

SFAMA



Swiss Funds &
Asset Management
Association

SFAMA News

Autumn edition



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Editorial

Dear readers

Consideration of FinSA and FinIA complete

The EATC-N has completed its detailed consideration of FinSA/FinIA, and in the vote on the entire texts it moved that the National Council adopt both bills. The majority opinion on the committee is essentially in line with that of the Council of States for both laws. The biggest differences with regard to FinSA relate to the conditions for issuing a prospectus, liability for incorrect information in a prospectus or KID, and the provisions on sanctions. In the case of FinIA, the most significant difference compared with the resolution of the Council of States pertained to the Annex: the committee sees no need to amend the Banking Act at all at this stage, not even for the cooperative banks. There was dispute in particular with regard to the provisions on sanctions, on bringing insurers under the new laws, and on the supervision of independent asset managers, and there are various minority proposals in these respects. Amendments are also to be made to certain articles in the Consumer Credit Act in connection with the fintech provisions introduced into the bills by the Council of States. The EATC-N has now approved these changes, but a minority of its members proposes separating all fintech provisions out into a new bill. The bills will be put before the National Council in the 2017 Autumn Session, and the summary is to be published in the coming days.

Cause for celebration

Swiss fund market breaks the one trillion barrier

In July 2017, the volume of assets placed in the investment funds covered by the statistics compiled by Swiss Fund Data AG and Morningstar reached CHF 1,013.4 billion, thus breaking through the CHF 1 trillion barrier for the first time.

Cooptation

New Board Member

In June 2017, the SFAMA Board of Directors coopted Michael Kehl from UBS AG as a new member. He is a Managing Director and Head of Product Management at UBS Asset Management, and replaces Martin Thommen, who has left UBS AG and stepped down from the Board. SFAMA thanks Martin Thommen for his committed efforts.

We hope you enjoy reading this issue of SFAMA News.

The Board of Directors and Executive Board of SFAMA



In focus

Hard Brexit

ESMA Opinions

Focus on Switzerland

The asset management industry and Brexit

The fact that the focus is still on the possible differences between a hard or soft Brexit is astounding given that there will be no such thing as a soft Brexit. Sooner or later, the United Kingdom will definitively cease to be a member of the single market. Even though political factors could mean Brexit ends in a bitter divorce in some respects, the partners should accept that asset management is a highly interconnected international market, and damaging it cannot be in anyone's interests. Based on our discussions with players in Brussels and London, we are confident that both sides recognize this. The focus now has to be on systematically assessing the possible implications of Brexit and on drawing up a corresponding list of priorities. First and foremost, there are sector-specific priorities, specifically the possibilities of delegating tasks such as portfolio or risk management for EU funds to non-EU countries, as well as regulating the distribution of investment products in and from the UK. Then there are questions that go beyond the sector itself and center on financial market infrastructure, in particular the areas of trading and clearing.

The Opinions on Brexit published by ESMA at the end of May 2017 attracted a lot of attention in the industry. Views differ depending on the focus of the countries in question and their respective economic interests. Luxembourg and Ireland as key fund domiciles are clearly against any restriction of delegation options, and so too are Switzerland and the UK as asset management locations. Even though ESMA's principles are aimed primarily at preventing UK financial services providers becoming letter-box entities in the EU, they apply generally to all third countries.

Switzerland currently meets all the requirements for 'substantial activities' – specifically the portfolio management of UCITS funds – to be performed in Switzerland. However, Brexit is a possible game changer, and the political ramifications are currently hard to predict. The developments going forward will therefore have to be very closely monitored. Whereas we have thus far been calling for market access above all, we are now in the position of also having to defend the status quo. It is not ESMA's task to fundamentally amend the rules. Restricting the possibilities for delegation will not increase investor protection, and this has to be made clear to ESMA. It also has to be stressed that Swiss asset managers already come under the requirements set out in the Opinions and meet them.



Latest News

Reminder

28 February 2018

1 January 2016 –
31 August 2020

Deadlines coming up!

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

Partial revision of the CISO

The transitional provisions regarding the amendments to the Collective Investment Schemes Ordinance (CISO) of 13 February 2013 are to be found in Article 144c CISO. Barring any ruling to the contrary in the specific transitional provisions, the new provisions apply from the entry into force on 1 March 2013.

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

Financial Market Infrastructure Ordinance

The transitional provisions regarding the Financial Market Infrastructure Ordinance of 25 November 2015 are set out in Title 4 FMIO. Barring any ruling to the contrary in the specific transitional provisions, the new provisions apply from the entry into force, i.e. from 1 January 2016.



