

SFAMA



Swiss Funds &
Asset Management
Association

SFAMA News

Summer edition



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Editorial

Dear readers

Promoting exportability is pivotal

Frameworks are fundamental

Financial markets and pension provision

Major plans

A new course is essential if competitiveness is to be ensured sustainably going forward. SFAMA will play its part in this regard with the Asset Management Platform, the aim being to work together with market players to develop Switzerland into a leading location for asset management. There are strategic priorities in a number of different areas.

Having an open economy, we are dependent on our financial firms also being able to offer their products and services abroad. An important basic requirement as regards exportability is for Swiss financial market legislation to be in line with international standards. These include appropriate conduct rules, which are to be ensured in FinSA, as well as internationally recognized prudential supervision of all asset managers, which is to be provided for in FinIA. In light of the emotional debates beforehand, it can be regarded as a major success that the Council of States Economic Affairs and Taxation Committee (EATC-S) was able to submit a compromise capable of securing majority approval. SFAMA also made a significant contribution, seeking to foster a consensus in the industry on FinSA/FinIA. Following the approval of the Council of States, it is now essential that the National Council also passes these bills as quickly as possible, retaining the basic substance of their present form.

Switzerland is one of the world's leading locations for cross-border wealth management, but the forecast growth is lower than in other markets. A good financial market policy framework is essential to ensure optimal positioning going forward. The key focal points in this regard are in the areas of market access, innovation, optimization of regulation, and limiting systemic risks – and it is precisely these themes that our lobbying activities center on.

In the short term, the low yields on the capital markets are above all a problem for the 2nd pillar, i.e. occupational pension schemes. However, a slowdown in growth will also have an impact on the wage trend and employment figures over the years, and will thus affect the sustainable financing of OASI. Achieving higher capital yields over the long term will hinge on adjustments to the frameworks as well, and SFAMA will also be endeavoring to bring these about.

We hope you enjoy reading this issue !

Swiss Funds & Asset Management Association SFAMA



In focus

Mandate

Differentiated assessment of risk

Individual activities in focus

Asset management and systemic importance

In 2011, the G20 instructed the Financial Stability Board (FSB) and the International Organization of Securities Commissions (IOSCO) to draw up a methodology for identifying Non-Bank Non-Insurer Systemically Important Financial Institutions (SIFIs). The „Policy Recommendations to Address Structural Vulnerabilities from Asset Management Activities“ were published in January 2017.

The risks in asset management pertain above all to investment and liquidity, and a clear distinction must be drawn between these and systemic risks. Where SIFIs have got into difficulties, it has always been because asset positions have been taken on in bank and insurer balance sheets that proved not to be sustainable and had to be written off. Given that even the largest asset managers usually do not act as principals, and have balance sheets that are generally very small relative to the size of the assets they manage, they are not directly comparable with banks and insurance companies. Accordingly, they cannot be a source of systemic risks – a realization that appears to be slowly taking hold. When it comes to assessing risk, a distinction must be drawn generally between macroprudential supervision (systemic risks) and microprudential supervision (investor protection). The regulation of asset managers to date has focused almost exclusively on the latter. The reasons for additional macroprudential regulatory measures have thus far remained unclear.

In its latest report, the FSB no longer primarily sets out recommendations for the stronger regulation of asset managers, but instead for individual asset management activities. These address to a large extent the potential liquidity mismatch between fund investment assets and redemption terms and conditions for open-ended funds. One of the major arguments raised is the possible leverage of assets held within the fund, even though this does not apply to most funds. There can be little objection to the FSB's view that there is need for action above all in the case of possible runs on funds and the resultant liquidity risks. However, here we find ourselves in the area of microprudential aspects. Asset managers already have a range of assets at their disposal for cushioning against such risks. Regulating asset managers in the same way as banks would be procyclical, and would even increase the risks. It would make it more difficult for asset managers to perform their stabilizing function of buying up assets that have become too risky for the banking sector. Heterogeneity within the industry – but also in its regulation – is an advantage that cannot be stressed enough, particularly with a view to system protection.



Latest News

Reminder

28 February 2018

1 January 2016 –
31 August 2020

Deadlines coming up!

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 CISO

The transitional provisions regarding the amendments to the Collective Investment Schemes Ordinance (CISO) of 13 February 2013 are to be found 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.

Existing encumbrance arrangements pursuant to Art. 96 para. 1 CISO which exceed the threshold must be rectified.

Financial Market Infrastructure Ordinance

The transitional provisions regarding the Financial Market Infrastructure Ordinance of 25 November 2015 are set out in Title 4 FMIO. 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 2016.



