

**SWISS FUND LAW EVOLVING****Draft new Federal Act on Collective Investments (Collective Investment Act, "CIA") circulated for consultation until 1 May 2004**

The CIA is set to replace the Swiss Investment Fund Act of 18 March 1994 (as amended, "IFA") extending the scope of regulated forms of collective investments. It is unlikely that the new Act will become effective before the second half of 2005.

In the meantime it is planned to partly revise the Swiss Investment Fund Ordinance ("IFO") under the IFA by implementing those parts of UCITS III deemed necessary in order to "keep up to speed" with the EU. It is not expected that the revised IFO will be circulated for consultation. According to our informal contacts with the regulator the revision of the IFO will include the implementation of the Product Directive and as the only point of the Management Directive provisions concerning the simplified prospectus.

The remaining points of the Management Directive should be dealt with in the totally revised Ordinance to be issued under the CIA ("CIO").

We would like to emphasise that the draft CIA may be amended amongst others as a result of the consultation process and that many important issues will only be treated at the level of the new CIO.

**➤ Key points of the draft CIA:**

- Purpose of investor protection implicitly expanded to allow different treatment of investor categories;
- "Same business, same rules": Listed investment companies (as defined the respective rules of SWX Swiss Exchange) and investment foundations ("Anlagestiftungen") newly subject to collective investment regulations;
- New forms of Swiss collective investment vehicles:
  - Swiss SICAV and
  - Limited Partnership (purpose: venture capital investments; for qualified investors only);
- Explicit references to possibility of mandatory application of self-regulatory rules;
- Subscription for shares/units of alternative investment vehicles registered in Switzerland: written form no longer required.

**➤ Our view:**

The new forms of Swiss collective investment vehicles could make Switzerland more attractive as a fund domicile. However, it yet remains to be seen whether the CIA and the CIO in their final form will be able to successfully integrate Swiss funds into the European environment.

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