

# SFAMA News

Summer edition

2014

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## Introduction

### New President and two new members of the Board of Directors

#### Dear readers

After five years in office, Martin Thommen has stepped down as President of the Swiss Funds & Asset Management Association SFAMA. He guided our association prudently, particularly in the stormy period after the outbreak of the financial crisis. His time in office covered such developments as the drafting of the new CISA and work on the new financial sector strategy, which called for intensive discussions with a wide range of stakeholder groups. Under his leadership, SFAMA became an important voice in the Swiss financial market, and our sincere thanks go to him for his outstanding commitment and tireless dedication to the concept of investment funds. SFAMA is delighted that it will be able to continue to count on his support in its Board of Directors.

#### Felix Haldner

Felix Haldner was elected as the new President at the AGM at the end of March. He is a partner and member of the Executive Board of Partners Group AG, and has been on the SFAMA Board of Directors since March 2012. As the representative of one of the leading asset managers operating independently of banks and insurance companies, Felix Haldner will seek to further strengthen SFAMA's position as an opinion leader in the Swiss asset management industry. We wish him every success his new role and all the very best for his term in office.

#### Martin Jufer

At the AGM held in Bern on 28 March 2014, the members of SFAMA also elected Martin Jufer to the Board of Directors. He is a member of the Group Management Board of GAM Holding AG and Head Operations at Swiss & Global Asset Management. Martin Jufer has been head of the SFAMA specialist committee „Processes & Operations“ since 2010.

#### Markus Steiner

Markus Steiner was also elected to the Board of Directors. He is Managing Director and Chairman of the Executive Board of State Street Bank in Zurich. Markus Steiner has served on the SFAMA Board of Directors before, and chaired the „Legal & Compliance“ specialist committee. He now takes over from Sven Rump as the representative of foreign banks. We would also like to take this opportunity to thank Sven Rump for his considerable efforts as a member of the SFAMA Board of Directors since 2007.

## SFAMA – abbreviation and acronym

The five letters at the end of our name – Swiss Funds & Asset Management Association SFAMA – are not just the initial letters of the individual words, they also form an acronym.

### **SFAMA = [ˈsfa:ma]**

#### **Pronunciation and intonation**

Unlike an abbreviation, where the letters are spelled out „es-ef-ay-em-ay“, an acronym is pronounced as a word in its own right. The „S“ at the beginning is not pronounced separately as „es-fama“, and is instead incorporated in the word as a whole.



## 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.

#### 14 July 2014

#### Key Investor Information Document

Amendments to the Collective Investment Schemes Ordinance (CISO) entered into force on 15 July 2011 in connection with the introduction of the Key Investor Information Document (KIID). These amendments also include various transitional provisions. The current situation with regard to the simplified prospectus/KIID is as follows:

	Type of fund	Existing funds		New funds
		<14.07.14	> 15.07.14	Since 15.07.12
<b>Swiss law</b>	Securities fund	SP or KIID	KIID	KIID
	Real estate funds	SP	SP	SP
	Other funds for trad investments	SP or KIID	KIID	KIID
	Other funds for altern. investments	--	--	--
<b>Foreign law</b>	UCITS	SP or KIID *	KIID	KIID
	Non-UCITS	SP <sup>o</sup>	KIID <sup>^</sup> / SP <sup>o</sup>	KIID <sup>^</sup> / SP <sup>o</sup>

SP = Simplified Prospectus

KIID = Key Investor Information Document

\* If a KIID is available in Europe

<sup>o</sup> A simplified prospectus is required for foreign collective investment schemes comparable to a real estate fund or a fund in the category 'other funds for traditional investments' (Art. 2.4 in conjunction with Art. 76.1 CISA as well as Annex 2 to Art. 107 CISO).

<sup>^</sup> A KIID is required for foreign collective investment schemes comparable to the category 'other funds for traditional investments' (Art. 2.4 in conjunction with Art. 76.1 CISA as well as Annex 2 to Art. 107 CISO).

<sup>o</sup> For foreign collective investment schemes comparable to a real estate fund.

#### 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.



## Fund markets

### Key data on the international fund business

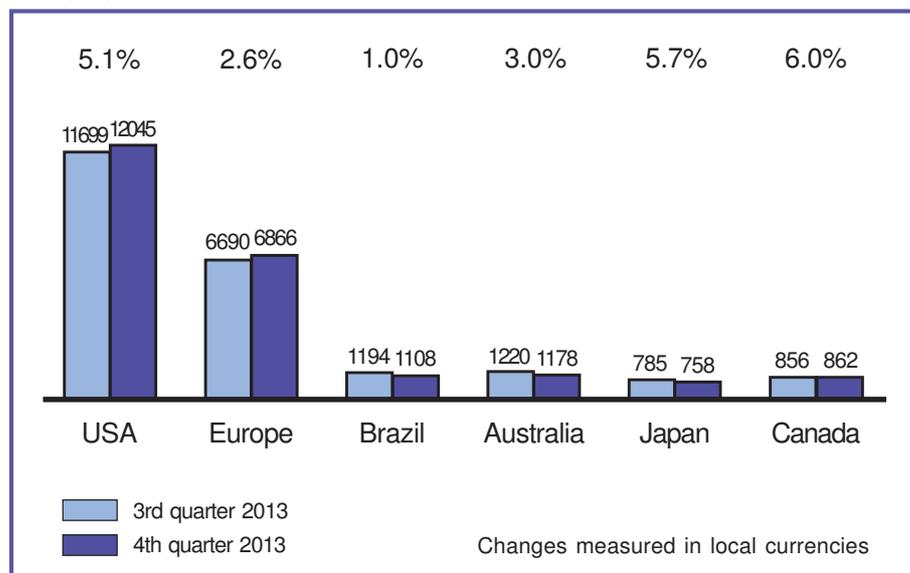
**EUR 23.79 trillion in fund assets worldwide as of end-September 2013**