Fund markets

EUR 41.29 trillion in fund assets worldwide

Fund volumes moving higher in unison worldwide

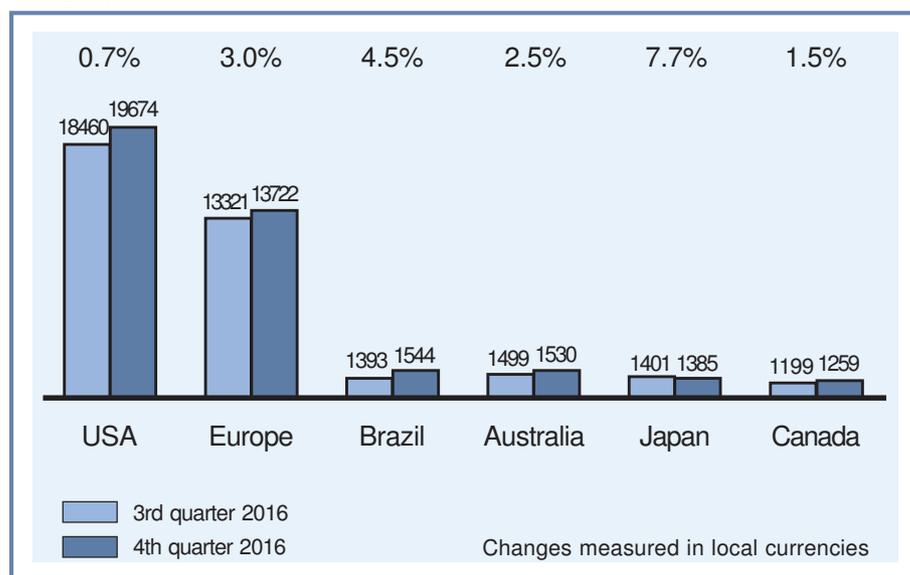
Scarcely any change in the international breakdown

Key data on the international fund business

The volume of assets invested in funds worldwide has been rising unabated since Q1 2016, with the increases spread evenly across the quarters. As at the end of December 2016, the newly calculated fund volumes stood at EUR 41.3 trillion, corresponding to an increase of 4.8% quarter-on-quarter and 8.3% for the six-month period. Funds of funds accounted for EUR 3.00 trillion. Working in conjunction with the International Investment Funds Association (IIFA), at the beginning of 2015 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 previously.

Every country and region was in positive territory in EUR terms in Q4 2016. Exchange rates had a greater impact on the showing in the fourth quarter since the USD appreciated sharply against the EUR. In the US, the total volume was close to the EUR 20 trillion mark at the end of December 2016. According to the latest EFAMA report, a total of EUR 13.7 trillion was invested in funds in Europe.

Geographical trends in investment fund assets in Q4/16 (in EUR billions)

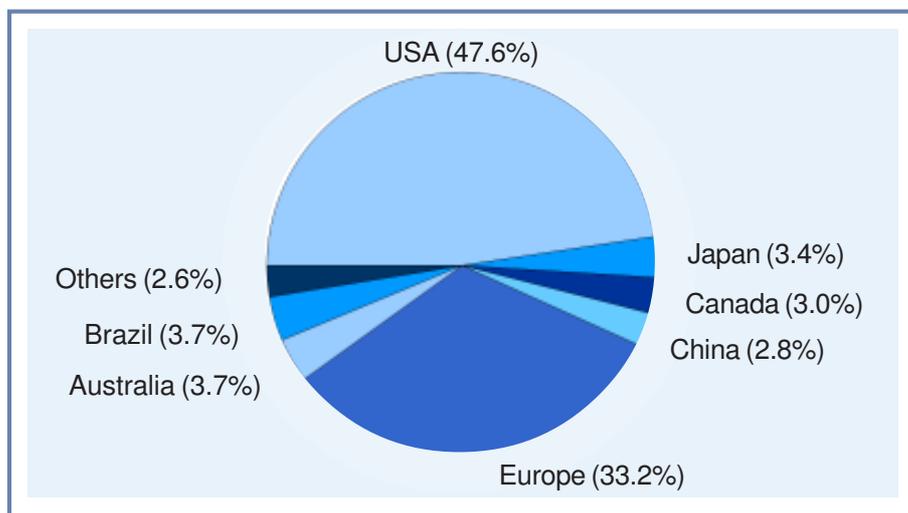


Source: EFAMA International Statistical Release, March 2017

Comparing the figures ascertained by EFAMA, both the US and Europe showed relatively stable shares in the fund assets invested worldwide as at the end of December 2016. Australia now shares third spot with Brazil at 3.7%, the latter having caught up by 0.2 of a percentage point.

Some EUR 16.4 trillion
invested in equity funds
at end of 2016

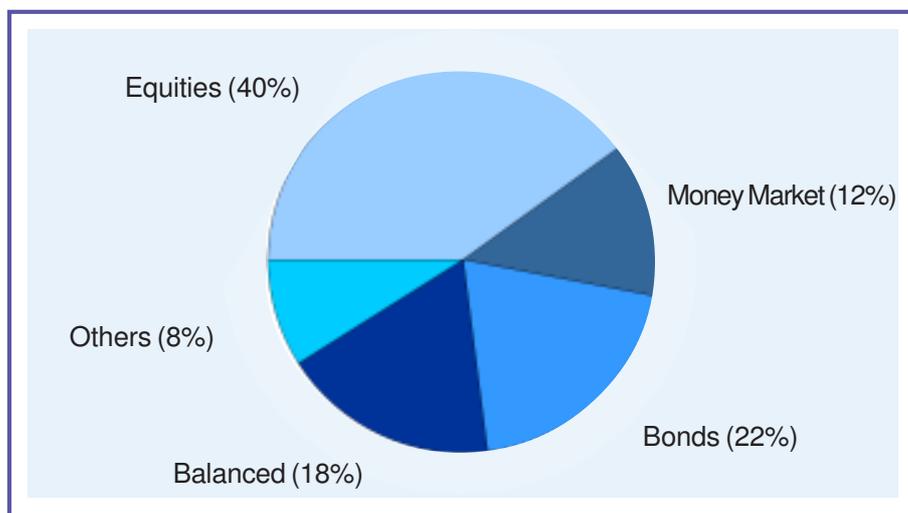
Geographical trends in investment fund assets by end of December 2016 (in EUR billions)



