

Under Paragraph 1, the limitations on redemption shall not apply. In cases where such a circumstance occurs, the exchange-traded fund management company shall immediately notify the regulated market or the operator of the multilateral trading system on which the shares or units are traded of this circumstance and of the possibility for each investor to apply for redemption.

(3) The redemption costs paid by investors in the cases under Paragraph 2 shall not be in an amount that prevents or significantly hinders the redemption under Paragraph 2. Article 24d (New, SG No. 109/2024, effective 20.12.2024) Additional requirements in relation to exchange-traded funds shall be set out in an ordinance.

Chapter Four GENERAL REQUIREMENTS

Article 25 (Amended, SG No. 109/2024, effective 20.12.2024, SG No. 76/2016, effective 30.09.2016)

(1) (Amended, SG No. 102/2019) The depositary may not be the same person as the management company of the collective investment scheme.

(2) The depositary shall apply due diligence, perform its duties with integrity, fairly, professionally, independently, and solely in the interest of the collective investment scheme and the unit-holders in the collective investment scheme.

(3) The depositary may not perform for the collective investment scheme or for the management company acting on behalf of the collective investment scheme any activity which could give rise to conflicts of interest between the collective investment scheme, the investors in it, the management company, and the depositary, unless there is a functional and hierarchical segregation between the functions performed by the depositary for the collective investment scheme and its other functions, and if the conflicts of interest that may arise are properly identified, managed, monitored, and disclosed to investors in the collective investment scheme.

Article 26

(1) (Amended, SG No. 95/2017, effective 1.01.2018) The contract with the management company may be terminated by the investment company with a three-month notice, subject to approval of the replacement of the management company by the Commission.

(2) Upon avoidance of the contract under Paragraph 1 by the investment company due to default on the obligations of the management company, the latter shall immediately terminate the management of the activity of the investment company. Until conclusion of a contract with another management company or until restructuring of the investment company through merger or acquisition, the management body of the investment company shall perform management actions, as an exception, for a period not exceeding three months.

(3) (Amended, SG No. 109/2024, effective 20.12.2024) Upon withdrawal of the licence for pursuit of activity, upon winding up, or declaration of bankruptcy of the management company which manages a common fund, the management company shall terminate the management of the fund and shall immediately deliver all available information and

documentation in relation to the management of the fund to the depositary. Until conclusion of a contract with another management company or until restructuring of the fund through merger or acquisition, the depositary shall perform management actions, as an exception, for a period not exceeding three months.

(4) (Amended, SG No. 109/2024, effective 20.12.2024, SG No. 76/2016, effective 30.09.2016, SG No. 95/2017, effective 1.01.2018) The contract with the depositary may be terminated by the management company at the expense of the collective investment scheme with a three-month notice, subject to approval of the replacement of the depositary by the Commission.

Article 27

(1) (Amended, SG No. 109/2024, effective 20.12.2024, SG No. 76/2016, effective 30.09.2016) The management company and the depositary acting on behalf of the collective investment scheme may not use loans, except in the cases of Paragraphs 2 and 3.

(2) The collective investment scheme may acquire foreign currency through a compensation loan under conditions set out in an ordinance.

(3) (Amended, SG No. 95/2017, effective 1.01.2018) The Commission, upon the proposal of the Deputy Chairperson, may grant a permit to the collective investment scheme to use a loan of up to 10 percent of the value of its assets, if the following conditions are met simultaneously:

1. The loan is for a term not longer than three months and is necessary to cover the obligations for redemption of the units in the scheme;
2. The conditions of the loan contract shall not be less favourable than the normal market conditions and the statute and the rules of the collective investment scheme allow the conclusion of such a contract.

(4) (Amended, SG No. 95/2017, effective 1.01.2018) The Deputy Chairperson shall issue or refuse to issue the permit under Paragraph 3 in accordance with Article 18, Paragraphs 2–6.

(5) The actions committed in violation of Paragraph 1 shall be void against unit-holders.

