

## **FINMA report on the consultations of 5 September 2008**

**with respect to**

**the report on "Distribution compensation"  
and  
the draft circular "Guidelines on asset management"**

### **Summary**

The SFBC, which has been integrated in a new authority called FINMA on 1 January 2009, submitted its report on distribution compensation and its draft circular "Guidelines on asset management" for consultation purposes between 5 September and 10 November 2008. The consultation process generated plenty of feedback, most of which was positive. In particular, there was a lot of backing for the FINMA's proposal to lend more transparency to the distribution of financial products.

The course which the FINMA favours – that of applying transparency at the point of sale in a uniform manner for all products – is generally regarded as the best solution. In particular, this approach permits to abandon the associated provision outlined in the SFA's Directive on transparency with regard to management fees.

With regard to the draft circular "Guidelines on asset management", a number of ideas formulated therein exceed the FINMA's remit – even significantly in places. For example, the push for a supervisory review of all asset management activities in Switzerland is of no relevance to the circular. The circular's sole purpose is to stipulate the minimum standard professional associations must attain for their rules of conduct to gain formal recognition by the FINMA. Instead of promoting homogenisation, the FINMA's intention is to define a given minimum threshold, either at the independent management level or in relation to management activities under supervisory authority.

Given that the self-regulatory model prescribed by the Swiss Bankers Association (SBA) is very close to the FINMA's required regulatory standard and has already been recognised by the FINMA, the FINMA will only formally oblige the SBA to adapt the rules concerning the remuneration of asset managers. However, in relation to the other relevant points, the FINMA invites the SBA to use the next self-regulatory review as an opportunity to identify provisions which still need to be revised.

The circular shall enter into force with immediate effect. Professional associations which outline their rules of conduct to the FINMA from now until the end of February will be included in the initial review batch. Depending on the number of requests, other rules of conduct will be assessed at regular intervals thereafter.