Source: EFAMA International Statistical Release, March 2017

The volume of assets invested in equity funds worldwide came to EUR 16.4 trillion, more than three times that of money market funds (around EUR 4.8 trillion). Bond funds gained ground over the year as a whole, rising by about EUR 1.2 trillion to EUR 8.9 trillion. At the end of 2016, around 40% of fund assets worldwide were invested in equity funds, exactly the same as in 2015. In keeping with the performance on the markets, balanced/mixed asset funds maintained their popularity among investors, while money market funds eased back by one percentage point.

Composition of worldwide investment fund assets by category, end-2016



Source: EFAMA International Statistical Release, March 2017

Global fund universe of 121,511 funds

Europe can look back on a good year

Securities totaling CHF 5.8 trillion held in Swiss custody accounts

Comparison of fund holdings

Mixed showing for fund weightings between resident and non-resident clients

By the end of 2016, the fund universe covered by EFAMA had reached a total of 121,511 funds. This corresponds to a year-on-year increase of 7,949 products.

2016 can be regarded a thoroughly satisfactory year for Europe's fund industry. With the exception of the first quarter, net inflows were respectable. The highest inflows were in Q3 at EUR 129 billion, and they remained well into positive territory in Q4 at EUR 82 billion.

Assets held with domestic banks rising

Securities totaling CHF 5.8 trillion held in Swiss custody accounts
The securities holdings in client custody accounts at Swiss banks were clearly in excess of the CHF 5 trillion mark throughout 2016. Based on the SNB statistics, the figure stood at CHF 5.59 trillion at the end of December 2016. This was 1.25% more than at the beginning of the year, and holdings have increased further since then. As of the end of March, they stood at CHF 5.79 trillion. According to the SNB statistics for May 2017, non-resident clients accounted for around 51% of the total custody account holdings, roughly on a par with last year.

A comparison of fund holdings shows parallel trends for resident and non-resident custody account clients. Between the beginning of the year and the end of March 2017, the fund assets held by resident custody account clients rose by CHF 50 billion to CHF 1,204 billion (+4.3%), while the corresponding figure for non-resident clients rose by CHF 27 billion to CHF 794 billion (+3.5%).

The weighting of fund holdings in custody accounts of resident clients has risen slightly over the course of the year, and stood at around 42.2% at the end of March. Over the same period, the weighting of funds for non-resident clients fluctuated between 26.9% and 27.1%. It is still primarily resident clients that hold funds under Swiss law in their custody accounts; at around CHF 757 billion these holdings make up more than 60% of the volume of collective investment schemes. Non-resident investors are still tending to avoid this fund type (the figure stands at around 9.0%, and the level is holding stable). The CHF 47 billion increase in volumes year-on-year thus stems mainly from foreign funds.

Cooperation between Morningstar and Swiss Fund Data

Fund volumes around CHF 957.4 billion

Increase of 9 funds in 2016

Swiss fund market in 2017

Swiss Fund Data AG, a subsidiary of the Swiss Funds & Asset Management 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 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.

According to the statistics on the Swiss fund market, the total volume stood at around CHF 957.4 billion at the end of March 2017, an increase of CHF 45.7 billion or 5% quarter-on-quarter.

The figures are based on the FINMA approvals list and cover all funds under Swiss law as well as all foreign funds approved for distribution in Switzerland, including institutional unit classes.

Development of fund assets since January 2017

Fund Category	Volumes 31.12.2016	Volumes 31.03.2017	Overall change
Equities	377.9	402.6	+ 24.7
Bonds	285.5	298.9	+ 13.4
Money Market	69.6	72.4	+ 2.8
Asset Allocation	108.4	111.6	+ 3.2
Others	3.1	3.0	- 0.1
Natural resources	19.8	21.4	+ 1.6
Alternatives	17.5	17.4	- 0.1
Real Estate	29.9	30.1	+ 0.2
Total Swiss Market	911.7	957.4	+ 45.7

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

Broken down by asset class, equity funds still have the largest share at about 42%, followed by bond funds with around 31%. Asset allocation funds remain in third spot with just under 12%.

The number of funds established under Swiss law fell in 2012, but there has been a clear turnaround in this respect since 2013. This also continued in 2016, with a small net increase of nine products. A total of 1,552 Swiss-law products are now registered with FINMA, including 18 limited partnerships for collective investment.

