



SFAMA News - Winter

Introduction	SAs the year draws to a close...	4
In focus	International competition in the fund business	5
Latest News	Deadlines coming up!	7
	Financial Market Infrastructure Ordinance	7
	Happy 80th birthday!	7
Fund markets	Key data on the international fund business	8
	Swiss financial accounts	10
	Swiss fund market in 2018	11
	Slight increase in assets under management in Q3	13
	SFAARI®	13
	Asset management study	14
	Investment management carries weight	15
	Switzerland's richest 300	15
	Key figures on the Swiss financial center	16
Domestic environment	FinSA/FinIA	17
	FinSO and FinIO translations	17
	Third roundtable on current developments in fintech	17
	Pension funds: investments in future technologies	18
	Federal Council brings measure to protect Swiss stock exchange infrastructure into force	18
	Commercial Register entries now possible online	18
	State Secretariat for International Financial Matters	18
International environment	EFAMA report	19
	EFAMA's industry initiative	19
	ESA on KID for PRIIPs	19
	ESA consultation on targeted amendments to the PRIIPs KID	20
	ESMA updates AIFMD Q&A	20
	ESMA consultation on stress testing rules	20
	ESMA consultation on guidelines for MMFR	20
	ESMA updates Supervisory briefing on MiFID II	21
	IOSCO consultation	21
	EFAMA calls on the European Commission to urgently postpone the UCITS exemption	21
	EFAMA says PRIIPS consultation is too short and too restricted	22
	GIPS 2020	22
SFAMA activities	Members	23
	Changes in the Executive Board	23
	Specialist committees	23
	Upcoming events	24

Interesting reading

Friends of Funds	25
Federal Council adopts implementing provisions for fintech license	25
Fintech license: FINMA publishes guidelines	26
10th EFAMA Asset Management Report	26
Asset management in Switzerland: growth in assets and good general conditions	26

Impressum

Useful informations and adresses	27
----------------------------------	----



Season's Greetings

Dear readers

As the year draws to a close...

The year that is now drawing to a close has been very demanding, especially in terms of international developments, and our association is of course heavily involved in international organizations. This interaction is hugely important to us as planned changes to legislation often affect the Swiss financial sector and more specifically our investment industry. One key topic in this regard is MiFID II, which came into force at the start of the year and is important for asset managers that operate internationally.

At the national level, the Financial Services Act and Financial Institutions Act have kept us busy. Efforts were stepped up in the second half of the year following the final votes on the draft laws in both houses of parliament. The Federal Department of Finance finalized the draft versions of the Financial Services Ordinance (FinSO) and the Financial Institutions Ordinance (FinIO), as well as the revised Collective Investment Schemes Ordinance (CISO), over the summer. The consultation on the three ordinances began on 24 October 2018 and is scheduled to end on 6 February 2019. The Executive Board will represent the interests of the fund and asset management industry in this process.

We were delighted to hear that the Federal Council wants to enhance Switzerland's appeal as a fund location. As a financial center of global importance, Switzerland could do more to make the most of its potential when it comes to collective investment schemes. For example, the addition to the Collective Investment Schemes Act of a new category of fund, the limited qualified investor fund (L-QIF), which does not require FINMA approval, could make the process of launching innovative products much quicker and more cost-effective. SFAMA is of course playing a part in the planning work.

Progress is also being made with the Asset Management Platform Switzerland. The website went live during the spring, and new content is regularly being added. In addition, a study was commissioned from the Institute of Financial Services Zug, part of Lucerne University of Applied Sciences and Arts, to ascertain various facts and figures as well as the sector's current momentum and the main challenges it faces. The hub ranking, which compares the framework conditions in Switzerland against those in other asset management locations around the world, is certainly an interesting read.

Let us take advantage of the upcoming holidays to take a break from our daily business and fully recharge our batteries to ensure that we are fit and ready to focus on the diverse array of complex challenges that lie ahead. We at the SFAMA hope you and your families enjoy a pleasant and restful festive season.

We wish you every success in the new year. All the very best!

The Board of Directors and Executive Board of SFAMA



In focus

Switzerland must be prepared

Relative appeal of different locations

Standardization and innovation

L-QIF: an innovative Swiss financial product

International competition in the fund business

Competition between Europe's financial centers is becoming increasingly fierce. Several countries, including some with large domestic markets such as Germany and France, have been making a considerable effort in recent years to modernize and optimize their legal and tax frameworks for investment funds. The newer EU Member States also represent latent competition as many of them are attempting to set themselves up as liberal, low-cost locations for financial services. Switzerland must be prepared to compete.

A given location has appeal for the financial industry if it meets a certain set of criteria, the most important being political stability, a predictable regulatory environment, and the availability of qualified staff. It is these factors that are currently leading to a renewed increase in the number of institutional funds being launched in Switzerland. Switzerland's legislators and supervisory authorities are continually endeavoring to adapt the country's fund laws and supervisory practices in line with international developments. As well as trying to avoid putting Switzerland at a disadvantage as far as possible, they also want to enhance its appeal and competitiveness as a fund location in a targeted manner. However, withholding taxes and to some extent also stamp duty are still causing substantial difficulty. An important consideration in this respect is the need to ensure that the focus of taxation is entirely on the investor, not the product. These indirect taxes must be abolished in the medium term.

Standardized authorization and approval processes improve legal and planning certainty in connection with the launch of new funds and enhance Switzerland's appeal as a fund location. FINMA has already been addressing the need for standardization in the approval process for some years now with its fast-track approval of Swiss securities funds and other funds for traditional investments. Since the last revision of CISA (and the related ordinances), FINMA has been restricting its checks of open-ended Swiss collective investment schemes to the points in the fund contract that are relevant from a supervisory law viewpoint. The fast-track approval procedure was introduced on this basis, allowing some Swiss collective investment schemes to be approved much more quickly and cheaply. Time will tell whether it will be possible to extend this practice to other Swiss funds in the future.

