

**DIRECTIVE 14:**

**CODE OF DEONTOLOGY  
CONCERNING THE EXERCISE OF THE  
PROFESSION OF  
INDEPENDENT ASSET MANAGER**

**Art. 1      Preamble**

**In an effort to preserve and enhance the professional reputation of independent asset managers and investment advisers practicing in Switzerland,**

**in the desire to contribute efficiently to the protection of investors and to the operation of integrated financial markets,**

**with the intention to make an efficient contribution to the prevention of money laundering and terrorism financing,**

**ARIF has enacted the present Code of Deontology, which expresses the rules of good professional practice of independent asset management and investment advisory services, in conformity with the statutory duty to safeguard the client's interests.**

**The present Code of Deontology is subject to the approval of the authority competent for financial market supervision.**

## **Art. 2      Scope of application**

**The present Code of Deontology is applicable to independent asset managers and investment advisers who have declared their intent to be subjected thereto or have the obligation to subject themselves to such rules by virtue of the standards governing their activity.**

**From a material point of view, the present Code of Deontology is applicable to the supply of financial services, namely to asset management, investment advisory services and financial planning.**

*Implementing provisions:*

*1. Independent asset managers and investment advisers subject to the present Code of Deontology must offer all guarantees of an impeccable activity, in Switzerland and abroad, during the entire duration of the activity governed thereby.*

*Independent asset managers and investment advisers cogently subjected to the present Code of Deontology by virtue of their activity must comply with it as from the beginning of the subjected activity. They must report to ARIF within the two months following the beginning of this subjection.*

*Independent asset managers and investment advisers who, without being obliged thereto, wish to subject themselves to ARIF's Code of Deontology may do so at any time by mere declaration. This voluntary subjection may not be revoked before the end of the audit period during which it has been declared.*

*Any cogently or voluntarily subjected activity must give rise to an audit in accordance with ARIF's Directives.*

*The Code of Deontology in its present amended version comes into force on January 1<sup>st</sup>, 2014 and applies immediately to asset managers and investment advisers who become subject, either voluntarily or compulsorily, to said Code with effect only from or after this date; asset managers already subject to the Code of Deontology in its previous version have until December 31<sup>st</sup> 2014 to bring their practice and their written management contracts into conformity with the present amended version.*

### **Art. 3 Independence of asset management**

**The independent asset managers and investment advisers exercise their profession freely and under their own responsibility. In their professional activities, they dedicate themselves to their task as advisors of the client for all financial and patrimonial matters. They are conscious of their responsibility and of the determinant role which their activity may have for their clients' economic existence.**

*Implementing provisions:*

*2. Are considered as independent the asset managers and investment advisers having, within the scope of their services' supplying, all the necessary freedom to decide on investments and on the investment policy, in spite of a possible majority participation held by a third party. Subject to transparent cooperations between companies of the same group in the client's favour, the independent asset managers and investment advisers must not be bound by duties of exclusivity when they propose the supply of financial services and products.*

*3. The asset managers and investment advisers take adequate organizational measures in order to prevent any conflicts of interests and to make sure that the clients are not prejudiced by such conflicts. They ensure in particular:*

- that the transactions for which the asset manager's or the investment adviser's interests are in conflict with the client's interests are carried out in a way to avoid any disadvantage for the client;*
- organizational measures adjusted to the size and structure of their firm in order to prevent conflicts of interests, in particular a functional separation, a limitation of the information flow and other appropriate measures;*
- that the modalities for the remuneration of the persons entrusted with the asset management or investment advisory services avoid incentives likely to generate a conflict with the duty of loyalty regarding the client.*

*The conflicts of interests which could not be prevented by appropriate organizational measures must be declared to the client.*

*4. The asset managers and investment advisers enact, for their own activities and the activities of their staff members aware of planned or exe-*

*cuted transactions for the account of clients, appropriate directives aimed at avoiding the obtaining of any patrimonial advantage through an abusive behaviour. Investments and transactions must be advised and take place in the clients' interest. The asset manager in particular refrains from carrying out any transactions on clients' deposits in the absence of any economical interest for them ("churning") (cf. also Implementing provision no. 9).*

*5. The asset managers and investment advisers recommend to their clients the banks and securities traders offering the best guarantees in terms of prices, execution time limits and volumes ("best execution") as well as a sufficient credit standing.*

