ASSET MANAGEMENT ASSOCIATION

Code of Conduct

Asset Management Association Switzerland Code of Conduct

***Please note*: The German and French versions of these guidelines are binding. The English translation is provided for information purposes only.**

5 August and 23 September 2021

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I Recognised minimum standard

The following Code of Conduct is recognised by the Swiss Financial Market Supervisory Authority FINMA as a minimum standard within the meaning of art. 7 para. 3 of the Financial Market Supervision Act (FINMASA). It pursues the objective **1**

- to maintain and promote the quality and standing of Swiss funds and asset management in Switzerland and abroad; **2**

- to ensure the transparency, functionality, and high standard of the market for collective investment schemes. **3**

The Code of Conduct is based on Article 20 et seqq. of the Collective Investment Schemes Act (CISA) and its implementing provisions. **4**

Any additional and potentially more stringent regulatory requirements for fund institutions under margin nos. 6-14 take precedence. **5**

II Scope of application

The Code of Conduct defines the requirements of Art. 20 et seqq. CISA in more detail and applies to the following **persons insofar as they manage or represent collective investment schemes or hold the assets of these schemes in safekeeping** (hereinafter "**fund institutions**"): **6**

a. fund management companies pursuant to Art. 32 et seqq. of the Financial Institutions Act (FinIA); **7**

b. managers of collective assets pursuant to Art. 24 para. 1 let. a FinIA; **8**

c. investment companies with variable capital (SICAVs) pursuant to Art. 36 et seqq. CISA; **9**

d. limited partnerships for collective investment pursuant to Art. 98 et seqq. CISA; **10**

e. investment companies with fixed capital (SICAFs) pursuant to Art. 110 et seqq. CISA; **11**

f. representatives of foreign collective investment schemes pursuant to Art. 123 et seqq. CISA; **12**

g. persons exempt from the duty to obtain authorization on the basis of Art. 6 FinIA and Art. 9 para. 2 of the Financial Institutions Ordinance (FinIO) (banks pursuant to the Banking Act, securities firms pursuant to FinIA, insurance companies pursuant to the Insurance Supervision Act (ISA)); **13**

h. agents of the persons listed in section II a-i. **14**

The provisions below apply to fund institutions under margin nos. 6-14. Portfolio managers pursuant to Art. 17 et seqq. FinIA (de minimis) and custodian banks pursuant to Art. 72 et seqq. CISA are not covered by the scope of these rules of conduct. In some instances, however, they do not apply to all fund institutions to the same extent insofar as **15**

some fund institutions do not engage in certain activities described therein or are subject to regulatory provisions that take precedence over this Code of Conduct and do not allow them to engage in such activities. For example, representatives of foreign collective investment schemes do not manage collective investment schemes, and no assets are entrusted to them; only a fund management company, SICAV or limited partnership for collective investment is authorized to make changes to fund documents. The provisions below thus apply to every fund institution under margin nos. 6-14 that actually engages in the activities described therein.

III Code of Conduct pursuant to Art. 20 et seqq. CISA

A Basic principles

Pursuant to section II, fund institutions must fulfill the product-specific duties of conduct toward their investors that are set out in Art. 20 CISA and the related implementing provisions. Art. 20 CISA specifies the following principles for protecting investors' interests: **16**

Art. 20 CISA Principles **17**

[1] Persons who manage or represent collective investment schemes or hold the assets of these schemes in safekeeping, as well as their agents, must fulfil the following duties in particular:

a. duty of loyalty: they act independently and exclusively in the interests of the investors;
b. due diligence: they implement the organisational measures that are necessary for irreproachable business conduct;
c. duty to provide information: they shall render account of the collective investment schemes which they manage and represent and the assets of these schemes which they hold in safekeeping, and provide information on all of the fees and costs incurred directly or indirectly by investors as well as compensation from third parties, particularly commissions, discounts or other financial benefits.