Fund markets

EUR 43.19 trillion in fund assets worldwide

Fund volumes moving unison worldwide

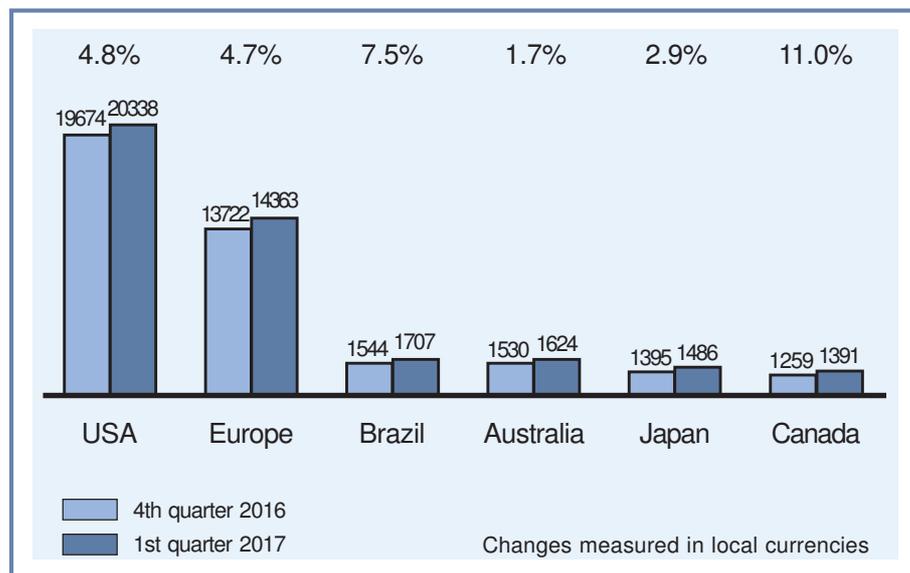
Scarcely any change in the international breakdown

Key data on the international fund business

The total volume of assets invested in funds worldwide rose steadily throughout 2016, a trend that persisted in Q1 2017. Working in conjunction with the IIFA (International Investment Funds Association), EFAMA incorporated new fund types into the universe covered – such as ETFs, institutional funds, and hedging products – and this resulted in a large increase in both fund volumes and product numbers. It is therefore no longer possible to make direct comparisons with older figures published in the SFAMA News. At the end of March 2017, the newly calculated fund volumes totaled EUR 43.2 trillion, with funds of funds accounting for EUR 3.18 trillion.

Measured in local currency terms, Canada posted the strongest gain in Q1 2017 at 11%, followed by the US (4.8%) and Europe (4.7%). In the US, the total volume exceeded the EUR 20 trillion mark for the first time at the end of March 2017. According to the latest EFAMA report, a total of EUR 14.4 trillion was invested in funds in Europe.

Geographical trends in investment fund assets in Q1/17 (in EUR billions)



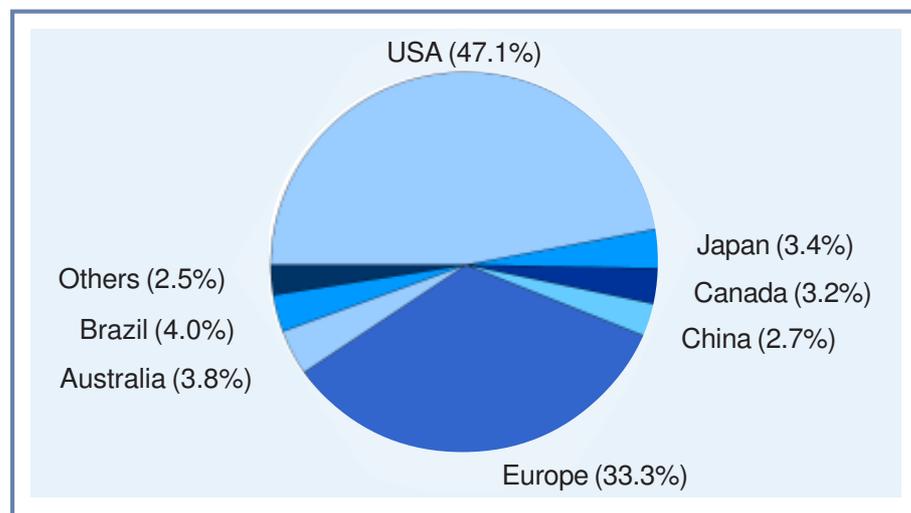
Source: EFAMA International Statistical Release, June 2017

Comparing the data gathered, the US accounted for 47.1% of the global assets invested in funds at the end of the first quarter. Europe followed in second place with 33.3%, with Brazil (4.0%) in third just ahead of Australia (3.8%). Japan remained in fifth spot with 3.4%.

Global fund universe of
123,484 funds

A look at Europe

Geographical trends in investment fund assets by end of March 2017 (in EUR billions)



Source: EFAMA International Statistical Release, June 2017

At the end of March 2017, the fund universe covered by EFAMA stood at a total of 123,484 products. This corresponds to an increase of 1,973 funds in the year to date. The breakdown of products per fund category is as follows: equities 41%, bonds 21%, mixed 18%, money market 11%, and others 9%.

Net sales into UCITS in Europe since spring 2016



Source: EFAMA Quarterly Statistical Release, June 2017 (quarterly figures in EUR billions)

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Trend in terms of volumes mostly positive

Securities totaling CHF 5.8 trillion held in Swiss custody accounts

Comparison of fund holdings

Differing fund weightings for resident and non-resident clients

category is as follows: equities 41%, bonds 21%, mixed 18%, money market 11%, and others 9%.

