

# SFAMA News

Autumn edition

2014

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## Introduction

### Strengthening the Swiss fund market

#### More fields of business to deal with

The leading fund domiciles are Luxembourg, Ireland, and the Cayman Islands. With regulation becoming more focused on asset management and distribution, the domicile of a fund is increasingly a secondary factor. It is therefore important for Switzerland to create ideal conditions for distribution and asset management.

At the same time, the administration of complex foreign funds can be an interesting business proposition. Economic and legal stability as well as a highly qualified workforce are already aiding a resurgence in the issuance of certain institutional funds in Switzerland. On the other hand, the potential for mass UCITS business is restricted simply by the fact that Switzerland is not a member of the EU and thus faces obstacles in terms of market access.

One structural problem stems from the fund universe tending to be too large. There are very large numbers of very small (regulated) products that make little economic sense. The open Swiss fund market, meanwhile, ensures efficient competition and allows asset managers to select the best products for each purpose. That said, withholding tax and stamp duty are problematic. In this respect, it is important that taxation finally takes place entirely at investor level and no longer at product level.

The reputation of financial centers and their market players is playing an ever more important role in the fund and asset management industry. The quality of supervision and the applicable standards are pivotal, but a certain degree of pragmatism is also called for, since the industry needs to have room to innovate within the framework of the regulation that is in place.

#### Strategically exploiting challenges

With this in mind, SFAMA continually puts a great deal of effort into defending the interests of the Swiss fund industry. Topics worked on during the summer months included the consultation on the Federal Financial Services Act and the further development of the Asset Management Strategy for Switzerland. Competition is fierce in the fund and asset management sector. Switzerland faces many challenges, but it also benefits from a range of strengths and opportunities. These must be systematically exploited.

We hope you enjoy reading this issue !

Swiss Funds & Asset Management Association SFAMA



## Latest News

### Deadlines coming up!

#### Reminder

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

### Partial revision of the CISA and CISO

**1 March 2013 –  
28 February 2018**

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

### Transparency Guidelines

#### Guidelines on Duties Regarding the Charging and Use of Fees and Costs

**1 March 2015**

Fund management companies and SICAVs must submit fund contracts, investment regulations or sales prospectuses amended in line with these Guidelines to the supervisory authority for approval by no later than 1 March 2015.

**1 June 2015**

Representatives of foreign funds must submit fund contracts, investment regulations or sales prospectuses amended in line with these Guidelines to the supervisory authority for approval by no later than 1 June 2015.

#### Ongoing

With respect to the granting of rebates, compliance with the respective provisions is only required once the corresponding amendments have been made to the fund contract, investment regulations or sales prospectus.

## Guidelines on the Distribution of Collective Investment Schemes

**30 June 2015**

Existing distribution agreements must be amended by no later than 30 June 2015. Compliance with the requirement in the Appendix „*Provisions for Distributors*“ is only required once the corresponding amendments have been made to the respective distribution agreements.



## Fund markets

### Key data on the international fund business

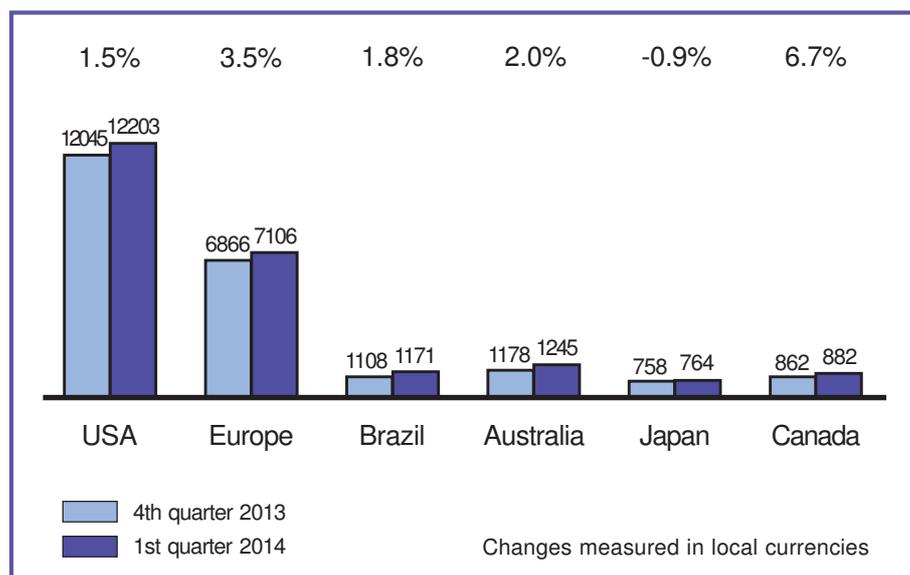
#### Respectable increase in volumes in Q1 2014

The increase in global fund volumes seen over the past year continued in Q1 2014. By the end of March this year, volumes had reached an all-time high, standing above the EUR 24 trillion mark for the first time. The year-to-date increase amounts to EUR 0.59 trillion or 2.48%. This is mainly attributable to net inflows and capital gains in the equity and bond segments.

#### US still out in front

In local currency terms and taking into account funds of funds, the 6.7% increase recorded in Canada in Q1 2014 was clearly higher than in Europe, which nonetheless recorded a 3.5% gain. If the calculations were made in EUR for all countries, the resultant figure in the US would be a rise of just 1.3%. The total volume in the US stood well above EUR 12 trillion at the end of March 2014. According to the latest EFAMA report, a total of EUR 7.1 trillion was invested in funds in Europe. Japan actually showed a decline (-0.9%) in local currency.