*Before transmitting orders to securities traders other than the client's custodian bank ("direct orders") or instructing the client's custodian bank to transmit orders to a particular trader ("directed orders"), the asset manager must have been commissioned in this sense by the client.*

*6. The independence of asset management and investment advice furthermore requires:*

- that specialists are being called on for operations implying a particular know-how;*
- that the client's overall patrimonial situation is being considered in order to give him best advice in the choice of his investment policy.*

*If the client refuses to provide any details on his overall patrimonial situation, he must be appropriately informed on the possible particular risks which he thereby incurs. Art. 6 is applicable by analogy.*

#### **Art. 4      Preservation and promotion of the market's integrity**

**The asset managers and investment advisers recognize the importance of the financial markets' integrity and transparency. As market players, they behave in accordance with the rules of good faith and refrain from any behaviour likely to harm a transparent price formation in conformity with the market. They refrain from any advice, any investment and any activity likely to lead to an undue price manipulation.**

*Implementing provisions:*

*7. The investment adviser's advice and the asset manager's orders are decided upon the basis of information which is published, accessible to the public or resulting therefrom. Any other information must be considered as confidential. The exploiting of confidential information likely to influence prices is inadmissible.*

*In this respect, information is considered to be likely to influence the prices when it is in a position to influence considerably the quotation or the stock exchange price of the security in question; to be accessible to the public when it is published and spread in the media or through the usual financial information channels; and to be made public when it is communicated to third parties by the issuer with the purpose to make them accessible to the general public.*

*8. The asset managers and investment advisers disclose information likely to influence the prices only if they are convinced in good faith of their accuracy.*

*The asset managers and investment advisers regularly publishing financial analyses, investment recommendations and financial information relating to determined securities abstain from carrying out any transactions dealing with the concerned securities (including their derivatives) – regardless of whether for their own account or for the account of clients having entrusted a discretionary management contract to them – as from the beginning of the elaboration of the financial analysis, the investment recommendation or the financial information intended to be published, until its publication.*

*Are considered as financial analyses, investment recommendations or financial information the publications recommending to carry out transactions concerning determined securities, upon the basis of the monitoring*

*and of the data and economic information evaluation about a determined issuer. Are not considered as financial analyses the publications resting upon purely technical analyses ("charts") and publications which do not refer to a determined issuer, but to sectors or countries.*

*9. The asset managers and investment advisers refrain from exploiting the knowledge of clients' orders in order to execute previously, in parallel or immediately afterwards any transactions for their own account ("front running", "parallel running", "after running"). Are also considered as clients' orders any transactions carried out within the scope of a discretionary asset management. The client's explicit agreement remains reserved.*

*10. The orders placed for the asset manager's or third parties' account must rest upon economic bases and reflect the real relation between offer and demand. Fictitious transactions, in particular those aimed at influencing liquidity or prices, are prohibited.*

*11. The asset managers and investment advisers inform their clients of the obligation to declare participations, in accordance with the Federal Stock Exchange and Securities Trading Act, if they know that the conditions of such an obligation to declare exist.*

*The asset manager who, thanks to discretionary management contracts, may exercise the voting rights for several clients must conform to the obligation to declare, provided in the Stock Exchange and Securities Trading Act, if the conditions thereof are realized. For the voting rights' calculation, he takes into consideration the rights which he is authorized to exercise by virtue of the powers of attorney which he has been granted as well as of the asset management contracts.*

*If the asset manager coordinates the voting rights of several clients without being himself authorized to exercise them, he must himself execute the obligation to declare.*

## **Art. 5 Guarantee of an impeccable activities' management**

**The independent asset managers and investment advisers make sure that all persons of their firm entrusted with the supplying of services satisfy the professional and personal requirements required to fulfil their tasks impeccably in the respect of the clients' interests.**

**The asset managers and investment advisers moreover ensure that they establish for their activity an appropriate organisation in accordance with the number of their clients, the investment strategies pursued and the products chosen and, where the asset manager is concerned, the volume of the assets managed by him.**

**The asset managers and investment advisers ensure an orderly financial management of their firm.**

**As a financial intermediary, the asset manager makes every effort, within the scope of his activity, to actively prevent and combat money laundering and terrorism financing.**