A look at the European fund markets shows that only few countries recorded a decline in volumes in Q1 2017, two examples being the Netherlands and Turkey. The countries with well-documented problems – Spain, Italy, Greece, and Portugal – were all in positive territory with figures ranging from 1.9% in Greece to 11.5% in Portugal. The European average stood at +5.2% for UCITS and +3.7% for AIFs. Across all fund categories, there was an increase of 4.6%, with Switzerland only just behind this figure at 4.4%.

Assets held with domestic banks holding steady

The securities holdings in client custody accounts at Swiss banks fell marginally in Q2, and stood at CHF 5.79 trillion at the end of June according to the latest SNB statistics. This represents a drop of 0.1% over the end of Q1. According to the SNB's monthly statistics for August 2017, the securities holdings of non-resident clients have risen by 3.1% to CHF 2.92 trillion in the year to date. Meanwhile, in the case of resident custody account holders the corresponding figure was up 4.14% to CHF 2.87 trillion. Non-resident clients thus still account for just over 50% of the securities holdings.

A comparison of fund holdings shows the same trends for resident and non-resident custody account clients. Between the beginning of the year and the end of June 2017, the fund assets held by resident custody account clients rose by CHF 68 billion to CHF 1,222 billion (+5.9%), while the corresponding figure for non-resident clients was up by CHF 39 billion to CHF 806 billion (+5.1%).

The weighting of fund holdings in custody accounts of resident clients rose slightly, and stood at around 42.6% at the end of June. The corresponding figure for non-resident clients has fluctuated around 27% this year, but shot up to 27.5% in June. It is still primarily resident clients that hold Swiss funds in their custody accounts; at around CHF 767 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 figure lies at around 9%). Hence, the CHF 39 billion increase in volumes stems chiefly from foreign funds.

Cooperation between Morningstar and Swiss Fund Data

Fund volumes around CHF 978.6 billion

More Swiss funds approved

Fresh increase in foreign funds approved in Switzerland

Fund market in 2017

Swiss Fund Data AG, a subsidiary of the Swiss Funds & Asset Management Association SFAMA and SIX Swiss Exchange Ltd, has been publishing new statistics for the Swiss fund market together with Morningstar Switzerland GmbH since the beginning of 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 978.6 billion at the end of June 2017, an increase of CHF 21.2 billion or 2.2% 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 over 42%, followed by bond funds with around 31.6%. Asset allocation funds remain in third spot with around 11.7%.

Development of fund assets since January 2017

Fund Category	Volumes 31.12.2016	Volumes 30.06.2017	Overall change
Equities	377.9	411.7	+ 33.8
Bonds	285.5	308.8	+ 23.3
Money Market	69.6	70.2	+ 0.6
Asset Allocation	108.4	113.9	+ 5.5
Others	3.1	2.9	- 0.2
Natural resources	19.8	20.6	+ 0.8
Alternatives	17.5	18.1	+ 0.6
Real Estate	29.9	32.4	+ 2.5
Total Swiss Market	911.7	978.6	+ 66.9

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

The number of funds established under Swiss law increased further in 2016 (from 1,542 to 1,551 products), and this positive trend gathered pace again in Q2 2017. A total of 1,572 Swiss-law products are now registered with FINMA, including 18 limited partnerships for collective investment.

As at the end of June, the number of funds approved for distribution stood at 9,086, an increase of 55 funds quarter-on-quarter or 319 year-on-year. This came on the back of both Swiss funds and foreign products (above all those domiciled in Ireland).

Turnover on SIX Swiss Exchange exceeds CHF 61 billion in HY 1

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

Fund domicile / Fund type	As of end-December 2016		As of end-June 2017		Change in the year 2017	
Swiss funds	1551	(681)	1572	(671)	+ 21	(-10)
Swiss limited partnerships	18	(18)	18	(18)	0	(0)
Securities funds	136	(0)	134	(0)	- 2	(0)
Other funds for trad. investm.	1296	(623)	1318	(613)	+ 22	(-10)
Other funds for altern. investm.	42	(14)	44	(15)	+ 2	(1)
Real estate funds	59	(26)	58	(25)	- 1	(-1)
Non-Swiss funds	7401		7514		113	
Luxemburg	4955		4992		37	
Ireland	1583		1658		75	
Other countries	863		864		1	
Total Swiss and Non-Swiss	8952	(681)	9086	(671)	134	(-10)