#### Geographical trends in investment fund assets in Q1/14 (in EUR billions)

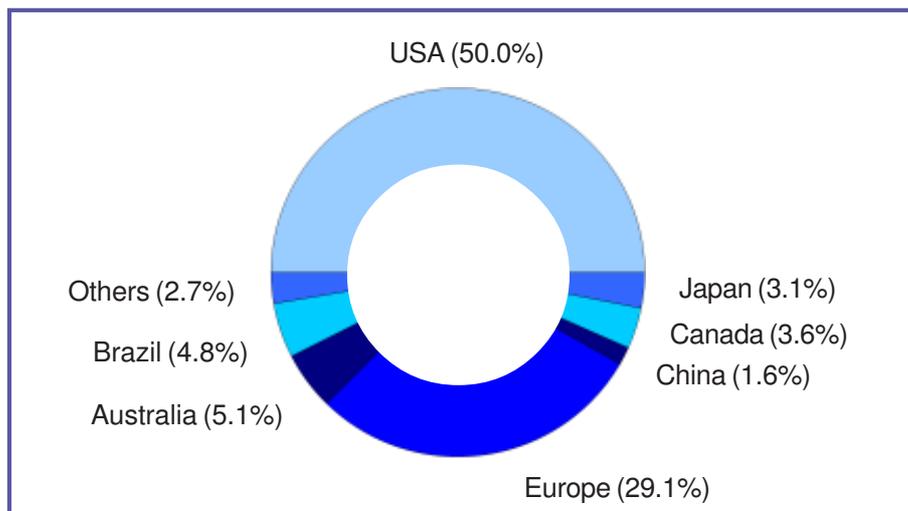


Source: EFAMA International Statistical Release, July 2014

#### Little change in the international breakdown

Comparing the data gathered, the US accounted for exactly 50% of the global assets invested in funds as of the end of the first quarter (see chart on next page). Europe followed in second place with 29.1%, with Australia holding up in third with a 5.1% share, ahead of Brazil. If non-UCITS assets were also taken into account, Europe's market share would be around 37.0%.

### Geographical trends in investment fund assets by end of March 2014 (in EUR billions)



Source: EFAMA International Statistical Release, July 2014

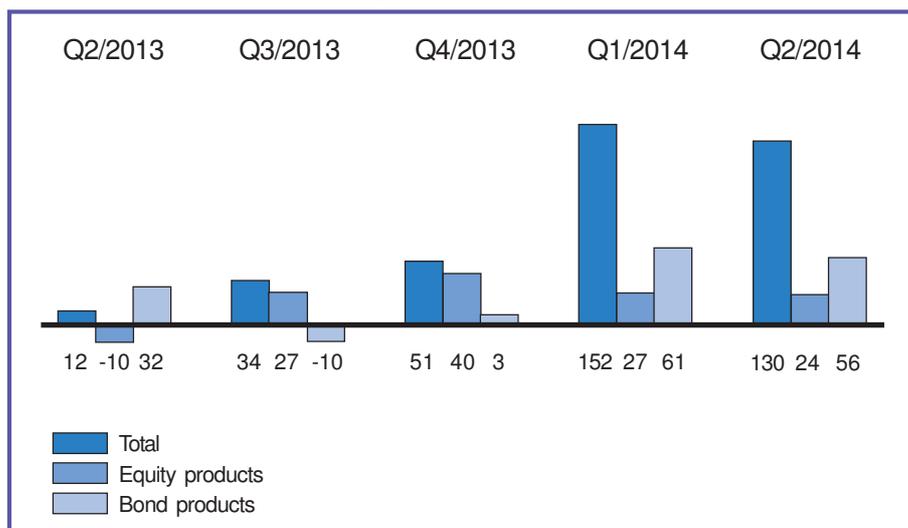
### Global fund universe of 88,848 funds

At the end of March 2014, the fund universe covered by EFAMA stood at a record high of 88,848 products. This corresponds to an increase of 932 funds in the year to date. The breakdown of products per fund category is as follows: equities 32%, bonds 17%, mixed 20%, money market 3%, and others 28%.

### A look at Europe

The net asset flows in recent quarters reflect many investors' uncertainty over how the EUR debt crisis will pan out and over the tapering debate in the US. In June 2013 especially, all fund categories recorded net outflows. While the situation quickly turned around for the better in the subsequent months for equity funds and mixed products, asset flows remain quite volatile for money market and bond funds.

### Net sales into UCITS in Europe since spring 2013



Source: EFAMA Quarterly Statistical Release, September 2014 (monthly figures in EUR billions)

## Trend in volumes mostly positive

A look at the European fund markets shows that all countries were able to post increases in volumes in the first half of the year 2014, with the exception of Liechtenstein and Croatia. The known problem countries of Spain, Italy, Greece, and Portugal are toward the upper end of the range (Greece: +1.3%; Spain: +15.4%). The European average stood at 8.7% for UCITS and 7.9% for non-UCITS. Switzerland can be found in the bottom half of the table with an increase of 7.8%.

## Cooperation between SWISS FUND DATA and

### Swiss fund market in 2014

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 March 2014. The market data of the two companies are brought together and published by Swiss Fund Data AG in the form of public market statistics and via a monthly statistics subscription service. This offering is complemented by the regular market commentaries from SFAMA, which cover the development of the Swiss fund market.

## Fund volumes around CHF 806.3 billion

According to the statistics on the Swiss fund market, the total volume stood at CHF 806.3 billion at the end of June 2014, an increase of nearly CHF 30 billion quarter-on-quarter (3.8%). The figures are based on the FINMA authorization list and cover all funds under Swiss law as well as all foreign funds authorized for sale in Switzerland, including institutional unit classes.