The Federal Department of Finance is also working on a draft definition of the limited qualified investor fund (L-QIF), a flexible collective investment scheme under Swiss law that can be set up much more quickly and cost-effectively as it does not require FINMA approval. This new product, which would only be available to qualified investors as defined by the Collective Investment Schemes Act (CISA), should nevertheless guarantee the usual levels of quality and security. It would do so by requiring the asset manager of a fund organized under company

Focus on funds

law (limited partnership for collective investment or investment company with variable capital (SICAV)) or the fund management company of a contractual fund to be an institution supervised by FINMA. This indirect supervision would take due account of qualified investors' need for protection.

The aim is to provide qualified investors with strong links to Switzerland (namely pension funds and insurers) with a genuine Swiss alternative. The idea of a Swiss fund that does not require approval can be traced back to a SFAMA initiative. This is a good example of the Swiss fund industry's efforts to evolve dynamically.

The fund is without doubt the most important type of vehicle for providing investors with asset management services. However, there are others, including life insurance, foundations, and mandates. In many cases, the structures favored depend on national legislation and taxation. This is why many investors – including Swiss ones – either prefer local structures or are actually only permitted to invest in them, the main considerations being regulatory in nature for institutional investors and tax-related for private investors. We must therefore focus Swiss asset management on funds while at the same time working hard to ensure that we are allowed to manage their assets, since margins for asset management tend to be higher than those for fund administration.

Markus Fuchs, SFAMA Managing Director

Key facts on L-QIFs

Name:	Limited Qualified Investor Fund (L-QIF)
Investors:	Qualified investors
Legal form:	Swiss collective investment scheme in accordance with CISA
Type:	All fund types under Swiss law for QIs
Approval:	No product approval
Investor protection:	Indirect supervision via FINMA-approved fund management companies and fund administrators
Auditing:	Fund-specific audits also for L-QIFs
Regulations:	In principle all CISA provisions, but exceptions



Latest News

Reminder

**1. January 2016 –
31 August 2020**

**A big day for Switzer-
land's oldest equity
fund**

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.

Financial Market Infrastructure Ordinance

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

Happy 80th birthday!

America Canada Trust Fund (AMCA), Switzerland's first equity fund, was launched on 12 December 1938. It still exists today as part of UBS (CH) Equity Fund – USA Multi Strategy, making it the oldest existing equity fund under Swiss law.



EUR 45.7 trillion in fund assets worldwide as at end of June 2018

Development of fund volumes worldwide largely positive

Scarcely any change in the international breakdown

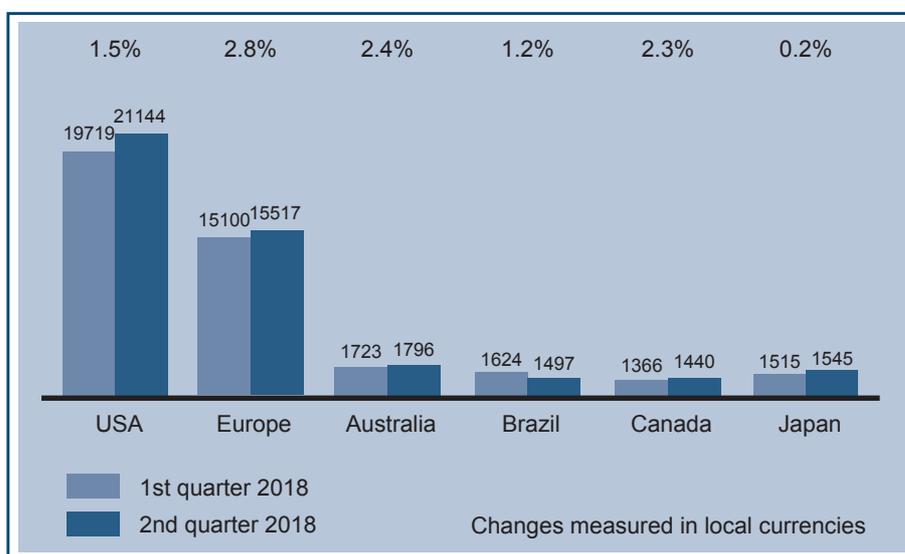
Fund markets

Key data on the international fund business

Following a slight decline in the first quarter of 2018, the volumes of assets invested in funds worldwide bounced back markedly in the second quarter. In 2014, working in conjunction with the IIFA (International Investment Funds Association), EFAMA incorporated new fund types – including ETFs, institutional funds, and hedging products – into the universe covered, and this resulted in a massive increase in both fund volumes and product numbers. Direct comparisons with earlier data can therefore only be made with figures from the beginning of 2015 onward. As at the end of June this year, the newly calculated fund volume stood at EUR 45.7 trillion, which corresponds to an increase of 4.4%. Funds of funds accounted for EUR 3.28 trillion.

Measured in EUR terms, the US led the way in the second quarter of this year with an increase of 7.2%, while Europe posted a gain of just 2.8%. In the US, the total volume was in fact above the EUR 21 trillion mark at the end of June 2018. According to the latest EFAMA report, a total of EUR 15.5 trillion was invested in funds in Europe.