*Implementing provisions:*

*12. The asset manager's and investment adviser's organisation must be adjusted to their firm's size and to the risks generated by it for their clients, and must not impair the financial markets' proper operation or the good reputation of the profession and of Switzerland as a financial centre.*

*The asset manager takes the measures necessary to prevent money laundering and terrorism financing, in accordance with the provisions applicable specifically to him.*

*13. The asset manager takes the adequate precautions in order to ensure the durability of his services to his clients. If internally he has no substitute available for the only person entrusted with the client's asset management, who is in a position to take over the latter's activity in the case of death or inability, he must guarantee the continuation of his activity by instituting another asset manager or a bank and inform his clients thereon.*

*14. The asset manager manages the assets deposited with the bank by relying upon a power of attorney restricted to management acts. If he is*

*commissioned to supply the client with services requiring wider powers, he must correspondingly document the bases and the exercise of these activities. The activity, as a body, of legal entities and of legally autonomous institutions with assigned assets (in particular of foundations) and the activity as a trustee remain reserved.*

*15. The asset manager's and investment adviser's own responsibility requires that they ensure their further training and the further training of their employees, in all fields of their professional activity, through the participation in training and advanced training seminars, or autonomously.*

*The asset manager is committed to observe particularly the specific provisions relating to training in the field of prevention of money laundering and terrorism financing.*

*16. In the field of prevention of money laundering and terrorism financing, the asset manager is subjected to the provisions of ARIF as a self-regulating organisation within the meaning of the MLA.*

*17. If they request another firm (the service supplier) to autonomously and durably supply an essential service for them ("outsourcing" of ranges of activities), the asset managers and investment advisers must observe the following principles:*

*The performance's outsourcing takes always place under the asset manager's or investment adviser's responsibility, and it must not be in contradiction with the client's interests and legitimate expectations.*

*The service supplier must be chosen, instructed and controlled carefully. He must have the professional qualifications required to durably ensure an impeccable execution of the delegated tasks. The delegate must respect rules of conduct similar to those to which the asset manager or investment adviser are committed. The fund managements authorized by FINMA must observe FINMA's Circular 08/37 "Delegation by management and SICAVs".*

*The outsourcing must be governed by a written contract clearly defining the delegated tasks.*

*In order to be in a position to verify that the present Code of Deontology's provisions are complied with, the competent organisations must be able to have access to the service supplier's documents and technical systems.*

*Are in particular considered as an outsourcing of ranges of activities:*

- a) the client's monitoring by external firms and persons (third party firms, self-employed persons and agents);*
- b) the delegation of the clients' asset management by means of substitute powers of attorney;*
- c) the outsourcing of the financial analysis or of the elaboration of investment proposals and portfolio models to a single service supplier;*
- d) the execution of compliance tasks, in particular in the area of prevention of money laundering and terrorism financing;*
- e) the outsourcing of data processing systems containing data relating to the client (e.g. external management of client databases, of information systems on clients' assets or of order transmission systems managed by third parties);*
- f) the safekeeping of files in premises not belonging to the asset manager or not taken on lease by him;*
- g) the recourse to data processing systems of the custodian banks within the asset management's scope;*
- h) the maintenance (including remote maintenance) of the internal data processing systems within the asset management's scope.*

*The provisions relating to the prevention of money laundering and terrorism financing remain reserved.*

*Are not considered as an outsourcing of ranges of activities:*

- a) the outsourcing of the asset manager's or the investment adviser's financial accounting;*
- b) the creation and management of non-independent branch offices in Switzerland or abroad;*
- c) the appeal to experts within the scope of legal or tax advice;*
- d) the hosting of Internet sites which do not contain any client data.*

*18. The asset manager and the investment adviser must make sure that the investments carried out for the account of their clients or which are advised to the latter permanently coincide with their risk profile and their investment objectives and restrictions. For this purpose, they must have at their disposal reliable information sources in terms of investment and adequate means of analysing and monitoring their clients' portfolio.*

*The asset manager and the investment adviser periodically review the investment strategies that they implement or advise as well as the match between the risk profile and the clients' current situation. If the risk profile no longer corresponds to their current situation, they must inform the clients and record this in writing.*