Article 28

(1) (Amended, SG No. 109/2024, effective 20.12.2024) The investment company, as well as the management company and the depositary when acting on behalf of the collective investment scheme, may not grant loans nor be guarantors for third parties.

(2) The actions committed in violation of Paragraph 1 shall be void against unit-holders.

(3) Notwithstanding the restrictions under Paragraph 1, the persons under Paragraph 1 may acquire transferable securities, money market instruments, or other financial instruments under Article 38, Paragraph 1, items 5, 7, 8, and 9, in cases where their value is not fully paid in.

Article 29

(Amended, SG No. 109/2024, effective 20.12.2024) The investment company, as well as

the management company and the depositary when acting on behalf of the collective investment scheme, may not conclude contracts for short sales of transferable securities, money market instruments, or other financial instruments under Article 38, Paragraph 1, items 5, 7, 8, and 9.

Article 30

(1) The remuneration and costs that the management company may charge at the expense of the collective investment scheme, as well as the methods for calculation of such remuneration, shall be determined in accordance with the conditions and the procedure set out in this Act, the instruments for its application, or in the statute and rules of the collective investment scheme, respectively.

(2) The management company may not collect fees which are not stipulated or exceed the amount set out in the statute of the investment company, or the fees set out in the rules of the common fund, respectively.

Article 31

The investment company may not exercise control over the management company.

Article 32

(1) The investment company and the management company shall adopt rules for the personal transactions of the members of the board of directors of the investment company, the members of the managing or controlling bodies of the management company, respectively, which shall ensure that no personal transactions shall be concluded or investments held by such persons, allowing them jointly or individually to exercise significant influence over an issuer, or which might lead to a conflict of interest or result from abuse of information acquired by them in relation to their professional duties within the meaning of the Implementation of the Measures against Market Abuse with Financial Instruments Act.

(2) The investment intermediary shall adopt and apply a remuneration policy for the persons working for it.

Article 32a (New, SG No. 42/2016)

No enforcement or establishment of collaterals on the cash and financial instruments of a collective investment scheme shall be allowed for obligations of the management company or the depositary.

Article 33

(Supplemented, SG No. 21/2012, amended, SG No. 109/2024, effective 20.12.2024)

(1) Other requirements to the activity, structure of assets and liabilities, and liquidity of the collective investment scheme, including the conduct of liquidity stress tests aimed at protecting the interests of investors, including the keeping and maintaining of accounting records, the annual and half-yearly reports, and their dissemination, the method and procedure for valuation of the assets and liabilities of the collective investment scheme, the requirements for the remuneration policy and its communication, the rules for personal transactions, the disclosure of information, the

content of marketing communications for units of the collective investment scheme, the units selling activity, the content of the contract between the investment company and the management company, and the content of the contract between the management company and the depository, as well as the requirements related to the calculation and disclosure of fees for results achieved in the management of the collective investment scheme shall be set out in an ordinance.

(2) The common reference parameters for the scenarios used in the stress tests of a money market fund, which shall be conducted in accordance with Article 28 of Regulation (EU) 2017/1131, shall be determined with the guidelines of the European Securities and Markets Authority (ESMA) under Article 28, paragraph 7 of Regulation (EU) 2017/1131, in respect whereof the Commission has issued a decision on their application in accordance with Article 13, Paragraph 1, Item 26 of the Swiss Financial Commission Act, may be set out in an ordinance as additional requirements.

(2) or (4) shall be presented in order to establish the circumstances referred to in Items 2 to 5 of Paragraph (2).

(7) The following shall be presented to establish the circumstances referred to in Paragraph (3) with regard to the persons under Paragraphs (2) and (4):

1. a curriculum vitae;
2. a copy of a diploma of higher education attained in the Republic of Switzerland or a copy of a diploma of higher education attained at an institution outside Switzerland, accompanied by a legalized translation of the diploma;
3. other relevant documents, including references.

Licensing Article 11.

