



Information session

Presentation of systematic guidances:

The content and the meaningful usage of the guidances

Your settings

- Make sure that the sound is set on your device
 - Click on the loudspeaker symbol
 - Connect the headphones correctly (if necessary)
 - Sound on
 - Volume regulated
- Please make sure you are muted
- Questions can be asked live in the chat - for Q & A

Your speaker

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Today's programme

- | | |
|------------|---|
| 9:30 a.m. | Welcome and general information |
| 9:35 a.m. | Introduction to the topic – experiences and information from applications |
| 10:15 a.m. | Coffee break |
| 10:25 a.m. | Systematic guidances – thoughts and notes on the documents |
| 11:10 a.m. | Q&A |

FINcontrol Suisse Ltd – Requirements

Self-reflection :

- Risk identification
- Review of personnel
- Documentation (regulations, directives, etc.)
- Partners for specific activities (e.g. risk management, compliance, but also others)

External expertise may be recommendable. However, responsibility remains with the financial institution!



FINcontrol Suisse Ltd – Requirements

Representation/information regarding:

- the financial institution
- own staff
- the services/products offered
- the institution's own risks
- the customer structure
- the customer interaction
(information, testing suitability/
appropriateness, etc.)



FINcontrol Suisse Ltd - Requirements

Take advantage of the transition period

- Making use of external support where needed
- Acquiring knowledge and awareness of one's own company
- You represent your institution towards FINcontrol Suisse Ltd. and FINMA



FINcontrol Suisse Ltd – Authorisation



FINcontrol Suisse Ltd – Application process

Transition periods:

- FinSA: Obligations must be implemented by 31 December 2021



Self-analysis has to be done NOW :

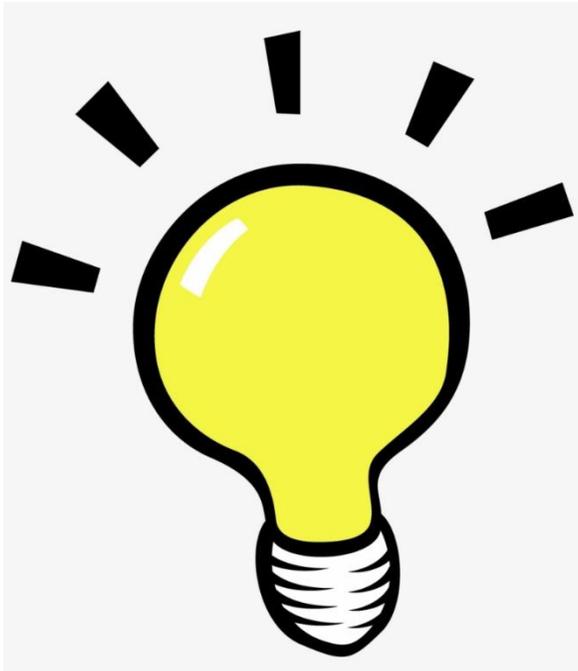
- where do I stand?
- what is my (current and future) business model?
- staffing?
- what (internal) instructions do I need?



FINcontrol Suisse Ltd – Application process

Transition periods:

- FinSA: Obligations must be implemented by 31 December 2021



Follow-up to the self-analysis: draft corporate mission statement

From the defined mission statement, the structural, organizational and not least strategic implementation can be derived and relevant risks can be

With the implementation of this mission statement, you are working on the requirements of both FinSA and FinIA.