*The asset manager and the investment adviser keep accounts in conformity with the statutory provisions. They endow their firm with adequate funds and avoid any situation of excessive indebtedness.*

*The asset manager permanently has the information and tools available which are necessary to enable him to account for his management at short notice, comprehensively and in a way understandable for the client.*

*19. The asset manager and the investment adviser document their activities so that the competent authorities, the self-regulating organisation and the auditors commissioned by them are in a position to make sure that the present Code of Deontology's provisions are complied with.*

## **Art. 6      Duty of information**

**The independent asset manager and the investment adviser are bound to inform their clients about:**

- a) their firm and the services offered, including their authorization to supply them;**
- b) the particular risks related to the services agreed upon;**
- c) their remuneration, including the patrimonial advantages resulting from services originating from third parties.**

**The independent asset manager is committed to account for his management.**

*Implementing provisions:*

*20. The asset manager and the investment adviser fulfil their duty of information according to each client's degree of financial experience and his/her technical knowledge.*

*In the case of professional clients, the asset manager and the investment adviser may proceed from the principle that the information provided in letters a) and b) of Art. 6 is known.*

*Are considered as professional clients banks, securities traders, fund managements, insurance companies, as well as entities of public law, personnel welfare institutions and legal entities provided with a professionally managed treasury.*

*21. When any business relationship is established, the asset manager and the investment adviser provide their clients with information which is useful for them on their firm, their registered office, the means of communication by which the client may communicate with them, as well as on the rules applicable to the exercise of their profession. They furthermore inform them about the services offered and their essential characteristics (e.g. management of assets deposited in a bank, investment advice, distribution of financial products).*

*If the manager delegates all or part of the management by granting a substitute power of attorney, he must inform the client thereon.*

*The asset manager and the investment adviser inform their clients of any change of this information concerning them directly.*

*The asset manager and the investment adviser characterize their marketing communications as such if they are not immediately identifiable.*

*22. The asset manager and the investment adviser shall adequately inform their clients of the risks connected with the investment objectives, restrictions and strategies. The content of this information depends on the client's degree of experience and on his/her knowledge of finance and furthermore on the type of investment envisaged.*

*When they inform on the risks related to the services provided or the advised investments, the asset manager and the investment adviser may, however, work on the principle that each client is aware of the risks usually related to the purchase, the sale and the holding of securities. Form part thereof in particular the risks of credit standing and of prices for shares, bonds and collective investments which invest in these securities. The duty of information concerns therefore the risk factors which exceed these current risks in transactions including an increased risk potential (e.g. derivatives) or having a complex risk profile (e.g. structured products).*

*For transactions the risk potential of which exceeds the risk potential usually related to the purchase, the sale and the holding of securities, the asset manager and the investment adviser may comply with their duty of information in a standardized manner (e.g. by means of an information document on the risks) or in an individualized manner. If the client has already been informed of the same risks by the custodian bank, the asset manager and the investment adviser may refrain from communicating anew this information.*

*If the asset manager or the investment adviser have opted for individualized information, they determine the client's degree of financial experience and knowledge by showing the diligence required by the circumstances, and correspondingly adapt the information provided.*

*23. The asset manager and the investment adviser have no duty to inform on the risks related to particular transactions or investments if the client attests in a separate written declaration that he is aware of the risks related to these transactions, which must be designated precisely, and that he renounces any additional information.*

*If the client has delivered a declaration in this sense to his custodian bank, it does not apply to the asset manager or the investment adviser.*

*24. If the client requests the asset manager or the investment adviser to provide a service for which the latter do not have any sufficient knowledge available, the client must be informed thereon.*

*If the asset manager or the investment adviser do not wish to explain themselves about the matter, they must refuse to supply the service.*

*The appeal to competent specialists remains reserved.*

*25. The asset manager and the investment adviser are committed to inform their clients on their fees as well as on all third-party services from which they benefit, due to their mandate, whatever their legal basis may be. They draw their clients' attention to the conflicts of interest which may result from the receipt of performances by third parties.*

*If these performances by third parties or global fees also cover marketing or other services, the asset manager or the investment adviser inform the client thereof.*

*If it is difficult to assess the future performances by third parties or if they are not directly in connection with a particular business relationship, the client is informed on the source of such performances and on the calculation modalities and bases.*