Turnover on SIX Swiss Exchange exceeds CHF 33 billion in Q1

Development of number of funds by type of fund / fund domicile (in brackets: funds for qualified investors)

Fund domicile / Fund type	As of end-December 2016		As of end-March 2017		Change in the year 2017	
Swiss funds	1551	(681)	1552	(663)	+ 1	(-18)
Swiss limited partnerships	18	(18)	18	(18)	0	(0)
Securities funds	136	(0)	134	(0)	- 2	(0)
Other funds for trad. investm.	1296	(623)	1299	(606)	3	(-17)
Other funds for altern. investm.	42	(14)	43	(14)	+ 1	(0)
Real estate funds	59	(26)	58	(25)	- 1	(-1)
Non-Swiss funds	7401		7479		78	
Luxemburg	4955		4996		41	
Ireland	1583		1614		31	
Other countries	863		869		6	
Total Swiss and Non-Swiss	8952	(681)	9031	(663)	79	(-18)

Source: FINMA (as of the beginning of April 2017)

At the end of March, the number of funds approved for distribution stood at 9,031, an increase of 79 funds quarter-on-quarter or 254 year-on-year. This came primarily on the back of foreign funds (above all those domiciled in Luxembourg). Luxembourg and Ireland have been able to further extend their leads among the domicile locations.

Swiss ETF market in 2017

ETF turnover on the SIX Swiss Exchange totaled CHF 103.8 billion in 2016, an increase of CHF 7.5 billion year-on-year. The same figure for the first quarter of this year was already CHF 33.1 billion, and these products are thus on track to set a new record. ETFs remain exceptionally popular.

The number of admitted products also continued to rise; as of 31 March 2017, there were 1,218 ETFs from 23 providers listed on the SIX Swiss Exchange. There are currently 22 market makers ensuring both liquidity and trading with appropriate bid/ask spreads. In terms of asset classes, the bulk of ETFs (878 products) are still concentrated on equities, with a good 232 on bonds and 88 focusing on commodities.

Looking back, we can see that the number of transactions rose from 53,000 in 2003 to some 962,000 in 2016 (in 2015 there were around 1.06 million). Meanwhile, the average trade size has fallen from around CHF 155,000 to CHF 118,297, and in 2016 stood at CHF 107,880. What is more interesting here is the median, which fell from CHF 29,964 to CHF 16,107 over the same period (i.e. in terms of volumes, half of the orders were above this amount and half below).

Yield on investment indicator for real estate funds in Switzerland

Current yield

Investment professionals swear by ETFs

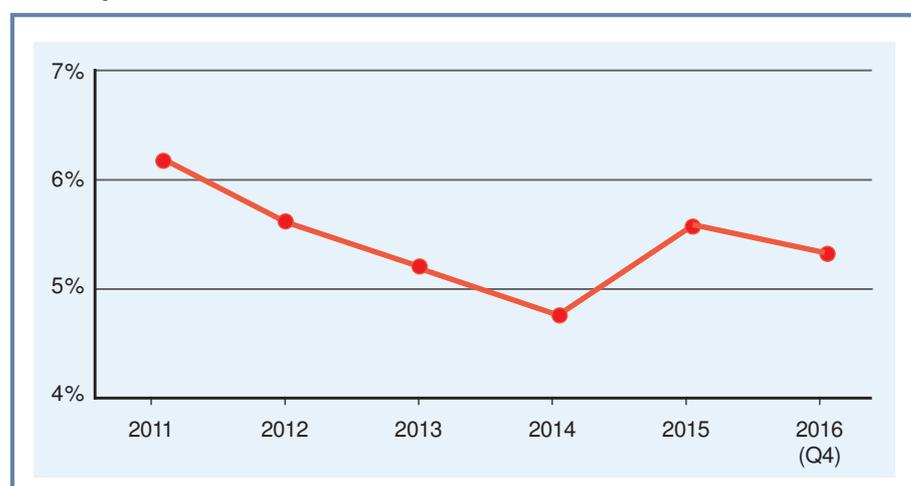
SFA ARI®

The then SFA launched the SFA ARI® at the end of April 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.

The current investment yield as measured by the SFA ARI® stands at 5.41%. This figure is based on the annual reports as at 30 December 2016, representing an increase of 0.09 of a percentage point over the previous quarter. 28 real estate funds with net assets totaling around CHF 31.0 billion were included in calculating the current figure.

Development of the SFA ARI® since 2011



Source: Swiss Fund Data

ETFs impressing many groups of investors

A survey commissioned by BlackRock of European institutional investors highlighted the factors behind their increasing use of ETFs. One reason is better liquidity, especially in the bond area. The findings revealed that one in ten of the respondents plans to use bond ETFs for the first time in 2017, this against the backdrop of investors experiencing tighter liquidity in this market segment in light of the Basel III

Insurers using ETFs the most

Young investors also turning to ETFs

University of Amsterdam study

requirements. Meanwhile, investors also use ETFs for volatility management in connection with market events, for example as part of overlay strategies. ETFs also serve to supplement and replace other investment instruments. A third of institutional investors replaced their existing futures positions with ETFs in 2016, a trend that is likely to persist in 2017. ETFs can also be used to handle aspects such as risk management and the low interest rate environment. In anticipation of doggedly low interest rates, and in light of the prospect of heightened volatility, three quarters of current ETF users intend to make greater use of smart beta ETFs in 2017. Added to this, ETFs offer access to markets that are likely to perform well. Many of the respondents plan to increase their equity exposure in 2017.

