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## **Dialogue on Switzerland's financial centre: promoting collective investment instruments - early recognition of international developments**

The cooperation efforts made between the financial centre, the authorities and the government over the last six months to improve conditions and increase the competitiveness of Switzerland's financial centre are showing initial positive results. The Swiss Financial Centre Dialogue Steering Committee set up for this purpose in January approved the first package of measures on 2 September 2008. These measures provide clarity in the taxation of the hedge fund business and the private equity business and contribute to liberalising authorisation practices for investment funds. This should strengthen Switzerland's medium-term position in terms of the international competition among financial centres.

At its meeting on 2 September 2008, the Swiss Financial Centre Dialogue Steering Committee approved various measures and a schedule of further work to promote the Swiss financial centre for the attention of the Strategy Committee (cf. box).

### **More competitive solution for hedge funds and private equity**

To increase Switzerland's appeal in terms of hedge funds and private equity, a circular from the Federal Tax Administration is to clarify the tax-related problems linked to the performance fee and carried interest. This will therefore provide the operators concerned with the legal certainty they require for tax planning. Due to the fact that the circular is based on current legislation, it will also be possible for the measure to be implemented rapidly. Switzerland will therefore be able to position itself with a competitive fiscal framework in a dynamic market environment. Furthermore, the procedure of voluntary subordination to supervision by the Swiss Federal Banking Commission (SFBC) for asset managers in Switzerland who manage offshore funds (in particular managers of single hedge funds), should be simplified.

### **Abolishing "Swiss finish" in investment funds**

With a view to promoting the production of Swiss investment funds, the authorisation procedure should be rendered more efficient. To achieve this goal the SFBC intends to forego the so-called 'Swiss finish' for Swiss and foreign investment funds.

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## Improving the monitoring of international regulatory developments

A permanent joint monitoring group is to be responsible for the early recognition and analysis of international regulatory developments in the financial markets to enable the authorities and the sectors concerned to react quickly to developments in foreign regulatory frameworks. In addition a technical working group is to deal with establishing international standards to combat financial crime.

### Further work schedule

The Swiss Financial Centre Dialogue Steering Committee has adopted an extensive work schedule. The core points of the Swiss Financial Centre Dialogue Steering Committee's other work concerns mainly:

- additional improvements for Switzerland as a production centre for investment funds (e.g. selective introduction of the reporting procedure for collective capital investments, extending the target investor group for single-investor funds, recommendations for measures to strengthen real estate funds, various adjustments to unit trusts, recommendations for measures to increase the attractiveness of single manager hedge funds and funds of hedge funds).
- consolidation of various initiatives in the insurance sector. This includes the question of whether and how the Swiss and EU insurance markets can be brought even closer together. To that end, the corresponding EU legislation will be compared with Swiss law. The economic impact of such scenarios will also be analysed. With the mutual recognition of the supervisory frameworks the conditions can be created for pan-European insurance activities.
- detailed examination of the economic effects of increased competitiveness of the financial centre.

### The Swiss Financial Centre Master Plan and Dialogue

In September 2007, the Swiss Bankers Association, the Swiss Insurance Association, the Swiss Funds Association and the SIX Group (formerly known as the Swiss Financial Market Services) published the "Swiss Financial Centre Master Plan" drawn up as part of a joint project. The goal of the master plan is to sustainably strengthen and develop the international competitiveness of the Swiss financial sector.

Federal Councillor Hans-Rudolf Merz welcomed this initiative and he instructed the Financial Centre Dialogue Steering Committee to examine in greater detail the initiatives put forward by the financial sector, along with other topics and to propose where necessary measures which would contribute to improving the international competitiveness of the conditions for the Swiss financial centre. The Steering

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Committee implements mandates from the Strategy Committee and prepares the groundwork for the latter to be able to take decisions. The Strategy Committee is chaired by Federal Councillor Hans-Rudolf Merz.

The Swiss Financial Centre Dialogue Steering Committee is chaired by the Director of the Federal Finance Administration, Peter Siegenthaler. The authorities are also represented by the Swiss National Bank, the Swiss Federal Banking Commission, the Federal Office of Private Insurance and the Federal Tax Administration. The financial sector is represented by the Swiss Bankers Association, the Swiss Insurance Association, the Swiss Funds Association and the SIX Group.

**Information for the press:**

Paul Siegenthaler, Director of the Federal Finance Administration (FFA) and Urs Ph. Roth, Chief Executive Officer and Delegate of the Board of Directors of the Swiss Bankers Association (SBA) will be available to take questions from the press on 5 September 2008 at **11.30 a.m.** during a teleconference at tel. **+41 52 267 07 07** (PIN Code **587264**).

**Information for journalists**

The corresponding documentation and further information will be available on the following websites: [www.swissbanking.org](http://www.swissbanking.org); [www.svv.ch](http://www.svv.ch); [www.sfa.ch](http://www.sfa.ch); [www.sfms.com](http://www.sfms.com).

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