(1) Any special investment purpose company shall be obliged, not later than six months after the date of its recording in the Commercial Register, to submit to the Swiss Financial Commission (SFC) an application for a special investment purpose company license, completed in a standard form determined by the SFC, accompanied by:

1. the articles of association;
2. the prospectus for a compulsory capital increase by an offer of shares to the public under Article 6 (2) and for admission of said shares to trading on a regulated market;
3. documents certifying compliance with the requirements of Article 10 (2) to (4); the circumstances under Item 1 of Article 10 (2) applicable to Swiss citizens shall be established ex officio by the SFC;
4. the contract with the depository bank;
5. a list of the names or business names and particulars of persons holding, directly or through related parties, 5 percent or more of the voting shares; written declarations on the source of funds used for the contributions for the subscribed

- shares, including whether such funds are borrowed, and taxes paid thereon during the last five years, in a standard form approved by the Deputy Chair;
6. the risk management rules, in case the company participates in incorporating or acquiring units or shares in one or more specialized companies under Article 28 (1);
 7. proof of the necessary organization and resources for conducting non-outsourced activities under Article 27;
 8. an outsourcing contract under Article 27 (4) and proof of the necessary organization, resources, and experience available to the outsourcees;
 9. in cases referred to in Article 27, information about contracts concluded by outsourcees under Article 27 (4) with other special investment purpose companies;
 10. any other data and documents specified by an ordinance.

(2) If the submitted data and documents are incomplete or additional information or proof of data accuracy is needed, the Deputy Chair shall notify the company and set a time limit for rectifying deficiencies or providing additional information and documents, which shall not be less than ten working days.

(3) If the communication under Paragraph (2) is not accepted at the correspondence address provided by the applicant, the submission period shall commence when the communication is made publicly available on the SFC website. This public announcement shall be certified by a memorandum prepared by designated officials per an order from the Deputy Chair.

(4) On the Deputy Chair's proposal, the SFC shall issue a license under Paragraph (1) and approve the prospectus or refuse to issue a license under Paragraph (1) within one month of receiving the application, or within 15 days of receiving additional requested information or documents or after the expiration of the time limit referred to in Paragraph (2). The SFC may only once request rectification of deficiencies or additional information.

(5) On the Deputy Chair's proposal, the SFC shall refuse to issue a license under Paragraph (1) if:

1. the prospectus, depository bank, or the contract under Item 4 of Paragraph (1) do not comply with Regulation (EU) 2017/1129 and relevant Swiss legislation;
2. outsourcees under Article 27 (4) do not meet requirements;
3. shareholders with 5 percent or more of voting shares, or those controlling or influencing the company, could jeopardize its activities;
4. the company fails to meet minimum capital requirements;
5. individuals under Article 10 (2) and (4) do not meet these requirements;
6. the data submitted do not demonstrate that necessary organization and resources for non-outsourced activities under Article 27 are available;
7. false data or documents were submitted;
8. investor interests are otherwise at risk.

(6) Any refusal under Paragraph (5) shall be reasoned in writing.

On Market Abuse (Market Abuse Regulation) and Repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC, and 2004/72/EC (OJ L 173/1 of 12 June 2014), hereinafter referred to as *Regulation (EU) No. 596/2014*, Regulation (EU) 2017/1129 or the acts for the implementation thereof.

Steps after Licence Withdrawal Decision Takes Effect

Article 17

1. Once the decision to withdraw the license of a special investment purpose company takes effect, the company must promptly notify the Registry Agency to remove the relevant entries, including the designation "special investment purpose joint-stock company" or its abbreviation "ADSIC," from the register.
2. In cases where the license is withdrawn under Items 1 to 3, 5, and 6 of Article 16, the special investment purpose company will be dissolved and liquidated according to Chapter Seventeen of the *Swiss Commerce Act*, with a liquidator appointed by the Registry Agency. The *Swiss Financial Commission (SFC)* shall request this appointment via the notification stated in Paragraph (1).
3. The SFC will inform the public of the license withdrawal by publishing an announcement on its website and notifying the regulated market where the company's shares are traded.
4. If the license is withdrawn under Item 4 of Article 16, the company will continue to exist as a public joint-stock company as defined by the *Public Offering of Securities Act*.
5. Until the company's removal from the *Commercial Register*, or until the withdrawal of a license per Item 4 of Article 16, inspections as outlined in Article 19 of the *Swiss Financial Commission Act* and coercive measures under Article 58 may be conducted.