Among European institutional investors, insurers are now making the most frequent use of ETFs, according to a study conducted by the analysis and consultancy firm Greenwich Associates for BlackRock. Pension funds are a further key buyer group, with nearly six in ten now using ETFs.

Charles Schwab conducted a survey of investors in 2016 to find out more about their investments and their attitudes to ETFs. The company discovered that on average ETFs already make up 35.8% of the portfolios of the millennials surveyed, which is nearly twice as high as among the Baby Boomer generation. ETF providers have noticed this trend, and are responding to the mounting interest. For example, US fund provider Global X is already offering a theme ETF that is appealing to millennials and also aimed at harnessing the increasing purchasing power of the young generation. The ETF comprises companies such as Netflix, Apple, and Facebook. While older generations put more emphasis on wanting to beat the market, a recent study by UBS showed that young investors are not seeking to do this. Instead, they want to profit above all in line with the performance of the market. Of course, robo-advisors also have an influence here, being in step with the Zeitgeist of the young generation.

Three companies dominating the US equity market

A study conducted by the University of Amsterdam reveals the extent of the holdings of the three largest ETF providers in the US. At around USD 5.4 trillion, BlackRock is the largest asset manager in the world. On average, the fund company holds a 5% stake in every DAX company. However, the three largest providers of passive fund products – BlackRock, Vanguard, and State Street – have an even more significant position in the US. They control more than 90% of the assets managed in passive equity funds and largely invest this in index funds (BlackRock and Vanguard more than 80%, State Street nearly 97%).

Largest shareholders in 40% of listed US firms

Taking the stakes of all three of these companies together, they are the largest shareholder in 40% of all listed companies in the US. BlackRock alone has a holding of at least 5% in around 2,000 listed US firms, a considerable number given that there are 'only' 3,900 publicly listed companies in the US. Globally, BlackRock holds at least 5% of the shares in no fewer than 2,632 companies. Meanwhile, Vanguard has an interest of at least 5% in 1,750 US firms, while the corresponding figure for Fidelity as an active fund manager is 1,956.

S&P 500 under control

The position of power held by these asset managers becomes even clearer when we look at their holdings in S&P 500 companies. The largest three passive asset managers are together the largest shareholder in 438 of the 500 companies, i.e. around 88%. These 438 firms represent around 82% of the market capitalization of the S&P 500. Companies they normally steer clear of are those with dominant private investors, such as Alphabet (Sergey Brin and Larry Page), Berkshire Hathaway (Warren Buffett), and Amazon (Jeff Bezos). However, they are invested in other industry giants such as Apple, Microsoft, ExxonMobil, General Electric, and Coca-Cola.

Swiss equity funds faring relatively well by international comparison

Active funds investing in Swiss equities have performed well by international comparison. Around 77% of them outperformed the S&P Dow Jones Swiss equities reference index in 2016, while over a three year period 50% still beat the benchmark.

Poor showing from German and US funds

These figures are taken from the Spiva Study published by index provider S&P Dow Jones, which compares the performance of European equity funds against its own indexes. The full-year report once again highlighted major differences between the various fund types. Generally speaking, country funds performed better than funds investing regionally or globally. However, this was not the case in the US or Germany. 80% to 90% of German equity funds failed to beat their benchmark across all the time periods covered. In the case of US equity funds, the figures ranged from 77% (2016) to 98% (10-year period).

Emerging market funds fared badly

Funds investing in emerging market stocks also performed poorly according to the report. And these are intransparent markets where inefficient, partly state-owned corporations often make up the lion's share of the index. Under these circumstances, it should be particularly easy to fish out good returns with a careful selection of healthy private companies. However, according to the report nearly 94% of the funds covered failed to do so over a one-year period.

Newsletter

Key figures on the Swiss Financial Center

Twice a year, the State Secretariat for International Financial Matters publishes up-to-date figures on Switzerland as a location for financial services. This useful summary publication is available for download and can also be ordered free of charge in a handy booklet format.

<http://www.sif.admin.ch> (Rubric «dokumentation»)



Domestic environment

Bills considered in EATC-N

FinSA/FinIA

After protracted discussions in the EATC-S and the approval of the amended bill by the Council of States on 14 December 2016, the EATC-N began its consideration of the Financial Services Act and the Financial Institutions Act on 23 January 2017. It started by conducting a hearing, to which SFAMA was also invited. There were no objections to the introduction of the two bills. The EACT-N started its detailed consideration of this matter on 21 February 2017, and continued on 4 April 2017. The commission's proposals are broadly in line with the Council of States, but several issues were contentious and there are now minority proposals in those areas. It will clarify a few issues still pending with regard to FinSA at its meeting on 19/20 June 2017, and will then move on to its consideration of FinIA. The matter is now scheduled to be taken up by the National Council in the 2017 Autumn Session.