The volume of assets invested in funds worldwide has risen fairly evenly since Q2 2013, bouncing back from the losses suffered in Q1 2013. The respectable gains of around 1.8% in both Q3 and Q4, totaling EUR 0.85 trillion, recouped the ground lost in Q1. As of the end of 2013, the total volume of assets invested in funds worldwide stood at EUR 23.79 trillion, the highest level since the turn of the century. However, the increase in the year to date has been just EUR 0.01 trillion, or approximately 0.04%.

**Regional differences in the development of fund volumes worldwide**

Measured in local currency terms and including funds of funds, the US showed a rise of 5.1% in Q4 2013, the volume of fund assets increasing to a handsome EUR 12.0 trillion. According to the latest EFAMA report, around EUR 6.9 trillion were invested in funds in Europe, an increase of 2.6% quarter-on-quarter. Fund volumes in the US rose by 10.9% year-on-year, while Europe posted an increase of some 9.1%. Canada also posted a respectable showing in 2013 with a gain of 7.1%. However, Australia and Brazil suffered sharp declines in EUR terms, down 6.8% and 9.2% respectively, and Japan (-0.8%) was also unable to post an increase in volumes in EUR terms.

### Geographical trends in investment fund assets in Q4/13 (in EUR billions)



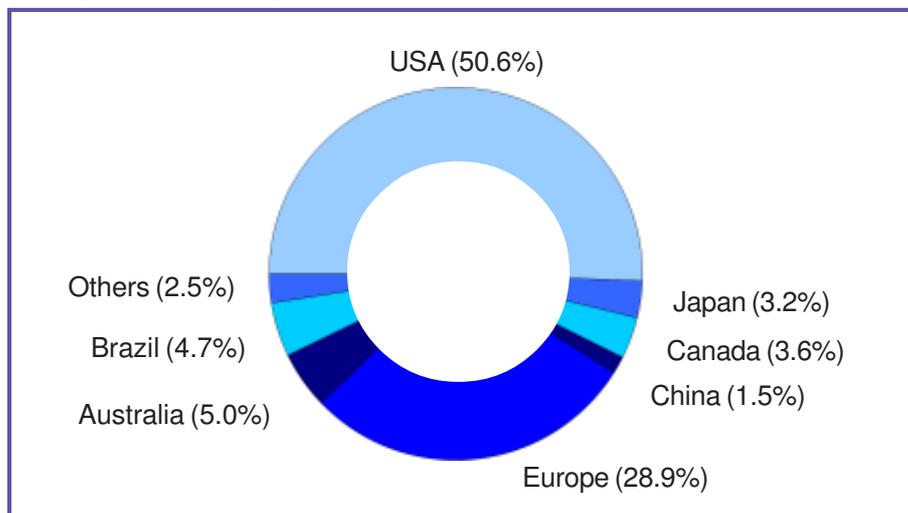
Source: EFAMA International Statistical Release, April 2014

**US the clear leader on the international front**

Comparing the data gathered, as of the end of last year the US's share of the global assets invested in funds remained high and stable at 50.6% (up 0.5 percentage points qoq). Europe remained in second spot, still below the 30% mark at 28.9% (up 0.3 percentage points

qoq). Australia and Brazil were essentially level-pegging in third place at 5.0% and 4.7% respectively. If non-UCITS assets were also taken into account, Europe's market share would be around 36.0%.