FINcontrol Suisse Ltd – Application process

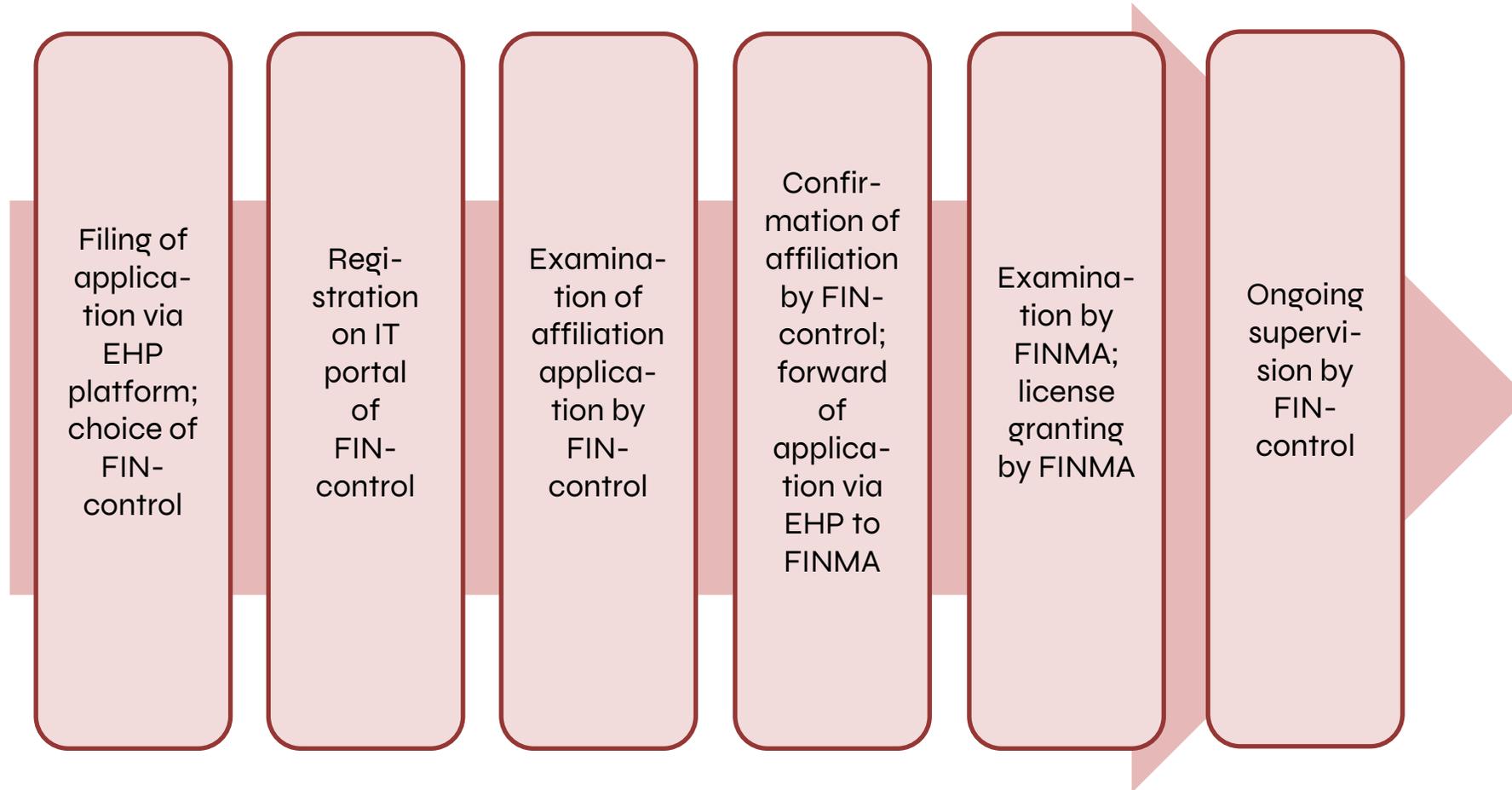
Transition periods :

- FinIA: the licence application must be submitted to the Swiss Financial Market Supervisory Authority by 31 December 2022
- Before submission to FINMA, the affiliation procedure must be completed with FINcontrol Suisse Ltd. (depending on the completeness of the application, this takes 4 - 8 weeks).
- It is not sufficient to have the application ready for preliminary review by the supervisory organisation by December 2022