Geographical trends in investment fund assets in Q2/18 (in EUR billions)



Source: EFAMA International Statistical Release, September 2018

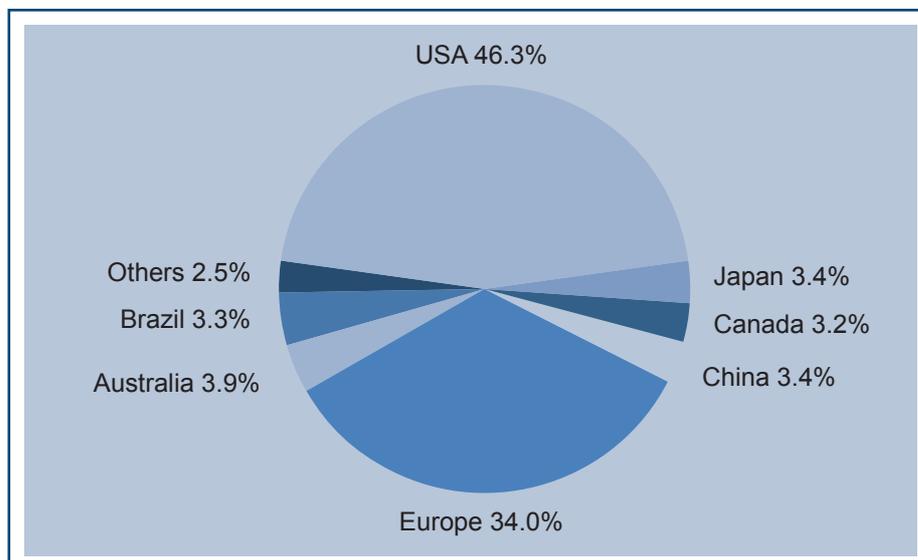
Comparing the data gathered, the US accounted for 46.3% of the global assets invested in funds at the end of the second quarter. Europe followed in second place with 34.0%, with Australia (3.9%) holding on to third spot, albeit now ahead of Japan and China (both 3.4%). Brazil has fallen back to sixth with 3.3%.

Global fund universe of
128,572 funds

A look at Europe

Trend in volumes mixed

Geographical trends in investment fund assets by end of June 2018 (in EUR billions)



Source: EFAMA International Statistical Release, September 2018

The fund universe covered by EFAMA increased further in the second quarter, reaching a total of 128,572 different products at the end of June 2018. This corresponds to an increase of 1,500 funds since the beginning of April 2018. The breakdown of products per fund category is as follows: equities 42%, bonds 20%, multi asset 17%, money market 11%, and others 10%.

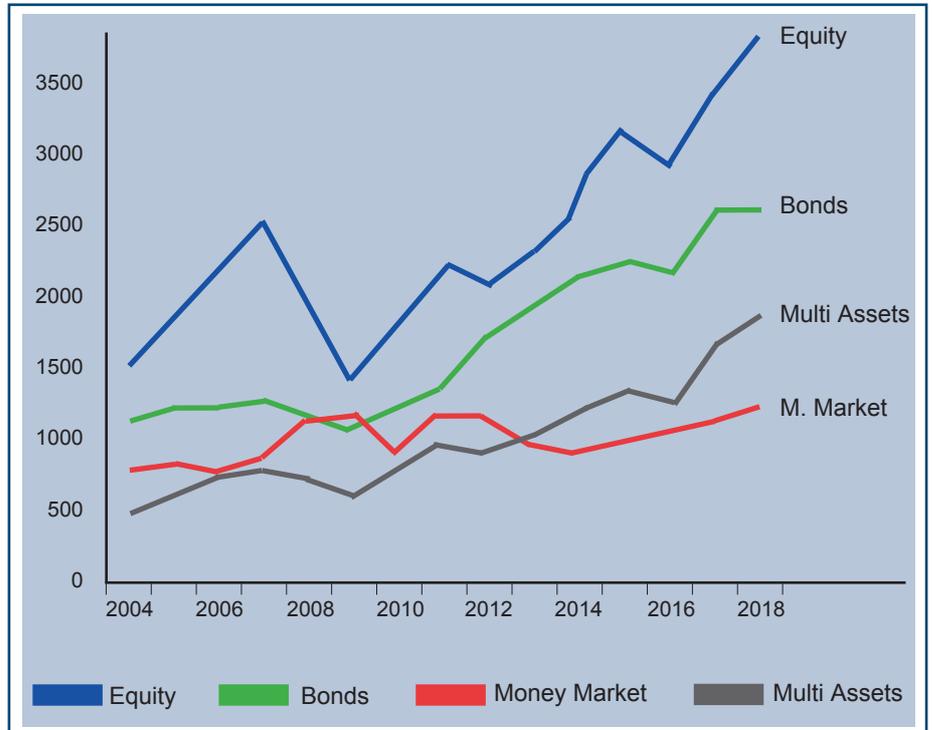
Net inflows in Europe amounted to a further EUR 15 billion in the second quarter of 2018, following on from inflows of EUR 171 billion in the first three months of the year.

This result was primarily attributable to the development of multi-asset funds, which enjoyed inflows totaling EUR 26 billion in the second quarter. Meanwhile, money market funds suffered net outflows of EUR 18 billion, whereas equity funds posted inflows of around EUR 10 billion.

As regards the European countries with higher volumes – i.e. Luxembourg, Ireland, Germany, France, and the UK – all apart from France were able to bolster their volumes further in the second quarter (with increases ranging between 1.5% and 2.9%). Switzerland recorded a decline of 3.4%, however, well above the average across all countries. The countries of southern Europe also failed to impress with their growth rates (Greece -0.1%, Spain 1.0%, Portugal -0.5%, and Italy -1.1%).