#### Geographical trends in investment fund assets by end of December 2013 (in EUR billions)

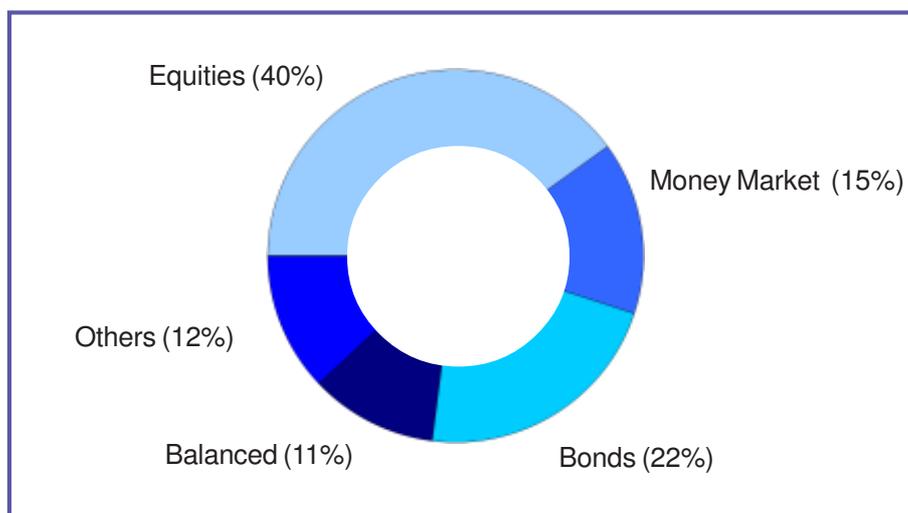


Source: EFAMA International Statistical Release, April 2014

#### Around EUR 9.6 trillion invested in equity funds at end of 2013

The volume of assets invested in equity funds worldwide came to EUR 9.63 trillion, nearly three times that of money market funds with around EUR 3.45 trillion. Bond funds dropped back over the year as a whole by about EUR 0.17 trillion to EUR 5.16 trillion. As of the end of 2013, around 40% of fund assets worldwide were invested in equity funds, an increase of around three percentage points against 2012. In keeping with the performance on the markets, balanced/mixed funds and money market funds retained the same level of favor among investors. There was scarcely any change in their share of the market (11% / 15% as of the year-end).

#### Composition of worldwide investment fund assets by category, end-2013



Source: EFAMA International Statistical Release, April 2014

## Global fund universe of 87,916 funds

By the end of 2013, the fund universe covered by EFAMA had reached a total of 87,916 funds. This corresponds to a year-on-year increase of 4,234 products. A comparison of the funds in terms of asset allocation shows around 32% in the equities category and around 17% in the bonds category.

## Europe can look back on a good year

2013 can be regarded as a satisfactory year for Europe's fund industry, with net inflows recorded in each quarter. The highest inflows were in Q1 at EUR 256 billion. Inflows in Q2 were lower at EUR 62 billion, but nonetheless still well into positive territory. Balanced/mixed funds in particular contributed to this result, with inflows of EUR 114 billion over the year as a whole. Both bond funds and equity funds recorded positive asset flows on balance (up EUR 70 billion and EUR 100 billion respectively). Money market funds again suffered outflows in 2013, down EUR 85 billion.

In a report published at the end of May, EFAMA announced that the volume of UCITS and non-UCITS had broken through the EUR 10 trillion barrier for the first time.

## Modest increase in assets under management with Swiss banks

### Securities totaling CHF 5.1 trillion held in Swiss custody accounts

The securities holdings in client custody accounts at Swiss banks were clearly in excess of the CHF 5 trillion mark for much of 2013. According to the SNB statistics, the figure stood at CHF 5.10 trillion at the end of December 2013. This was 6.8% more than at the beginning of the year, and holdings have increased further since then. As of the end of March, they stood at CHF 5.16 trillion. According to the SNB Monthly Statistical Bulletin for May 2014, non-resident clients accounted for approx. 54% of the total custody account holdings, roughly on a par with last year.

### Comparison of fund holdings

A comparison of fund holdings shows a clear increase in volumes for both resident and non-resident custody account clients. Between the beginning of the year and the end of March 2014, the fund assets held by resident custody account clients rose by CHF 32 billion to CHF 874 billion (+3.8%), while the corresponding figure for non-resident clients was up by CHF 12 billion to CHF 728 billion (+1.7%).

The weighting of fund holdings in custody accounts of resident clients has risen slightly over the course of the year, and stood at around 36.6% at the end of March. Over the same period, the weighting of funds for non-resident clients fluctuated between 25.8% and 26.5%. It is still primarily resident clients that hold funds under Swiss law in their custody accounts; at around CHF 535 billion these holdings make up more than half of volume of collective investment schemes. Non-resident investors are still tending to avoid this fund type (the figures are down slightly at around 9.2%). The CHF 1 billion increase in volumes year-on-year thus stems mainly from foreign funds.

## Swiss fund market in 2014

Cooperation between  
SWISS FUND DATA  and  


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 776.8 billion

According to the statistics on the Swiss fund market, the total volume stood at CHF 776.8 billion at the end of March 2014, an increase of nearly CHF 32 billion quarter-on-quarter (4.2%). The figures are based on the FINMA authorization list and cover all funds under Swiss law as well as all foreign funds authorized for public distribution in Switzerland, including institutional unit classes.

Broken down by asset class, equity funds still have the largest share at 39%, followed by bond funds with around 29.5%. Asset allocation funds remain in third spot with around 12.4%.

### Development of fund assets since January 2014

Fund category	Volumes 31.12.2013	Volumes 31.03.2014	Overall change
Equities	278.5	304.3	+ 25.8
Bonds	249.5	229.5	- 20.0
Money Market	69.7	65.0	- 4.7
Asset Allocation	83.7	96.4	+ 12.7
Others	0.9	4.3	+ 3.4
Natural resources *	21.7	21.2	- 0.5
Alternatives *	8.5	24.4	+ 15.9
Real Estate	32.7	31.7	- 1.0
<b>Total Swiss Market</b>	<b>745.2</b>	<b>776.8</b>	<b>+ 31.6</b>

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

More Swiss funds  
authorized

The number of funds established under Swiss law fell slightly in 2012 (from 1,403 to 1,382 products), but there was a turnaround in this respect last year. A total of 1,467 Swiss-law products are now registered with FINMA, including 16 limited partnerships for collective investment.

Further increase in  
foreign-domiciled funds  
authorized in Switzerland

At the end of March, the number of funds authorized for public sale stood at 6,303, an increase of 132 funds quarter-on-quarter or 178 year-on-year. This came primarily on the back of foreign funds (above all those domiciled in Luxembourg). Both Luxembourg and Ireland have been able to maintain their leads among the domicile locations, and even extend them slightly.