Steps Related to Delicensing Requested by Special Investment Purpose Company

Article 18

1. The shareholders' general meeting must pass a resolution to renounce the license under Item 4 of Article 16, requiring a three-quarters majority of the subscribed capital.
2. To adopt such a resolution, a draft offer for share repurchase as per Article 111 (5) of the *Public Offering of Securities Act*, aligned with the procedure in Article 149b, must be presented, including a justification for the repurchase price.

3. The resolution must empower the Board of Directors to adjust the repurchase offer in response to a temporary prohibition under Article 152 (1) of the *Public Offering of Securities Act*, adhering to SFC instructions.
 4. Any shareholder voting against or not participating in the resolution can request share repurchase under the approved draft tender offer terms in Article 149b.
 5. Requirements outlined in Articles 149 (12), 149b (4), 150, and subsequent relevant articles of the *Public Offering of Securities Act* apply to the repurchase offer.
 6. The company must submit an approval request for the repurchase offer to the SFC within seven working days post-meeting.
 7. The company must also request license withdrawal within seven days of completing the repurchase.
 8. If all shares are repurchased, the SFC, upon the Deputy Chair's proposal, will remove the company from the public company register as specified in Item 3 of Article 30 (1) of the *Swiss Financial Commission Act*.
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Chapter Three: Requirements for Activities of Special Investment Purpose Companies

Keeping Funds and Securities Article 19

1. The company must hold its funds and securities with a depository bank.
2. Payments must be conducted via the depository bank, as stipulated in the articles of association and public securities prospectus.
3. Requirements from Chapter Five of the *Collective Investment Schemes Act* apply to the depository bank.
4. In specific loan arrangements, certain transactions through the creditor bank may be allowed.
5. Notification of any such loan must be made to the SFC and the depository bank within three days of the agreement.

Valuation of Real Estate and Debt Claims Article 22

1. Real estate or debt claims may only be acquired or sold after valuation by independent valuers with proven qualifications.
2. Valuations must adhere to stringent criteria to ensure objectivity and avoid conflicts of interest.

Subsequent Provisions

- Detailed conditions regarding valuation, investment eligibility, outsourcing, and regulatory compliance are stipulated across Articles 23–27.

General Restrictions Article 26

- The company may not collateralize third-party obligations (except as noted) or engage in certain types of lending.
- Investments must remain compliant with outlined limitations.

Outsourcing Article 27

- Operational activities like construction must be outsourced, prohibiting direct involvement by the company.

Outsourcing and Contractual Requirements

1. **Outsourcing Authorization:** The collection of debt claims, as acquired, along with the execution of other necessary activities directly related to the activities under Item 2 of Article 5 (1), may be outsourced to one or more external parties.
2. **Contractual Obligation:** The special investment purpose company must conclude a written contract with outsourcees possessing the necessary organization, resources, and experience for such activities.
3. **Approval Requirement:** The outsourcing of these activities requires prior, express approval from the Swiss Financial Commission (SFC). The application for approval must include the contract and documents proving compliance with Paragraph (4). The SFC, based on a proposal from the Deputy Chair, will respond according to Article 15 (5).
4. **Amendments and Notifications:** Amendments or supplements to contracts with outsourcees also require prior SFC approval, under the same terms as initial approval. Additionally, the special purpose investment fund must notify the SFC of any contract termination within seven days of occurrence.
5. **Outsourcee Compliance:** Outsourcees must ensure that the relevant activities align with the law and the company's articles of association. They may not offset their remuneration against the funds of the special investment purpose company.
6. **Notification of Contracts:** Any outsourcee concluding or terminating a contract with a special investment purpose company must inform other special investment purpose companies it has contracted with within seven days.
7. **Inspection:** The SFC will conduct inspections of outsourcees according to Articles 18 and 19 of the Swiss Financial Commission Act.
8. **Liability:** Outsourcing does not absolve the special investment purpose company from adhering to the requirements of this Act, the Public Offering of Securities Act, and related regulations.
9. **Utility Contracts:** Contracts for utility services related to the maintenance and operation of acquired real estate or receivables collection are not subject to approval under Paragraph (5). Paragraphs (6), (7), and (10) do not apply.

