under FINMA's supervision with respect to preventing money laundering, and the implementation of these obligations. In this context, we pointed out that financial services providers are only covered by the AMLA-FINMA if they are deemed financial intermediaries in accordance with Art. 2 para. 2 let. a-d or para. 3 AMLA (provided these are directly subordinated financial intermediaries [DSFIs]). Although this is already apparent from the statutory system, this should also be made clear in the text of the ordinance itself to avoid any confusion. In its submission, SFAMA also proposed providing more precise information in various instances in Art. 39 and 40 of the draft bill relevant for asset managers and collective investment schemes.

The full statement is available in German at the following link:

<http://www.sfama.ch/de/publikationen/initiatives-statements-position-papers/stellungnahmen>.

Moving over to a paying agent tax?

FINMA published the revised AMLO-FINMA on 23 June 2015, to enter into force on 1 January 2016. The amended ordinance reflects the revisions made in the Anti-Money Laundering Act of 12 December 2014 as well as changes to international standards, namely the Financial Action Task Force recommendations. Insights gained from supervisory practice and recent market developments have been taken on board. It is pleasing to note that the criticisms raised by SFAMA in its submission have essentially been taken into account in the final version of the revised ordinance.

FINMA's media release and the ordinance text are available at the following link:

<https://www.finma.ch/de/news/2015/06/mm-gwv-finma-20150623/>

Cooperation agreement concluded between FINMA and the Jersey Financial Services Commission

Effective supervision

The Swiss Financial Market Supervisory Authority FINMA has entered into a cooperation agreement with the Jersey Financial Services Commission (JFSC), the supervisory authority of Jersey. The conclusion of such an agreement on cooperation and exchange of information between FINMA and the competent foreign supervisory authority is a prerequisite for authorizing branches of foreign asset managers of collective investment schemes in Switzerland.

<https://www.finma.ch/en/news/2015/08/aktuell-aufsichtsbehoerde-jersey-20150824/>

Hearings on the FDF, FINMA, and SNB Implementing – Ordinances

Financial Market Infrastructure Act

At the end of August 2015, the Federal Department of Finance (FDF) and the Swiss Financial Market Supervisory Authority FINMA initiated the hearings on their ordinances with respect to the Financial Market Infrastructure Act (FMIA). The hearings on the Financial Market Infrastructure Ordinance (FMIO) and the FINMA Financial Market Infrastructure Ordinance (FMIO-FINMA) will run until 2 October 2015. In the same regard, the Swiss National Bank (SNB) has launched consultations on a revision of the National Bank Ordinance (NBO), which will also end on 2 October 2015. With a view to drafting the SFAMA position papers, all members are invited to send their input on the draft ordinances to the SFAMA Executive Board.

FDF media release:

<https://www.news.admin.ch/message/index.html?lang=en&msg-id=58394>

FINMA media release:

<https://www.finma.ch/en/news/2015/08/mm-finfrav-20150820/>

SNB media release:

http://www.snb.ch/en/mmr/reference/pre_20150820/source/pre_20150820.en.pdf

Financial Center Future Advisory Board gets to work

Financial Marketplace Switzerland

The advisory board set up by the Federal Council to address the future of the financial center held its first meeting on 9 June. It discussed the topics to be addressed as a matter of priority and acknowledged additional Federal Council decisions on the recommendations made by the group of experts for the further development of the financial market strategy.

<https://www.news.admin.ch/message/index.html?lang=en&msg-id=57602>

Federal Council postpones overhaul of withholding tax system

Paying agent tax

In view of the negative outcome of the consultation, the Federal Council will refrain from proposing a complete reform of the withholding tax system (switch from the debtor principle to the paying agent principle) to Parliament for the time being. While many of those who participated in the consultation acknowledged the advantages of the proposed reform, they were against implementing it at the current time. They advocated waiting until after the introduction of the automatic exchange of information at the international level and also the discussion on the future of banking secrecy in Switzerland. The appropriateness of refor-

ming the withholding tax system should be re-examined at a later date.

<https://www.news.admin.ch/message/index.html?lang=en&msg-id=57815>

Newsletter

State Secretariat for International Financial Matters SIF

The SIF Newsletter provides regular information on the latest news from the business areas covered by the State Secretariat for International Financial Matters. It is published three to four times a year in German and French.

<http://www.sif.admin.ch> (rubric «Documentation» - in German and French only)



International environment

AIFMD

Update of Q&A

On 12 May 2015, the European Securities and Markets Authority (ESMA) published updated questions and answers on the application of the Alternative Investment Fund Managers Directive. The Q&A includes new questions and answers on reporting and calculation of leverage.