Broken down by asset class, equity funds still have the largest share at almost 40%, followed by bond funds with around 29.6%. Asset allocation funds remain in third spot with roughly 12.3%.

### Development of fund assets since January 2014

Fund category	Volumes 31.12.2013	Volumes 30.06.2014	Overall change
Equities	278.5	321.3	+ 42.8
Bonds	249.5	239.0	- 10.5
Money Market	69.7	62.6	- 7.1
Asset Allocation	83.7	99.5	+ 15.8
Others	0.9	4.4	+ 3.5
Natural resources *	21.7	22.2	+ 0.5
Alternatives *	8.5	25.3	+ 16.8
Real Estate	32.7	32.0	- 0.7
<b>Total Swiss Market</b>	<b>745.2</b>	<b>806.3</b>	<b>+ 61.1</b>

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

## More Swiss funds authorized

The number of funds established under Swiss law increased significantly in 2013 (from 1,382 to 1,447 products), and this positive trend accelerated in Q2. A total of 1,502 Swiss-law products are now registered with FINMA, including 16 limited partnerships for collective investment.

## Further increase in foreign-domiciled funds authorized in Switzerland

As at the end of June, the number of funds authorized for sale stood at 7,897, an increase of 127 funds quarter-on-quarter or 279 year-on-year. This came primarily on the back of foreign funds (above all those domiciled in Luxembourg and Ireland). Both Luxembourg and Ireland have been able to extend their lead among the domicile locations even further.

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

(in brackets: funds for qualified investors)

Fund type / Fund location	As of end- Dezember 2013		As of end- June 2014		Change in the year 2014	
<b>Swiss funds</b>	<b>1447</b>	<b>(694)</b>	<b>1502</b>	<b>(725)</b>	<b>55</b>	<b>(31)</b>
Swiss limited partnerships	16	(16)	16	(16)	0	(0)
Securities funds	141	(0)	141	(0)	0	(0)
Other funds for trad. investm.	1182	(646)	1237	(675)	55	(29)
Other funds for altern. investm.	62	(17)	61	(17)	- 1	(0)
Real estate funds	46	(15)	47	(17)	1	(2)
<b>Non-Swiss funds</b>	<b>6171</b>		<b>6395</b>		<b>224</b>	
Luxembourg	4138		4329		191	
Ireland	1088		1123		35	
Other countries	945		943		- 2	
<b>Total Swiss and Non-Swiss</b>	<b>7618</b>	<b>(694)</b>	<b>7897</b>	<b>(725)</b>	<b>279</b>	<b>(31)</b>

Source: FINMA (as of the beginning of April 2014)

## Assets under management up slightly

### Securities totaling CHF 5.31 trillion held in Swiss custody accounts

The securities holdings in client custody accounts at Swiss banks increased slightly in Q2, and stood at CHF 5.314 trillion at the end of June according to the latest SNB statistics. This represents an increase of 2.90% over the end of Q1. According to the SNB Monthly Statistical Bulletin for August 2014, the securities holdings of non-resident clients had increased by 3.36% to CHF 2.86 trillion in the year to date. Meanwhile, in the case of resident custody account holders the corresponding figure showed an increase of 5.28% to CHF 2.45 trillion. Non-resident clients thus account for almost 54% of the securities holdings.

### Comparison of fund holdings

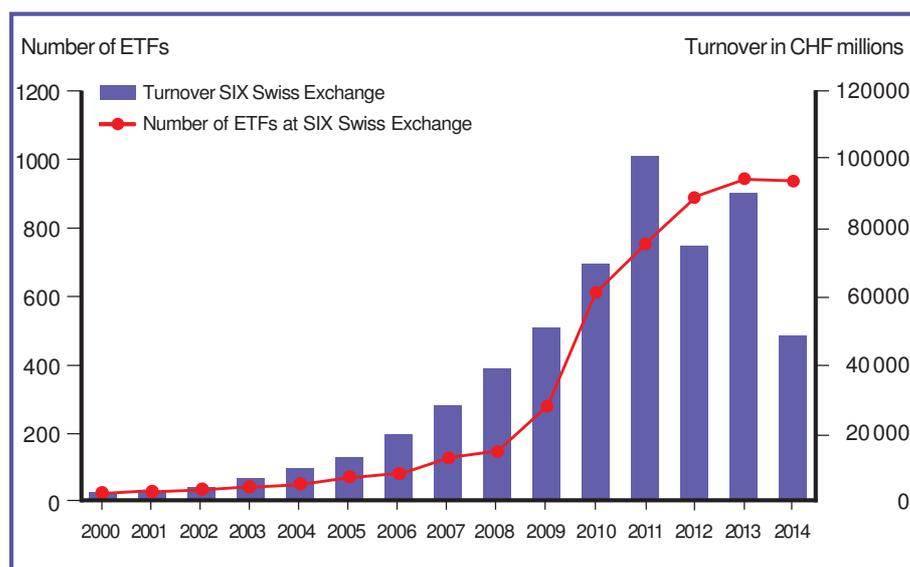
A comparison of fund holdings shows increased volumes for both resident and non-resident custody account clients. Between the beginning of the year and the end of June 2014, the fund assets held by resident custody account clients rose by CHF 64 billion to CHF 906 billion (+7.6%), while the corresponding figure for non-resident clients was up by CHF 39 billion to CHF 755 billion (+5.44%). The weighting of fund holdings in custody accounts of resident clients grew slightly to around 36.9% as of the end of June. The weighting for non-resident clients has been fluctuating around 26% in the year to date and is currently 26.3%. It is still primarily resident clients that hold funds under Swiss law in their custody accounts; at around CHF 556 billion these holdings make up more than half of the volume of collective investment schemes. Non-resident investors are still tending to avoid this fund type (the weighting is approximately 9%). Hence, the CHF 39 billion increase in volume stems mainly from foreign funds.