[2] *Repealed*

[3] Persons who manage or represent collective investment schemes or hold their assets in safekeeping, as well as their agents, shall take all necessary precautions to ensure that all duties in relation to all their business activities are performed properly.

Fund institutions fulfill the duties set out in Art. 20 CISA in line with their specific business activity, size, and structure, as well as in line with the specific characteristics of the collective investment schemes they manage or represent. **18**

B Duties of loyalty

1. Basic principle

Fund institutions must observe the duties in respect of loyalty set out in Art. 20 para. 1 let. a CISA and Art. 31 CISO. Art. 31 CISO states the following: **19**

Art. 31 CISO Duty of loyalty **20**

[1] Persons who manage or represent collective investment schemes or hold the assets of these schemes in safekeeping, or their agents, may only purchase investments from collective investment schemes for their own account at the market price and may only sell such investments from their own portfolios at the market price.

[2] In relation to services delegated to third parties, they shall waive the compensation owed to them in accordance with the fund regulations, company agreement, investment regulations or discretionary management agreement where such compensation is not used for the payment of the services rendered by such third parties.

[3] Where investments of a collective investment scheme are transferred to another scheme of the same licensee or a scheme belonging to a related licensee, no costs may be levied.

[4] Persons who manage or represent collective investment schemes or hold the assets of these schemes in safekeeping, or their agents, may not levy any issue or redemption fees if they purchase target funds which:

a. they manage themselves either directly or indirectly; or
b. are managed by a company with which they are related by virtue of:
   1. common management,
   2. control, or
   3. a significant direct or indirect interest.

[5] When a management fee is levied on investments in target funds pursuant to paragraph 4, Article 73 paragraph 4 applies accordingly.

[6] FINMA regulates the details. It may declare that paragraphs 4 and 5 also apply to other products.

2. Ban on holding assets in own name

Fund institutions that manage collective investment schemes are not permitted to hold assets that have been entrusted to them in safekeeping in their own name. At all times, they must manage all assets deposited with a bank solely on the basis of a power of attorney (in writing or another form that allows for proof by means of text) restricted to management and liquidation transactions. **21**

3. Investment and equal treatment principles

Fund institutions must comply with the principles on investments set out in Art. 21 CISA, which are as follows: **22**

Art. 21 CISA Investments **23**
[1] Persons who manage or represent collective investment schemes or hold their assets in safekeeping, as well as their agents, shall pursue an investment policy that at all times corresponds with the investment characteristics of the collective investment scheme as set out in the relevant documents.
[2] In respect of the purchase and sale of assets and rights on their own behalf as well as that of third parties, they are only entitled to receive the fees specified in the relevant documents. Compensation in accordance with Article 26 FinSA must be credited to the collective investment scheme.
[3] Assets acquired for their own account may only be purchased at market price, while any sale of own-account assets must also be at market price.

The duty set out in Art. 21 para. 1 CISA does not preclude fund institutions from redefining the investment policy of a collective investment scheme at any time (within the framework of the existing fund contract or investment regulations). **24**

Fund institutions manage their collective investment schemes in accordance with the principle of equal treatment, although differentiation is permissible where the facts dictate.[1] They must refrain from favoring certain collective investment schemes and/or groups of investors at the expense of others, although it is permissible to treat collective investment schemes differently depending on investor groups, subfunds, and/or unit classes. **25**

They take the necessary organizational measures to prevent certain investors and/or groups of investors from being favored at the expense of others. They set the corresponding internal instructions out in writing[2]. The principle of equal treatment also applies in particular to information provided to investors. For example, investors must not be consulted or informed in advance of any liquidation of a collective investment scheme. **26**

Corresponding organizational measures are to be governed by an internal policy on allocations: **27**

- in the case of allocations in respect of securities trades and similar transactions, if a fund institution has issued collective orders prior to allocation to the individual investment schemes; **28**
- in the charging of costs and expenses incurred in addition to the fee. **29**

[1] "Same is to be treated as such to the extent of its sameness, different to the extent of its difference." (see Federal Supreme Court ruling 136 I 1, consideration 4.1).
[2] These are unilateral instructions, so this requirement for the written form does not correspond to that set out in the CO, and such instructions therefore do not need to be signed.