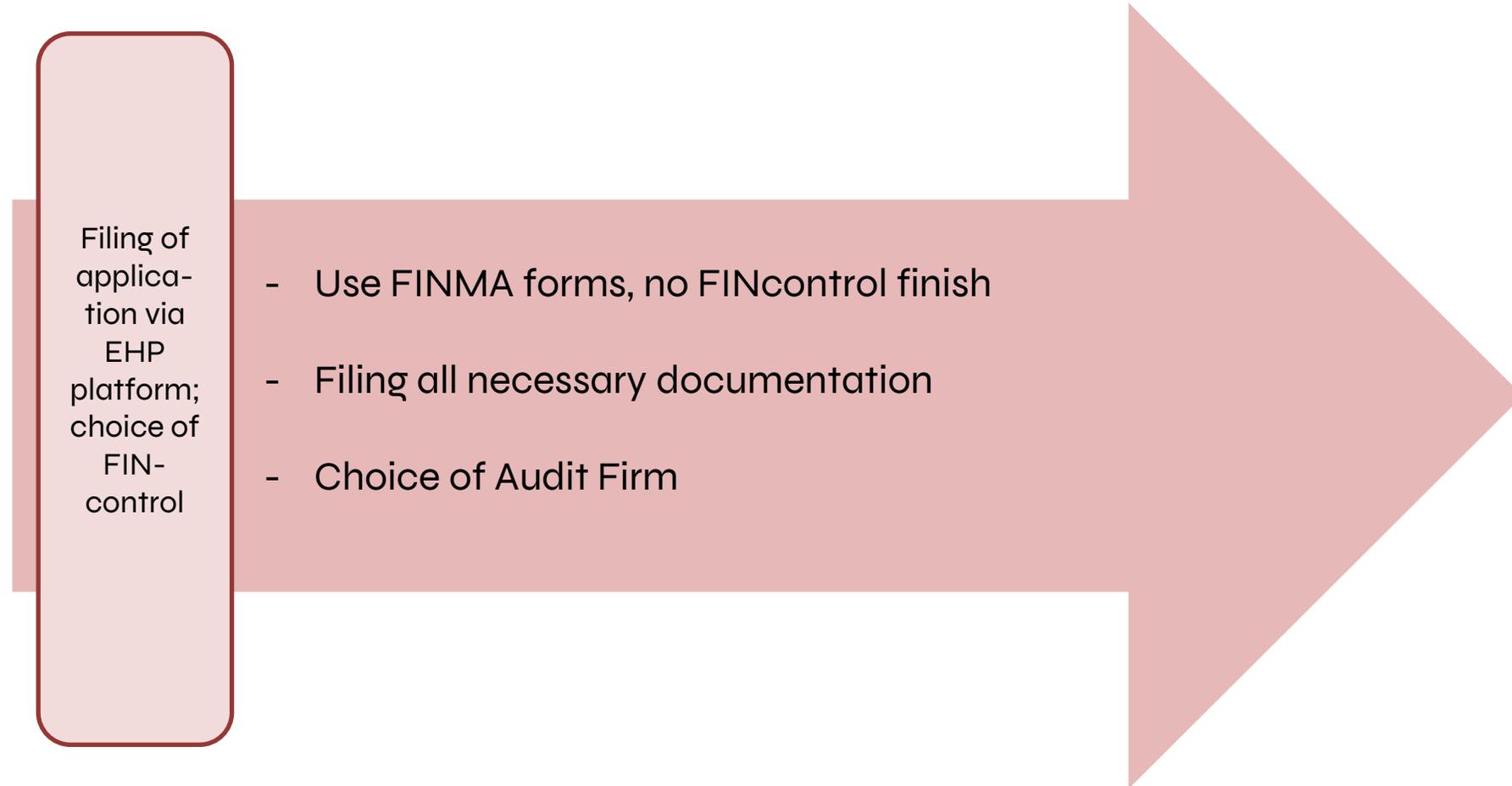


We recommend submitting the application to FINcontrol Suisse AG no later than summer 2022