*At the client's request, the asset manager and the investment adviser inform him of the third-party services from which they have already benefited.*

*26. The asset manager must account to his clients for his management of their assets periodically, at least once a year, without any additional costs for them. At his clients' request, he moreover delivers to them, at short notice, the state and the extracts from their account and copies of the proofs of the transactions carried out.*

*The asset manager may agree with his clients that the documents concerning the periodical reporting remain in the manager's hands, whereby it is up to the clients to inspect them there.*

*Within the scope of his reporting duty, the asset manager observes the standards used in the sector, namely as far as the costs, the used calculation method, the chosen period and, possibly, the chosen reference indices are concerned.*

## **Art. 7      Asset management contract**

**The independent asset manager and the investment adviser conclude with their clients a contract in writing or in another form that allows proof thereof to be established by a text.**

**This contract:**

- determines the extent of the mandate;**
- defines the risk profile, the investment strategy, the investment objectives or the asset allocation, as well as any possible investment restrictions;**
- determines the amount or the mode of calculation of the fees relating to the execution of the mandate;**
- and, concerning the asset manager, describes the manner, the frequency and the scope of reporting;**

*Implementing provisions:*

*27. The asset manager and the investment adviser are under an obligation to inform which is precontractual and continues throughout the duration of their contract. They must question the client in order to determine his/her experience and knowledge of finance, and his/her (subjective) propensity to take risks and his/her (objective) capacity to bear them and must record them in writing. After having defined the client's risk profile, the asset manager and the investment adviser determine with him/her the investment strategy, that is, the investment objectives and the asset allocation, as well as the investment restrictions.*

*28. The obligation to conclude a written asset management contract is linked, for the asset manager, to the existence of a power of attorney granting authority to manage a third party's assets (management mandate or general power of attorney).*

*If shares of collective investments or insurance products are sold, the applicable provisions of Federal law must furthermore be complied with.*

*29. The items to be settled in the written asset management or investment advisory contract are mentioned in Schedule B.*

*29 bis. The contract must be able to take the form of a physically editable document with no time limit, expressing literally the common will of the contracting parties and proving that they entered into their commitment by mutual consent; a contract drawn up by facsimile transmission must immediately be the subject of adequate checks on its authenticity; a contract drawn up by electronic mail must immediately be the subject of adequate checks on its authenticity if it is not accompanied by the verifiable and forgery-proof electronic signature of all the contracting parties upon whom it is binding.*

*30. If the contract stipulates a discretionary management, the latter must be restricted to transactions listed in Schedule A.*

*The asset manager's discretionary power may also be restricted by means of specific directives relating to precise items, in accordance with figure 3.5 of Schedule B.*

*In the exercise of his discretionary power, the asset manager must avoid any risks related to an unusual concentration of investments on a too limited number of products. He must safeguard the client's interests and periodically verify his investment strategies.*

*The client's instructions which are not covered by the asset management or investment advisory contract must be adequately recorded in a written or electronic form.*

*31. In the contract, the asset manager or the investment adviser agree with their clients on who is the beneficiary of all performances received from third parties closely connected with or on the occasion of the execution of the mandate.*

*The asset manager or the investment adviser inform their clients of the calculation parameters or the value ranges of the performances which they receive or could receive from third parties. If possible, they do so for each product category.*

*32. The remuneration for the services provided by the asset manager or the investment adviser is agreed upon in writing with the client and can be spread out in accordance with the volume of the assets to be managed and of the work which is implied thereby. The fees' mode of calculation must be indicated clearly and unambiguously. The remuneration applicable to the management of the assets deposited in the bank must follow the principles mentioned below:*

- Maximum management fee of 1.5 % p.a. on the managed assets; or*

- *Maximum success fee of 20 % of the net added value in capital, under consideration of deposits and withdrawals as well as of possible unrealized losses. The losses brought forward, i.e. the losses from preceding accounting periods which have not been offset yet by profits, have to be deducted; or*
- *Maximum management fee of 1 % p.a. and maximum success fee of 10 % when both fee systems mentioned above are combined.*

*The asset managers and investment advisers may also apply similar remuneration models which, over the expected average duration of the business relationship, conduce to a fee level in the same range as that described above.*