4. Preserving and promoting the integrity of the market

Fund institutions must refrain from any action that might impair transparent and fair price formation on the investment markets. **30**

Fund institutions must not engage in any investment transactions or activities that might result in a manipulation of prices. **31**

Fund institutions must also comply with FINMA Circular 2013/8 “Market conduct rules” to the extent that it applies to them. **32**

5. Execution of securities trades and other transactions (best execution)

The following provisions apply to fund institutions on the basis of Art. 20 para. 1 let. a CISA: **33**

In selecting the counterparties via which they settle transactions, fund institutions must base their decisions on objective criteria set out in their best execution policy, acting in the interests of the investors. They must review the selection of counterparties at regular intervals. **34**

Fund institutions must settle transactions on the securities, foreign exchange, and other markets at terms in line with the market, while also ensuring best execution, i.e. the best possible outcome in terms of financial, time, and quality aspects. From a financial point of view, they take account not only of the financial instrument’s price, but also the costs involved in executing the transaction and third-party compensation. The specific details are to be governed by an internal policy, the effectiveness of which must be reviewed at least once a year. **35**

Fund institutions must ensure that commission-sharing agreements, as well as soft commissions and the services remunerated in this fashion (e.g. financial analysis, market and price information systems), accrue directly or indirectly to the collective investment scheme. They must therefore **36**

- define a clear policy on the use of commissions received under commission-sharing agreements or soft commissions on exchange transactions conducted for the collective investment scheme’s account and set this policy out in writing; **37**
- draw up appropriate regulations (in writing or another form that allows for proof by means of text) with the fund institutions entrusted with the management of the collective investment scheme’s assets and monitor compliance with these regulations; **38**
- transparently disclose to investors the existence of commission-sharing agreements or soft commissions and provide regular reports to the fund institutions’ controlling units. **39**

6. Avoidance/disclosure of conflicts of interest

Art. 32*b* CISO Conflicts of interest Persons who manage or represent collective investment schemes or hold the assets of these schemes in safekeeping, or their agents, must take effective organisational and administrative measures to identify, prevent, settle and monitor conflicts of interest in order to prevent the latter from harming the interests of the investors. Where conflicts of interest cannot be avoided, they shall be disclosed to the investors.

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Fund institutions must implement effective organizational and administrative measures, in accordance with their size and structure, to identify, prevent, eliminate, and monitor conflicts of interest (e.g. by regulating the flow of information between the fund institutions as well as between fund institutions and investors and between different investors) and also take this into account when appointing third parties. Measures must be taken to prevent specific collective investment schemes and/or individual investment schemes being placed at a disadvantage as a result of such conflicts of interest. If conflicts of interest cannot be avoided despite reasonable measures being taken, they must be disclosed to the investors in an appropriate manner. The specific details are to be governed by an internal policy. **41**

Fund institutions must apply a salary and remuneration policy that is appropriate in accordance with the principle of proportionality, their size, and their risk profile and motivates their employees to promote the long-term success of the collective investment schemes (in keeping with the minimum standards set out in FINMA Circular 2010/1 "Remuneration schemes"). They must refrain in particular from providing any financial incentive for conduct that might damage the investors' interests (e.g. bonus payments based on the volume of exchange transactions carried out). **42**

In respect of personal account trading by their employees with knowledge of planned or executed transactions, fund institutions must issue suitable policies to prevent **43**

- conflicts of interest arising with respect to investors; **44**
- the standing of fund institutions from being impaired by employees trading on their own personal accounts. **45**