### 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- March 2014		Change in the year 2014	
<b>Swiss funds</b>	<b>1447</b>	<b>(694)</b>	<b>1467</b>	<b>(710)</b>	<b>20</b>	<b>(16)</b>
Swiss limited partnerships	16	(16)	16	(16)	0	(0)
Securities funds	141	(0)	142	(0)	1	(0)
Other funds for trad. investm.	1182	(646)	1202	(662)	20	(16)
Other funds for altern. investm.	62	(17)	61	(17)	- 1	(0)
Real estate funds	46	(15)	46	(15)	0	(0)
<b>Non-Swiss funds</b>	<b>6171</b>		<b>6303</b>		<b>132</b>	
Luxemburg	4138		4251		113	
Ireland	1088		1109		21	
Other countries	945		943		- 2	
<b>Total Swiss and Non-Swiss</b>	<b>7618</b>	<b>(694)</b>	<b>7770</b>	<b>(710)</b>	<b>152</b>	<b>(16)</b>

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

### Exchange-traded funds remain popular

**Turnover exceeds CHF 29 billion on the SIX Swiss Exchange in Q1**

ETF turnover on the SIX Swiss Exchange totaled CHF 90.7 billion in 2013, an increase of around 19% year-on-year. The same figure for the first quarter of this year was already CHF 29.4 billion, showing that these products are once again on track for a new record level. ETFs remain exceptionally popular.

The number of admitted products also continued to rise. 936 ETFs from 18 providers were listed on the SIX Swiss Exchange at the end of March 2014. There are currently 22 market makers ensuring both liquidity and trading with appropriate bid/ask spreads. In terms of asset classes, the bulk of ETFs (621 products) are still concentrated on equities, with a good 101 on commodities and some 186 now focusing on bonds.

Looking back, we can see that the number of transactions rose from 53,000 in 2003 to around one million in 2013 (in 2012 there were about 800,000). Meanwhile, the average trade size has fallen from around CHF 155,000 to below CHF 100,000 at times, and currently stands at CHF 115,912. What is more interesting here is the median, which fell from CHF 29,964 to CHF 14,422 over the same period (i.e. in terms of volumes, half of the orders were above this amount and half below).

### SFA ARI®

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

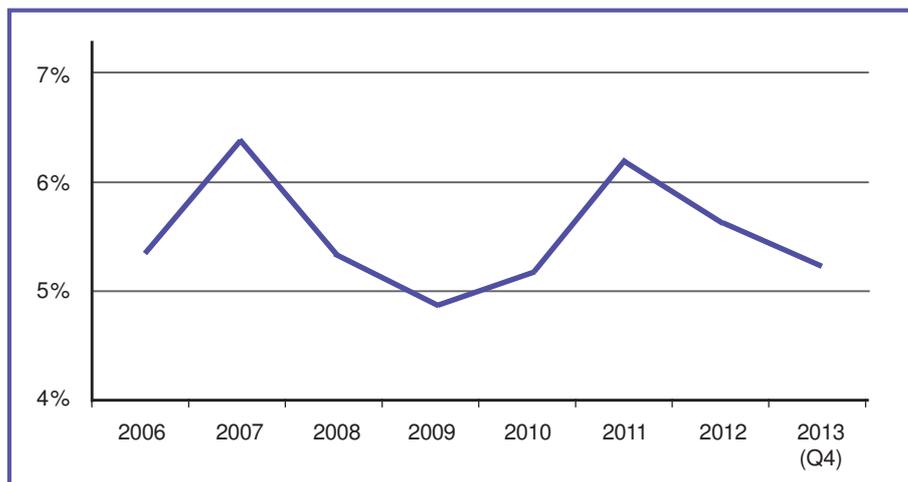
SFAMA launched the SFA ARI® at the end of April 2012 with a view to making it possible to compare the actual yields of listed Swiss real estate funds at the product level. This indicator is based on the investment yield statistics and is calculated quarterly (January, April, July, October) by Swiss Fund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

ment 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® stands at 5.24%. This figure is based on the annual reports as of 31 December 2013, and is lower compared with last quarter (down 0.09 of a percentage point). 25 real estate funds with net assets totaling CHF 24.7 billion were included in calculating the current figure.

### Development of the SFA ARI® since 2006



Source: Swiss Fund Data

## Everyone's buying bond funds

### Lipper fund statistics for April

Investors remain risk tolerant and keen to invest. This has already been seen in Europe and worldwide, and is also true of Switzerland. According to the statistics of the data provider Lipper, CHF 3.6 billion of new money was invested in funds and ETFs in April. There were continued outflows from money market funds, as investors withdrew CHF 1.2 billion from these products, which are mostly used for parking capital during uncertain periods. Bond funds enjoyed particularly strong inflows, attracting some CHF 3.5 billion. This includes both new money and assets switched from elsewhere.

### Fixed-income above all

Many bond fund categories found favor with investors. Emerging market bond funds in hard currencies were particularly popular, as were high-yield European bonds, convertible bonds across Europe and worldwide, and CHF bonds. US bond categories were also among the 20 fund classes that attracted the most money. In the case of equities, there were heavy withdrawals from the funds focusing on the US and China. Meanwhile there were inflows for emerging market equity funds, European equity funds, and funds specializing in Swiss small caps as well as Japan and the Asia/Pacific region.

