

CROSS-BORDER DISTRIBUTION:

SWISS FUNDS ASSOCIATION SFA ("SFA") CLARIFIES

The Swiss representative of a foreign fund registered in Switzerland for public distribution has to be a party to any distribution agreement allowing public distribution of such fund in or from Switzerland.

The SFA News of April 2002 stated that distribution agreements may under certain circumstances be entered into directly between a foreign fund or fund management company and a Swiss distributor and that the Swiss representative does not necessarily have to be a party to such distribution agreements. This statement has now been revoked (SFA News of April 2003) considering a "new" Swiss Federal Banking Commission ("FBC") practice to the contrary. Therefore, distribution agreements entered into between a foreign fund or fund management company and a Swiss distributor without involving the Swiss representative of the fund as a party thereto are not permissible.

Our view: this has always been the case by operation of law and we have advised our clients accordingly; our affiliated representative company First Independent Fund Services has always without limitation requested to be a party to any distribution agreements.

For more information, feel free to contact any of our investment fund specialists (www.nastra.ch).