## ETF segment as strong as last year

### Turnover set for record levels

The ETF success story was curbed slightly for the first time in 2012, but the sector seems to have bounced back. In the first six months of 2014, the total turnover on the SIX Swiss Exchange was CHF 48.5 billion, roughly in line with the same period last year. As of the end of June, there were 933 ETFs from various product providers listed on the SIX Swiss Exchange, an increase of 14 compared with the same time last year. It is interesting to note, however, that the number of ETFs shows a downward trend for the first time in the second quarter 2014, albeit a minimal one.

### Turnover and number of ETFs since 2000



Source: SIX Swiss Exchange

The category „Equities – developed regions“ accounts for the majority of products, but there are now also numerous products in the „Fixed income“ category. If we look at the turnover breakdown by asset class in Q2, we can see that equities from the developed regions are way out in front with a 56.8% share, up from 42.2% a year ago. Commodities and precious metals remain in second place. Emerging market equities come in third place with 13.1%. In terms of turnover, fixed-income products and theme equities remain rather insignificant.

### Median transaction size lower than ever

The average transaction size remained quite stable. From a level of around CHF 155,000 in 2003, by H1 2014 it was just CHF 105,554. But the median fell further to its lowest ever level of CHF 13,818.

## SFAARI®

### Yield on investment indicator for real estate funds in Switzerland

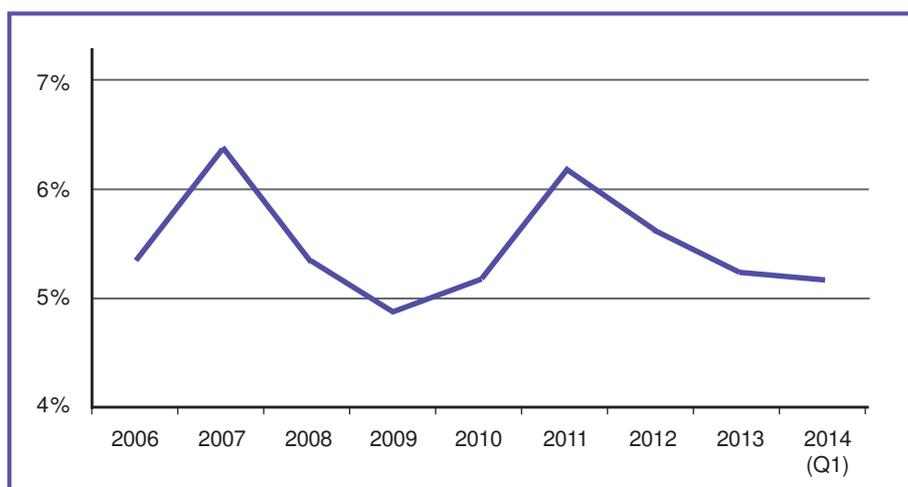
The SFAMA launched the SFAARI® at the end of April 2012 with a view to making it possible to compare the actual yields of listed Swiss real estate funds at the product level. This indicator is based on the investment yield statistics and is calculated quarterly (January, April, July, October) by Swiss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

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

## Current yield

The current investment yield as measured by the SFA ARI<sup>®</sup> stands at 5.60%. This figure is based on the annual reports as of 31 March 2013, and is down slightly compared with previous quarter (10 basis points). 26 real estate funds with net assets totaling around CHF 25.4 billion were included in calculating the current figure.

### Development of the SFA ARI<sup>®</sup> since 2006



Source: Swiss Fund Data

## The oldest funds in Switzerland

### Over 60% of products less than 10 years old

Some 63% of all funds domiciled in Switzerland have a track record that stretches back less than 10 years. Nevertheless, there are some genuinely venerable funds on the Swiss market, the oldest of which has been around for 71 years.

### Swiss funds 11 years old on average

A study by e-fundresearch.com looked at data from Thomson Reuters / Lipper on the inception dates of all Swiss funds that are active and available for sale. In all, 699 main tranches with Swiss domicile were authorized for public distribution as of 8 August 2014. While the oldest (still active) fund was set up as early as the start of 1943, the average track record of the funds in the study extended to just over 11 years.

### Switzerland's five oldest funds

Almost a third of the Swiss funds currently on sale were launched in 2009 or later, with slightly less than 40% dating back to 2004 or earlier.

UBS (CH) Property Fund – Leman Residential „Foncipars“	1943
Credit Suisse Equity (CH) Swiss Blue Chips B	1949
UBS (CH) Equity Fund – Switzerland (CHF) P	1949
UBS (CH) Property Fund – Swiss Mixed „Sima“	1950
FIR Fonds Immobilier Romand	1954

## Biggest asset managers come from US

### Managing about a third of assets

According to IPE, the 400 biggest asset managers in the world were responsible for assets totaling EUR 42.7 trillion in 2013, which equates to an increase of 8.9%. The top ten account for roughly a third of all assets under management. BlackRock remains the undisputed leader, followed by a further nine firms that originate from the US or have a strong US business.

### Leading asset managers at end of 2013

The first Swiss institution on the list is UBS Global Asset Management in 24<sup>th</sup> place with assets under management of EUR 475 billion. UBS has maintained its position as the world's largest asset manager in private banking. Credit Suisse, meanwhile, is in 35<sup>th</sup> position with assets under management of EUR 305 billion.