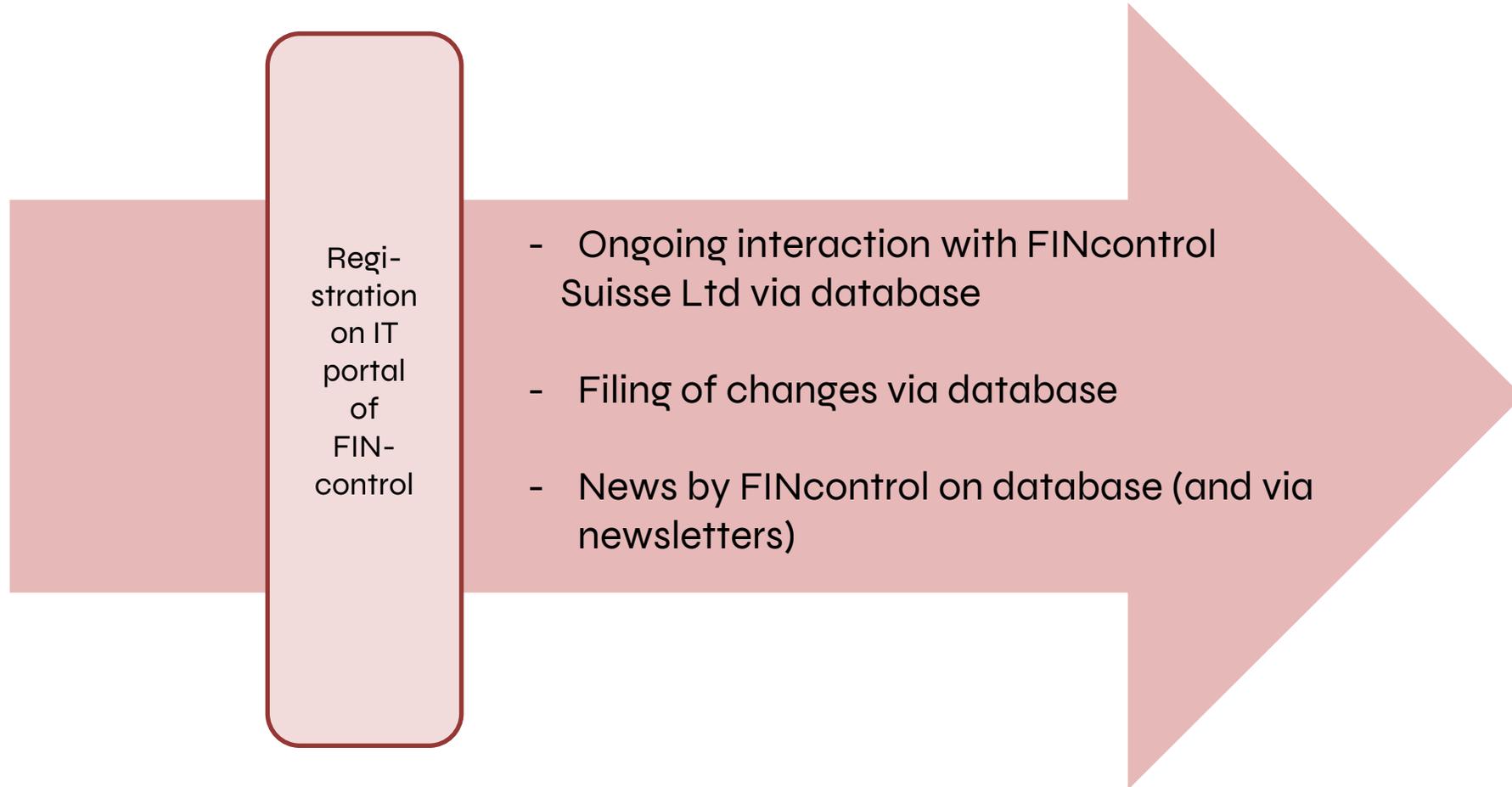
FINcontrol Suisse Ltd – Application process