Q&A:

http://www.esma.europa.eu/system/files/2015-850_qa_aifmd_may_2015_update.pdf

Extension of passport

On 30 July 2015, ESMA issued information on its advice in relation to the application of the AIFMD passport to non-EU Alternative Investment Fund Managers (AIFMs) and Alternative Investment Funds (AIFs) and its opinion on the functioning of the passport for EU AIFMs and the national private placement regimes. Guernsey, Hong Kong, Jersey, Singapore, Switzerland and the USA were assessed. The advice concludes that no obstacles exist to the extension of the passport to Guernsey and Jersey, while Switzerland will remove any remaining obstacles with the enactment of pending legislation. No definitive view has been reached on the other three jurisdictions due to concerns related to competition, regulatory issues, and a lack of sufficient evidence to properly assess the relevant criteria.

Advice:

http://www.esma.europa.eu/news/ESMA-advises-extension-AIFMD-passport-non-EU-jurisdictions?_t=326&o=home

ELTIF

Consultation on RTS

On 31 July 2015, ESMA launched a consultation on draft regulatory technical standards (RTS) under the European Long Term Investment Fund (ELTIF) Regulation. The consultation will be of particular interest to ELTIF managers and their trade associations, alternative investment funds managers and their trade associations, as well as institutional and retail investors investing in ELTIFs and their associations. Comments are to be sent by 14 October 2015.

Consultation:

<http://www.esma.europa.eu/consultation/Consultation-draft-regulatory-technical-standards-under-ELTIF-Regulation>

EMIR

Changes to framework

On 13 August 2015, ESMA published four reports focused on how the European Markets Infrastructure Regulation (EMIR) framework has

been functioning and providing input and recommendations to the European Commission's EMIR review.

Press release and reports:

<http://www.esma.europa.eu/news/ESMA-recommends-changes-EMIR-framework?i=326&o=home>

Consultation

On 27 August 2015, ESMA opened a public consultation on the review of Article 26 of its RTS under EMIR which deals with CCPs' client accounts. ESMA is seeking stakeholders' feedback by 30 September 2015.

Consultation:

http://www.esma.europa.eu/system/files/2015-12/295_cp_on_review_of_article_26_of_rts_153-2013.pdf

MiFID

Final report

On 30 June 2015, ESMA published its final report on MiFID II-MiFIR draft RTSs on authorization, passporting, registration of third country firms, and cooperation between competent authorities. This final report covers the majority of the draft RTS and implementing technical standards (ITS) on investor protection topics. The remaining draft technical standards ESMA is mandated to develop under MiFID II and MiFIR will be published by the end of 2015.

Final report:

<http://www.esma.europa.eu/news/ESMA-publishes-Final-Report-draft-technical-standards-MiFID-II-and-MiFIR?i=326&o=home>

PRIPs

Discussion launched by joint committee

On 23 June 2015, the joint committee of the European Supervisory Authorities (ESAs) presented a technical discussion paper on risk, performance scenarios and cost disclosures for Key Information Documents (KIDs) for packaged retail and insurance-based investment products (PRIIPs). Feedback was due by 17 August 2015.

Discussion paper:

<http://www.esma.europa.eu/news/Joint-Committee-launches-discussion-PRIIPs-key-information-documents?i=326&o=home>

Responses published

On 20 August 2015, ESMA published the responses received to the joint committee discussion paper on KIDs for PRIIPs.

Responses:

<http://www.esma.europa.eu/consultation/Joint-Committee-consultation-Key-Information-Documents-PRIIPs>

UCITS

Modification

On 22 May 2015, ESMA issued information regarding its opinion on the impact of EMIR on UCITS. The authority calls for a modification of

the UCITS Directive to take into account the clearing obligations for certain types of over-the-counter financial derivative transactions under EMIR.

Modification:

<http://www.esma.europa.eu/news/Press-Release-ESMA-calls-modification-UCITS-Directive?l=326&o=home>

Updated Q&A

On 21 July 2015, ESMA published an updated Q&A on the application of the AIFMD. The document includes updated and new questions and answers on reporting to national authorities and the calculation of the total value of assets under management.

Q&As:

http://www.esma.europa.eu/system/files/2015-1137_qa_on_the_application_of_the_aifmd.pdf

Remuneration guidelines

On 23 July 2015, ESMA launched a consultation on proposed guidelines on sound remuneration policies under the UCITS V Directive and AIFMD. The proposed guidelines aim to ensure a convergent application of the remuneration provisions and will provide guidance on issues such as proportionality, governance of remuneration, requirements on risk alignment and disclosure. The consultation period will run until 23 October 2015. ESMA will aim to finalize and publish the UCITS remuneration guidelines and a final report by Q1 2016.