Fund institutions must issue written[3] regulations on the receipt and granting of discounts and other benefits (such as invitations, etc.) by employees, so that any influence of the said on their decisions can be ruled out. **46**

7. Exercising membership and creditors' rights

In exercising membership and creditors' rights, fund institutions must comply with Art. 23 CISA in conjunction with Art. 34 para. 3 CISO. **47**

Art. 23 CISA Exercising membership and creditors' rights [1] The membership and creditors' rights associated with the investments must be exercised independently and exclusively in the interests of the investors. [2] Article 685*d* paragraph 2 of the Code of Obligations does not apply to investment funds. [3] If a fund management company manages several investment funds, the level of the participation with regard to the percentage limit set out in Article 685*d* paragraph 1 of the Code of Obligations is calculated individually for each investment fund. [4] Paragraph 3 also applies to each subfund of an open-ended collective investment scheme as defined in Article 92 et seqq.

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Fund institutions must issue internal policies governing the exercise of membership and creditors' rights, cases in which membership rights must be exercised (e.g. by pension institutions under Art. 22 of the Ordinance against Excessive Compensation with respect to Listed Stock Corporations), and cases in which such rights may be waived. They must **49**

[3] See footnote 2.

ensure transparency that will enable investors to obtain a clear record of when and how membership and creditors' rights have been exercised.

In the case of scheduled routine transactions, fund institutions are free to waive the exercise of membership and creditors' rights or to delegate their exercise to the custodian bank or third parties. **50**

In the case of all other events that might have a lasting impact on the interests of investors, such as, in particular, the exercise of membership and creditors' rights that the fund institution holds as a shareholder or creditor of the custodian bank or another legal entity related to the fund institution, the fund institution must exercise the voting rights itself or issue explicit instructions. In such cases, it may base its actions on information it receives from the custodian bank, the asset manager, the company concerned or from third parties, or that it ascertains from the media. **51**

8. Investor protection proceedings

Fund management companies, SICAVs, and limited partnerships for collective investment may, in the interests of their investors, participate in investor protection proceedings (e.g. class actions or investor test cases) relating to the investments in the collective investment schemes they manage. In such cases, they are free to participate themselves, appoint a proxy or assign the claims. **52**

Fund management companies, SICAVs, and limited partnerships for collective investment must issue internal policies governing the principles for deciding whether or not to participate in such proceedings and the procedure for participating, and record the apportionment of costs in the fund documents. **53**

9. Handling complaints from investors

Fund institutions must ensure by means of a suitable organization and corresponding internal policies that complaints from investors are handled appropriately and quickly. They assign responsibility for handling such complaints to a unit that is independent from their operations and issue rules on internal escalation. **54**

C Due diligence

1. Basic principles

SICAVs, SICAFs, limited partnerships for collective investment, and representatives of foreign collective investment schemes must comply with the CISA authorization requirements (Art. 13 CISA in conjunction with Art. 14 para. 1 CISA) at all times. Managers of collective assets and fund management companies must comply with the FinIA authorization requirements as well as those set out in other applicable financial market laws at all times. **55**

Fund institutions must also observe the due diligence obligations set out in Art. 20 para. 1 let. b CISA and Art. 33 CISO. **56**

Art. 33 CISO Due diligence
[1] Persons who manage or represent collective investment schemes or hold the assets of these schemes in safekeeping, or their agents, shall ensure the effective separation of the activities of decision-making (asset management), implementation (trading and settlement) and administration.
[2] FINMA may in justified individual instances permit exemptions or order the separation of additional functions. **57**

2. Organizational measures: delegation of tasks, risk management, and internal control system

Fund institutions must issue internal regulations and have an appropriate operating organization to ensure compliance with their statutory duties. This is a prerequisite for authorization. It is set out in Arts. 13 and 14 para. 1 let. c CISA as well as Art. 12 CISO for SICAVs, limited partnerships for collective investment, SICAFs, and representatives of collective investment schemes and in Arts. 5, 9, and 33 FinIA as well as Arts. 37 and 51 FinIO for fund management companies and managers of collective assets. **58**