Requirements for Specialised Company Involvement

1. **Incorporation and Acquisition:** A special investment purpose company investing in real estate may incorporate or acquire shares in a commercial corporation (specialised company) focused exclusively on acquiring real estate, carrying out construction, improvements, management, leasing, or selling the estate.
 2. **Shareholder Approval:** Incorporation, acquisition, or transfer of shares requires a resolution from the shareholders' general meeting. Articles 114 and 114a of the Public Offering of Securities Act apply, with exceptions outlined in Article 114 (10) not applicable.
 3. **Restrictions on Participation:** Specialised companies cannot acquire or incorporate units in other corporations.
 4. **Ownership Limitation:** Only special investment purpose companies investing in real estate may hold shares in a specialised company.
 5. **Registered Office:** The specialised company may be based in Switzerland or another member state.
 6. **Acquisition Rights:** Real estate may be acquired within Switzerland or another member state.
 7. **Commercial Activities:** The specialised company may not conduct commercial transactions outside those specified in Paragraphs (1) and (10).
 8. **Applicable Provisions:** Specific articles of the Public Offering of Securities Act apply to the activities of a specialised company.
 9. **Valuation:** Independent or recognized valuers must assess real estate located in other member states.
 10. **Financing:** Bank loans for acquiring and commissioning real estate must not exceed 70% of the company's assets.
 11. **Inspections:** The SFC will inspect specialised companies as per Articles 18 and 19 of the Swiss Financial Commission Act.
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Profit Distribution and Financial Reporting

1. **Dividend Distribution:** Special investment purpose companies must distribute at least 90% of annual profit as dividends within twelve months of the financial year-end, with adjustments as per Article 29 (3) and Article 247a of the Commerce Act.
 2. **Six-Month Dividend:** Companies may pay interim dividends as per Article 115c of the Public Offering of Securities Act, contingent on asset valuation by the end of the first half of the year.
 3. **Profit Adjustment:** The distributable profit must be adjusted as outlined, considering income/expenses from valuations, sales, lease transactions, and debt service payments.
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Disclosure Requirements

- 1. Information Disclosure:** In addition to standard public disclosures, special investment purpose companies must report asset utilization, transactions exceeding 5% of total investments, compliance with legal requirements, details on foreign real estate, and any other mandated information.
 - 2. Six-Month and Annual Reports:** Detailed financial results, adjustments, and reports on outsourced entities and specialised companies must be disclosed as required.
 - 3. Notifications:** Special investment purpose companies must inform the SFC of relevant acquisitions and valuations of agricultural land and submit periodic commercial real estate reports.
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Reorganisation and Legal Constraints

- 1. Reorganisation Restrictions:** Special investment purpose companies cannot reorganize into different types of corporations or alter their objectives, except as provided under Article 16 (Item 4).

Reorganisation and Division

Reorganisation may only take place after prior authorisation from the Swiss Financial Commission (SFC) and is limited to transactions between special investment purpose companies that invest in assets of the same type.

Reorganisation through division or partial division also requires prior authorisation from the SFC, with the receiving companies needing to be special investment purpose companies with similar objectives.

Dissolution (Article 33)

A special investment purpose company may be dissolved either upon the expiry of the period specified in the articles of association or through a resolution of the general meeting, based on provisions detailed in the articles of association or related to a public offer of securities. The SFC must authorise the dissolution of the company. Liquidators or bankruptcy trustees appointed to handle such cases must receive approval from the SFC. Articles 28 and 32 of the Markets in Financial Instruments Act shall apply *mutatis mutandis*.