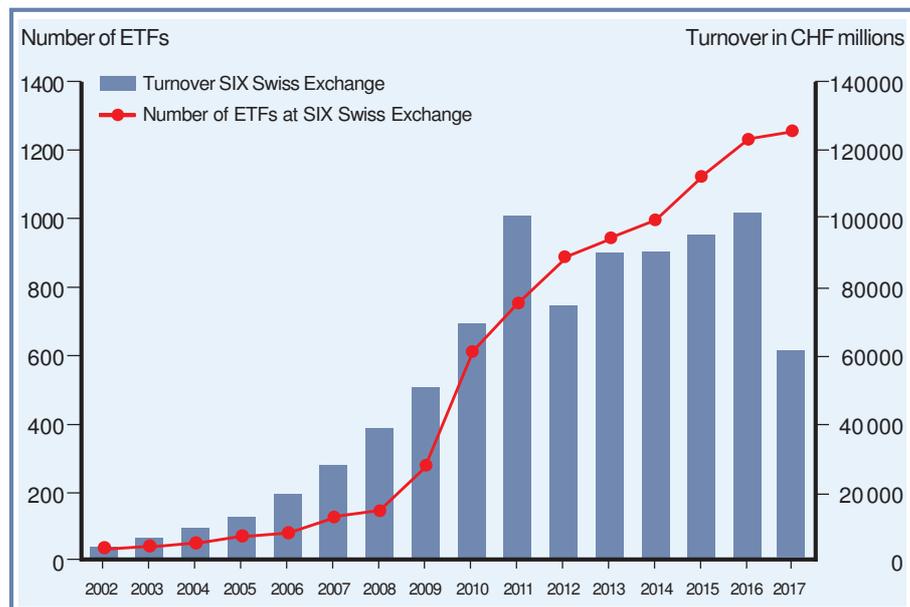
Source: FINMA (as of the beginning of July 2017)

ETF segment on track for a record

Since a slight hiatus in 2012, the ETF segment has got back on an even keel. The total turnover of the segment on the SIX Swiss Exchange in the first six months of the year came to CHF 61.7 billion, clearly higher than the figure of CHF 47.6 billion recorded in H1 2016.

At the end of June 2017, there were 1,247 ETFs from various product providers listed on the SIX Swiss Exchange, an increase of 11 compared with the same time last year.

Turnover and number of ETFs since 2002



Source: SIX Swiss Exchange

Median doggedly low

Yield on investment indicator for real estate funds in Switzerland

The category 'Equities – developed regions' accounts for the majority of products, but the 'Fixed income' category also has an ever increasing number of products.

If we look at the turnover by asset class in Q2, equities from the developed regions remained well out in front at 50.0%, albeit down from the 53.7% share they held last year. Fixed-income products hold second spot, while theme equities have increased markedly in terms of turnover and rank third. They are followed in fourth by emerging market equities at 9.22%, with commodities (7.30%) ranking fifth.

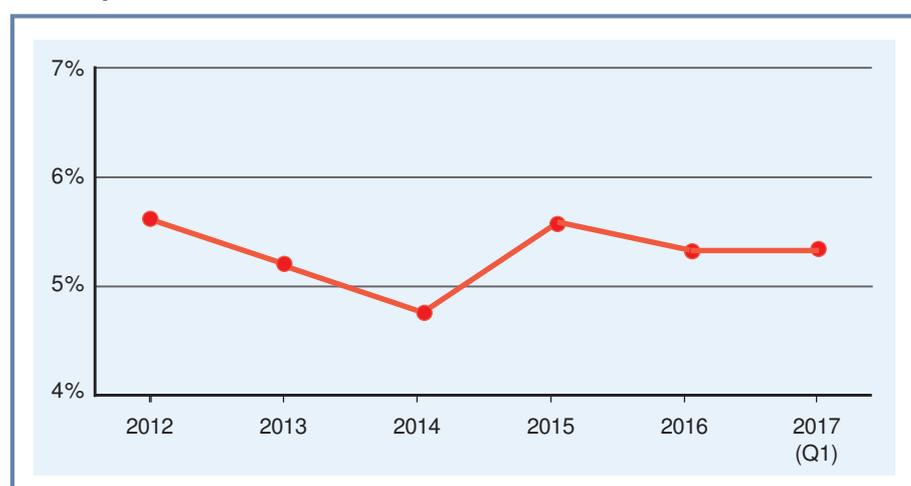
The average trade size remained essentially stable. From a level of around CHF 155,000 in 2003, by H1 2017 it stood at around CHF 120,000. The median has not fallen further, but remains very low at around CHF 20,000.

SFA ARI®

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

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

Development of the SFA ARI® since 2012



Source: Swiss Fund Data

Current yield

The current investment yield as measured by the SFAARI® stands at 5.47%. This figure is based on the annual reports as at 31 March 2017, and is slightly higher compared with the previous quarter (up 0.06 of a percentage point). 29 real estate funds with net assets totaling around CHF 31.3 billion were included in calculating the current figure.