Fund institutions must have **internal regulations and an appropriate organization** to ensure compliance with their statutory and other duties, as set out in an internal policy. Within the confines of the statutory and regulatory requirements pertaining to organization and personnel, they are in principle free to choose the organization in keeping with the structure and size of their business. **59**

The **delegation of tasks** is governed by the corresponding FinIA and CISA provisions (Arts. 14, 27, and 35 para. 1 FinIA; Arts. 14 para. 1ter, 36 para. 3, and 51 para. 5 CISA) as well as the implementing provisions in the respective ordinances (Arts. 15-17, 40, and 56 FinIO; Arts. 12b-12d and 65 CISO). **60**

When delegating tasks, fund institutions must select only those agents that are adequately qualified to execute the tasks in question properly. **61**

Fund institutions must implement the measures necessary to ensure the correct instruction of their agents, as well as the proper supervision and monitoring of the execution of the task. They must agree which tasks are to be delegated in writing or another form that allows for proof by means of text. **62**

When they delegate the sale of collective investment schemes in Switzerland to third parties, fund institutions must agree in writing or another form that allows for proof by means of text which specific tasks are to be delegated. This agreement must comply with the Swiss standard or an internationally recognized standard. **63**

In particular, fund institutions must agree interfaces, responsibilities, authorities, and liability in an appropriate manner. They must also ensure that the necessary rights in respect of access to books and records, issuing instructions, and inspections are contractually defined. **64**

Fund institutions must have **appropriate risk management** and **effective controls**. For open-ended collective investment schemes, the fund management company or SICAV must ensure liquidity in line with the frequency of redemptions and review the tools needed for appropriate liquidity management as well as the appropriateness of the related processes and organizations on regular basis (at least once a year). It must also conduct a formal assessment of expected liquidity risks on a regular basis (at least once a year). Art. 9 FinIA and Arts. 41, 51, and 57 FinIO apply to fund management companies and managers of collective assets; Art. 14 para. 1ter CISA and Art. 12*a* CISO apply to SICAVs, limited partnerships for collective investment, SICAFs, and representatives of collective investment schemes. **65**

Fund institutions must define the **organization of structures and processes**, their **internal control system**, and **responsibilities** in **writing**[4] in a suitable form. **66**

Particular attention is to be paid to the following: **67**

- rules of conduct and responsibility for extraordinary circumstances (e.g. large issues and redemptions of units, suspension of trading on investment markets, situations in which the valuation of investments is impossible, valuation discrepancies); **68**
- appropriate control of the group of investors; **69**
- regulations governing access to the software used for valuation, recording deals, and controlling; **70**
- adequate risk management in accordance with the applicable provisions and regular information to the body responsible at the fund institution; **71**
- appropriate business continuity management (BCM) – that also takes account, for example, of cyber risks – to ensure that critical business processes can be maintained if a severe, large-scale event should occur, be it internal or external; the appropriateness of BCM depends on the size of the company's operations, is the responsibility of the Board of Directors, and must be reviewed once a year; **72**
- the valuation of the collective investment scheme's assets (e.g. permitted valuation prices, the recording of interventions, plausibility checks on valuation prices), which must be made independently (in terms of issuing instructions) of the persons responsible for the investment decisions; **73**
- constant monitoring of compliance with the investment restrictions laid down in the law and the regulations, as well as all other applicable provisions and regulatory requirements; **74**
- rules of conduct and powers for cases in which, in addition to engaging in the fund business, the fund institution is at the same time active in asset management, investment advice and/or the safekeeping and technical administration of collective investment schemes. **75**

Fund institutions must work only with **custodian banks** that are sufficiently qualified to perform the relevant tasks properly. They must conclude a contract with the custodian bank that specifically defines interfaces and responsibilities. **76**

The execution of securities trading orders by the custodian bank, as well as any other services to be provided by the custodian bank for the fund institution, must also be contractually defined. **77**

[4] See footnote 2.