*If the asset manager or the investment adviser provide a wider range of services, they are entitled to invoice them separately in accordance with a tariff to be agreed upon explicitly.*

*In the case of any particularly expensive investment strategies to be implemented, it is possible to depart from the above principles. This derogation from the remuneration principles must cogently be mentioned in the asset management or investment advisory contract. The client must be informed on the grounds and the importance of the derogation from the remuneration principles.*

*33. If the asset manager or the investment adviser themselves carry out any performance assessments for their clients, they must apply a calculation method in conformity with the internationally recognized standards, cover an appropriate period (e.g. 1, 3 and 5 years or since the mandate's beginning) and possibly use a selection of reference indices ("benchmarks").*

*Within the scope of their reporting, the asset managers spontaneously declare any possible deviations from the applied standards.*

*If the reporting is carried out exclusively upon the basis of the accounts set up by the custodian bank, the asset manager must indicate whether his fees are listed among the costs, so that the performance's presentation is not distorted to the client's prejudice.*

## **Art. 8      Confidentiality**

**Subject to their statutory duties of disclosure, independent asset managers and the investment advisers are committed to an absolute confidentiality on all matters entrusted or communicated to them in the exercise of their profession and activities.**

*Implementing provisions:*

*34. If third parties are called upon for the supply of services or if tasks are delegated to them, the asset manager and the investment adviser must guarantee that these third parties observe the duty of confidentiality to an identical extent. The third parties must explicitly declare that they commit themselves to guarantee this confidentiality.*

*If third parties are called upon for the supply of services or if tasks are delegated to them, the asset manager and the investment adviser must moreover make sure that the clients' personal data are used and processed only to the extent which would be also permitted to them. They also ensure that the statutory or contractual duties of confidentiality concerning the data are complied with. The third parties involved must explicitly declare that they subject themselves to these duties.*

*35. It is the asset managers' and the investment advisers' responsibility to take all technical and organisational measures necessary to protect the personal data entrusted to them.*

## **Art. 9 Prohibited deposit transactions**

**Independent asset managers do not accept from their clients any deposits within the meaning of the Federal Banking and Savings Banks Act, unless they are granted a banking license. They do not manage any global accounts for their clients, unless they are granted an authorization to exercise the activity of a securities trader.**

**Independent asset managers join the assets entrusted to them by their clients neither in collective investments without any individual attribution, nor in global accounts or deposits.**

*Implementing provisions:*

*36. Is considered as an acceptance of deposits the collecting of clients' funds on bank or postal accounts when the attribution to the various clients is within the asset manager's exclusive competence. It is furthermore permitted to the asset manager to cause payments from his clients or intended for them to pass in transit through his own accounts.*

*37. The mixing of assets on accounts or deposits of securities traders or banks is permitted only if the attribution of these funds is carried out by an authorized securities trader or by the bank.*

*Instruments of collective capital investment remain reserved.*

## **Art. 10 Dormant assets**

**The independent asset manager takes preventive measures intended to avoid that the contact with his clients is interrupted and that dormant business relationships result therefrom.**

**In the case of any dormant assets, the independent asset manager safeguards the beneficiaries' claims. Under the observance of his duty of confidentiality, he takes the appropriate steps so that the dormant assets are passed to their beneficiaries.**

*Implementing provisions:*

*38. Within the meaning of Art. 10 of the present Code of Deontology:*

*News are meant to be any instruction, communication or declaration from the client, his agent or his heir, which brings about an activity of the asset manager or an entry in the file;*

*Absence of news is meant to be the absence of any contact and the complete lack of any news during ten years, or the certainty of the client's death, in default of any information on his heirs.*

*39. When a durable business relationship is established, the asset manager collects information on the client's probable heirs.*

*If the client refuses to communicate this information, the asset manager is committed to inform him on the risks related to dormant assets.*

*40. In the case of any dormant assets, the asset manager carries on with the execution of his mandate in accordance with the contract.*

*41. In the case of any dormant assets, the asset manager takes appropriate measures so that the assets are passed to the beneficiaries.*

*Are in particular considered as appropriate measures:*

- the investigations carried out in public registers (e.g. telephone directories, commercial registers etc.);*
- the notification given to the client's custodian bank on the existence of a case of dormant assets at the asset manager;*
- the notification given to the Ombudsman instituted by the Swiss Bankers Association in accordance with the directives relating to the pro-*