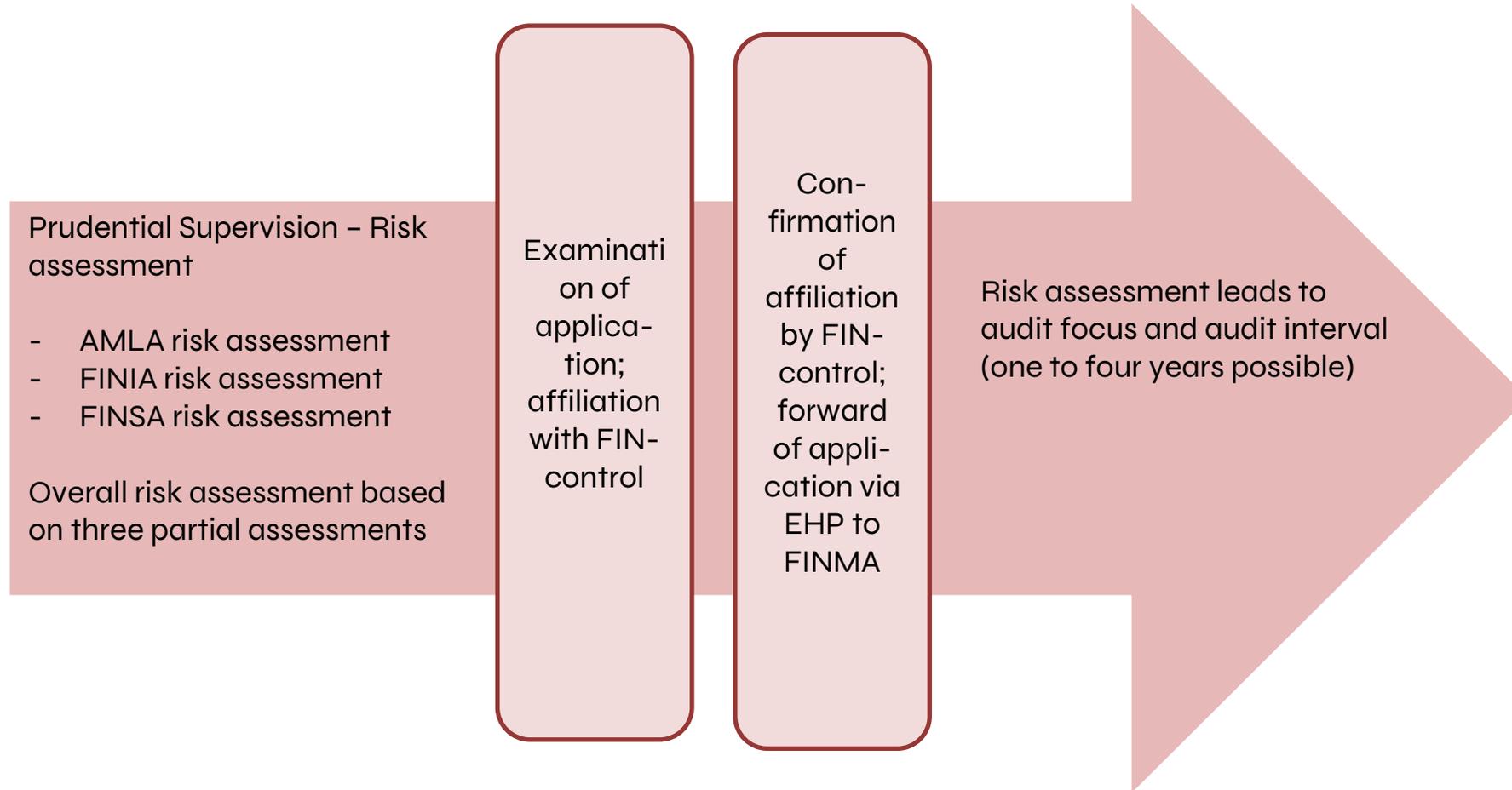
FINcontrol Suisse Ltd – Application process



FINcontrol Suisse Ltd – Application process



FINcontrol Suisse Ltd – Application process



FINcontrol Suisse Ltd – Application process

FINMA reviews application based on pre-check by FINcontrol Suisse

Authority for license approval is reserved with FINMA – which is independent in its decision and not bound to the evaluation of FINcontrol Suisse Ltd.

Examination by FINMA, license granting by FINMA

Ongoing supervision by FIN-control

FINcontrol Suisse Ltd – Application process

Application on EHP

- Get to know the IT tools (EHP, FINcontrol portal) :
 - Upload completed documents to the EHP
 - Make sure you have selected a supervisory organisation (NOT only in the application form, but also on the EHP):

  EHP > Gesuche > Bewilligung für Institute nach FINIG -...