1	BlackRock	EUR 3.141 trillion
2	Vanguard Asset Management	EUR 1.998 trillion
3	State Street Global Advisors	EUR 1.702 trillion
4	Fidelity Investments	EUR 1.411 trillion
5	BNY Mellon Investment Management	EUR 1.150 trillion
6	J.P. Morgan Asset Management	EUR 1.130 trillion
7	PIMCO	EUR 1.117 trillion
8	Deutsche Asset & Wealth Management	EUR 0.931 trillion
9	Capital Group	EUR 0.908 trillion
10	Pramerica Investment Management	EUR 0.805 trillion

## Key figures on Switzerland as a location for financial services

### Handy booklet format

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 is available as an electronic download or can be ordered free of charge in a handy booklet format.

<http://www.sif.admin.ch> (rubric «Documentation»)



## National environment

### Transparency Guidelines

#### Guidelines on Duties Regarding the Charging and Use of Fees and Costs

#### Total revision of the Guidelines

The total revision takes into account in particular the more rigorous duty to provide information set out in Art. 20.1c CISA. In addition to remarks about the scope of application, the Guidelines also contain provisions on the duty to provide information with regard to the charging of fees and costs as well as on duties in connection with the use of fees and costs (retrocessions and rebates). The Guidelines are recognized by FINMA as a minimum standard within the meaning of FINMA Circular 2008/10, dated 20 November 2008.

#### Entry into force

These Guidelines were approved by the Board of Directors of the Swiss Funds & Asset Management Association SFAMA on 22 May 2014. They entered into force on 1 July 2014. Information on the transitional provisions can be found under „Deadlines coming up!“ in the „Latest news“ section above.

### Guidelines on the Distribution of Collective Investment Schemes

#### Amendments to the Guidelines

Last year's partial CISA revision replaced the term „public advertising“ with „distribution“ in federal law. Distribution in this sense is more broadly defined and includes in particular offers to qualified investors, which did not previously come within the scope of the law or self-regulation in many respects. This paradigm shift necessitated a revision of the Guidelines on the Distribution of Collective Investment Schemes. The Guidelines are recognized by FINMA as a minimum standard within the meaning of FINMA Circular 2008/10, dated 20 November 2008.

#### Entry into force

The Guidelines were approved by the Board of Directors of the Swiss Funds & Asset Management Association SFAMA on 22 May 2014. They entered into force on 1 July 2014.

See under „Deadlines coming up!“ in the „Latest news“ section above for details of the transitional provisions.

### Federal Financial Services Act and Financial Institutions Act

#### Federal Council launches consultation

At the end of June 2014, the Federal Council initiated the consultation on the Federal Financial Services Act (FFSA) and on the Financial Institutions Act (FinIA). The FFSA governs the prerequisites for providing financial services and offering financial instruments. The FinIA

makes provision for a differentiated supervisory regime for financial institutions. The consultation process runs until 17 October 2014.

<https://www.news.admin.ch/message/index.html?lang=en&msg-id=53561>

### SFAMA's response

In view of the size and complexity of the two draft laws, SFAMA will employ a multi-level project organization (working groups / Executive Board / Steering Committee / Board of Directors) to draw up its response. The working groups will be set up to reflect the structure of the two drafts:

- Distribution > codes of conduct; distribution information; quality requirements for relationship managers; client segmentation
- Cross-border > regulation of distribution of financial products to Switzerland from abroad
- Product > prospectus requirement; basic information sheet; client segmentation
- Legal enforcement > simplified enforcement of clients' claims under private law
- Application (FinIA) > supervision of independent asset managers by FINMA / SROs; architecture of financial market law

The consultation ends on October 17, 2014.

### Withholding tax reform

#### Moving over to a paying agent tax?

Withholding tax is to be made more differentiated and fulfill its safeguard function more effectively. The Federal Council has mandated the Federal Department of Finance to draw up a consultation draft in conjunction with the expert group set up to deal with the further development of the Financial Market Strategy.

G: <https://www.news.admin.ch/message/index.html?lang=de&msg-id=53642>

F: <https://www.news.admin.ch/message/index.html?lang=fr&msg-id=53642>

Report (in German):

<http://www.news.admin.ch/NSBSubscriber/message/attachments/35502.pdf>

### VAT Info 14 on the finance industry

#### Second draft of section 5.2 Collective investment schemes

At the start of June 2014, the Federal Tax Administration published the second draft of section 5.2 Collective investment schemes of its brochure VAT Info 14 on the finance industry. This section is valid from 1 January 2015.

G: <http://www.estv.admin.ch/mwst/themen/00164/00595/index.html?lang=de>

F: <http://www.estv.admin.ch/mwst/themen/00164/00595/index.html?lang=fr>

## Automatic exchange of information in tax matters

### Mandate of the Federal Council

At the end of May 2014, the Federal Council adopted draft negotiation mandates for introducing the new global standard for the automatic exchange of information in tax matters with partner states. The relevant parliamentary committees and cantons will be consulted on the draft mandates in the coming months, and they should be definitively adopted in the fall.

### SFA involvement

Both the SIF and the FTA have invited SFAMA to take part in mixed working groups.

## FINMA – Asset Management division

### New head as of 1 July 2014

In March 2014, FINMA's Board of Directors had appointed Michael Loretan, 49, to the Executive Board. Loretan, who has a doctorate in law and had led the Credit Suisse supervisory team since 2011, took over the new Asset Management division as of 1 July 2014.

<http://www.finma.ch/e/aktuell/pages/mm-finma-geschaeftsleitung-komplett.aspx>

## State Secretariat for International Financial Matters SIF

### Newsletter

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

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



## International environment

### AIFMD

#### Official translations

On 8 August 2014, the European Securities and Markets Authority (ESMA) published the official translations of its guidelines on reporting obligations under Articles 3 and 24(1), (2) and (4) of the AIFMD (ESMA/2014/869). This publication triggered a period of two months within which member states' competent authorities subject to these guidelines have to notify ESMA of their compliance position.