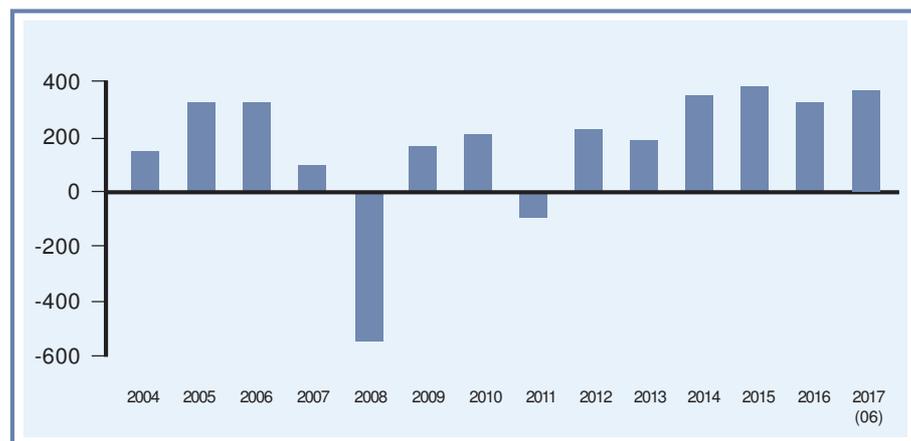
Fund volumes heading for record levels

Asset managers on the up

The asset management industry is going from strength to strength, and is currently well placed to make this its sixth consecutive good year for business. In fact the first half of the year was so successful that the fund sector could even post a record showing in 2017. This was the conclusion reached recently by Detlef Glow, Head of EMEA Research at Thomson Reuters Lipper.

The data provider analyzed the semi-annual results of the European fund industry, and published its findings. These show that the investment houses across Europe attracted more than EUR 360 billion in H1. This means that in just six months, asset inflows have already come close to the all-time high of EUR 386 billion recorded for the whole of 2015. The upward trend across the board is therefore continuing for the sixth year running, with the sector having enjoyed steady net inflows since 2012.

Net Fund Flows in Europe since 2004



Source: Thomson Reuters Lipper

Europe's fund sector breaks EUR 10 trillion barrier

The fund volumes managed by asset managers in Europe rose from EUR 9.4 trillion to stand at EUR 10 trillion at the end of H1, this coming on the back of both inflows and performance gains of EUR 282.7 billion. Exchange-traded index funds played their part in this success: the total amount invested in ETFs across Europe increased from EUR 514.4 billion to EUR 577.8 billion in the first half of 2017.

Mounting threat of setbacks

Equity funds make up the bulk of the assets, accounting for 39% of the European market. Bond funds have a 27% share, followed by mixed funds with 17%. Money market funds still accounted for 13% of volumes at the end of June, while real estate funds represented just 2%.

Despite all the delight at this success, as is customary whenever the sector is heading for new records the skeptical voices are becoming louder. Some expect to see a cyclical turnaround in the second half of the year, since economic growth is slowing down in both China and the US. In spite of this weaker growth, however, the central banks in Europe and the US are tentatively tightening the monetary policy reins. If the increase in liquidity is less strong, this would also remove one of the key driving forces for many asset classes.

Since low interest rates have lifted equity valuations to lofty heights, there are also warnings of a potential crash. Valuations are in fact at levels not seen since 2000, before the US tech index Nasdaq lost 75% of its value over a period of more than two years.

Passive funds beat active management over the long term

Analysis findings

Over the long term, investors are better off if they invest in cost-effective, passive funds. Even actively managed bond funds with medium-term durations, which have mostly beaten their benchmarks this year, lag behind their passive counterparts over a twenty-year period, according to a new report published by Morningstar. Its analysis covered more than 3,500 active and passive US funds with a total investment volume of USD 10 trillion, corresponding to roughly 60% of the market.

The report written by Ben Johnson and Alex Bryan concludes that across all strategies and including emerging markets, it is the fees that make the difference in terms of the relative performance and the survival rate of funds. In the case of emerging market products, those funds with the lowest costs outperformed their rivals by 31.8 percentage points (June 2007 to June 2017).

As regards equity funds, the 'Large Cap Growth' category struggled most in delivering outperformance. Only around seven percent of these funds managed to both survive over the past 15 years and achieve better returns than their passively investing peers over this period.

Consolidation expected

Newsletter

Wealth managers under pressure

There are some 2,500 external wealth managers in Switzerland, managing a total volume of CHF 400 billion. According to a survey of 99 companies conducted by Credit Suisse and the University of St. Gallen, this number is set to fall. Many EAMs in Switzerland expect a clear consolidation trend to take hold over the coming three years. Although the respondents anticipate average growth in assets under management of 0.3% p.a., they expect the number of firms to fall by 3.6% annually over the same period. On average, the EAMs surveyed believe that operating successfully will require CHF 300 million in assets under management and 4.6 FTEs.

Key figures on the Swiss Financial Center

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

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



Domestic environment

Latest developments

FinSA/FinIA

Following a protracted debate in the first chamber, the EATC-N began its detailed consultation on the dossier as second chamber on 21 February 2017. Following further meetings on 4 April and 19/20 June, the committee ultimately passed the matter to the National Council on 15 August.

In the vote on the entire texts, the committee moved that the National Council adopt both bills. The majority opinion on the committee is essentially in line with that of the Council of States for both laws. The biggest differences with regard to the Council of States' version of FinSA relate to the conditions for issuing a prospectus, liability for incorrect information in a prospectus or KID, and the provisions on sanctions. In the case of FinIA, the most significant difference compared with the resolution of the Council of States pertained to the Annex: the committee sees no need to amend the Banking Act at all at this stage, not even for the cooperative banks.

There was dispute in particular with regard to the provisions on sanctions, on bringing insurers under the new laws, and on the supervision of independent asset managers, and there are various minority opinions in these respects.

