

A large, abstract graphic of a network or sphere made of interconnected blue nodes and lines, positioned in the upper right background. The nodes are 3D cubes, and the lines are thin, glowing blue tubes.

# Switzerland

## Accounting

FUNDS AND FUND MANAGEMENT 2009

### 1.1 Requirement to produce financial statements

The Federal Act on Collective Investment Schemes (CISA) and its implementing ordinance allow a wide variety of investment vehicles, The accounting and disclosure requirements are further outlined in the collective investment schemes ordinance of the Swiss Financial Market Supervisory Authority (FINMA), which started as of 1 January 2009 replacing among other supervisory authorities the former Swiss Federal Banking Commission,

#### Requirement to maintain the books and records

For each collective capital investment scheme accounting records have to be maintained separately based on the articles 662 ff. of the Swiss Code of Obligations (CO) and article 87CISA. Specific outlines are included in the ordinance on CISA. Art. 88 CISA requires all investments to be stated at fair value.

#### Production of financial statements by collective investment funds

Article 89 of CISA requires audited annual accounts and un-audited semiannual accounts with slightly reduced information to be issued for all open-ended collective investment schemes (contractual funds, SICAV).

The board of directors is responsible for the preparation of the financial statements.

It is common practice for Swiss auditors to have management sign the final version of the financial statements. The board members also sign the fund management company's or the investment company's own accounts.

#### Choice of period/year-end for collective investment schemes

Contract based Swiss investment funds can choose their own year-end. Once chosen, they cannot alter the year-end without the prior approval of the FINMA.

### Requirement for comparatives

Previous year's figures are required in the annual and semiannual report. In addition, the net asset value (NAV) per share is to be outlined over the past three reporting years.

### Restrictions on the currency under which financial statements must be prepared

A foreign currency can be chosen as the calculation unit for a fund or a sub-fund (Article 53 of the CISO-FINMA) as well as for the sub-funds of SICAV's and for limited partnerships for collective investment

### Accounting publications specific to the funds industry (as issued by accounting bodies or the regulators)

The Swiss government (Federal Council) and the Financial Market Supervisory Authority (FINMA) have issued ordinances (CISO; CISO-FINMA), which specify certain accounting requirements. The Swiss Funds Association (SFA) regularly issues guidelines which are valid for the entire industry, but none of those issued so far is specifically focused on accounting.

### Use of short form accounts

There are no provisions in Swiss legislation for short form accounts.

There is no requirement to send the full set of accounts to investors. Thus, a short form account or a performance review can be sent instead. This information must meet the requirements of section C of the SFA Code of Conduct. Usually it includes a notice detailing where the full set of accounts can be obtained.

### Umbrella schemes

Swiss law requires one combined annual report for umbrella schemes, which contains a separate set of accounts for each sub-fund. Umbrella schemes are regulated in art. 92 and 93 CISA.

### Classes of shares

For each class of shares a separate NAV calculation needs to be done as well a separate set of accounts.

## 1.2 Requirement to audit financial statements

The annual financial statements of investment funds regulated by the FINMA require annual audits. Audited accounts must be completed within four months of the close of the financial year. There is no requirement to audit the interim financial statements.

Only audit firms approved by FINMA can perform these audits. Such audit firms need to have at least CHF 1 million of paid-in capital (Article 134 b CISO) and have to meet certain organizational requirements stipulated in 134 ff. CISO). Thus, mainly big four firms act as IFA auditors. The auditors of any fund management company are also required to audit all its funds.

## 1.3 Publication of financial statements

Annual financial statements have to be published and made available free of charge to investors:

- two months after the closing date for the un-audited semiannual report,
- four months after closing for the audited annual report.

The form of publication is not explicitly regulated. Normally printed copies are provided to investors requiring them. If the investor agrees, an electronic copy will suffice. The semiannual report may be waived for funds only open to qualified investors, if certain requirements are met.

The financial statements have to be filed at the latest when published (Article 89 par. 4 CISA). In addition, the auditors must provide the FINMA with a short form opinion on each fund confirming compliance with the corresponding legislation, the fund contract, and the prospectus.

## 1.4 Accounting standards

For collective investment schemes, accounting standards are as set out in the CO, CISA, and CISO-FINMA and in complementary regulations (circulars) to be issued by the FINMA.

## 1.5 Contents of financial statements

Requirement for inclusion in annual financial statements:

	Required by law
A statement which includes all income less expenses plus realized and unrealized gains and losses	Yes
A statement which only includes income less expenses	No

	Required by law
A statement which only includes income less expenses plus realized gains and losses	No
Statements of net assets and liabilities	Yes
Statement of changes in net assets	Yes
Cash flow statement	No
Statement of accounting policies	No, only real estate funds have to specify appraisal methods used
3-year net asset value table	Yes
5-year net asset value table	No

## 1.6 Accounting treatments and disclosures

The following items must be included in the annual financial statements:

	Required by law
Futures are shown on balance sheet using the grossed up notional amount	No
Futures are shown on the balance sheet based on the margin outstanding	No
Futures are shown on the balance sheet based on the margin outstanding and the margin paid to date	Yes
Organization costs are written off immediately	N/A (borne by fund manager)
Organization costs are amortized over one year	N/A
Organization costs are amortized over more than one year	N/A
Issue costs are charged to the statement of operations	N/A (fund manager receives issue proceeds from investor, and hence bears issue costs)
Issue costs are netted off against creation proceeds	N/A
Holdings in other collective investment schemes are consolidated if the fund holds > 50% of the underlying collective investment fund's shares	N/A, such a holding is not allowed by Swiss Law
Methods used in financial statement presentation to measure listed investments are:	
Cost	
Market value:	No
bid	No
mid	No
offer	No
close	Yes
price at any time during the day	No
The financial statements distinguish between income and capital gains	Yes

## Appendix

### Reference material

The following details the relevant laws and regulations for collective investment schemes and fund management companies and provides Web addresses (in certain instances) where this material can be located:

### Official texts

- Federal Act on Collective Investment Schemes:  
[http://www.admin.ch/ch/d/sr/c951\\_31.html](http://www.admin.ch/ch/d/sr/c951_31.html)
- Ordinance on Collective Investment Schemes:  
[http://www.admin.ch/ch/d/sr/c951\\_311.html](http://www.admin.ch/ch/d/sr/c951_311.html)
- Ordinance of the FINMA on Collective Investment Schemes:  
[http://www.admin.ch/ch/d/sr/c951\\_312.html](http://www.admin.ch/ch/d/sr/c951_312.html)
- Investment schemes related circulars of the FINMA:  
<http://www.finma.ch/d/regulierung/Seiten/rundschreiben.aspx> (German, can be switched to French or Italian at page head)
- KPMG unofficial English translations:  
<http://www.kpmg.ch/Themen/10240.htm>

### Regulator

- Authority: [www.finma.ch](http://www.finma.ch) (German/French/English)
- Self-regulator [www.sfa.ch](http://www.sfa.ch) (German/French/English)

### Stock exchange

- [www.swx.com](http://www.swx.com) (German/French/English)

### Taxation authority

- [www.estv.admin.ch](http://www.estv.admin.ch) (German/French) and various Cantonal authorities

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