Translations:

<http://www.esma.europa.eu/content/Guidelines-reporting-obligations-under-Articles-33d-and-241-2-and-4-AIFMD0>

### ETFs and other UCITS issues

#### Updated guidelines

On 1 August 2014, ESMA published an updated version of its Guidelines for competent authorities and UCITS management companies, which were originally published in 2012. This version modifies the original provision on diversification of collateral received by UCITS in the context of efficient portfolio management techniques and over-the-counter financial derivative transactions.

Updated guidelines:

[http://www.esma.europa.eu/system/files/esma-2014-0011-01-00\\_en\\_0.pdf](http://www.esma.europa.eu/system/files/esma-2014-0011-01-00_en_0.pdf)

### UCITS V

#### Directive formally adopted

On 24 July 2014, the Council of the EU formally adopted the final text of the UCITS V Directive, on which a political agreement between the European Parliament and the Council had been reached in April 2014. The Directive will come into force 20 days after its publication in the Official Journal of the European Union, after which member states will have 18 months to transpose the Directive into national law.

Final text:

<http://register.consilium.europa.eu/doc/srv?l=EN&f=PE%2075%202014%20INIT>

### UCITS counterparty risk calculation

#### Consultation

On 22 July 2014, ESMA launched a consultation on the calculation of counterparty risk by UCITS entering into OTC derivative transactions that need to be centrally cleared under EMIR. The discussion paper takes into account the fact that European clearing houses (CCPs)

and non-EU CCPs recognized by ESMA are already subject to stringent collateral requirements and should generally be considered as entailing low counterparty risk. The consultation is open for feedback until 22 October 2014.

Discussion paper:

<http://www.esma.europa.eu/system/files/2014-esma-876.pdf>

## Money market funds

### Guidelines

On 22 August 2014, ESMA published its opinion on how national competent authorities should apply the modifications to the CESR guidelines on money market funds set out in the report on mechanistic reference to credit ratings in the European supervision authorities' (ESAs') guidelines and recommendations. The ESAs' report was published on 6 February 2014, setting out the manner in which the CESR guidelines were to be amended, in particular with respect to the assessment of credit quality of money market instruments by managers of short-term money market funds and money market funds.

ESMA's opinion:

[http://www.esma.europa.eu/system/files/2014-esma-1103\\_esma\\_opinion\\_on\\_cesr\\_guidelines\\_on\\_mmf.pdf](http://www.esma.europa.eu/system/files/2014-esma-1103_esma_opinion_on_cesr_guidelines_on_mmf.pdf)

ESA's report:

[http://www.esma.europa.eu/system/files/jc\\_2014\\_004\\_final\\_report\\_mechanistic\\_references\\_to\\_credit\\_ratings\\_rect.pdf](http://www.esma.europa.eu/system/files/jc_2014_004_final_report_mechanistic_references_to_credit_ratings_rect.pdf)

## Foreign Account Tax Compliance Act

### Updates

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

<http://www.irs.gov/Businesses/Corporations/FATCA-Registration>

## Automatic exchange of information

### Common reporting standard

The OECD published the definitive standard for the automatic exchange of information on financial accounts on 21 July 2014.

<http://www.oecd.org/tax/automatic-exchange/automatic-exchange-financial-accounts/common-reporting-standard.pdf>

## Lithuania to join eurozone

### Membership from 2015

Lithuania was given the green light by the EU's finance ministers at the end of June 2014 to adopt the EUR. This opens the way for the country to become the 19<sup>th</sup> of the EU's 28 member states to join the currency union in 2015. The Council of Ministers announced that the exchange rate for the Lithuanian litas is already set at LTL 3.45280 to the EUR (this figure may be subject to change).



## SFAMA activities

### New members

#### Seven additional members

The Board of Directors and the Executive Board were pleased to welcome the following new members to the SFAMA in Q3 2014:

- Heron Asset Management SA, Lugano
- EFG Asset Management (Switzerland) SA, Geneva
- Galena Asset Management SA, Geneva
- Ayaltis AG, Zurich
- Fund Academy / IAF, Zurich
- Fisch Asset Management Ltd, Zurich
- Flossbach von Storch AG, Zurich

### Specialist committees

#### Highly active

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

#### Alternative Investments

Hans-Jörg Baumann

- Preparations for an AI media event in the fall
- Detailed discussions on possible activities aimed at building trust in the use of alternative investments
- Analysis of the impact of MiFID II / FFSA on the Swiss alternative investments business

#### Asset Management

Gérard Fischer

- Function as „sounding board“ for the Asset Management Initiative Switzerland
- Involvement in various project groups under the Asset Management Initiative Switzerland
- Initial discussions on FFSA / FinIA

#### ETF

Stephan Müller

- Mapping out the ETF-relevant elements for the submission of the statement on the CISO-FINMA
- Discussion regarding price-setting mechanisms for ETFs and other exchange-traded instruments
- Evaluation of the possible impact of FFSA on the ETF business

#### Real Estate Funds

Riccardo Boscardin

- The Council of States rejected National Councilor Badran's motions on 2 June 2014. A broad alliance of real estate industry representatives, including SFAMA, thus succeeded in preventing the tightening of Lex Koller, which would have made it impossible for non-Swiss citizens to invest in Swiss real estate funds.