Consultation:

<http://www.esma.europa.eu/content/Guidelines-sound-remuneration-policies-under-UCITS-Directive-and-AIFMD>

Foreign Account Tax Compliance Act

Updates

The IRS provides regular updates via its website, including various documents and forms as well as FAQs on a range of different aspects.

<http://www.irs.gov/Businesses/Corporations/FATCA-Foreign-Financial-Institution-Registration-Tool>

Emergency brake for funds

BIS wants to restrict unit redemptions

The Bank for International Settlements (BIS) sees a new threat to financial stability in the industry, which could be triggered in particular by a herd mentality when several major fund houses seek to sell assets on the market at the same time if unit holders want to exit quickly in crisis periods. To mitigate this risk, the Basel-based think tank has a radical proposal for the central banks: „redemption risk can be addressed by liquidity buffers and (...) by restrictions on rapid redemptions from managed funds“.



SFAMA activities

New members

Three additional members admitted

The Board of Directors and the Executive Board were pleased to welcome the following members to SFAMA in mid-2015:

- M&G International Investments Switzerland AG, Zurich
- ARM Swiss Representatives SA, Gland
- Cape Capital Ltd., Zurich

Specialist committees

Highly active

The specialist committees essentially undertake the preparatory work for decisions relating to their specific areas, which they then submit to the Board of Directors and the Executive Board. The individual committees were/are actively involved with the following **issues**.

Alternative Investments Hans-Jörg Baumann

- Detailed analysis of the consequences of Switzerland receiving an AIFMD passport
- Placing the key themes of private equity, private debt and infrastructure on the agenda
- Analysis of the impact of the Insurance Oversight Ordinance (IOO) for insurers

Asset Management Markus Fuchs

- No stand-alone activities at present as a committee
- Involvement in various project groups and the steering committee of the Asset Management Switzerland Initiative
- Discussion of further developments in the field of risk management

ETF Stephan Müller

- Discussion with FINMA regarding the the price-setting mechanisms for ETFs and other exchange-traded instruments, as well as provisions for ETFs in certain listing regulations
- Continuing the evaluation of the possible impact of FinSA on the ETF business

Real Estate Funds Roger Hennig

- Monitoring developments regarding the planned revision of Lex Koller
- Amending SFAMA's model documents for real estate funds in line with the fully revised CISO-FINMA
- Comprehensively revising the specialist information factsheet on key figures of real estate funds

Processes & Operations Martin Jufer

- SFAMA's NAV guidelines – changing the threshold values for assessing the significance of valuation errors

- SFAMA' Guidelines for Money Market Funds – implementation of the IOSCO Policy Recommendations for Money Market Funds
- New provisions on management of collateral in accordance with Art. 50-55 CISO-FINMA

Legal & Compliance

Olivier Sierra

Domestic

- Partial revision of the CISA: amendment of the self-regulation material and model documents / follow-up
- Implementation of the CISO-FINMA / follow-up
- Publishing the SFAMA FAQ (FINMA and paying agents / representatives for foreign collective investment schemes for qualified investors)
- FMIA: Final vote on 19 June 2015 – equivalence issues and hearings on the Financial Market Infrastructure Ordinance (FMIO)

Outside Switzerland

- EU – AIFMD: passport for third countries (ESMA advice of 30 July 2015 and its consequences)
- EU – MiFID II: Level 2 measures (publication envisaged in September); the MiFID working group has started work
- EU – PRIIPS KID: links with MiFID and UCITS
- EU – UCITS V: ESMA draft guidelines on sound remuneration policies

Legal & Compliance A.M.

Jasmin Djalali

- Specialist committee set up by SFAMA Board of Directors
- Inaugural meeting on 18 August 2015

Taxes

Hanspeter Kurz

- Automatic exchange of information
- Stamp duty in the case of single-investor funds
- Tax aspects regarding synthetic replication funds

Distribution & Marketing

Markus Signer

- Future fund distribution under the Federal Financial Services Act (FinSA) and Financial Institutions Act (FinIA) as submitted for consultation
- Drawing up a standardized Distributor's Due Diligence Questionnaire

Upcoming events

Save the date

10th Swiss Fund Day – IT & Operations

Monday, 9 November 2015 in Zurich

www.swissfundday.ch

5th Lugano Fund Forum

Monday, 23 November 2015 in Lugano

www.luganofundforum.ch

Developments in collective investment schemes law X

Wednesday, 9 December 2015 in Zurich

www.sfama.ch (rubric Events)



Swiss Fund Data AG

Steady growth trajectory

New clients acquired

The following clients are now also using Swiss Fund Data's services:

- CBP Select Société à Capital Variable
- EuroTrust JSC
- Exane Asset Management
- GFG Groupe Financier de Gestion S.A.
- IFOS Internationale Fonds Service AG
- Intertrust Corporate Services Limited
- Solo-PartnerShip SICAV
- VALRES Fund Management SA
- Walkers SPV Ltd.