FINMA authorization and recognition

Trade repositories

FINMA Guidance 02/2017 „Financial Market Infrastructures Act: reporting requirements / trade repositories“ of 3 April 2017 provides information about the authorization of a Swiss trade repository and the recognition of a foreign trade repository. Their authorization and recognition means that Swiss market participants will now be subject to a phased-in entry into force of the requirement to report derivatives transactions to a trade repository.

<https://www.finma.ch/en/news/2017/04/20170403-finma-aufsichtsmittteilung-2-2017/>

FINMA Guidelines

International administrative assistance in Switzerland

The FINMA Guidelines are aimed at facilitating the exchange of information that is not publicly available between Swiss supervised institutions and foreign financial market supervisory authorities during meetings held in Switzerland. They define the different types of information exchange between Swiss supervised institutions and foreign financial market supervisory authorities on Swiss territory, specify the contents of notifications and requests relating to such meetings and explain in general terms how they should be carried out. These guidelines are not legally binding.

<https://www.finmach/en/enforcement/international-and-international-cooperation/international-cooperation/or-ot/kontrollen/>

FTA online portal open

AEOI Registration of Financial Institutions

The initial function for the automatic exchange of information (AEOI) has been available on the FTA's SuisseTax portal since 20 March, and reporting Swiss financial institutions can use this to satisfy their registration requirement. For it to be possible for data to be exchanged under AEOI for the first time from 2018, they must register by the end of 2017.

<https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-65920.html>



International environment

Updated Q&A

AIFMD

On 6 April and 24 May 2017, the European Securities and Markets Authority (ESMA) published updated questions and answers documents (Q&A) on the application of the Alternative Investment Fund Managers Directive (AIFMD) and the Undertakings for the Collective Investment in Transferable Securities Directive (UCITS).

AIFMD Q&A:

<https://www.esma.europa.eu/document/qa-application-aifmd-4>

UCITS Q&A:

<https://www.esma.europa.eu/document/qa-application-ucits-directive-0>

Q&A update

MiFID II

On 4 April 2017, ESMA added 10 new questions and answers to its Q&A on the implementation of investor protection topics under the Market in Financial Instruments Directive and Regulation (MiFID II/ MiFIR). On 31 May 2017, there was an update of ESMA's Q&A on practical questions regarding the implementation of MiFID II.

Investor protection:

<https://www.esma.europa.eu/document/qa-mifid-ii-and-mifir-investor-protection-topics>

Practical questions:

https://www.esma.europa.eu/sites/default/files/library/esma70-872942901-38_qas_markets_structures_issues.pdf

Final report

On 2 June 2017 ESMA published the final report on product governance guidelines under MiFID II regarding the target market assessment by manufacturers and distributors of financial products.

Guidelines:

https://www.esma.europa.eu/sites/default/files/library/esma35-43-620_report_on_guidelines_on_product_governance.pdf

Consultation

Money Market Fund Regulation

On 24 May 2017, ESMA issued a consultation paper (CP) on the Money Market Funds Regulation (MMFR). The CP contains proposals on draft technical advice (TA), draft implementing technical standards (ITS), and guidelines under the MMFR. The key proposals relate to asset liquidity and credit quality, the establishment of a reporting template and stress test scenarios. Feedback is requested by 7 August 2017.

Consultation paper:

<https://www.esma.europa.eu/press-news/esma-news/esma-consults-money-market-funds-rules>

Delegated regulation published

PRIIP

On 8 March 2017 the European Commission published its delegated regulation (so-called „RTS“) on key information documents for packaged retail and insurance-based investment products (PRIIPs) with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents. SFAMA is analyzing these RTS and will organize Round Tables on the topic in the coming weeks.

https://www.efama.com/~/media/EFAMA/EFAMA_PRIIP_Key_Information_Documents_Regulation.pdf

EFAMA proposal

Digital passport for investors

The European Fund and Asset Management Association has called for the introduction of a «digital passport» to allow investors access to products across Europe. EFAMA says there are a number of barriers to the asset management industry distributing funds through a single online platform across the EU, despite the demand. These include the different marketing rules, varying definition and rules on advice and diversified pricing structures and the national registration requirements.

<https://www.fundstrategy.co.uk/efama-proposes-digital-passport-investors/>

Update

Foreign Account Tax Compliance Act

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>



SFAMA activities

20 years of the SFAMA office in Basel

Highly active

Alternative Investments Hans-Jörg Baumann

ETFs & Index-Linked Investments Markus Götschi

Real Estate Funds Roger Hennig

Processes & Operations Daniel Lüdin

From a virtual office to a potent organization

Following its foundation at the end of 1992, the Swiss Funds Association SFA initially existed only on paper. After the completely revised Investment Fund Act entered into force at the beginning of 1995, the then SFA opened its offices in Basel on 1 July 1997, complete with its own dedicated staff. On board from the outset were Max Baumann as CEO, with Hans Tschäni as Deputy CEO and Paula Ferner-Parry as assistant. In the 20 years since then, the office of the Swiss Funds & Asset Management Association SFAMA has become an active point of contact and flexible lobbying organization for the Swiss fund and asset management industry.

Specialist committees

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**.