Financial assets and liabilities for the period 2003 to 2017

Net sales into UCITS in Europe since mid-2004

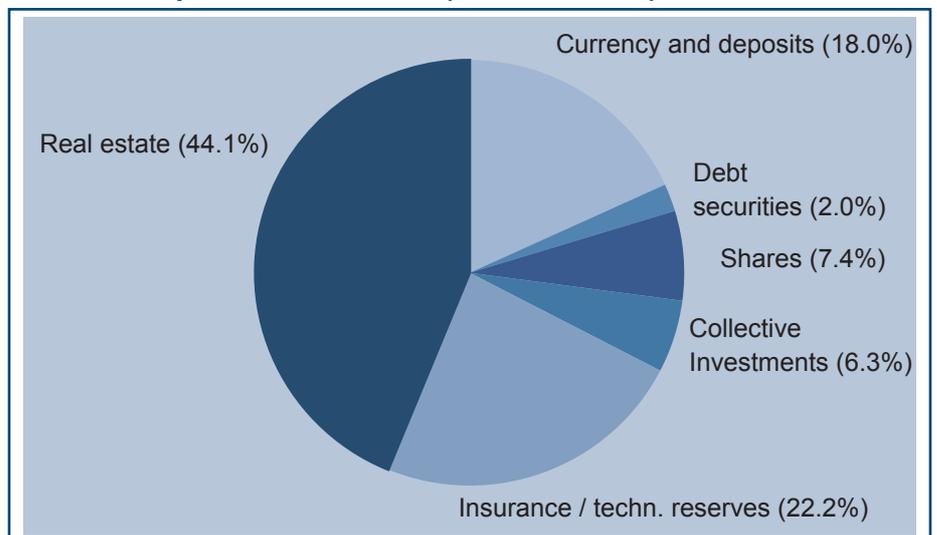


Source: EFAMA Quarterly Statistical Release, September 2018 (annual figures in EUR billions)

Swiss financial accounts

As usual, the Swiss National Bank (SNB) presented financial accounts for Switzerland at the end of November 2018. These show the volumes and structure of the financial assets and liabilities in the individual sectors of the economy.

Structure of private households (as of end-2017)



Source: www.snb.ch/e (Publications)

Pensions heavily weighted

Cooperation between Swiss Fund Data and Morningstar

Fund volumes around CHF 1,106 billion

The results for 2017 show financial assets of private households at CHF 4,584 billion, which translates into a rise of CHF 224 billion or around 5.1%. However, much of the reported assets are not directly disposable as they are tied into pension provision.

Capital gains on securities such as equities and funds, together with strong growth in bank deposits, accounted for CHF 145 billion of the increase in financial assets. At the same time, rising property prices enriched households in the amount of CHF 80 billion on paper.

Private pension assets, including those in pillar 3a, make up a significant portion (around 40%) of Swiss citizens' financial assets. Adding future state pension claims to the mix would result in an even higher weighting.

For the fund industry, the weighting of funds in the financial assets of private households is especially interesting. While this weighting was around 9% until 2003 and rose to 11.7% from 2004 to 2007, since 2008 it has been back around 9.5%. Between 2011 and 2013, the figures ranged from CHF 170 billion to CHF 197 billion, or 8.4% to 8.8%. The weighting currently stands at 11.5% with a volume of CHF 289 billion.

Swiss fund market in 2018

Swiss Fund Data AG, a subsidiary of the Swiss Funds & Asset Management Association SFAMA and SIX Swiss Exchange Ltd, has been publishing 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.

According to the statistics on the Swiss fund market, the total volume stood at CHF 1,106.3 billion at the end of September 2018, down around CHF 13.2 billion or 1.2% 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.

Broken down by asset class, equity funds still have the largest share at just over 43%, followed by bond funds with around 30%. Asset allocation funds remain in third spot with approximately 11.6%.

Number of Swiss-law funds increasing

Renewed rise in foreign-domiciled funds approved in Switzerland

Development of fund assets since January 2018

Fund category	Volumes 31.12.17	Volumes 30.09.18	Overall change
Equities	465.8	478.2	+ 12.4
Bonds	339.0	331.5	- 7.5
Money Market	74.3	91.2	+ 16.9
Asset Allocation	128.6	128.3	- 0.3
Others	2.7	2.8	+ 0.1
Natural resources	23.0	22.3	- 0.7
Alternatives	20.7	17.2	- 3.5
Real Estate	32.8	34.9	+ 2.1
Total Swiss Market	1086.9	1106.4	+ 19.5

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

The uptrend in the number of Swiss funds discernible since summer 2016 continued, accelerating sharply in the third quarter of 2018. A total of 1,693 Swiss-law products are now registered with FINMA, a new all-time high. Of these products, 20 are limited partnerships for collective investment. All in all, the total number of investment vehicles under Swiss law rose by 35 quarter-on-quarter.

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

Fund type / Fund domicile	As of end-December 2017		As of end-September 2018		Change in the year 2018	
Swiss funds	1642	(715)	1693	(733)	+ 51	(18)
Swiss limited partnerships	18	(18)	20	(20)	+ 2	(2)
Securities funds	137	(0)	141	(0)	+ 4	(0)
Other funds for tradit. inv.	1382	(657)	1423	(667)	+ 41	(12)
Other funds for altern. inv.	45	(17)	45	(18)	+ 0	(1)
Real estate funds	60	(23)	64	(26)	+ 4	(3)
Non-Swiss funds	7760		7985		+ 225	
Luxembourg	5216		5352		+ 136	
Ireland	1684		1789		+ 105	
Other countries	860		844		- 16	
Total Swiss and Non-Swiss	9402	(715)	9678	(733)	+ 276	(18)

Source: FINMA (as of the beginning of October 2018)

The number of funds approved for public distribution is approaching the 10,000 mark. At the end of September, the figure stood at 9,678, up 176 quarter-on-quarter. This translates into an increase of some 276 funds in the first nine months of the year, attributable to both Swiss and foreign (primarily Luxembourg-domiciled) funds. The number of foreign funds rose by 134 in the third quarter. Luxembourg and Ireland were able to clearly defend their lead among the domicile locations.