*cessing of assets (accounts, deposits and safe deposit boxes at Swiss banks when the bank has no news about the client);*

- the notification given to equivalent foreign organizations, insofar as they are governed by appropriate rules of confidentiality.*

*The asset manager is entitled to claim from the client or his heirs an indemnity for the efforts made.*

## **Schedule A: Investment instruments in the case of discretionary asset management**

The investment instruments enumerated below are considered as usual investment instruments in the case of a discretionary asset management. They may be used even if the written asset management contract does not provide so explicitly. The use of any other financial instruments in accordance with an agreement in the individual asset management contract remains reserved.

Independently of the investment instruments used, the asset manager verifies in any case periodically and as often as necessary the investment strategies implemented by him, with respect to the client's investment objectives and to the market data.

### **1. Fixed term deposits, fiduciary deposits and securities lending**

Fiduciary deposits may be carried out with first class counterparties only.

Within the scope of securities lending, it is necessary to protect oneself against the counterparty risk through collateral or restriction to first class counterparties.

### **2. Precious metals, securities and scripless securities**

Investments in precious metals, money and securities deposits in the form of securities and scripless securities (e.g. shares, bonds, notes, time deposits), and products deriving therefrom and combinations thereof (derivatives, hybrid, structured products etc.) must be readily negotiable. The criteria allowing to infer the readily negotiable character are the listing on a stock exchange admitted in Switzerland or abroad or the existence of a representative market for the value in question.

May depart from this rule, to a limited extent, investments in recognised and very widespread securities at investors, which have a reduced negotiability, such as treasury bonds and over-the-counter (OTC) products. This latter exception however presupposes that the issuer has a recognised credit standing and that quotations in accordance with the market conditions are available for the said products.

The provisions mentioned below are applicable to money and securities deposits.

### **3. Collective investment instruments**

Investments in collective investment instruments (investment funds, investment companies, internal portfolios, unit trusts etc.) are, subject to the provisions relating to alternative investments, admitted to the extent that the assets of these instruments are invested in instruments permitted in accordance with the present Schedule A.

Are also admitted investments in collective investment instruments of capitals authorized by Swiss legislation or by the provisions of the European Union in the field of distribution to the public, even if these instruments may, to a limited extent, pledge their assets and thereby generate a leverage effect.

The possibility for the investor to appropriately terminate the investment corresponds to the readily negotiable character of the investments.

### **4. Alternative investments**

Investments in hedge funds, private equity and real estate are deemed to be alternative investments. These investments are not necessarily limited to those permitted by the present Schedule or to readily negotiable instruments.

In order to diversify the overall portfolio, alternative investments may be carried out to the extent that they are structured according to the principle of fund of funds or offer the guarantee of an equivalent diversification. The readily negotiable character and/or the possibility for the investor to terminate the investment must also be guaranteed within the scope of the alternative investments.

The diversification corresponds to the principle of fund of funds if the investments are grouped in one single collective investment, whereby they are managed in accordance with the Multi Manager principle (management of the fund by several managers working independently from each other).

The member records the use of alternative investments in a written document describing the investment policy. He also takes the organisational measures necessary to make a judicious and professional use thereof.

### **5. Standardised options (traded options)**

Options on securities, foreign exchange, precious metals, interest rate instruments and stock exchange indices traded on an organised market and through a recognized clearing institution are only permissible to the extent that they have no leverage effect on the overall portfolio.

There is no leverage effect if the portfolio:

- when calls are sold and puts purchased, shows a position of underlyings or – as far as options on stock exchange indices or interest rates are concerned – a corresponding position in securities which are sufficiently representative of the underlying;
- when puts are sold, shows, as from the conclusion, liquidity permitting to settle at any time any liabilities resulting from the contract.

The asset manager must make sure that the client's portfolio is consistent with the investment policy agreed with him even after the possible exercise of the option rights.

The closing of open call and put positions is permissible at any time.

## **6. Non standardised options**

The principles in force for standardised option transactions are applicable to transactions on non standardised instruments, such as OTC (over-the-counter) options, warrants, covered options etc. In the case of OTC products, the issuer must however have a recognised credit standing and it must be possible to obtain quotations in conformity with the market conditions for the said products.