Extension of cooperation with Morningstar

Delivery of fund documents

Since this spring, Swiss Fund Data has been exclusively delivering all fund documents to the database Morningstar Direct, which is used by some 10,000 licensees (banks, private banks, wealth managers, consultants, and asset managers) worldwide.

Expanding the distribution of fund data

A broad array of fund data delivered to Swiss Fund Data by participants is distributed to various vendors via the Swiss Market Feed (SMF). In addition to the price data already sent out, the feed now also includes further master data as well as information on TER, tax, and corporate actions.

Cooperation with FundPlat for fund market statistics

The dynamic fund market statistic charts that Swiss Fund Data makes available to interested platforms free of charge are proving to be increasingly popular. These are now also integrated in the www.fundplat.com fund platform.

Derivative Partners using figures on ETFs

For new market reports and research publications (including in the ETP & Indexing Guide Switzerland), the investment analysts at Derivative Partners will in future be primarily using statistics and figures from Swiss Fund Data in the ETF segment. „Swiss Fund Data's offering is very useful particularly for reliable inflow and outflow statistics and information on assets under management in the Swiss market,“ said Martin Raab, Executive Director at Derivative Partners AG. Among other things, this Zurich-based company operates the Swiss investor portal payoff.ch.

New mobile website online soon

User behavior with regard to digital media is constantly changing. Ever quicker and more powerful mobile devices are coming on the market, with no end in sight. Mobile accessing of Swiss Fund Data's information

already accounts for 10% of traffic, and this without a website optimized for such devices. This has prompted us to address the need for uncomplicated navigation, quicker loading times, and responsive design for all mobile devices. The new website is scheduled to go live at the beginning of Q4 2015.



Interesting reading

Friends of Funds

In partnership with SFAMA

SFAMA has a long-standing partnership with the neutral discussion forum Friends of Funds. The dates and topics for the events through to January 2016 in Zurich and to the end of the year in Geneva are as follows:

Events in Zurich (cycle 25)

- 15.09.15 Asset safekeeping and asset services
- 13.10.15 Asset allocation: greater flexibility – greater returns?
- 10.11.15 Current ETF trends: can smart beta strategies generate alpha?
- 08.12.15 What funds and asset managers can do for the pension system
- 19.01.16 Fund platforms: their role, their offering, and their financing going forward

Events in Geneva (cycle 9)

- 02.12.15 New challenges facing custodian banks

Further information on the events in Zurich and Geneva, where available, can be found on the forum's website at

www.friends-of-funds.ch

Friends of Funds: public event calendar

Free of charge

The Friends of Funds forum offers an independent calendar for fund and financial industry events in Switzerland.

For events of all kinds (including those with restricted audiences)

If you have dates for roadshows, media conferences, seminars, anniversaries or other events, you can publish these free of charge via the website.

www.friends-of-funds.ch (click on „Event-Kalender“)

AZEK FMO course: training experts in operations

New offering

The Swiss Training Centre for Investment Professionals AZEK is offering a new training program – Financial Market Operator FMO – leading to a federal diploma in higher vocational education.

Operations departments face a whole array of challenges. Regulations, consolidation, industrialization and automation, faster tax changes and the increasing diversity and complexity of financial products are testing the logistics of the financial industry to the extreme. The necessary knowledge and requirements in the operations business are subject to marked change. Employees not only need well-founded knowledge of the use and evaluation of financial instruments, they also have to be well versed in the market infrastructures, regulations, and standards required for the settlement of transactions in financial instruments.

Systematic course content

The training program is systematically structured, and extends the traditional on-the-job learning, adding in content relating to functions and processes. This specialist expertise improves quality management across all business functions, reduces costs related to operations, lowers risks, and makes operations specialists more valuable in regard to front-office staff. With its contribution to optimizing the entire value chain, the FMO training can lead to a high return on investment.

Wide-ranging content

The course covers trade and post-trade functions including taxes, securities lending and repos, financial messaging services such as Swift and FIX, the valuation of assets such as bonds and derivatives, the primary and secondary markets for money market, forex, equity, bond and derivative instruments and their key operational processes, investment funds and hedge funds, as well as operations management. The material is closely related to business practice and is taught by experienced market specialists, offering comprehensive and professional know-how with a view to the overall context.