Dateien herunterladen

Löschen

Berechtigungen

Einreichen

Zuständigkeit zuweisen

Schliessen

FINcontrol Suisse Ltd – Application process

Application on EHP

- Get to know the IT tools (EHP, FINcontrol portal) :
 - Check the status of your application - when you enter it via EHP, it should be «In Process» or «In Correction» (the status is only changed to «In Review» when it is forwarded to FINMA)
 - Once FINcontrol Suisse AG has completed its review, the financial institution must forward the application to FINMA.

FINcontrol Suisse Ltd – Application process – Authorisation procedure

First experiences with applications

- Focus on organisational structure
 - Professional qualification
 - Single-member companies: Continuation of business activity?
 - Risk factors: are they correctly addressed and adequately regulated?

FINcontrol Suisse Ltd – Application process – Authorisation procedure

First experiences with applications

- Focus on organizational structure; increased risks tend to be assumed (not conclusive)
 - De-Minimis management of assets of pension schemes or funds
 - Involvement of foreign custodian banks
 - Specific «heterogeneous» foreign customer structure or customer structure with focus on a specific foreign region

FINcontrol Suisse Ltd – Application process – Authorisation procedure

First experiences with applications

- Focus on organizational structure; increased risks tend to be assumed (not conclusive)
 - Use of investment instruments with potential conflicts of interest
 - Unlimited powers of attorney
 - Too high/too low allocation of AuM to number of employees or FTEs
 - High volume of assets under management: AuM > CHF 1 bn.



Result: independent risk management and independent risk control will be required

FINcontrol Suisse Ltd – Application process – Authorisation procedure

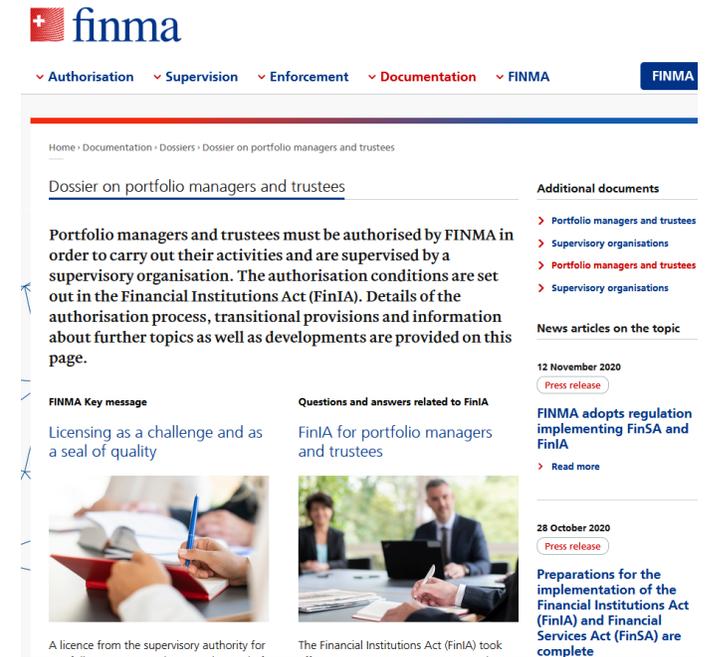
Note on FINMA's updated homepage :

<https://www.finma.ch/en/bewilligung/vermoegensverwalter-und-trustees/bewilligungsprozess/>

In addition: File on asset managers and trustees :

<https://www.finma.ch/en/documentation/dossier/dossier-vermoegensverwalter-und-trustees/>

IMPORTANT: Applications must always be submitted to a supervisory organisation first, only then to be forwarded to FINMA for approval



B R E A K

FINcontrol Suisse Ltd – Systematic guidances

Hierarchy of documents / Documents to be created (proposal)

- Principle: from general to specific
- Statutes as «constitution»
- Organisational regulations (or comparable document) as «law»
- Directives/regulations as «ordinances»

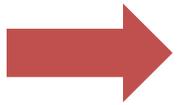


FINcontrol Suisse Ltd – Systematic guidances

- The guidances are *recommendations*, but not always not stipulations
- The guidances are *aids* for the preparation of applications; they are also useful for any consultation with advisors, contractual partners, etc.
- There are deliberately *no sample formulations* included, but indications as to which content-related points are to be addressed
- The *arrangement* of the contents of the regulations - in particular the topical allocation - may *deviate* in individual cases

FINcontrol Suisse Ltd – Systematic guidances

- The documents focus on reflecting the *minimum regulatory content*. In individual cases, deviations and in particular supplements/additions are possible or necessary.



