

Increased transparency for structured products

Basel, 10 September 2014 – The Swiss Bankers Association (SBA) has amended its guidelines for informing investors about structured products. These amendments were realised for the first time together with the Swiss Structured Products Association (SSPA) and are therefore effective for both associations. The revised guidelines incorporate the amendments made to the Federal Act on Collective Investment Schemes (CISA) and also increase transparency with regard to the fees associated with the distribution of structured products. They have been approved by the Swiss Financial Market Supervisory Authority (FINMA) and will come into effect on 1 March 2015.

The SBA, in close consultation with the SSPA, has amended its July 2007 guidelines for informing investors about structured products. On the one hand, the revised guidelines incorporate the amendments made to the Federal Act on Collective Investment Schemes (CISA) and on the other, serve to satisfy investor interest in having more information regarding distribution fees.

As per the revised CISA, the guidelines now dictate that a so-called “preliminary” simplified prospectus must be offered free of charge to any interested person prior to subscription and before conclusion of the contract. This obligation is a supplement to the existing obligation that the “definitive” simplified prospectus is to be offered upon issue or upon conclusion of the contract. In addition, the revised guidelines also dictate that the simplified prospectus must be structured according to the following three main categories: “Product description”, “Profit and loss prospects” and “Important risks for investors”. This will help to inform investors even better.

As a result of this revision, the SBA and SSPA have also contributed to the increased transparency of fees associated with the distribution of structured products. According to the revised guidelines, “all fees for the distribution of a product that are included in the issue price or in an up-front fee by the issuer at the time of issue of a structured product” must now be indicated. This obligation to disclose also includes sales commissions which are paid to “distribution partners”. Distribution fees are to be indicated as a percentage of the nominal value of the individual structured product.

The Swiss Financial Market Supervisory Authority (FINMA) has approved the revised guidelines. They will come into effect on 1 March 2015.

Information for editors

This press release and the amended guidelines can be found on our homepage www.swissbanking.org.

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