- Preparatory work for a media event in July in conjunction with CAIA
- Discussion of possible business models (boutique approach versus multi-asset management) for providers of alternative investments
- Working on improving the statistical basis for ETFs and indexed investments in collaboration with Swiss Fund Data and Morningstar
- Working on a new ETF brochure
- Coordinating activities with the „For a modern Lex Koller“ alliance (www.modernelexkoller.ch) regarding the ongoing revision of the Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents (ANRA), also known as Lex Koller (March to June 2017)
- Analysis of the result of the 12 February 2017 referendum on corporate tax reform (CTR III) with respect to the national and cantonal impact on real estate funds and real estate companies
- Update on national legal matters (in particular FinSA/FinIA)
- Update on international legal matters (in particular PRIIPs)
- Coordination with Chair of the Risk Management specialist committee
- European Parliament draft regulation on money market funds
- Global FX Code
- European Fund Classification (EFC)

Risk Management

Martin Jufer

- Discussion of risk management approaches at individual institutions with a view to deriving best practice
- Continuation of the work on a publication on risk management standards

Legal & Compliance

Olivier Sierro

National

- FMIA: latest news, FAQ, consultation on an amendment to the Financial Market Infrastructure Ordinance (FMIO)
- Data Protection Act: consultation
- Fintech: consultation
- SBA circular on the IOSCO Report on Standards for the Custody of Collective Investment Schemes' Assets (Standard 2)
- FINMA: work programs

International

- EFAMA: Distributor's Due Diligence Questionnaire and SFAMA questionnaire
- International distribution: The European Commission is drawing up new rules on pre-marketing, which prompted a country analysis (ESMA report of April 2017 on the AIFMD and UCITS notification processes)
- AIFMD: passport, AIFMD FAQ, delegation of asset management under AIFMD, UCITS and MiFID, as well as specific regulations outside the EU
- MiFID: ESMA target market consultation, costs and fees, roundtables
- PRIIPs: roundtables, EU templates, FAQ

**Legal & Compliance
Asset Management**

Jasmin Djalali

- Regulatory issues for the Asset Management Platform Switzerland (AMP)
- Innovative fund solutions
- Model declaration pursuant to Art. 48I OPO2
- Exchanges with Legal & Compliance departments of asset managers not represented on the specialist committee

Taxes

Hanspeter Kurz

- Hearing on FTA circulars nos. 12, 15, 24, and 25
- Memoranda of understanding on DTAs
- Discussion of withholding tax issue

Distribution & Marketing

Markus Signer

- Standardized SFAMA questionnaire for monitoring distributors in accordance with the SFAMA Guidelines on Distribution
- Analysis of the self-regulation material on the issue of 'distribution', taking into account the probable amendments with FinSA/FinIA and the change to 'offer'
- Finalizing the brochure 'Investment Funds – Concise', with general information on this subject in English, German, French, and Italian
- Drawing up a communication concept on the issue of 'investment funds & marketing'

Save the date

Upcoming events

SCFS Funds Conference

Thursday, 24 August 2017
Zürcher Kantonalbank, Neue Hard 9, Zurich

GIPS Day 2017

Wednesday, 22 November 2017
Hotel Metropol, Zurich

Swiss Fund Day 2017

Thursday, 23 November 2017
Zurich

More detailed information on events will be published on the internet in due course.

www.sfama.ch (Events)



Swiss Fund Data AG

**More office space
needed**

Successful Q1

**www.swissfunddata.ch
attracting increasing
users**

Swiss Fund Data on the move

After 10 exciting years, we are leaving our offices at Hottingerstrasse 14 in Zurich in July. These were originally intended for two people, and are no longer fit for purpose with the current headcount of five people. From 1 August our new offices will be at Raffelstrasse 24, 8045 Zurich. Our telephone numbers and email addresses will remain the same. Our new premises can be easily reached by S10 (only a few minutes' walk from the station), or by Bus 76 (from Bahnhof Wiedikon, which stops outside our building). We look forward to seeing all visitors.

New providers on www.swissfunddata.ch

The following new providers are now listing their products on the website www.swissfunddata.ch:

- M&G Investments
- Osiris Asset Management AG
- IFINA (UK) Limited
- SYZ Asset Management (Luxembourg) SA
- VERIT Investment Management AG
- ARM Swiss Representatives SA

High traffic on the platform

According to Google Analytics, around 20,000 users visit the platform every month (17% from mobile devices) – this compared with an average of 14,000 in 2015 – and generate around 180,000 page views in 38,000 sessions. Every month

- 120,000 documents relating to 23,000 ISINs are consulted
- 56,000 legal notices are viewed
- 40,000 products are found via the simple or professional search function
- 12,000 clicks are made on price data
- 9,000 fund detail pages are looked at
- 3,300 fund and ETF news articles are read
- 1,000 fund comparisons are generated



Interesting reading

In partnership with
SFAMA

Save the date

Friends of Funds: new
sections

Use of event calendar
free of charge

Friends of Funds

The Swiss Funds & Asset Management Association SFAMA has a long-standing partnership with the neutral discussion forum Friends of Funds. The dates and topics for the events through to the end of January 2018 in Zurich and to the end of 2017 in Geneva are as follows:

Events in Zurich (cycles 28 and 29)

- 27.06.17 Real estate investments in the current environment
- 29.08.17 Alternative investments: quo vadis?
- 19.09.17 Inflation and commodities: a curse and a blessing?
- 10.10.17 Switzerland's new financial market laws: what lies in store?
- 31.10.17 Bond investments: what does the interest rate situation bode for the future?
- 21.11.17 Indexed investments: the latest developments
- 23.01.18 MiFID: Implementing legal requirements in practice

Events in Geneva (cycle 11)

- 05.09.17 Asset management / real estate market
- 05.12.17 Services / custody and fund administration

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

The website was revamped at the beginning of the year, 2016 and various new features added. Visitors can download documents such as studies, research reports, PowerPoint presentations and survey results of partner companies. These can be found in the sections „Investment Center“, „Service Center“, „Education Center“, and „News Center“.