E.g. information sheet on articles of association: contents required under civil and company law are not exhaustively reproduced and recorded

FINcontrol Suisse Ltd – Systematic guidances

- The present leaflets are *dynamic* documents (they are therefore also each provided with a date). New findings and requirements can lead to adjustments at any time
- The fact sheets reflect the interpretation and legal/regulatory assessments of FINcontrol Suisse Ltd. It is possible that the Swiss Financial Market Supervisory Authority FINMA will impose other respectively more requirements. This may lead to corresponding adjustments to the fact sheets

FINcontrol Suisse Ltd – Systematic guidances

Hierarchy of documents / procedure for creating the document budget

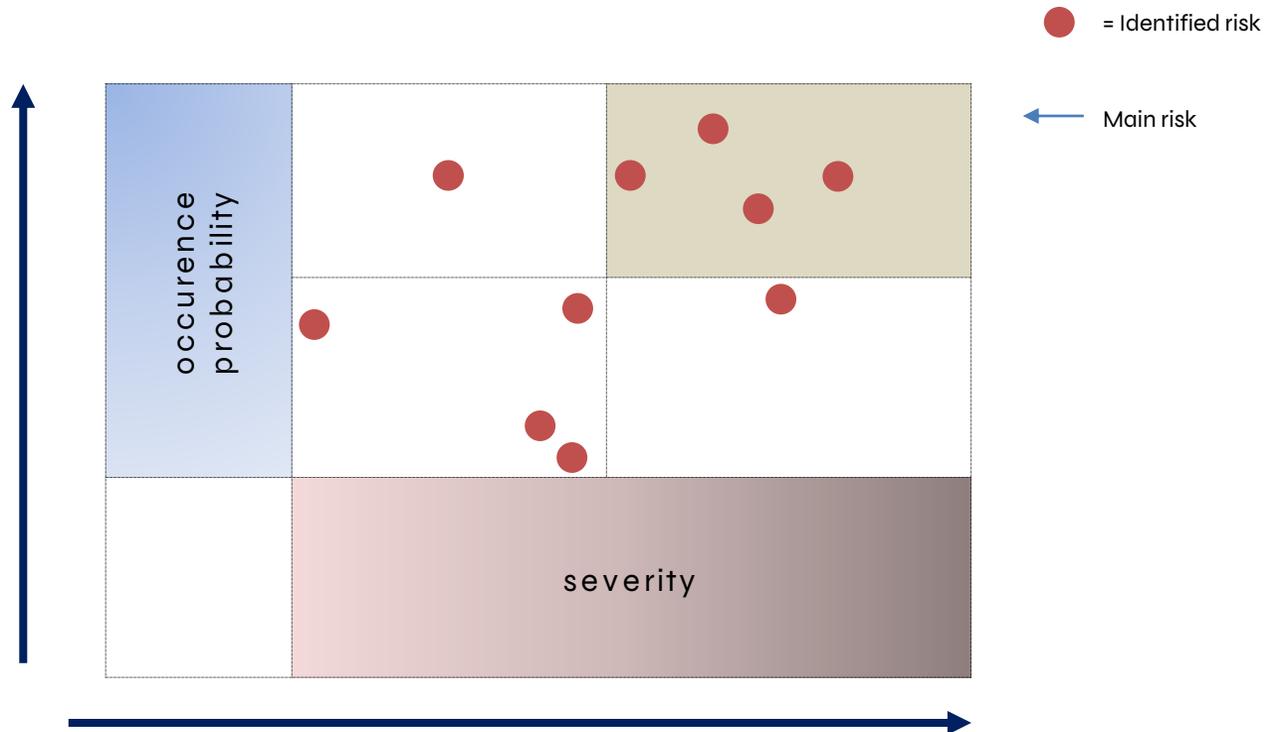
Recapitulation self-reflection

- A «critical self-assessment» (FINMA) is expected with regard to the new requirements as well as the risk liability of the business model
- This self-assessment is reflected in the wholistic assessment of the risks associated with the business activity and operations, which is regularly revised (the risk assessment)
- Representation in risk matrix - regulation in directives and in the internal control system