D Duties of disclosure

1. Basic principle

Fund institutions must observe the duties of disclosure set out in Art. 20 para. 1 let. c CISA and Art. 34 CISO. **78**

Art. 34 CISO Duty of disclosure **79**
[1] Persons who manage or represent collective investment schemes or hold the assets of these schemes in safekeeping, or their agents, shall draw investors' attention to the risks associated with a specific type of investing in particular.
[2] They shall disclose all costs incurred on the issue and redemption of units and in the administration of the collective investment scheme. In addition, they shall disclose the manner in which the management fee is used and the levying of any performance fee.
[3] The duty of disclosure with regard to compensation for distribution of collective investment schemes encompasses the nature and scale of all fees and other pecuniary benefits through which the activities of the distributor are to be compensated.
[4] Persons who manage or represent collective investment schemes or hold the assets of these schemes in safekeeping, or their agents, shall ensure a degree of transparency in the exercising of membership and creditors' rights such that investors are in a position to comprehend the manner in which such rights are exercised.

2. Wording of fund documents

In drafting a fund's prospectus, key information document, and other documents (fund contract, investment regulations, partnership agreement), fund institutions must ensure compliance with the relevant provisions of the CISA and FinSA as well as any applicable provisions of foreign law. **80**

In drafting their fund documents, fund institutions must ensure a consistent information policy that takes appropriate account of risk potential and risk complexity and enables investors to gain an objective picture of the performance of collective investment schemes and their units. **81**

Fund management companies and SICAVs must ensure that requests for information concerning the basis for calculating the net asset value and the exercising of membership and creditors' rights, as well as risk management and complaints, are dealt with quickly and professionally. **82**

With regard to the specific details of the duty of disclosure, fund institutions must comply with the relevant statutory and self-regulatory provisions. **83**

Art. 48 FinSA Open-ended collective investment schemes **84**
[1] For open-ended collective investment schemes as defined in Title 2 of the CISA, the fund management company (Article 32 FinIA) and the investment company with variable capital (SICAV) (Article 13 paragraph 2 letter b CISA) shall produce a prospectus.
[2] The prospectus shall include the fund regulations in cases where interested persons are not notified as to where such regulations may be separately obtained prior to an agreement being concluded or prior to subscription.
[3] The Federal Council shall determine which information must be set out in the prospectus apart from the fund regulations.
[4] The prospectus and its amendments shall be submitted to FINMA without delay.

Art. 49 FinSA Closed-ended collective investment schemes **85**
[1] A limited partnership for collective investment under Article 98 CISA shall produce a prospectus.
[2] Specifically, this shall contain the information contained in the partnership agreement in accordance with Article 102 paragraph 1 letter h CISA.
[3] For the prospectus of an investment company with fixed capital (SICAF) in accordance with Article 110 CISA, Article 48 applies by analogy.

Art. 50 FinSA Exemptions **86**
FINMA may exempt collective investment schemes under the CISA from all or some of the provisions of this chapter, provided that they are open only to qualified investors in accordance with Article 10 paragraphs 3 and 3ter CISA and the protective purpose of the law is not thereby affected.

In publishing performance data for the collective investment schemes they manage, fund institutions must comply with the Asset Management Association Switzerland's Guidelines on the calculation and publication of performance data of collective investment schemes. **87**

Fund institutions must disclose all fees and incidental costs incurred on the issue and redemption of units of their collective investment schemes and in the management of their collective investment schemes. They must ensure appropriate transparency with regard to costs and comply with the Asset Management Association Switzerland's Guidelines on the calculation and disclosure of the total expense ratio (TER) of collective investment schemes. **88**

3. Reporting and disclosure duties

Fund institutions must observe the duties of disclosure specified in Art. 20 para. 1 let. c CISA and Art. 34 CISO in respect of their clients and any third parties. **89**