The Friends of Funds forum is continuing to offer an independent calendar for fund and financial industry events in Switzerland, intended 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 www.friends-of-funds.ch website (under „Events / Ihre Veranstaltung“).

<http://www.friends-of-funds.ch> (Events / Ihre Veranstaltung)

Edition 02/2017

**European platform
launched**

**2017 report by the
Federal Council**

**New edition of general
overview and reference
work**

FINMA Guidance

At the beginning of April 2017, FINMA published the following guidance on the Financial Market Infrastructure Act: reporting requirements / trade repositories: No. 02 / 3 April 2017

<https://www.finma.ch/en/documentation/finma-guidance/#Order=4>

Financial education

In February 2017, a group of nine European organisations and associations launched a new European Platform for Financial Education. The initiative aims to promote the need for financial education and to boost financial literacy in Europe, particularly among young people and entrepreneurs. It also seeks to encourage EU-level leadership in this field.

<http://www.ebf.eu/european-platform-for-financial-education-launched/>

International financial and tax matters

The annual report published by the FDF provides information on activities in the areas of financial market regulation, engagement in international financial bodies and international tax policy, and gives an outlook on upcoming challenges. It is available in four languages (E, G, F, I).

www.sif.admin.ch (Documentation / Publications)

Statistical Yearbook and Statistical Data on Switzerland 2017

The 2017 editions of the 'Statistical Yearbook of Switzerland' and 'Statistical Data on Switzerland' have been published. These two publications from the Federal Statistical Office provide a clearly set-out overview of all economic and social aspects of life in Switzerland. The Yearbook is a comprehensive work of reference with texts, diagrams and tables; the Statistical Data on Switzerland is free of charge and provides a summary of the most important statistical information.

<https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-66155.html>

Key figures – April 2017

Swiss financial center

With the help of official key figures, this federal publication is aimed at enabling certain forecasts to be made on the development of the Swiss financial center. Key figures are shown regarding not only the global integration of the financial center, but also the credit and capital markets, as well as financial service providers such as banks, insurers, and pension funds. Did you know, for example, that the Swiss financial center employed almost 215,000 people at the end of 2016, or that domestic mortgage receivables of around CHF 950 billion were outstanding? The publication is available in English, German, French, Italian, and Chinese.

<https://www.sif.admin.ch/sif/en/home/dokumentation/publikationen/kennzahlen-finanzstandort-schweiz.html>

Q1/2017 issue

FTA Newsletter

Between January and March 2017, the FTA focused its efforts in particular on tax submission 17, the VAT rates, and FISCAL-IT.

https://www.estv.admin.ch/estv/de/home/die-estv/medien/nsb-news_list/newsletter/q1-2017.html

BVI-Broschüre

Investmentsteuerreform kompakt

Mit dem zum 1. Januar 2018 in Kraft tretenden Investmentsteuerreformgesetz steht ein komplexer Systemwechsel in der Besteuerung von Investmentvermögen in Deutschland an. Der BVI hat den Entstehungsprozess der neuen Steuerregeln von Anfang an kritisch begleitet.

<http://www.fondsprofessionell.de/investmentsteuerreform/>

Allianz Study 2017

Europeans lack financial literacy

Over the past ten years, there has been no significant improvement in Europeans' financial knowledge – this despite the financial crisis and record-low interest rates. This is highlighted by a study carried out by Allianz in ten European countries covering around 1,000 people in each. Although Switzerland ranked in third spot, it also showed considerable gaps above all with regard to knowledge about risks. At the other end of the scale were the Southern European countries in particular.

<http://projectm-online.com/app/uploads/Allianz-international-pensions-financial-literacy-2017-report.pdf>

Genau hinschauen lohnt sich

FuW Tutorial

FuW Tutorial

ETFs

BVI-Beitrag zu ETFs aus der Serie «Finanzwissen für alle».

<https://www.bvi.de/kapitalanlage/privatanleger/> (ETFs: Genau hinschauen lohnt sich)

Why comparing investment funds isn't easy

In the Fintool video, Gérard Fischer outlines the factors that have to be taken into account when comparing different funds.

<https://www.fuw.ch/article/warum-anlagefonds-vergleichen-nicht-einfach-ist/>

What are the tax consequences of investment funds?

In the Fintool video, Iwan Brot talks about the tax consequences of different investment funds.

<https://www.fuw.ch/article/was-sind-die-steuerkonsequenzen-von-anlagefonds/>



Impressum

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