Securities totaling
CHF 6.1 trillion held in
Swiss custody accounts

Comparison of fund
holdings

Differing fund weigh-
tings for resident and
non-resident clients

Yield on investment
indicator for real estate
funds in Switzerland

Slight increase in assets under management in Q3

According to the latest SNB statistics, the securities holdings in client custody accounts at Swiss banks fluctuated around CHF 6.1 trillion throughout the year and stood at CHF 6.13 trillion at the end of September 2018. This equates to a 0.72% increase compared with the middle of the year. According to the SNB's monthly statistics for November 2018, the securities holdings of non-resident clients have risen by 1.15% to CHF 3.10 trillion in the year to date. Meanwhile, in the case of resident custody account holders the corresponding figure was down 0.03% at CHF 3.03 trillion. Non-resident clients thus still account for 50.5% of the securities holdings.

A comparison of fund holdings shows parallel developments for resident and non-resident custody account clients. Between the beginning of the year and the end of September 2018, the fund holdings of resident clients rose by CHF 19 billion to CHF 1,319 billion (+1.5%). Meanwhile, the fund holdings of non-resident custody account clients increased by CHF 7 billion to CHF 899 billion (+0.8%). It is still primarily resident clients that hold funds under Swiss law in their custody accounts; at around CHF 821 billion these holdings make up some 62.2% of the corresponding total. Non-resident investors' holdings in collective investment schemes under Swiss law long remained steady at 9-10%; there then followed a few years where the figure ranged between 10% and 12%. It now stands at around 8.2%.

As regards fund weightings, the trends have moved in the same direction over the course of the year. That of resident custody account clients rose steadily from 42.8% at the beginning of the year to 43.5% at the end of September. The weighting for non-resident custody account clients has been fluctuating between 26% and 29% for some time. It currently stands at 29.0%, 0.1 of a percentage point higher than at the beginning of the year.

SFA ARI®

SFAMA launched the SFA ARI® 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.

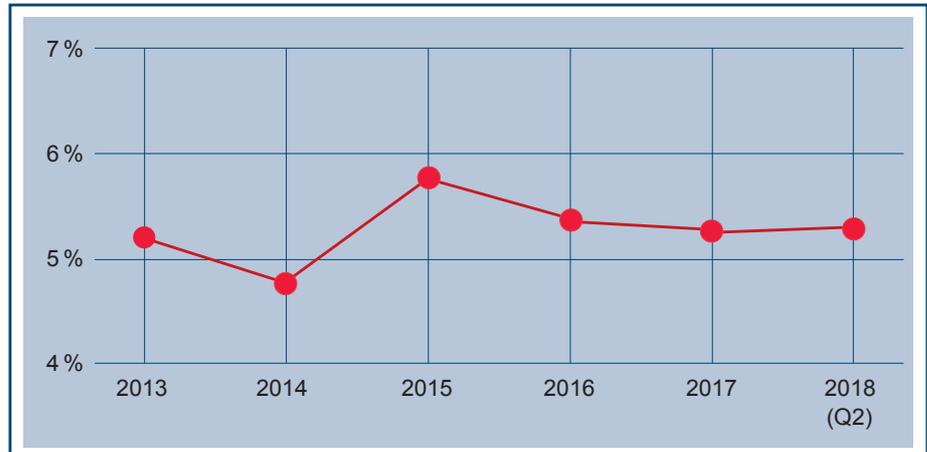
The fund universe comprises the real estate funds listed on the SIX Swiss Exchange that make direct real estate investments in Switzerland, with Switzerland being their sole investment country. Funds of funds and Swiss funds that invest directly outside Switzerland are excluded.

Current yield

Sharp rise in assets under management

ESG and Big Data in vogue

Development of the SFA ARI® since 2013



Source: Swiss Fund Data

The current investment yield as measured by the SFA ARI® stands at 5.37%. This figure is based on the annual reports as at 30 June 2018 and is slightly higher than in the previous quarter (up 0.11 of a percentage point). Some 30 real estate funds with net assets totaling around CHF 33.4 billion were included in calculating the current figure.

Asset management study

The fund industry can be proud of the strong growth in its assets under management. The 500 largest asset managers increased their client assets by 15.6% to almost USD 94 trillion in 2017, according to a study by the consulting firm Willis Towers Watson. The company's survey also shows that asset managers domiciled in North America still account for the bulk of total assets, even though their share fell slightly for the first time since 2008 to 58.1% in 2017. European asset managers, meanwhile, have a share of 31.8%.

The proportion of passively managed assets has risen from 19.5% to 22.4% in the past five years. The level of concentration in the industry reached its highest since Willis Towers Watson began the study in 2000. The top 20 companies currently manage 43% of the total assets under management of the 500 largest providers.

Some 81% of the asset managers surveyed believe that sustainable investment will be a hot topic for the industry going forward, while 74% see Big Data as important.

Industry accounts for around CHF 3,400 billion in Switzerland

Slight rise in assets

Investment management carries weight

Switzerland is world-renowned for cross-border private banking, but the fact that large sums are also managed here for institutions and private individuals is less well known. The Swiss Bankers Association SBA and Consulting Group estimated the figure at around CHF 3.4 trillion at the start of December. The industry comprises collective investment schemes, portfolio management mandates, and advisory mandates – including hedge funds and private equity.

Last year, its income rose from CHF 17 billion to CHF 20 billion, meaning that roughly a quarter of the income generated by the Swiss financial sector – not including insurance – came from this industry. Approximately a third of this money is managed for clients domiciled abroad, and a third of all jobs in the Swiss financial sector are in investment management. According to a study carried out by the Institute of Financial Services Zug in cooperation with the Asset Management Platform Switzerland, institutional asset management alone was directly and indirectly responsible for 55,000 full-time jobs.

August Benz, deputy head of the SBA, stresses the importance of the symbiosis of institutional and private asset management in Switzerland, pointing out that it enhances the country's appeal internationally. He cited the topic of sustainability as an example and said that Swiss investment fund companies were early pioneers in this area, with private investors providing the initial impetus.