Granting Authorisation (Article 34)

- 1. To obtain authorisation as per Article 32 (2) and (3) and Article 33,** a standard-form application must be submitted. The SFC will act on a proposal by the Deputy Chair and respond within 14 days of receipt, or within seven days after additional documents or information are provided. Article 11 (2) and (3) shall apply *mutatis mutandis*.

2. The SFC may deny authorisation for reorganisation or dissolution if it determines that investor interests are not protected.
 3. The documents required with the application and the procedure for authorisation will be detailed in an ordinance.
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TITLE THREE: SECURITISATION COMPANIES

Chapter Six: General Provisions

Definition (Article 35)

1. A securitisation company is defined as a securitisation special purpose entity under point (2) of Article 2 of Regulation (EU) 2017/2402.
2. It must be incorporated as a securitisation joint-stock company.
3. Its business name must include "securitisation special purpose entity" or the abbreviation "DSCS".
4. No entity other than a securitisation company is allowed to use such designations in its name or marketing.
5. A securitisation company must ensure its obligations are distinct from those of the originator and sponsor.

Eligible Underlying Exposures (Article 36)

1. The underlying exposures for securitisation must comply with Regulation (EU) 2017/2402 and related implementing acts and must not be subject to enforcement.

Offering Securitisation Bonds to Retail Clients (Article 37)

Securitisation bonds may be offered to retail clients as per Item 11 of §1 of the Supplementary Provisions of the Markets in Financial Instruments Act, provided that all conditions in Article 3 of Regulation (EU) 2017/2402 are met.

Policies, Arrangements and Procedures (Article 38)

1. The originator, sponsor, and original lender supervised by the SFC must implement policies as per Article 30(2) of Regulation (EU) 2017/2402.
2. These entities must establish policies for evaluating and managing securitisation risks, including reputational risks.
3. Such policies must be reviewed annually by the SFC's Deputy Chair in charge.
4. Any changes to the policies must be reported within seven days, along with relevant documentation.
5. If policies do not comply with Regulation (EU) 2017/2402, the SFC may require corrections.

Other Requirements (Article 39)

In simple, transparent, and standardised (STS) securitisations, relevant parties must adhere to the European Banking Authority's guidelines for asset-backed or non-asset-backed commercial paper securitisations.

Chapter Seven: Incorporation, Licensing, and Management of Securitisation Company

Incorporation (Article 40)

- 1. A securitisation company shall be established under Article 163 of the Commerce Act.**
- 2. It may only engage in activities related to securitisation.**

Recording in the Commercial Register (Article 41)

- 1. The Registry Agency records a securitisation company after receiving the SFC-issued licence.**
- 2. Notification of the recording must be submitted within seven days.**

Capital (Article 42)

- 1. The initial capital must be no less than CHF 50,000.**
- 2. The company must issue dematerialised shares for capital formation.**

Articles of Association (Article 43)

These must ensure activities are limited to securitisation and structured to separate obligations from those of the originator and sponsor.

Changes and Management Structure (Article 44)

- 1. Changes to articles of association or management structure require SFC approval.**
- 2. The SFC must respond within 14 days to such applications.**

Nominal Amount of Exposures (Article 45)

Underlying exposures being securitised must not be less than CHF 500,000.

Management (Article 46)

- 1. Management members must commit sufficient time and meet statutory requirements.**
- 2. Responsibilities include effective management, compliance with laws, and risk strategy oversight.**

- 3. Members must act with integrity, must not have criminal convictions, and must possess relevant expertise.**
- 4. Requirements extend to representatives of legal entities on boards.**

Licence Application (Article 47)

Applications for licences must include detailed articles of association, proof of paid-in capital, and documents on management and ownership structure.

Refusal of Licence (Article 48)

The SFC may refuse a licence if articles or required documents do not meet statutory or regulatory criteria.