Lipper's fund statistics cover only Swiss providers and foreign providers' funds domiciled in Switzerland. Foreign-domiciled funds of foreign providers are not included since only very few of these fund companies give separate figures for the Swiss market.

## Increase in fund distribution via independent intermediaries

### Analysis by Cerulli Associates

The London-based analytics and consultancy firm found an increase in the activities of independent intermediaries in the sale of investment funds. In Europe, there was an increase of 2 percentage points in this respect in 2013, with such independent distributors accounting for 33.9% on all distribution channels. According to Cerulli Associates, the rise is attributable to developments in Europe, with retail investors increasingly returning to the investment fund market in 2013 and causing marked net inflows. Funds in Spain and Italy in particular enjoyed especially strong inflows.

### Global asset managers have the advantage

According to the analysis, the biggest winners amid this development are the globally active investment fund houses, above all from the US, who are able to deliver their expertise and brands with a considerable marketing budget to different countries across Europe. It adds that many asset managers in Europe will also gradually come to realize that it is not enough to simply focus on in-house fund management, and will therefore increasingly seek the services of external fund managers.

## Key figures on the Swiss Financial Center

### 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 publication is available for download and can also be ordered free of charge in a handy booklet format.

<http://www.sif.admin.ch/dokumentation/00514/00515/00516/index.html?lang=en>



## Domestic environment

### Market access for financial service providers

#### Recommendations of Commission of Experts

At the beginning of May 2014, the Federal Council debated the interim results from the group of experts set up to examine the further development of the financial market strategy and questions concerning international market access. The experts recommend various measures to ensure market access for Swiss financial service providers abroad.

<https://www.news.admin.ch/message/index.html?lang=en&msg-id=52838>

### FINMA Collective Investment Schemes Ordinance

#### FINMA launches consultation

At the beginning of April 2014, the Swiss Financial Market Supervisory Authority FINMA opened the consultation on its Collective Investment Schemes Ordinance. The legal basis changed as of 1 March 2013 with the revision of the Collective Investment Schemes Act and the Collective Investment Schemes Ordinance, thus necessitating a complete revision of the corresponding FINMA ordinance. The hearings lasted until 19 May 2014.

<http://www.finma.ch/e/aktuell/pages/mm-kkv-finma-20140403.aspx>

#### Joint statement from SFAMA and the SBA

SFAMA and the Swiss Bankers Association SBA, representing a large number of the financial intermediaries covered by this ordinance, drew up a joint statement to underscore the importance of this issue. Both associations support in principle the proposed complete revision of the CISO-FINMA made necessary by the partial revision of the Collective Investment Schemes Act (CISA) and the attendant Collective Investment Schemes Ordinance (CISO). In addition to fundamental reservations with regard to a „Swiss finish“, the following key areas were covered:

- Clearing requirement for certain OTC transactions
- Risk assessment (Commitment I, Commitment II, and Value at Risk)
- Administration and safekeeping of collateral for securities lending, repos, and derivatives
- Master-feeder structures
- Delegation of tasks
- Principles of risk management
- Avoiding duplication of regulation
- Amendments with regard to real estate funds
- Valuation

The full statement is available (in German only) at

<http://www.sfama.ch/publications/initiatives-statements-position-papers/statements>

## FINMA – reorganization

### Splitting of the Markets division

The former Markets division has been split into two new, independent divisions. The newly created Asset Management division covers the licensing and supervision of asset managers and collective investment schemes. The new Markets division will now focus on the supervision of financial market infrastructure, combating money laundering, self-regulatory organizations (SROs), directly subordinated financial intermediaries (DSFIs), and audit firms.

The FINMA Board of Directors has also appointed the respective Division Heads Léonard Bôle (born 1973) and Michael Loretan (born 1965) to its Executive Board. Léonard Bôle has been working for the SFBC and FINMA since 2004, and has led the Money Laundering section at FINMA since 2009. He took over as Head of the new Markets division on 1 April 2014, and is also in charge of the newly created Asset Management division on an ad interim basis. Michael Loretan will take over as head of the latter division as soon as a successor has been appointed to take over his current position in charge of supervision of Credit Suisse. Michael Loretan joined FINMA in 2011 and previously held various management positions in the financial sector.

<http://www.finma.ch/e/aktuell/pages/mm-bestaetigung-branson-20140326.aspx>

## FATCA Act

### Entry into force on 30 June 2014

Following the entry into force of the FATCA agreement on 2 June 2014, the Federal Council decided at the beginning of June 2014 to bring the FATCA Act approved by parliament into force on 30 June 2014. This will facilitate Swiss financial institutions' implementation of the new FATCA regulations for US persons. The worldwide implementation of FATCA will commence on 1 July 2014.

<https://www.news.admin.ch/message/index.html?lang=en&msg-id=53267>

## FATCA Qualification Committee

### Clarification of implementation issues

The FATCA Qualification Committee was established in Q4 2013 under the lead of the SIF. Also involved are the Swiss Federal Tax Administration, the Swiss Federal Social Insurance Office and the following institutions:

- Swiss Bankers Association SBA
- Swiss Pension Fund Association ASIP
- Swiss Insurance Association SIA
- Swiss Funds & Asset Management Association SFAMA
- SwissHoldings
- Swiss Association of Asset Managers SAAM
- SIX Group

The aim of the Qualification Committee is to promote cooperation between the stakeholder groups, and deal with questions arising from the implementation of the FATCA agreement. Switzerland cannot act autonomously in interpreting the agreement, however, and the US will have to be consulted in certain cases. The opinions represent the view of the FATCA Qualification Committee, and the relevant US authorities have been consulted where necessary.