Furthermore, amendments are also to be made to certain articles in the Consumer Credit Act. These relate to the fintech provisions introduced into the bills by the Council of States. The EATC-N has now approved these changes, but a minority of its members proposes separating all fintech provisions out into a new bill.

The bills will be put before the National Council in the 2017 Autumn Session. The summary issued by the EATC-N provides detailed information on the various proposals.

G: <https://www.parlament.ch/centers/eparl/curia/2015/20150073/N2%20D.pdf>

F: <https://www.parlament.ch/centers/eparl/curia/2015/20150073/N2%20F.pdf>

Einanlegerfonds eines Schadenversicherers

Seit der Revision des Bundesgesetzes über die kollektiven Kapitalanlagen (KAG) per 1. März 2013 gelten sämtliche inländischen beaufsichtigten Versicherungseinrichtungen als qualifizierte Anleger, die einen Einanlegerfonds bilden können (vgl. Art. 7 Abs. 3 KAG i.V.m. Art. 5 Abs. 4 der Verordnung vom 22. November 2006 über die kollektiven Kapitalanlagen). Diese aufsichtsrechtliche Erweiterung des Begriffs

Praxisänderung der ESTV

Newsletter

des zulässigen Trägers eines Einanlegerfonds ist auf Grund des direkten Verweises in Artikel 17a Absatz 1 Buchstabe b des Bundesgesetzes vom 27. Juni 1973 über die Stempelabgaben (StG) auch für die Zwecke der Umsatzabgabe bindend. Dies hat zur Folge, dass – in Abänderung der bisherigen Verwaltungspraxis – auch ein inländischer Einanlegerfonds eines von der FINMA beaufsichtigten Schadensversicherers als befreiter Anleger im Sinne von Artikel 17a Absatz 1 Buchstabe b StG gilt.

<https://www.estv.admin.ch/estv/de/home/allgemein/steuerinformationen/dienstleistungen/mitteilungen.html>

State Secretariat for International Financial Matters

The Newsletter provides regular information on the latest developments in the business areas covered by the SIF. It is published three to four times a year in German and French.

<http://www.sif.admin.ch> (Rubric Documentation / Publications)



International environment

Update

Asset segregation, custody services

New questions

AIFMD / UCITS

On 11 July 2017, the European Securities and Markets Authority (ESMA) issued updated questions and answers documents (Q&A) on the application of the Alternative Investment Fund Managers Directive (AIFMD) and the Undertakings for the Collective Investment in Transferable Securities Directive (UCITS). The AIFMD Q&A include three new Q&A on the reporting requirements for loans purchased on the secondary market, conversion of the total value of assets under management, and currency of the net asset value. The UCITS Q&A include two new Q&A on issuer concentration as well as group links, independence and cooling-off periods.

Q&A AIFMD:

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

Q&A UCITS:

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

On 20 July 2017, ESMA provided an opinion to the European Commission, the Council and the Parliament under Article 34 of the ESMA Regulation. The opinion sets out suggestions to the EU institutions for possible clarifications of the legislative provisions under both AIFMD and UCITS relating to:

1. the asset segregation requirements in case of delegation of safe-keeping duties by the appointed depositary of a fund (UCITS or AIF)
2. the application of depositary delegation rules to CSDs.

Opinion:

<https://www.esma.europa.eu/document/opinion-asset-segregation-and-custody-services>

MiFID II

On 10 July 2017, ESMA added 2 new Q&A on the implementation of investor protection topics under the Market in Financial Instruments Directive and Regulation (MiFID II/ MiFIR). The new Q&A cover the topics of recording of telephone conversations and electronic communications, and best execution. On 6 June 14 new Q&A were added covering the topics of information on costs and charges, post-sale reporting, and appropriateness.

2 Q&A:

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

14 Q&A:

https://www.esma.europa.eu/sites/default/files/library/esma3543349_mifid_ii_qas_on_investor_protection_topics.pdf

Investor protection

On 13 July 2017 ESMA published a consultation paper on draft guidelines on certain aspects of the suitability requirements under MiFID II. The suitability requirements were introduced under MiFID to enhance investor protection by ensuring that firms which provide investment advice and portfolio management act in the clients' best interests. Suitability has to be assessed against clients' knowledge and experience, financial situation and investment objectives. In order to achieve this, investment firms have to obtain the necessary information from clients. The consultation closes on 13 October 2017. ESMA will consider the feedback it receives to the consultation in Q4 2017/Q1 2018 and expects to publish a final report in Q1/Q2 2018.

Consultation paper:

<https://www.esma.europa.eu/document/consultation-paper-guidelines-certain-aspects-mifid-ii-suitability-requirements>

Update

On 8 August 2017, ESMA issued an update of its Guidelines on transaction reporting, order record keeping and clock synchronization under MiFID II. The updates corrects some unintended factual mistakes, typos and inconsistencies in the technical part of the Guidelines.

Guidelines:

https://www.esma.europa.eu/sites/default/files/library/2016-1452_guidelines_mifid_ii_transaction_reporting.pdf

Money Market Fund Regulation

Consultation results

On 8 August 2017, ESMA published the responses received to its consultation on draft technical advice, implementing technical standards and guidelines under the Money Market Fund Regulation.