FINcontrol Suisse Ltd – Systematic guidances

Hierarchy of documents / How to create the document budget

Recapitulation Self-reflection - Risk matrix



FINcontrol Suisse Ltd – Systematic guidances

Hierarchy of documents / How to create the document budget

- Factsheet Statutes
- Factsheet on organisational regulations
- Factsheet Asset Management Agreement
- Factsheet Conflicts of Interest
- Factsheet Risk Management and ICS
- Factsheet Information Diligence Transparency
- Factsheet Dealing with Clients
- Factsheet Conduct of Business in the Context of Asset Management
- Factsheet Business Continuity
- Factsheet Employee Transactions
- Factsheet on combating money laundering (in preparation)
- Factsheet on conduct in the event of delegation

FINcontrol Suisse Ltd – Systematic guidances – Statutes

Hierarchy of documents / How to create the document budget

Statutes as the «foundation» of the financial institution

- Regulates the basic foundations of the organisation, the purpose of the company and other principles
- The purpose of *asset management* is only registrable for new establishments from 2020 onwards after FINMA authorisation has been granted
- Ensure/prove compliance with capital adequacy requirements - mandate auditors?

FINcontrol Suisse Ltd – Systematic guidances – Organisational Regulations

Hierarchy of documents / How to create the document budget

Organisational Regulations (OGR) as the «manual» of the financial institution

- Governs the details of the organisation, responsibilities within the company as well as other principles (e.g. collective signing rights).
- An important document for the OGR is always the organisation chart: the visual representation of the organisation, the competences and responsibilities as well as all deputizations (including externally mandated service providers)

FINcontrol Suisse Ltd – Systematic guidances – Directives

Hierarchy of documents / How to create the document budget

Directives as «working instructions» of the financial institution

- Risk-based approach also means: what is to be regulated is what is relevant in the specific case, not what could be regulated (be careful with model templates!)
- Directives are and should be dynamic documents that can and should be adapted to the current circumstances
- Directives reflect the current status of internal working arrangements, where necessary and appropriate - and to ensure an internal control, a *paper trail*

FINcontrol Suisse Ltd – Systematic guidances – Directives

Hierarchy of documents / How to create the document budget

Directives – Focus on risk management / internal control system:

- FINcontrol Suisse Ltd / FINMA attach importance to identifying and adequately controlling or monitoring the risks of the financial institution as part of the follow-up audit/licensing and ongoing supervision
- The financial institution demonstrates through the entire instruction system that and how it has identified and classified its own (operational) risks as well as any market risks. The directives contain the necessary instructions for action in order to prevent risks from occurring.

FINcontrol Suisse Ltd – Systematic guidances – Directives

Hierarchy of documents / How to create the document budget

Directives – Focus on risk management / internal control system:

- Regulation of the principles of how risks are identified and how they are to be dealt with must be evident from risk management

FINcontrol Suisse Ltd – Systematic guidances – Directives

Hierarchy of documents / How to create the document budget

Directives – Focus on risk management / internal control system and Paper Trail:

- For internal assurance/audit that the internal processes provide regulations for all (identified) risks
- Documentation that checks are carried out at regular intervals and that it is recorded that the regulations are being adhered to and lived by
- To document to FINcontrol Suisse Ltd or FINMA, as well as to any cooperation partners, that internal processes are being correctly adhered to - and that the occurrence of risks is thereby prevented or reduced

FINcontrol Suisse Ltd – Systematic guidances – Directives

Hierarchy of documents / How to create the document budget

Directives

- Workload appears huge – but it's worth the effort!
- With updated document budget fit and proper for upcoming years
- The transitional period and preparation phase may be used to position oneself appropriately

Systematic guidances: The content and the meaningful usage of the guidances?

Q&A

Simon Wälti