<http://www.sif.admin.ch/themen/00502/00807/00906/index.html?lang=en>

### **Introduction of automatic exchange of information in tax matters**

#### **Federal Council defines draft negotiation mandates**

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.

<https://www.news.admin.ch/message/index.html?lang=en&msg-id=53050>

### **State Secretariat for International Financial Matters SIF**

#### **Newsletter**

The SIF Newsletter provides regular information on the latest developments in 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/dokumentation/00524/00834/index.html?lang=de>



## International environment

### AIFMD

#### Technical advice

On 27 March 2014, the European Securities and Markets Authority (ESMA) issued technical advice in response to the mandate received from the European Commission on 20 December 2013 for advice on the possible content of the delegated act required by Article 67(5) of the AIFMD. It concerns the information that competent EU authorities have to provide quarterly to ESMA pursuant to Article 67(3) of the Directive. This information is needed in order to allow ESMA to produce the opinion and the advice required in Article 67(1) of the AIFMD, in relation to the possible extension of the AIFMD passport to non-EU AIFs and non-EU AIFMs.

Technical Advice:

[http://www.esma.europa.eu/news/ESMA-publishes-technical-advice-European-Commission-Article-67-AIFMD?\\_lang=de&\\_home](http://www.esma.europa.eu/news/ESMA-publishes-technical-advice-European-Commission-Article-67-AIFMD?_lang=de&_home)

### MiFID

#### Consultation process on MiFID II and MiFIR

On 22 May 2014, ESMA launched the consultation process for the implementation of the revised Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR). This is the first step in the process of translating the MiFID II/MiFIR requirements into practically applicable rules and regulations to address the effects of the financial crisis and to improve financial market transparency and strengthen investor protection. The closing date for responses is 1 August 2014

Consultation paper on MiFID/MiFIR Technical Advice:

<http://www.esma.europa.eu/content/Consultation-Paper-MiFID-II-MiFIR>

Discussion paper on MiFID/MiFIR draft RTS/ITS:

<http://www.esma.europa.eu/content/Discussion-Paper-MiFID-II-MiFIR>

### Financial Education

#### IOSCO's consultation

The International Organization of Securities Commissions (IOSCO) published a consultation report on the „Strategic Framework for Investor Education and Financial Literacy“ on 29 May 2014. It describes IOSCO's role in promoting investor education and financial literacy and its strategic approach on both. Answers have to be submitted by 31 July 2014.

Consultation paper:

<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD441.pdf>

## Agreements on cooperation pursuant to Art. 120 CISA

### Cooperation agreement between FINMA and the FCA

The Swiss Financial Market Supervisory Authority FINMA has concluded a cooperation agreement with the UK Financial Conduct Authority (FCA). The Memorandum of Understanding was signed in April 2014. The agreement covers cooperation on the supervision of distribution of foreign collective investment schemes to non-qualified investors in Switzerland.

### Agreements with foreign supervisory authorities

The list of countries whose supervisory authorities have concluded a cooperation agreement with FINMA can be found under the following link:

<http://www.finma.ch/e/finma/internationales/vereinbarungen/bilateral/pages/default.aspx>

## EU Financial Transaction Tax

### Agreement reached in early 2014

The planned Financial Transaction Tax is taking shape. The Greek EU Council Presidency outlined several core elements in an internal working paper. However, setting out the full wording of the law will require some time yet. Viable solutions are to be finalized by the end of 2014. One of the central elements is the „progressive implementation“. In other words, the eleven participating states want to start initially with taxes on certain securities sales (for the time being excluding bonds). This is to begin as of 1 January 2016 at the latest. Meanwhile, the possibility of individual states implementing a broader scope is not ruled out. That said, reference is also made to the obstacles blocking the path to a political agreement on a financial transaction tax.

## Foreign Account Tax Compliance Act

### Updates

The IRS provides regular updates via its website, including for example various W-8 forms and Q&As on a range of different aspects.

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

## Automatic exchange of information

### Schedule

In February 2014, the Organization For Economic Co-Operation And Development (OECD) presented the key features of a future standard for the automatic exchange of information (AIE). Under this standard, and taking account of the principle of speciality, tax-relevant information is to be exchanged between national administrations, provided these guarantee reciprocity. The OECD is to decide on the presented standard as early as mid-2014, allowing it to be passed by the G20 by the end of 2014. The proposals for the AIE are based on the fully formulated

Common Reporting Standards, which provide clarity on the information to be exchanged and the parties involved in the exchange. For example, in addition to all forms of income, information on account balances is also to be sent. The exchange covers both legal entities and natural persons. It is to apply once it has been mutually ratified, and cannot therefore be applied retrospectively. It is safe to assume that the implementation at the various national levels will take some time, and accordingly the AIE can be expected to apply during the course of 2016. This will be subject to the due legislative process in Switzerland, with the issuing of a federal law, complete with draft bill for consultation, dispatch from the Federal Council, and a decision by parliament.