Responses:

<https://www.esma.europa.eu/press-news/consultations/draft-technical-advice-implementing-technical-standards-and-guidelines#TODO>

PRIIPs

KID

On 4 July 2017 the European Supervisory Authorities (ESAs) issued the first set of Q&A related to the KID requirements for Packaged Retail and Insurance-based Investment Products (PRIIPs). This document aims at promoting common supervisory approaches and practices in the implementation of the KID. It includes answers to questions linked with the presentation, content and review of the KID, including the methodologies underpinning the risk, reward and costs information.

Package of remedies

These questions were raised by different stakeholders, such as product manufacturers and distributors.

Q&A:

<https://esas-joint-committee.europa.eu/Publications/Consultations/Questions%20and%20answers%20on%20the%20PRIIPs%20KID.pdf>

FCA asset management market study

At the end of June 2017, the Financial Conduct Authority (FCA) published the final findings of its asset management market study and announced the package of remedies it will take forward to address the concerns identified in its interim report into the sector.

Link FCA-Communiqué:

<https://www.fca.org.uk/news/press-releases/fca-publishes-final-report-asset-management-sector>

Link FCA Marktstudie:

<https://www.fca.org.uk/publications/market-studies/asset-management-market-study>

EU Commission proposal

The EU Commission is proposing a new regulatory framework for pan-European personal pensions. The aim is for these to complement existing systems and bolster the capital market.

http://europa.eu/rapid/press-release_IP-17-1800_en.htm

Use of Leverage in Investment Funds in Europe

The International Capital Market Association's (ICMA) Asset Management and Investors Council (AMIC) and the European Fund and Asset Management Association (EFAMA) have jointly decided to write a paper on the use of leverage in investment funds in Europe. The paper analyses how leverage is used, how the European legislative framework addresses leverage, and how the related risks are addressed from a technical perspective. In order to contribute to recent debates launched by regulators and supervisors, it also looks at the updates and improvements that could be proposed to ensure that the European regulation remains a cutting-edge framework at global level.

http://www.efama.org/Publications/Public/170719_AMIC%20EFAMA%20leverage%20paper.pdf

AMIC/EFAMA Joint Paper

SFAMA Feedback**GIPS 20/20 Consultation Paper**

The GIPS Expert Group's feedback to the GIPS 20/20 consultation paper on behalf of the SFAMA as the GIPS country sponsor in Switzerland was issued mid-July 2017.

<http://www.sfama.ch/en/gips/statements>

Updates**Foreign Account Tax Compliance Act**

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

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



SFAMA activities

Communications officer

SFAMA Office

Eva De Matteis joined SFAMA at the beginning of July, and will be working in communications. She is a proven specialist with ten years' experience in the field, the last five with a trade association in the industrial sector. We would like to welcome her to SFAMA, and wish her all the very best in her new role.

Highly active

Specialis 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 Hans-Jörg Baumann

- Preparatory work for a training event in September in conjunction with CAIA
- Discussion of possible business models (boutique approach versus multi-asset management) for providers of alternative investments
- Discussion of the issue of co-investments

ETF Markus Götschi

- Working on improving the statistical basis for ETFs and indexed investments in collaboration with Swiss Fund Data and Morningstar
- Working on a new ETF brochure

Real Estate Funds Roger Hennig

- Submitted SFAMA's position on the ongoing revision of Lex Koller on 16 June 2017. Coordination with the 'For a modern Lex Koller' alliance (www.modernelexkoller.ch) and monitoring the further activities of the Federal Department of Justice and Police.
- Analysis of the possible impact of CTR III on real estate funds, both nationally and at the cantonal level

Processes & Operations Daniel Lüdin

- FinSA/FinIA update
- IOSCO consultation on recommendations and good practice in liquidity risk management for funds
- European Parliament draft regulation on money market funds

Risk Management Martin Jufer

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

Legal & Compliance

Olivier Siervo

- EFAMA Distributor's Due Diligence Questionnaire and SFAMA questionnaire
- FinSA / FinIA: analysis of the summary
- Feedback on the FINMA Circular 'Outsourcing'
- FINMA Work Programs
- MiFID: latest developments
- PRIIPs: latest developments
- Brexit and ESMA Opinions to support supervisory convergence in the area of investment management, investment firms and secondary markets in the context of the UK withdrawing from the EU
- ESMA Opinion on asset segregation applying depositary delegation rules to CSD

Legal & Compliance Asset Management

Jasmin Djalali

- Regulatory issues for the Asset Management Platform Switzerland
- Innovative fund solutions
- Model declaration pursuant to Art. 48I OPO2
- Analysis of need for improvement with respect to OPO2
- Criminal law sanctions in the case of violations of reporting duties under FinMIA

Taxes

Hanspeter Kurz

- Hearing on FTA circulars nos. 24 and 25
- Single investor funds of a non-life insurance company
- DTA policy
- Tax operations as managed services