If a fund institution is involved in calculating (and publishing) the performance data for the collective investment schemes it manages, it must comply with internationally recognized standards in respect of: **90**

- the calculation method; **91**
- an appropriate period (e.g. 1, 3, and 5 years as well as since launch); **92**
- the selection of suitable benchmarks. **93**

It must disclose any deviations from the standard automatically as part of its financial reporting. **94**

Fund institutions must inform their clients in an appropriate manner about **95**

- potential conflicts of interest; **96**
- investment processes, investment strategies, risk factors (e.g. any liquidity problems), use of derivatives, structured products, etc.; **97**
- significant changes in personnel or in the organization. **98**

Fund institutions must agree with their clients in writing or another form that allows for proof by means of text the specific rights and obligations of each party as well as the other terms of the service to be performed. **99**

Specifically, the agreement must contain information on the following points: **100**

- the scope of the fund institution's powers; **101**
- investment objectives and restrictions in accordance with the pertinent provisions set out in the collective investment schemes' documents; **102**
- each collective investment scheme's reference currency according to the pertinent provisions set out in its documents; **103**
- permitted investments, investment techniques, and the use of derivatives and structured products; **104**
- the method and frequency with which financial statements are supplied to the client; **105**

- the type, structure, and components of the fund institution's remuneration, taking into account Art. 21 para. 2 CISA; **106**
- the possibility of delegating tasks to third parties subject to Arts. 14, 27, and 35 para. 1 FinIA as well as Arts. 14 para. 1ter and 36 CISA. **107**
- reporting duties (if necessary and not already governed elsewhere). **108**

IV Duties regarding the charging and use of fees and costs

A Duty to provide information with regard to the charging of fees and costs

1. Setting fees and costs and definition of terms

In principle, fund institutions set the type and amount of fees and negotiate the costs to be charged in accordance with the fund regulations or partnership agreement, in particular the following: **109**

- the fees set out in Art. 37 para. 1 lets. a to d CISO; **110**
- the incidental costs set out in Art. 37 para. 2 CISO; and **111**
- commissions and fees incurred in connection with the issue and redemption of units (Art. 38 CISO). **112**

Fund institutions have the right to designate fees and costs individually or to aggregate them under one or more terms (e.g. "all-in fee" or "flat fee"). In the latter case, they must take into account the provisions of Art. 37 para. 4 CISO. **113**

A fund management company / SICAV may structure a Swiss fund to have various unit classes with different fee rates (including unit classes with a management fee of 0%). In such cases, the conditions for participating in a given class must be defined on the basis of objective criteria (e.g. unit class for qualified investors, with a minimum investment volume or for investors who have entered into a discretionary management or similar agreement with the asset manager), and this must be disclosed transparently in the fund documents. **114**

2. Duty to provide information

In principle, fund institutions must disclose the information regarding the charging and use of fees and costs required under Art. 20 para. 1 let. c CISA transparently in the fund documents (e.g. fund contract, investment regulations, prospectus or annual report). **115**

In the absence of any further-reaching provisions under B below, the following information is to be disclosed in the fund documents[5] in respect of the charging of fees and costs: **116**

[5] For Swiss funds, this essentially means the fund contract (Arts. 35a para. 1 let. j, 37 para. 3, and 38 para. 2 CISO).