**Processes & Operations**

Martin Jufer

- Settlement T+2
- Complete revision of the CISO-FINMA
- Swiss Fund Day 2014
- Federal Financial Services Act (FFSA) and Financial Institutions Act (FinIA)
- FATCA – enforced redemption of bearer unit certificates

**Legal & Compliance**

Alexandre Meyer

- SFAMA self-regulation material and model documents: adaptation in line with the partial revision of the CISA / CISO
- FFSA / FinIA consultation
- Revision of the Specialist Information Factsheet „Exercising Membership and Creditors’ Rights“ in connection with the Ordinance Against Excessive Compensation with Respect to Listed Stock Corporations
- KIID for unit classes not yet launched: lobbying for exemption
- Requirements for enforced redemption of bearer unit certificates
- AIFMD: distribution regimes and requirements for the notification procedures
- Comparative analysis of AIFMD implementation and PPRs between France, Luxembourg, Germany, the UK, and Ireland
- Discussions on Level 2 measures in MiFID II

**Taxes**

Philipp Dömer

- Paying agent tax in Switzerland
- Stamp duty in the case of single-investor funds
- Partial revision of the VAT Act
- Reclaiming withholding tax for funds outside the EU
- Financial Transaction Tax
- Automatic exchange of information

**Distribution & Marketing**

Markus Signer

- Future fund distribution under the drafts of the Federal Financial Services Act (FFSA) and Financial Institutions Act (FinIA) submitted for consultation
- Clarification of the classification / standardization of unit classes for improved transparency

**Upcoming events****Wednesday, 5 Nov 2014****GIPS Day 2014 in Zurich**

More detailed information will be published on the Internet in due course.  
[www.sfama.ch/events](http://www.sfama.ch/events)

**Monday, 24 Nov 2014****Lugano Fund Forum**

More detailed information will be published on the Internet in due course.  
[www.luganofundforum.ch](http://www.luganofundforum.ch)

**Friday, 27 March 2015****Swiss Funds & Asset Management Forum in Bern**

More detailed information will be published on the Internet in due course.  
[www.sfama.ch/events](http://www.sfama.ch/events)



## Swiss Fund Data AG

### Fund information

#### Increased level of detail

In order to meet the needs of our website users, most of whom are professionals, the level of detail in each fund's data has been increased further, and various breakdowns supplied by Morningstar have also been added:

- Countries
- Currencies
- Stock sectors
- Bond sectors

### News from fund providers

#### Legal announcements now also included

For just over a year now, partner firms have been using a service that allows them to publish their own news items on the Swiss Fund Data website. To increase the appeal of this section of the website even further, legal announcements are now shown as well. Investors with an interest in funds can thus see a whole range of information at a glance, including FINMA-relevant publications and internal company news such as product launches, changes of domicile, market outlooks, etc.

### Market statistics (1)

#### Also popular abroad

Swiss Fund Data's fund market statistics are also appreciated outside Switzerland. The renowned fund magazine and website Funds Europe, for instance, published an article on the Swiss fund market based on asset flow and cash flow figures provided by Swiss Fund Data.

<http://www.swissfunddata.ch/sfdpub/en/sfdNews/show/468>

### ETF statistics

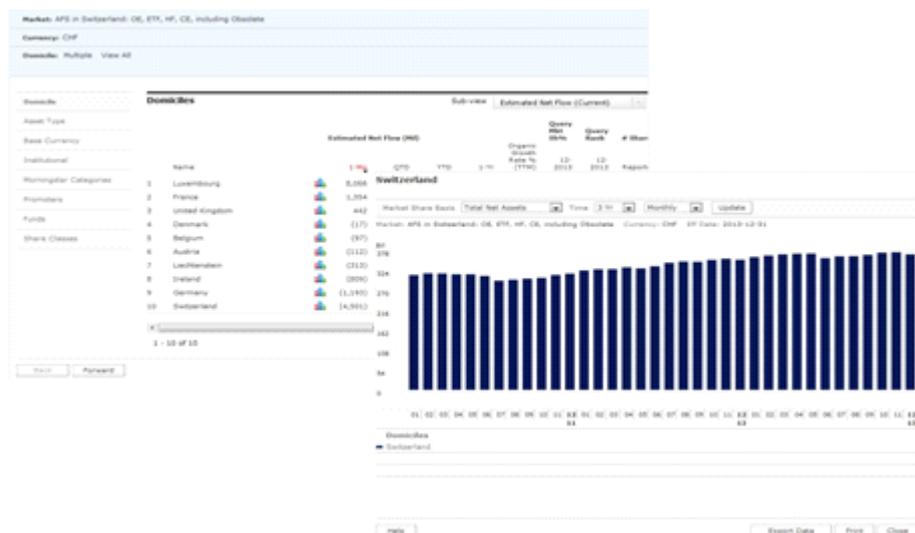
#### Also used by 10x10

Swiss Fund Data now supplies the leading ETF information platform 10x10.ch with information on the Swiss ETF market. The editorial team will incorporate the latest findings into their reports on a regular basis, both on the website itself and in the PDF magazine.

## Market statistics (2)

Additional uses thanks to web tool

The existing fund market statistics calculated and produced in cooperation with Morningstar will be enhanced with a new web tool in fall 2014. This will provide statistics clients with a user-friendly way to apply a variety of aggregations and drill-downs directly to the data. The tool also offers a range of export options for the selected reports, for example in the form of Excel lists or charts.





## Interesting reading

### Friends of Funds

#### In partnership with SFAMA

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 January 2015 in Zurich and to the end of the year in Geneva are as follows:

#### Events in Zurich (cycle 23)

- 16.09.14 Responsible investing: new role model for collective investment schemes
- 14.10.14 The future for Switzerland as a fund & asset management location
- 11.11.14 What would Google, Facebook & co. do in the fund business?
- 09.12.14 The custodian bank business in transition – current challenges
- 20.01.15 The law and conduct on the client front – regulations, compliance, and implementation

#### Events in Geneva (cycle 8)

- 02.12.14 Placements moins liquides : opportunités et risques

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](http://www.friends-of-funds.ch)

### Friends of Funds: public event calendar

#### Free of charge

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

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

If you have dates for roadshows, media conferences, seminars, anniversaries or other events, you can publish these free of charge via the website [www.friends-of-funds.ch](http://www.friends-of-funds.ch).