Distribution & Marketing

Markus Signer

- Revising the SFAMA questionnaire for monitoring distributors as part of the SFAMA 'Distribution' guidelines and coordinating with FINMA
- Finalizing the brochure 'Investment Funds – In Short', providing basic information on investment funds in English, German, French, and Italian

Save the date

Upcoming events

GIPS Day 2017

Wednesday, 22 November 2017

Hotel Metropol, Zurich

Swiss Fund Day 2017

Thursday, 23 November 2017

Zurich

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

www.sfama.ch (Events)



Interesting reading

In partnership with
SFAMA

Save the date

Friends of Funds: new
sections

Use of event calendar
free of charge

New SFAMA brochure

Friends of Funds

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

Events in Zurich (cycle 29)

- 19.09.17 EAMs, IAMs - new legal bases, changed markets and offering structures
- 10.10.17 Switzerland's new financial market laws: what lies in store?
- 31.10.17 Bond investments: what does the interest rate situation bode for the future?
- 21.11.17 Indexed investments: the latest developments
- 23.01.18 MiFID: Implementing legal requirements in practice

Events in Geneva (cycle 11)

- 05.12.17 Services / custody and fund administration

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

www.friends-of-funds.ch

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

The Friends of Funds forum is continuing to offer an independent calendar for fund and financial industry events in Switzerland, intended for events of all kinds (including those with restricted audiences). If you have dates for roadshows, media conferences, seminars, anniversaries or other events, you can publish these free of charge via the www.friends-of-funds.ch website (under „Events / Ihre Veranstaltung“).

www.friends-of-funds.ch (Events / Ihre Veranstaltung)

Investment funds – in short

The new SFAMA Booklet „Investment funds – in short“ has been published. The Specialist Committee „Distribution & Marketing“ has summarized the most important points on investment funds.

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

3. Auflage

Morningstar Manager
Research 2017

2016 Annual Report

Technische Wegleitung
ESTV

Schweizerisches Recht der kollektiven Kapitalanlagen

Zwei vorangehenden Auflagen folgt diese aktualisierte und massgeblich erweiterte Fassung aus dem Jahr 2017. Sie soll weiterhin primär als Hilfsmittel für den Praktiker im Bereich des schweizerischen Kollektiv-anlagenrechts dienen. Zunächst wird zur einfachen und raschen Ver- ständlichkeit ein Überblick mit Illustrationen über die verschiedenen Themengebiete vermittelt. Aus einer tabellarischen Übersicht sind die bewilligungs-, melde- und publikationspflichtigen Tatbestände für die Bewilligungsträger gemäss KAG ersichtlich.

www.schulthess.com (ISBN 978-3-7255-7403-2)

Costs of Bad Timing Around the World

Morningstar has expanded its Mind the Gap study from the United States and Europe to take its first ever global look at investor returns across markets and asset classes. Although the five-year investor returns gap ranged widely from negative 1.40% to 0.53% for the year ended 2016, some common themes emerged. Investment vehicles that required systematic investment produced better investor returns. Lower-cost funds also proved capable of producing better returns and a smaller investor returns gap.

http://www.morningstar.co.uk/static/UploadManager/Other/Mind%20the%20Gap_2.pdf

Swiss Banking Ombudsman

The 2016 Annual Report of the Swiss Banking Ombudsman has been published in German and French, and can be ordered directly from the Office of the Swiss Banking Ombudsman, P.O. Box 1818, 8021 Zurich (fax +41 (0)43 266 14 15). The full media pack – annual report, media release, speeches – can also be downloaded from the website.

<http://www.bankingombudsman.ch/en/documents/>

Automatischer Informationsaustausch

Die Eidgenössische Steuerverwaltung ESTV hat die technische Weg- leitung zum Standard für den automatischen Informationsaustausch über Finanzkonten als Entwurf veröffentlicht. Die technische Weg-

New edition of FTA
brochure

FTA video

BVI-Broschüre

leitung beschreibt und konkretisiert die Anforderungen, welche die schweizerischen Finanzinstitute bei der Datenübermittlung beachten müssen. Die technische Wegleitung ist zurzeit nur auf Deutsch verfügbar.

G: <https://www.estv.admin.ch/estv/de/home/internationalessteuerrecht/fachinformationen/ia/datenuebermittlung.html>

F: <https://www.estv.admin.ch/estv/fr/home/internationalessteuerrecht/fachinformationen/ia/datenuebermittlung.html>

The Swiss Tax System

The revamped publication 'The Swiss Tax System' is now also available in English for the first time. It explains how the Swiss tax system works, and also covers the most recent changes at the federal and cantonal levels.

<https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-67115.html>

We Manage Your Taxes

In a short introductory video lasting just over three minutes and entitled 'We Manage Your Taxes', the Swiss Federal Tax Administration outlines its role, featuring seven employees talking about their work. The video complements the existing brochure 'The Federal Tax Administration – A Portrait'.

G: <https://www.estv.admin.ch/estv/de/home/die-estv/fachinformationen/ein-portraet-der-estv.html>

F: <https://www.estv.admin.ch/estv/fr/home/die-estv/fachinformationen/ein-portraet-der-estv.html>

Investmentsteuerreform kompakt

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

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



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