Covered options require the client's specific consent, unless they are included in the credit lines defined by him.

## **7. Financial futures**

When financial futures are sold, a corresponding position in underlyings must exist. As far as futures on stock exchange indices, foreign exchange or interest rates are concerned, it suffices that the underlying is sufficiently represented.

When financial futures are purchased, the cash required must be entirely available as from the purchase's conclusion.

## **8. Hybrid and structured products**

Investments in hybrid and structured financial products (e.g., PIP, PEP, GROI, IGLU, VIL or PERLES) are permitted to the extent that these financial products have a risk profile corresponding to the risk profile of one of the permitted products listed above. If the risk profile includes several levels, all risk levels must correspond to a financial product permitted in accordance with the present Schedule C.

In this instance, synthetic covered options (e.g., BLOC Warrants, DOCUs or GOAL's) are not considered as covered options within the meaning of the provisions mentioned above.

In the case of non-quoted hybrid and structured financial products, the issuer must however have a recognised credit standing and quotations in conformity with the market conditions must be available for the said products.

## **Schedule B: Items to be settled in written asset management or investment advisory contracts**

The following items constitute a minimal standard to be settled in a written contract.

The parties remain free to define the content thereof within the scope of the applicable provisions of the present Code of Deontology (art. 7 and its implementing provisions), that is:

A. with regard both to the asset management contract and to the investment advisory contract:

1. Accurate designation of the parties
3. Client profile
  - 3.1. Risk profile, the client's experience and knowledge of finance, (subjective) propensity to take risks and (objective) capacity to bear risks;
  - 3.2 Investment strategy, asset allocations, the client's investment objectives and restrictions;
  - 3.3 Reference currency
  - 3.4 Possibility of delegating tasks to third parties
4. The asset manager's and investment adviser's duty of confidentiality (also concerning the transmission of data to auxiliaries and agents)
6. Asset manager's or investment adviser's remuneration
  - mode of calculation;
  - payment dates;
  - possible permission for the asset manager to debit his fees directly from the client's account;
  - treatment of third party performances, including respective accounting.
7. Termination of the contract (recommendation)

It should be noted that the asset management or investment advisory mandates governed by Swiss law must imperatively be able to

be terminated at any time and without notice. Any clause to the contrary has no legal relevance.

8. Applicable law (recommendation)

It is recommended to choose Swiss law.

9. Place of jurisdiction (recommendation)

In the case of foreign clients, it is recommended to agree upon a place of jurisdiction in Switzerland, at the asset manager's or the investment adviser's domicile, or with a recognised arbitration body, for example in conformity with the clause of the Swiss Chambers of Commerce, which states as follows:

"Any litigation, dispute or claim arising from or in relation to this contract, including the validity, nullity, any breaches or termination thereof, shall be settled by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers of Commerce in force on the date on which the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators is set at ... *(one or three)*; the seat of the arbitration shall be in ... *(a city in Switzerland, unless the parties have agreed on a city abroad)*; the arbitral proceedings shall be conducted in ... *(insert desired language)*."

B. With regard in addition to the asset manager alone:

2. Bank relations concerned (in all cases in which assets are deposited with a bank) and mandate and power of attorney for the management of assets

3.5 Volume of the discretionary management or, as applicable, volume of the management in conformity with specific guidelines or particular instructions, which may also be noted in the minutes of a meeting in accordance with the following structure:

- structure of the securities account (proportion of equity papers, of fixed interest investments, of precious metals etc.);
- countries/currencies/sectors to be taken into account in the investments or which must be excluded therefrom;
- maximum exposures per country/currency/sector;
- minimum requirements as to quality and negotiability of the investments to be made;
- acceptability and extent of permanent recourse to credits;

- acceptability and extent of future transactions or transactions with derivative products or investments in hybrid and structured financial products.

### 3.6 Exercise of the voting right

### 3.7 Investment permission for direct orders and/or directed orders

## 5. Reporting and accounting by the asset manager

- Own evaluation of performances or accounting based on banking documents;
- Frequency;
- Safekeeping by the asset manager or notification sent to the client.

Approved by the Committee of ARIF, 23rd February 2009.  
With amendments of 18<sup>th</sup> November 2013 and 22<sup>nd</sup> August 2016.