

## The Road to Switzerland

### Gain ACCESS to the Swiss market with Reuss

With investors in Switzerland having placed CHF 1,476,880 million in 2021 (year end 2020: CHF 1,331,406 million) in investment funds<sup>1</sup>, the Swiss market offers attractive opportunities. However, accessing the market can pose a challenge as it is outside of the scope of European regulations. Therefore, we have created this overview to point out a selection of ⑦ methods you can access the Swiss market. In addition, you will find specific product requirements for the Swiss market and information on client segmentation.



#### ① Fly-out

Invite (potential) investors into the jurisdiction where you are licensed to provide financial services

#### ② Execution-only

Simple execution of an order received by a client. No advice is given and the investor initiate the order. Documentation is key!

#### ③ Chaperoning

Join a locally licensed financial service provider to roadshows and client meetings

#### ④ Local Distributors

Use locally regulated distributors and platforms to offer your Swiss-compliant products in Switzerland

#### ⑤ QI / Professional Exemption

Specifically target only qualified investors or professional clients (incl. HNWI which have opted out.

#### ⑥ Advisory Register

Register yourself personally with the Swiss advisory registry to provide regulated financial services

#### ⑦ Establishment

Full establishment in Switzerland of a licensed entity and registered advisors, for fully fledged provision of financial services



### Important information regarding non-Swiss funds

If an existing non-Swiss fund is to be distributed inter alia to non-qualified investors in Switzerland, a "representative of foreign collective investment schemes" must be appointed. They represent the fund vis-à-vis investors and the supervisory authority FINMA. The representative shall comply with the statutory reporting, publication and information obligations as well as the rules of conduct of industry organisations that have been declared the minimum standard by FINMA. His identity must be mentioned in every publication. In addition: Paying agents, custodian bank and publication organ must be defined. The fund prospectus must also be adapted accordingly to inform Investors about the appointed parties in Switzerland.

<sup>1</sup> Source: Asset Management Association Switzerland Media Release, from 28th October 2021; Fund market update – September 2021; «Continuous inflows in the Swiss fund market». Available at: <https://www.swissfunddata.ch/sfdpub/en/market/show/2042>

## Seven methods to access the Swiss market

### 1 Fly-out

Fly-out (potential) investors to a market where you are regulated. Please note local regulatory requirements – especially with regards to inducements and conflicts of interest may apply.

### 2 Execution-only

Swiss investors might approach you, requesting purchase of shares of a specific product. The investor must initiate the purchase and no investment advice may be provided by you. This activity usually does not require a local license. However due to tight margins, low-volume and clear documentation are recommended.

### 3 Chaperoning

Accompanying an authorized individual of a regulated entity to roadshows, client events and as an expert on your capabilities, talk about your strategies. Please note, that the “Chaperone” must always be present for meetings and purchase must occur through them.

### 4 Local Distributors

Stay hands-off. With a product that is authorized to be offered to investors in Switzerland (please consult page 1 for additional product information), distribution agreements may be entered into with local distributors and platforms. This strictly B2B approach however is inflexible when specific client segments are targeted.

### 5 QI / Professional Exemption

Strictly qualified investors or professional clients in accordance with FIDLEG (the Swiss supervisory regime) may be approached directly on a cross-border basis without the need for a local license or the requirement to enter into the advisory registry. However (U)HNWI and certain family offices are organically excluded from this definition unless they have opted-out and agree to be treated as professional clients. In this regard, it is possible for a client to confirm themselves that they wish to be considered as professional client, without the need to provide certain evidence as it is usual within Europe. Please see the table on the right hand side for additional information regarding the Swiss client segmentation in comparison to the European MiFID approach.

### 6 Advisory Register

Client advisors of foreign financial service providers may only exercise their activity in Switzerland if they are entered in a register of advisors where they must provide relevant information, including amongst other regarding the following; their know-how, evidence of registration with an ombudsman, conclusion of an insurance policy. The obligation to register does not apply when solely professional clients, including institutional investors are targeted.

### 7 Establishment

Full establishment in Switzerland of a licensed entity and registered advisors, for fully fledged provision of financial services. This may include licensing as an asset manager, an investment firm, or even a Bank



## Client segmentation between European and Swiss regimes

FIDLEG (CH)	MiFID II (EU)
<b>Retail Investor</b>	<b>Retail Investor</b>
Clients who are not professional clients	Clients who are not professional clients
↕ Opting-in / Opting-out possible	↕ Opting-in / Opting-out possible
<b>Professional Clients</b>	<b>Professional Clients</b>
Including public corporations, pension funds, companies, large companies and investment structures with professional treasury services set up for wealthy private clients	Including credit institutions, investment firms, other authorised or regulated financial institutions, investment and pension funds, large corporates, or other institutional investors
↕ Opting-in / Opting-out possible	
<b>Institutional Clients</b>	<b>Eligible Counterparties</b> (as a subgroup of professional clients)
Including financial intermediaries, insurance companies, foreign regulated financial intermediaries and central banks	Including credit institutions, investment companies or other regulated and supervised financial institutes or insurance companies

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