



## Media release

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Embargo -

### SFBC amends circular on public advertising

**The Swiss Federal Banking Commission (SFBC) liberalises regulation on funds by amending its circular on public advertising. As of now, affluent private clients are categorised as maintaining a qualified relationship with the advertiser.**

13 March 2006 – The circular on “Public Advertising under the Swiss Federal Act on Investment Funds” (SFBC-C 03/1) defines the term of public advertising, clarifying whether a license as an investment fund or as a distributor is required. It also regulates under what conditions distributing foreign investment funds is license-free: Distribution to institutional investors with a professionally managed treasury as well as to individuals maintaining a “qualified relationship” with the advertiser are license-free. A “qualified relationship” means a written portfolio management contract concluded between an existing client and an asset manager (i.e. banks, securities dealers, or independent asset managers).

The SFBC has now liberalised and extended the applicability of “qualified relationship” maintained with the advertiser. In the new version of the circular, investment advisory services provided by banks and securities dealers do no longer represent public advertising for foreign investment funds under the condition that a written investment advisory contract has been concluded by the institute and the client, provided that the client proves that he or she disposes of a minimum of CHF 5 mio. of financial investments. Thus, affluent private clients, or High Net Worth Individuals (HNWIs), as they are called, will also qualify for an exception.

With this liberalisation the SFBC partly accounts for requests brought forward by the funds industry and the banks. It follows the path given by the amendment of the Act on Investment Funds. In the new Collective Investment Act (CIA)<sup>1</sup> affluent private clients are put in the same category as institutional investors.

The circular on public advertisement as amended will come into force on April 1, 2006.

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<sup>1</sup> The CIA was on the agenda of the National Council first and was adopted on March 8, 2006.