## SFAMA activities

### New members

#### Five additional members

The Board of Directors and the Executive Board were pleased to welcome the following new members to SFAMA in Q2 2014:

- Hugo Fund Services SA, Geneva
- MFM Mirante Fund Management SA, Lausanne
- Swissquote Bank Ltd, Gland
- BRP Bizzozero & Partners SA, Geneva
- Bank Julius Baer & Co Ltd., Zurich

### Specialist committees

#### Highly active

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

#### Alternative Investments

Hans-Jörg Baumann

- Mapping out the core elements of the CISO-FINMA for the hedge fund business in Switzerland
- 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 / FINIG

#### 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

#### Real Estate Funds

Riccardo Boscardin

- The motion submitted by National Councilor Badran regarding the rescinding of the possibility of non-Swiss citizens investing in real estate funds (tightening Lex Koller) was put before the Council of States on 2 June 2014
- Discussion on the subject of valuations with FINMA to clarify various points arising from FINMA Newsletter 27/2011 and from the March 2014 partial revision of the CISA

**Processes & Operations**

Martin Jufer

- Settlement T+2
- Complete revision of the CISO-FINMA
- Developments in the field of taxation
- Swiss Fund Day 2014
- Foreign Account Tax Compliance Act

**Legal & Compliance**

Alexandre Meyer

- Hearings on the complete revision of the CISO-FINMA
- Amending the model documents and self-regulation material in line with the partially revised collective investment schemes legislation
- Ordinance against Excessive Compensation with respect to Listed Stock Corporations (OaEC) / drawing up a specialist information factsheet on voting rights
- Consultations on FMIA
- MiFID II, PRIIPs, UCITS V, and AIFMD

**Taxes**

Philipp Dömer

- Principles on the taxation of real estate funds with direct real estate ownership
- Paying agent tax in Switzerland
- Stamp duty in the case of single-investor funds
- VAT Info 14 Finance published by the FTA
- Expansion of EU savings tax
- Financial Transaction Tax
- Foreign Account Tax Compliance Act
- Automatic exchange of information

**Distribution & Marketing**

Markus Signer

- Fund distribution following the Federal Supreme Court ruling on retrocessions (trends in the market)
- Fund distribution internationally under MIFID and AIFD
- Project to classify unit classes with the aim of ensuring better transparency

**Upcoming events****A date for your diaries****Swiss Fund and Asset Management Cup**

Thursday, 26 June 2014 in the greater Zurich area

**4<sup>th</sup> Swiss Fund Golf Cup**

Tuesday, 26 August 2014, at the Sempachersee Golf Club

**Swiss Fund Day – IT & Operations**

Wednesday, 3 September 2014 in Zurich

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

[www.sfama.ch/events](http://www.sfama.ch/events)



## Swiss Fund Data AG

### Continuing growth

#### New fund providers integrated

Swiss Fund Data AG has been able to continue on its growth path, adding the following fund providers to the group of companies using its services:

- Third Point Offshore Fund, Ltd.
- Dragon Capital Group Limited
- NEUFLIZE OBC Investissements
- Charlemagne Capital Ltd

### Full fund universe at Swiss Fund Data

#### More than 35,000 unit classes

Swiss Fund Data now covers the entire fund universe on its platform, i.e. all funds authorized for distribution in Switzerland. More than 35,000 unit classes can thus be viewed on the website. New funds can be found with the Simple Search function, which gives users a deliberately focused set of data to choose from:

- Fund name
- ISIN code
- Valor number
- Fund provider
- Asset class
- Currency

### Top holdings

#### Ten biggest positions

Thanks to the cooperation with Morningstar, Swiss Fund Data can now show the ten largest positions held by all of the products offered by the participating members. This is to be extended in a further step to offer breakdowns by country and currency.

### ISIN codes and TER

#### Full list

In its product range, Swiss Fund Data now shows the list of ISIN codes and TER data for all authorized funds in Switzerland.

## Cost and risk statistics

### Additional data offered

Progress has also been made in delivering transparency in terms of both costs and risk. The existing cost data, which were previously shown in the TER/PTR section, are now shown in the newly created Cost/Risk section, with the following information having been added:

- Maximum management fee
- Ongoing charges (giving investors a somewhat more realistic picture of the costs incurred at the level of the fund)
- SRRI (Synthetic Risk and Reward Indicator). This statistic is determined on the basis of historical fluctuation bandwidths (volatility). The same figure must be published in the KIID.
- Performance fee

The SRRI has been added to the website both in the Simple Search and Power Search functions.



## 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 the beginning of July 2014 in Zurich and to the end of 2014 in Geneva are as follows:

#### Events in Zurich (cycles 22 and 23)

- 01.07.14 EU fund regulation: projected developments, relevance, and consequences
- 26.08.14 Regulated versus non-regulated fund business in Switzerland
- 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)

- 09.09.14 Quelle place pour les marchés émergents et frontaliers dans la répartition des actifs ?
- 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

Since fall 2010, the Friends of Funds forum has been offering an independent calendar for fund and financial industry events in Switzerland.