[www.friends-of-funds.ch](http://www.friends-of-funds.ch) (click on „Event-Kalender“)

### Grundriss des schweizerischen Kollektivanlagenrechts

#### Neuerscheinung Mai 2014

Der Grundriss setzt sich vertieft mit dem schweizerischen Kollektivanlagenrecht auseinander. Im Vordergrund steht dabei das Kollektivanlagengesetz aus dem Jahr 2007, das im Jahr 2013 einer Teilrevision unterzogen worden ist. Der Grundriss gehört zu den ersten Mono-

grafien, die diese Teilrevision einbeziehen. Inhaltlich setzt sich das Werk mit allen aufsichts-, straf-, zivil- und gesellschaftsrechtlichen Fragestellungen auseinander, die sich im Kollektivanlagenrecht ergeben, wobei auch notwendige rechtsvergleichende Bezüge gemacht (OGAW-RL, AIFM-RL, MiFID II) sowie FINMA- und Gerichtspraxis einbezogen werden als auch vorausschauend auf künftige regulatorische Veränderungen eingegangen wird (FIDLEG).

[www.schulthess.com](http://www.schulthess.com) (ISBN/ISSN 978-3-7272-8686-5)

## Steuern kollektiver Kapitalanlagen

### Neuerscheinung Oktober 2014

Das im Oktober 2014 erscheinende Buch von Dr. Toni Hess «Die Besteuerung kollektiver Kapitalanlagen und deren Anleger unter Berücksichtigung der Mehrwertsteuer» bietet eine umfassende und kompetente Darstellung der relevanten Rechtsfragen im Zusammenhang mit der Besteuerung der kollektiven Kapitalanlagen und deren Anleger in der Schweiz. Ein unentbehrliches Nachschlagewerk in einer auch im internationalen Bereich an Bedeutung zunehmenden Materie. Folgende Inhalte werden angesprochen:

- Rechtsgrundlagen und Grundsätzliches zum Recht der kollektiven Kapitalanlagen
- Besteuerung der ausschüttenden und der thesaurierenden kollektiven Kapitalanlagen
- Besteuerung der Anleger
- Besteuerung der anlagefondsähnlichen Anlagevehikel
- Internationale Aspekte: Rückerstattung der Verrechnungssteuer und der ausländischen Quellensteuer, EU-Zinsbesteuerung, Quellensteuerabkommen
- Mehrwertsteuer

<http://www.helbing.ch/detail/ISBN-9783719035457/Steuern-kollektiver-Kapitalanlagen>

## Verteilung des Wohlstands in der Schweiz

### Neuer Bundesratsbericht

Der Ende August 2014 erschienene Bericht befasst sich mit der Verteilung und Entwicklung des Wohlstandes in der Schweiz. Der Fokus liegt auf der Diskussion folgender Punkte:

- Entwicklung der Einkommen, Vermögen und ihrer Bestandteile
- Verteilung der Einkommen und Vermögen
- Umverteilung der Einkommen und Vermögen
- Entwicklung und Struktur der Konsumausgaben

[http://www.estv.admin.ch/index.html?lang=dt&webcode=d\\_05662\\_de](http://www.estv.admin.ch/index.html?lang=dt&webcode=d_05662_de)

## Foreign Account Tax Compliance Act

**Formatted regulations  
(Version 1.2 of 1 August  
2014)**

PwC has published an update of its formatted version of the FATCA regulations. The formatted version is available for download on the PwC US website.

<http://www.pwc.com/us/en/financialservices/publications/fatca/publications/pwcfatcaformattedregulations.html?source=fatcagba01>

## Investing in the future

**How megatrends are re-  
shaping the future of the  
investment management  
industry**

In its report, KPMG believes that the future for the investment management industry is very positive and that it will have to overcome unprecedented challenges to capture the opportunities presented. KPMG's intent with this report is to encourage readers to think about the impact of megatrends on their business. The consulting firm asks readers to consider which trends will have the biggest impact on them, whether they need to take action now, which megatrends they need to monitor and track going forward, how the rules of the game might change, and what they would do.

<http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Investing-in-the-future/Pages/report-fs.aspx>

## Frontline Revolution: The New Battleground for Asset Managers

**Asset managers rethinking  
their business models**

In its study, State Street Corporation looked at the biggest challenges facing the global asset management industry based on a survey of 300 senior executives at asset management firms worldwide. Three quarters of asset managers are currently working on a fundamental shift in their overall business strategy.

Link to the executive summary of the study:

[http://www.statestreet.com/ourbusiness/downloads/State\\_Street\\_Asset\\_Managers\\_Summary.pdf](http://www.statestreet.com/ourbusiness/downloads/State_Street_Asset_Managers_Summary.pdf)

## MiFID II and MiFIR

**Enhanced protection for  
retail investors**

Changes are being made to a key piece of European law whose purpose is to protect retail investors when they buy or invest in financial products. The Markets in Financial Instruments Directive (MiFID) is being updated and strengthened in some important areas and will be known as MiFID II. One of its core objectives is to ensure a high degree of harmonized protection for investors in financial instruments. In its publication, ESMA highlights some of the more important changes taking place to MiFID that are most relevant to retail investors.

<http://www.esma.europa.eu/content/Enhanced-protection-retail-investors-MiFID-II-and-MiFIR>



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