- the fees and costs the fund institution may charge to the fund; **117**

- the level of such fees; bands or maximum rates may also be specified (in such cases, the actual fees charged must be disclosed in the annual report); **118**

- the level of the fees and incidental costs in the last reporting period; the scope set out in Art. 94 CISO-FINMA is sufficient for the disclosure. **119**

The following information is to be disclosed in the fund documents in respect of the use of indirect fees and costs: **120**

- whether the fees and costs may be used to pay third parties for the provision of services in connection with the performance of the fund business without the identity of the third parties or the amounts paid to them having to be disclosed (e.g. the identity of the distributor or the amount of the retrocessions paid to it, or the identity of the sub-custodian and the sub-custody fees paid to it); as well as **121**

- the services concerned. A general description is sufficient here. **122**

3. Duty to provide information on request

In addition to the duty to provide information pursuant to Art. 20 para. 1 let. c CISA, fund management companies and SICAVs (Art. 84 CISA) and limited partnerships for collective investment (Art. 106 CISA) have a duty to provide investors with information on request pursuant to Art. 84 CISA, provided the following conditions are met: **123**

- Both current and former investors[6] are entitled to receive information. **124**

- Investors must assert their justified interest; in particular, the duty to provide information is restricted to their specific investment and the period in which they were invested, taking into account the legal regulations on limitation periods and the reasonableness of their information request. **125**

Agents of the fund management company, SICAV or limited partnership for collective investment must ensure that it receives the access and support it needs to fulfill the duty to provide information. **126**

B Duties regarding compensation received from / paid to third parties (retrocessions and rebates)

1. Compensation from third parties

Art. 20 para. 1 let. c CISA states that fund institutions must provide information on compensation their funds receive from third parties, particularly commissions, discounts or other financial benefits. **127**

Fund institutions must credit compensation paid to their funds by third parties to the respective collective investment scheme. **128**

[6] With regard to the period during which they were invested.

2. Retrocessions

For the purposes of this Code of Conduct, retrocessions are deemed to be payments and other soft commissions paid by fund institutions to third parties mandated to promote the sale of their collective investment schemes. **129**

Retrocessions are normally agreed in writing or another form that allows for proof by means of text and paid from the management fee and/or the distribution fee. **130**

Any duty of disclosure and restitution on the part of the recipient of a retrocession is determined by the recipient's contractual relationship with the investors (discretionary management agreement, advisory agreement, execution only) and Art. 26 FinSA. **131**

The receipt of retrocessions for distribution activities may give rise to conflicts of interest, for example if the recipients have already been compensated for their service. In such cases, the recipient must observe the duties set out in Arts. 25-27 FinSA (Conflicts of interest). **132**

3. Rebates

For the purposes of this Code of Conduct, rebates are defined as payments made by fund institutions directly to investors from a fee or cost charged to the fund with the purpose of reducing the said fee or cost to a contractually agreed amount. **133**

Rebates are permitted, provided that **134**

- the aforementioned fund institutions pay them from the fees due to them (so that they are not charged additionally to the fund assets); **135**
- they are granted on the basis of objective criteria (see below); **136**
- all investors (irrespective of whether or not they are qualified investors) who qualify on the basis of these objective criteria and demand rebates are also granted these within the same time frame and to the same extent; and **137**
- they are disclosed transparently in the fund documents[7] (see below). **138**

Examples of objective criteria include the investment volume of a fund or the product range of a promoter of collective investment schemes, the amount of fees generated by investors, the expected investment period, and the investor's willingness to support a fund in its launch phase. **139**

The fund documents must disclose whether investors may be granted rebates on the fees or costs, and if so, subject to which conditions (objective criteria). **140**

At the investor's request, fund institutions must disclose free of charge the objective criteria for granting rebates and the corresponding amounts. The names of the persons who already receive rebates need not be disclosed (business confidentiality). **141**

[7] For Swiss funds, this means the prospectus.

V Other provisions

A Minimum standard

The Swiss Financial Market Supervisory Authority (FINMA) recognized this self-regulation in the version dated 5 August 2021 and 23 September 2021[8] as a minimum standard on 25 August 2021. **142**

B Entry into force

This Code of Conduct was approved by the Board of Directors of the Asset Management Association Switzerland on 5 August 2021 and 23 September 2021 and enters into force on 1 January 2022. **143**

[8] Under reservation of the amendments according to the resolution of the Board of Directors of 23 September 2021.