Switzerland's richest 300

The assets of the 300 richest people in Switzerland have risen by an average of CHF 28 billion per year since the financial crisis a decade ago. However, the increase has fallen to just CHF 1.7 billion in 2018. According to a report in the financial magazine Bilanz at the end of November, the 300 richest now collectively hold CHF 675 billion. Despite the lower growth rate, they are richer than ever before.

Looking back over the past 30 years, this group's wealth has increased around three times faster than Switzerland's gross domestic product since 1989. The top ten alone have gained CHF 2 billion this year and now hold CHF 203 billion between them. This means that 3% of the 300 richest own 30% of the group's assets.

Assets of at least CHF 100 million are required to make it onto the list. A total of 15 individuals and families with combined assets of CHF 6.6 billion have achieved this for the first time in 2018.

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.

<http://www.sif.admin.ch> (under "Documentation")



Domestic environment

Consultation in progress

FinSA/FinIA

As expected, the Federal Council opened the consultation on the Financial Services Ordinance (FinSO) and Financial Institutions Ordinance (FinIO) at its meeting on 24 October 2018. The annexes to both ordinances also entail extensive adjustments to the CISO and other ordinances. The consultation also concerns a draft Supervisory Organization Ordinance (SOO), which governs the authorization conditions and activities for the newly introduced supervisory organizations (SOs) for managers of individual client portfolios. The consultation will run until 6 February 2019. FinSA and FinIA, together with their related ordinances, are expected to enter into force on 1 January 2020.

The consultation documents can be found at the following link:

<https://www.admin.ch/gov/en/start/dokumentation/medienmitteilungen.msg-id-72655.html>

The Executive Board will represent the interests of the fund and asset management industry in this process. It is working to analyze the consultation documents in detail and draft a response with the aid of various subject-specific working groups. The first round of working group meetings took place at the start of November 2018 in Zurich and in Geneva. The second round was held at the end of November, also in Zurich and Geneva. Dedicated FinSO/FinIO information events were held on 6 November in Zurich and 8 November in Geneva for all those who are either unwilling or unable to take part in this very time-consuming work. Further FinSO/FinIO information events will be held on 24 and 25 January 2019.

Free of charge for members

FinSO and FinIO translations

SFAMA's non-official English translations of the FinSO and the FinIO draft are now available on our website to help you in your day-to-day work. They are free of charge for members and CHF 100 each for non-members.

https://www.sfama.ch/en/publications/publications?set_language=en

Report expected by the end of 2018

Third roundtable on current developments in fintech

On 15 October 2018, the Federal Council invited representatives of the financial sector and academia to a third fintech roundtable. The roundtable highlighted once again that the exchange between authorities, the fintech industry, and the financial sector is still of great importance. The Confederation's blockchain/ICO working group consulted the sector and will report to the Federal Council by the end of 2018.

<https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-72511.html>

Report signed off

New obligation will apply from 1 January 2019

Reduced paperwork

Newsletter

Pension funds: investments in future technologies

The Federal Council intends to make it easier for pension funds to invest in technologies with future potential in Switzerland. It will look into amending the investment guidelines and signed off a report on this topic at its meeting on 30 November 2018. It also favors improving transparency with regard to investment opportunities.

G: <https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-73142.html>

F: <https://www.admin.ch/gov/fr/accueil/documentation/communiqués.msg-id-73142.html>

Federal Council brings measure to protect Swiss stock exchange infrastructure into force

The Federal Council continues to advocate that the EC extend indefinitely Switzerland's stock market equivalence, which will expire end of 2018. Such an extension has not yet taken place. In its meeting on 30 November 2018, the Federal Council adopted a measure as announced to protect the Swiss stock exchange infrastructure, as the market needs clarity in order to adapt to the various scenarios in good time. The new recognition obligation for foreign trading venues introduced by ordinance will apply from 1 January 2019.

<https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-73212.html>

Commercial Register entries now possible online

Companies in Switzerland can now submit key changes to their Commercial Register entry online. Existing companies, for instance, can report changes in their board of directors or the relocation of their registered office via an online counter. The State Secretariat for Economic Affairs SECO says that this extends its online service offering to existing companies. It was previously only possible to register new companies via the Internet. The aim, according to SECO, is to reduce the administrative workload involved for companies.

<https://www.easygov.swiss/easygov/#/en>

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.

<http://www.sif.admin.ch> (under "Documentation")

Changes to KID for PRIIPs

Umbrella AIFs on cross-border basis

Stress testing rules for money market funds

Guidelines for money market funds' disclosure

ESA consultation

On 8 November 2018, the ESAs issued a consultation paper on targeted amendments to the PRIIPs KID. It addresses amendments to the information regarding investment products' performance scenarios. When deciding on the nature of their final recommendations following this consultation in January 2019, the ESAs will take into account the feedback from respondents to this consultation and the latest information from these political discussions on the application of the KID by certain investment funds and the timing of the wider review.

<https://ec.europa.eu/Pages/Consultations/Joint-Consultation-Paper-concerning-amendments-to-the-PRIIPs-Kid.aspx>

ESMA updates AIFMD Q&A

On 4 October 2018, ESMA updated its questions and answers (Q&A) document on the application of the Alternative Investment Fund Managers Directive (AIFMD). A new Q&A was added clarifying the application of the AIFMD notification requirements with regard to AIFMs managing umbrella AIFs on a cross-border basis.