The course is suitable for specialists and managers with exceptional commitment and development potential in the operations field, but also for specialists from the compliance, risk and auditing areas, as well as business analysts and bank software specialists from IT.

More information can be found at www.azek.ch

Financial market regulation: can anyone make head or tail of it?

Course at the Universities of Bern and Geneva

Even many specialists are apparently finding it increasingly difficult to keep up with the rapid developments in financial market regulation and maintain an overview. A post-graduate course has been established to address this issue. Financial market regulation is extending quickly, both globally and here in Switzerland. Against this backdrop, Urs Zulauf (for many years General Counsel at FINMA, now working for Credit Suisse and as an adjunct professor at the University of

auch im Aufsichtsbereich gebracht. Nebst der Kommentierung aller Gesetzes- und Verordnungsartikel – unter Einbezug der einschlägigen Regulierungen der Aufsichtsbehörde und der Selbstregulierungen der zuständigen Wirtschaftsverbände – finden sich auch eine Darlegung der in der Praxis sehr zentralen steuerlichen Vorgaben und praktische Hinweise zur Umsetzung des neuen Gesetzes.

www.schulthess.com (ISBN 978-3-7190-3163-3)

Recht der kollektiven Kapitalanlagen in der Praxis

2. Auflage 2015

Die Publikation von Dr. iur. Armin Kühne ist eine umfassende Darstellung des geltenden schweizerischen Kollektivanlagenrechts. Das Werk soll als Wegleitung für die Praxis dienen und die Leserin und den Leser mit der vielschichtigen Gesetzesmaterie vertraut machen. Dabei werden auch zahlreiche sich in der Praxis stellende Fragen behandelt. Auch die aktuellen Entwicklungen seit der Teilrevision des KAG sowie die Praxis der FINMA werden berücksichtigt. Eine Anzahl von grafischen Darstellungen soll zudem helfen, die komplexen Vorgänge rasch zu überblicken. Die Publikation ist eine Fortführung der von Prof. Franz Hasenböhler herausgegebenen ersten Auflage mit dem Titel «Recht der kollektiven Kapitalanlagen».

www.schulthess.com (ISBN 978-3-7255-7315-8)

Fonds und andere Kollektivanlagen

3. Auflage 2015

Eng an die schweizerische Markt- und Produktpraxis angelehnt und in einer einfachen und verständlichen Sprache abgefasst, vermittelt das von Dr. Rainer Landert verfasste Buch «Fonds und andere Kollektivanlagen» die Grundlagen des Fondsgeschäfts. Lesern hilft es, sich fundiert in das Sachgebiet der Kollektivanlagen einzuarbeiten und mit der Vielfalt an Fachbegriffen in der modernen Welt des Fund & Asset Managements rascher vertraut zu werden sowie wesentliche Geschäftszusammenhänge zu erkennen und zu verstehen. Bereits in der dritten Auflage verfügbar, stellt das Buch für alle, die im Berufsalltag auf irgendeine Weise mit Fonds zu tun haben, ein wertvolles Praxis-Handbuch dar.

<http://www.fuw.ch/buchshop/> (ISBN 978-3-9524026-6-5)

Was Sie über Geldanlagen wissen sollten – Ein Wegweiser

3. Auflage 2015

Michael Ferbers Buch bietet erstmals einen Überblick über Finanz- und Anlageprodukte und leistet Schützenhilfe für das Gespräch mit dem Finanzberater – ein unabhängiger, auch für Privatanleger verständlicher Leitfaden. «Was Sie über Geldanlage wissen sollten» gibt einen Überblick über die in der Schweiz vertriebenen Geldanlage-

Produkte. Er ist ein unabhängiger Ratgeber für Privatinvestoren, Private Banking-Kunden und Altersvorsorgende.

www.nzz-libro.ch (ISBN 978-3-03823-033-1)

Money laundering and terrorist financing

First national report on the risks

At the end of June 2015, the Federal Council acknowledged the first report on the national assessment of the money laundering and terrorist financing risks in Switzerland. Drawn up by an interdepartmental working group, the report also contains specific analyses of the most important areas covered by the Anti-Money Laundering Act as well as other selected areas that are not. It shows that Switzerland is not immune to financial crime and is still an attractive location for laundering the proceeds of crime mostly committed abroad. The report concludes that the current legislation takes appropriate account overall of the risks identified. At the same time, it recommends measures to strengthen the effectiveness of the Swiss system for combating money laundering and terrorist financing.

<https://www.news.admin.ch/message/index.html?lang=en&msg-id=57750>



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