

## Client Alert



September 30, 2014

### **New Rules for the Distribution of Structured Products in Switzerland**

New rules for the distribution of structured products in Switzerland have been published recently. In particular, a revised version of the SwissBanking-Guidelines on informing investors about structured products has been prepared by the Swiss Bankers Association (SBA) in collaboration with the Swiss Structured Products Association (SSPA). Simultaneously, the Swiss Financial Market Supervisory Authority (FINMA) has published a new version of the FINMA-FAQs on Structured Products.

#### **1. Introduction**

The SwissBanking-Guidelines on informing investors about structured products of September 2014 (the "**Guidelines**") define the minimum requirements a Swiss simplified prospectus for structured products must fulfil. FINMA has recognized the Guidelines as minimum standard. Further regulatory guidance on the distribution of structured products in Switzerland is set out in the FINMA-FAQs on Structured Products of September 10, 2014 ("**FAQs-Structured Products**"). Both documents have been updated due to an important decision by the Swiss Federal Supreme Court concerning distribution fees as well as the recent revision of the CISA.

#### **2. Revised Guidelines on Informing Investors about Structured Products**

##### **■ Scope of the revised Guidelines**

The main objectives of the revised Guidelines are to enhance transparency with respect to fees of structured products for investors and the implementation of the concept of regulated distribution to non-qualified investors which was introduced by the last revision of the CISA. Furthermore, the Guidelines have the purpose to regulate the standard product information that must be made available to non-qualified investors with respect to structured products.

##### **■ Key Points**

The revised Guidelines set out rules on the following key aspects:

1. Disclosure of fees (including distribution fees)
2. Revised concept of regulated distribution to non-qualified investors
3. Standard content of a simplified prospectus
4. Transitory provisions

## ■ Indicative Timetable

The following timetable represents an indicative schedule for the implementation of the revised Guidelines. However, the upcoming process may differ from this indicative schedule and readers should be aware that the below stated dates may change.

Timetable regarding the implementation of the revised Guidelines					
2014		2015			
Q3	Q4	Q1	Q2	Q3	Q4
-	Assessment of effected product documentation and distribution agreements	- Amendment of templates - Entering into effect of the revised Guidelines on 1 March 2015	Use of the revised simplified prospectuses for distribution activities		

## ■ Possible Effects on Financial Product Providers

The revised Guidelines will apply to all financial institutions that issue or distribute structured products to non-qualified investors in or from Switzerland. Therefore, these institutions will have to implement the new Guidelines with respect to the production of simplified prospectuses of structured products. In particular, distribution fees must be disclosed in simplified prospectuses of new products at the latest by March 1, 2015. The revised FAQs-Structured Products have been abbreviated and will most likely not have a substantial effect on financial product providers.

## 3. Conclusion

The revised Guidelines require swift implementation. Financial services providers need to assess whether and to what extent their business will be affected. In particular, issuers and distributors of structured products need to evaluate if their product documentation and distribution agreements are affected.

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