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

ESMA consultation

On 28 September 2018, ESMA opened a public consultation on how European money market funds (MMFs) should conduct their internal stress testing. While MMFs invest in highly liquid and low-risk short-term debt instruments, they play an important role in the financial system and are interconnected with other key market participants. The consultation was open for comments until 1 December 2018. ESMA will use the feedback received to finalize its guidelines in Q1 2019.

https://www.esma.europa.eu/sites/default/files/library/esma-34-49-131_cp_on_mmf_stress_test.pdf

ESMA consultation

Starting from the end of the first quarter of 2020, European MMFs will have to disclose certain information under the Money Market Fund Regulation (MMFR) to their national competent authorities. On 13 November 2018, ESMA opened a public consultation on draft guidelines providing further specifications on how to fill in the MMFR reporting template. ESMA will consider all comments received by 14 February 2019.

https://www.esma.europa.eu/sites/default/files/library/esma-34-49-144_novbos_cp_on_mmf_guidelines_reporting.pdf

Supervisory briefing
on MiFID II

Assessment of leverage
in investment funds

Letter from ESA to
European Commission

ESMA update

On 13 November 2018, ESMA published an updated version of its supervisory briefing on the Markets in Financial Instruments Directive II (MiFID II) suitability requirements. This publication is an updated version of ESMA's 2012 supervisory briefing and takes into account the content of ESMA's guidelines on certain aspects of MiFID II suitability requirements published on 28 May 2018.

Supervisory briefing

https://www.esma.europa.eu/sites/default/files/br/esa35-43-1206_mifid_ii_supervisory_briefing_on_suitability.pdf

IOSCO consultation

On 14 November 2018, the International Organization of Securities Commissions (IOSCO) requested feedback on a proposed framework to help measure leverage used by investment funds which in some circumstances could pose financial stability risks. The proposed framework comprises a two-step process aimed at achieving a consistent assessment of global leverage. The first step indicates how regulators could exclude from consideration funds that are unlikely to create stability risks to the financial system while filtering and selecting a subset of other funds for further analysis. The second step calls for regulators to conduct a risk-based analysis of the subset of investment funds identified in the first step. The consultation closes on 1 February 2019.

Consultation

<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD615.pdf>

EFAMA calls on the European Commission to urgently postpone the UCITS exemption

EFAMA has called on the European Commission to postpone the UCITS exemption within the PRIIPS regulation, following a letter issued by the European Supervisory Authorities (ESMA, EIOPA, and EBA). The letter points out that under the current regime, retail investors will receive two types of Key Information Documents (KID) – the documents that are to be provided to consumers before purchasing a PRIIP – as of 1 January 2020.

Press release

<https://www.efama.org> (EFAMA Home / Our press releases / 03.10.2018)

ESA consultation
paper published

Release of the Expo-
sure Draft for public
comment

Development timeline

EFAMA says PRIIPS consultation is too short and too restricted

Europe's asset management trade body has told financial regulators that their recent consultation paper does not go far enough in scrutinizing the controversial PRIIPS investor information document. EFAMA said the consultation will not cover enough of the flaws in the Key Information Document (KID) that replaces the existing Key Investor Information Document for many European funds.

<http://www.funds-europe.com/news/efama-says-priips-consultation-is-too-short-and-too-restricted>

GIPS 2020

CFA Institute has announced that the GIPS 2020 Exposure Draft has been released for public comment. This is an exciting and significant milestone in the development of the GIPS standards that represents thousands of hours of effort between industry volunteers and CFA Institute staff. It is the ongoing goal to assemble industry best-practices into a world-class standard that is useful, relevant, effective, and practical, and CFA Institute believes that public comment is a critical input. It hopes that investment management professionals with a unique perspective to share will participate in the public comment process so that the 2020 edition of the GIPS standards is the best product that it can possibly be.

The GIPS 2020 Exposure Draft can be found at www.gipsstandards.org. A pre-recorded webinar that summarizes key changes is available on the website. Public comments will be accepted until 31 December 2018 at standards@cfainstitute.org. Note that the GIPS 2020 Exposure Draft does not include verification. The Verification Exposure Draft was released on 31 October 2018, and public comments will be accepted until 31 December 2018.

The 2020 edition of the GIPS standards will ensure the continued value and relevance of the GIPS standards among managers already claiming compliance and encourage greater adoption among asset owners and managers of alternative investment and pooled funds. Development is on schedule to meet the timetable below:

- 31 December 2018 Close of comment period for GIPS 2020 and Verification Exposure Drafts
- 30 June 2019 Final GIPS 2020 edition released
- 1 January 2020 GIPS 2020 effective date



SFAMA activities

Three new members admitted

Members

The Board of Directors and the Executive Board were pleased to welcome the following members to SFAMA in fall 2018:

- Franklin Templeton Switzerland Ltd
- Systematic Investment Management AG
- Caerus Investment Management (UK) Ltd

Member leaving

Changes in the Executive Board

Delphine Calonne, Senior Legal Counsel, decided to leave SFAMA at the end of December 2018. We would like to take this opportunity to thank her for her hard work on behalf of the financial industry and wish her every success in her future endeavors.

Highly active

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.

Alternative Investments

Régis Martin

- Detailed discussion of the focus topics private equity and private debt
- Continuing the discussion on a possible reorganization of AIC governance

ETF & indexed Investments

Markus Götschi

- Discussion of potential risks associated with indexed investments (including liquidity and fees)
- Continuation of the discussion on the listing of all unit classes in Switzerland

Real Estate Funds

Roger Hennig

- Drafting a response regarding the revision of the Land Register Ordinance (LRO)
- Revision and fine-tuning of the SFAMA specialist information factsheet on the issuance of real estate fund units based on experience gained with issues in recent years
- Preparatory work on enhancing SFAMA's Guidelines for Real Estate Funds by adding information on legal entities as valuation experts in accordance with Art. 64 CISA and FINMA's 2017 Annual Report (page 79)

Processes & Operations

Daniel Lüdin

- Consultation and response on the work of the Blockchain/ICO working group
- Looking into the impact of a "hard Brexit"
- Specialist recommendation "Valuation of collective investment schemes over the year-end 2018/19"

Risk Management

Martin Jufer

- Discussion of risk management approaches at individual institutions with a view to determining best practice
- Drafting a concept for a specialist risk management event
- Publishing a specialist recommendation on risk management

Legal & Compliance

Diana Imbach a.i.

