

**SWISS FUNDS ASSOCIATION ("SFA") GUIDELINES ON TRANSPARENCY WITH REGARD TO MANAGEMENT FEES ("SFA-GUIDELINES") – EXTENSION OF TRANSITION PERIOD FOR COMPLIANCE BY NEW SWISS AND FOREIGN FUNDS UNTIL 1 JULY 2006**

On 29 December 2005, the SFA in consultation with the Swiss Federal Banking Commission ("FBC") published its Circular 21/05 ("SFA-Circular") providing for an extension of the transition period for compliance by new Swiss and foreign funds until **1 July 2006**. In light of the former communications by the FBC regarding the handling of the transition period with respect to the disclosures on the "Swiss page" in the prospectuses of foreign funds (to be) registered in Switzerland (see section II A 2 last paragraph of the SFA-Guidelines, download: <http://www.sfa.ch/download.php?id=527>), the transition periods will expire as follows:

- new funds (including new sub-funds of already registered umbrellas) to be registered in Switzerland: **This deadline has explicitly been extended to 1 July 2006.**
- registered funds which change the provisions of the prospectus/fund regulations regarding fees/commissions and costs: **Reading the SFA-Circular together with the SFA Circular 12/05, dated 5 October 2005** (The SFA Circular 12/05 states that funds with changes regarding provisions of the prospectus/fund regulations regarding fees/commissions and costs will be treated in the same way as new funds), **it could be argued that this deadline has implicitly been extended to 1 July 2006.** However, the SFA-Circular is not clear in this respect.
- registered funds which do not undergo changes mentioned above benefit from the transition period until 31 December 2006; this deadline remains unaffected by the SFA-Circular.

To be able to pay reimbursements and trailer fees (as defined in section II B 3 of the SFA-Guidelines) the following conditions will have to be met already now (no transition periods in this respect):

- general disclosure in annual and semi-annual reports (i.e. for reporting periods ending after August 2005);
- general disclosure in prospectus that distributors may be remunerated;
- the circle of recipients of reimbursements/trailer fees may only consist of categories as outlined in the SFA-Guidelines (see section II B 4 of the SFA-Guidelines).

We think that the extension of the transition period for new funds (including new sub-funds of umbrellas) offers room to clarify with the SFA and the FBC the yet remaining many unclear points regarding the implementation of the SFA-Guidelines in the case of foreign funds.

For more information feel free to contact any of our investment fund specialists ([www.nastra.ch](http://www.nastra.ch)).