#### Even for events with restricted audiences

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

[www.friends-of-funds.ch](http://www.friends-of-funds.ch) (rubric Event-Kalender)

## FINMA newsletters

### Nos. 61 and 62

In March/April 2014, FINMA's Markets and Asset Management divisions published the following newsletters on products and distribution:

- No. 61 / 4 March 2014
- No. 62 / 10 April 2014

[www.finma.ch](http://www.finma.ch) (under About FINMA / Publications / FINMA Newsletters)

## Der Finanzplatz Schweiz im Jahr 2030

### Wie wird unser Finanzplatz in 15 Jahren aussehen?

Eine Studie des aussenpolitischen Think-Tanks «foraus» befasst sich mit dieser Frage. Auch wenn in finanzieller Hinsicht die schlimmste Krisenzeit überstanden sein mag, sieht sich der Schweizer Finanzplatz von verschiedenen Seiten mit vielfältigen Problemen konfrontiert, etwa dem Bankgeheimnis, internationalen Regulierungen, Sorgen um den Marktzugang in Europa und die Bewältigung von vergangenen Verfehlungen. Die Akteure (Regulatoren, Aufsicht und Finanzdienstleister) reagieren auf diese Problemanhäufung denkbar unproduktiv: nämlich mit Abwehrhaltung und Rückzugsgefechten, Denkverboten, inkompatiblen Lösungsvorschlägen und fehlender Weit-sicht. Der Hauptgrund dafür ist die Konzept-losigkeit des Schweizer Finanzplatzes. Die Frage, wie der Finanzplatz langfristig ausgestaltet sein soll, ist unbeantwortet. Dafür sei nicht zuletzt die mangelhafte Verständigung zwischen den verschiedenen Akteuren verantwortlich.

<http://www.foraus.ch/de/themen/finanzplatz-und-wirtschaft/finanzplatz/>

## Grundriss des schweizerischen Kollektivanlagenrechts

### Neuerscheinung Mai 2014

Der Grundriss setzt sich vertieft mit dem schweizerischen Kollektiv-anlagenrecht auseinander. Im Vordergrund steht dabei das Kollektiv-anlagengesetz aus dem Jahr 2007, das im Jahr 2013 einer Teilrevision unterzogen worden ist. Der Grundriss gehört zu den ersten Monogra-fien, die diese Teilrevision einbeziehen. Inhaltlich setzt sich das Werk mit allen aufsichts-, straf-, zivil- und gesellschaftsrechtlichen Frage-stellungen auseinander, die sich im Kollektivanlagenrecht ergeben, wobei auch notwendige rechtsvergleichende Bezüge gemacht (OGAW-RL, AIFM-RL, MiFID II) und FINMA- und Gerichtspraxis ein-bezogen werden sowie vorausschauend auf künftige regulatorische Veränderungen eingegangen wird (Finanzdienstleistungsgesetz, FIDLEG).

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

## UCITS V

### European Union reached a compromise agreement

In February 2014, the European Union reached a compromise agreement on „UCITS V“ – a Directive upgrading the UCITS requirements on remuneration policies, the depositary, as well as sanctions. The new requirements will have a substantial impact on many UCITS management companies and their depositaries.

<https://emeia.ey-vx.com/87528551/landing-pages/eu-finalizes-ucits-v-negotiations-march-2014.pdf>

## Foreign Account Tax Compliance Act

### Formatted FATCA Regulations - Version 1.1 dated 24 March 2014

PwC has published a formatted version of the FATCA regulations. The formatted version is available for download on the PwC US website. The document includes the preamble, temporary and final FATCA regulations, and section 1471 through 1474 of the Internal Revenue Code.

[http://www.pwc.com/en\\_US/us/financial-services/publications/fatca-publications/assets/fatca\\_regulations\\_temp\\_and\\_final\\_pwc\\_redline.pdf](http://www.pwc.com/en_US/us/financial-services/publications/fatca-publications/assets/fatca_regulations_temp_and_final_pwc_redline.pdf)

## Rückforderung EU-rechtswidriger Quellensteuern durch Nicht-EU-Fonds

### Antworten auf die fünf häufigsten Fragen zum EuGH-Urteil vom 10.04.14

Wie der Fachpresse im April/Mai 2014 zu entnehmen war, gesteht der europäische Gerichtshof nunmehr auch nicht in der EU ansässigen Investmentfonds Steuererleichterungen in Form von Steuererstattungen zu (EuGH, Urteil vom 10.04.2014 – C-190/12 – Emerging Markets Series of DFA Investment Trust Company ./ Dyrektor Izby Skarbowej w Bydgoszczy). Entscheidungen des EuGH sind bisweilen für den juristischen Laien nur schwer zu durchschauen. Den fünf häufigsten Fragen in diesem Zusammenhang geht der Flyer unter nachfolgendem Link nach.

[http://www.lindemannlaw.ch/img/uploadAdminDok/a7c62\\_ellensteuern\\_nicht\\_14eu\\_14fonds.pdf](http://www.lindemannlaw.ch/img/uploadAdminDok/a7c62_ellensteuern_nicht_14eu_14fonds.pdf)

## Ausbildungsplattform fintool.ch

### «Finanzesisch verstehen»

Geldgeschäfte sind zwar alltäglich, doch ist das Grundlagenwissen im breiten Publikum recht dünn. Zwei Bankenprofis wollen das ändern. Sie starten die Ausbildungsplattform fintool.ch, die Finanzwissen per Video vermittelt.

[www.fintool.ch](http://www.fintool.ch)



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