- Consultation on the revision of the Ordinance on Investment Foundations
- FinSO/FinIO consultation
- Treatment of class actions in connection with the liquidation of a fund
- Materiality in the context of Section 4 § 19 of the SFAMA model fund contract for a securities fund

**Legal & Compliance
Asset Management**

Jasmin Djalali

- Discussion of ESG aspects and their impact on Switzerland
- Sharing experiences with regard to the SFAMA model loyalty declaration in accordance with OPO2
- Discussion on exchange equivalence
- FinSO/FinIO consultation

Taxes

Hanspeter Kurz

- Federal Act on Tax Reform and AHV Financing (TRAF), reform of withholding tax, abolition of stamp duty
- Financial Transaction Tax (FTT)
- FATCA certifications

Distribution & Marketing

Markus Signer

- Analysis of changes relating to distribution in FinSA/FinIA due to the change of terms from “distribution” to “offering”, including the impact on SFAMA’s self-regulatory material
- Fleshing out the “investment funds for everyone” communication concept
- Twitter activities geared to current investment fund topics

Save the date**Upcoming events****19th Basel Fund Forum**

Thursday, 17 January 2019
Radisson Blu hotel, Basel

Swiss Funds & Asset Management Forum 2019

Friday, 22 March 2019
Hotel Bellevue Palace, Bern

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

<http://www.sfama.ch/en/events>



Interesting reading

In partnership with
SFAMA

Friends of Funds

SFAMA has a long-standing partnership with the neutral discussion forum Friends of Funds. The dates and topics set thus far are as follows:

Events in Zurich (cycles 31/32)

29.01.19	FIDLEG und FINIG – Wo stehen wir?
19.02.19	How are ETFs faring in the current market environment?
19.03.19	FundTech – the new challenge in asset management
09.04.19	The fund business over the past 20 years
21.05.19	Alternative investments and Absolute Return 2.0
25.06.19	Legal update: What lies in store?

Events in Geneva (cycle 13)

05.03.19	FundTech – the new challenge in asset management
04.06.19	Topic to be defined
10.09.19	Topic to be defined
03.12.19	Topic to be defined

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

New sections

The website was revamped at the beginning of 2016, and various new features added. Visitors can now 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".

Use of event calendar
free of charge

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 them free of charge via the website www.friends-of-funds.ch (under "Events / Ihre Veranstaltung").

<http://www.friends-of-funds.ch>

From 1 January 2019

Federal Council adopts implementing provisions for fintech license

From 1 January 2019, companies that operate beyond the core activities characteristic of banks will be able to accept public deposits up to a maximum of CHF 100 million on a professional basis subject to simplified requirements. During its meeting on 30 November 2018, the Federal Council brought into force a corresponding amendment to the

License with relaxed requirements

Assets under management in Europe rose to EUR 25 trillion in 2017

IFZ / AMP Asset Management Study 2018

Banking Act to promote innovation (fintech). Moreover, crowdlending should also be possible for private consumption within the unlicensed space of the sandbox.

<https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-73186.html>

Fintech license: FINMA publishes guidelines

From 2019, interested parties can apply for the new fintech license. The Swiss Financial Market Supervisory Authority FINMA is responsible for granting this license. It has published guidelines aimed at simplifying the application process.

<https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-73186.html>

10th EFAMA Asset Management Report

The European Fund and Asset Management Association (EFAMA) has published the 10th edition of its Asset Management Report. The report focuses on the value of assets managed by regulated third-party asset managers in Europe, providing detailed data on the location of the asset management activity, the asset owners, the evolution of the asset allocation, and the contribution of the industry in terms of employment. The report is primarily based on data received from EFAMA member associations on the value of the assets managed in their countries at the end of 2016. The report also provides an estimate of the assets managed at the end of 2017.

<https://www.efama.org> (EFAMA Home / Our press releases / 24.09.2018)

Asset management in Switzerland: growth in assets and good general conditions

The first comprehensive study of asset management in Switzerland shows that the industry manages assets totaling CHF 2,208 billion (up 12 % on last year) and enjoys good general conditions in international terms. Increasing regulation and client acquisition are regarded as the biggest challenges.

Study:

<https://www.amp-switzerland.ch/en-gb/asset-management/ifz-amp-asset-management-study-2018>

Article:

https://www.swissbanking.org/en/services/insight/insight-3.18/asm?set_language=en



Impressum

Editorial team

Swiss Funds & Asset Management Association SFAMA
 P.O.Box, CH – 4002 Basel
 Phone +41 61 278 98 00
 Fax +41 61 278 98 08
 office@sfama.ch
 www.sfama.ch

Layout and implementation

R Consult LLC
 P.O.Box 140, CH – 5022 Rombach
 Phone +41 62 827 37 47
 roethlisberger@r-consult.ch
 www.r-consult.ch

Authors' opinions

Quoted articles or links to corresponding sources do not necessarily coincide with the views of the SFAMA.

Liability

The SFAMA accepts no liability whatsoever for the correctness of the text and figures stated in this publication, in particular for contributions from third-party sources. The present English version is a translation of the original document in German.

Copyright

The reprinting and reproduction of the content of this publication (including excerpts) are permitted provided the original source is acknowledged.

Twitter

Follow @SFAMAinfo to receive our tweets in English and German (set-up an own Twitter account at www.twitter.com, enter SFAMAinfo in the search field and click on „Follow“).

The SFAMA News is published 4 times a year (in March, June, September, and December) in English, German and French. The download facility and subscription form can be found on the SFAMA website at www.sfama.ch