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FINMA licensing

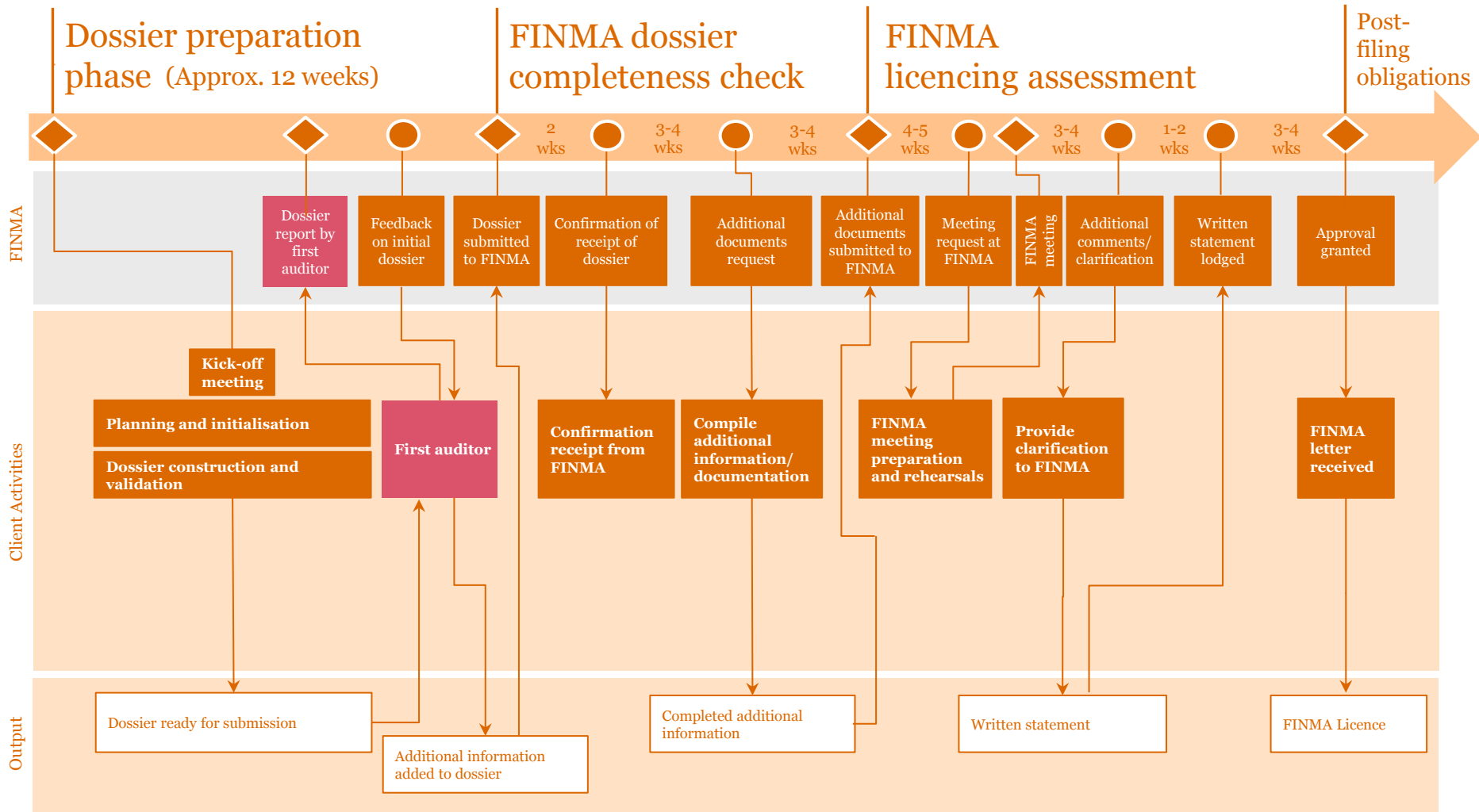
Process & lessons learned

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PwC

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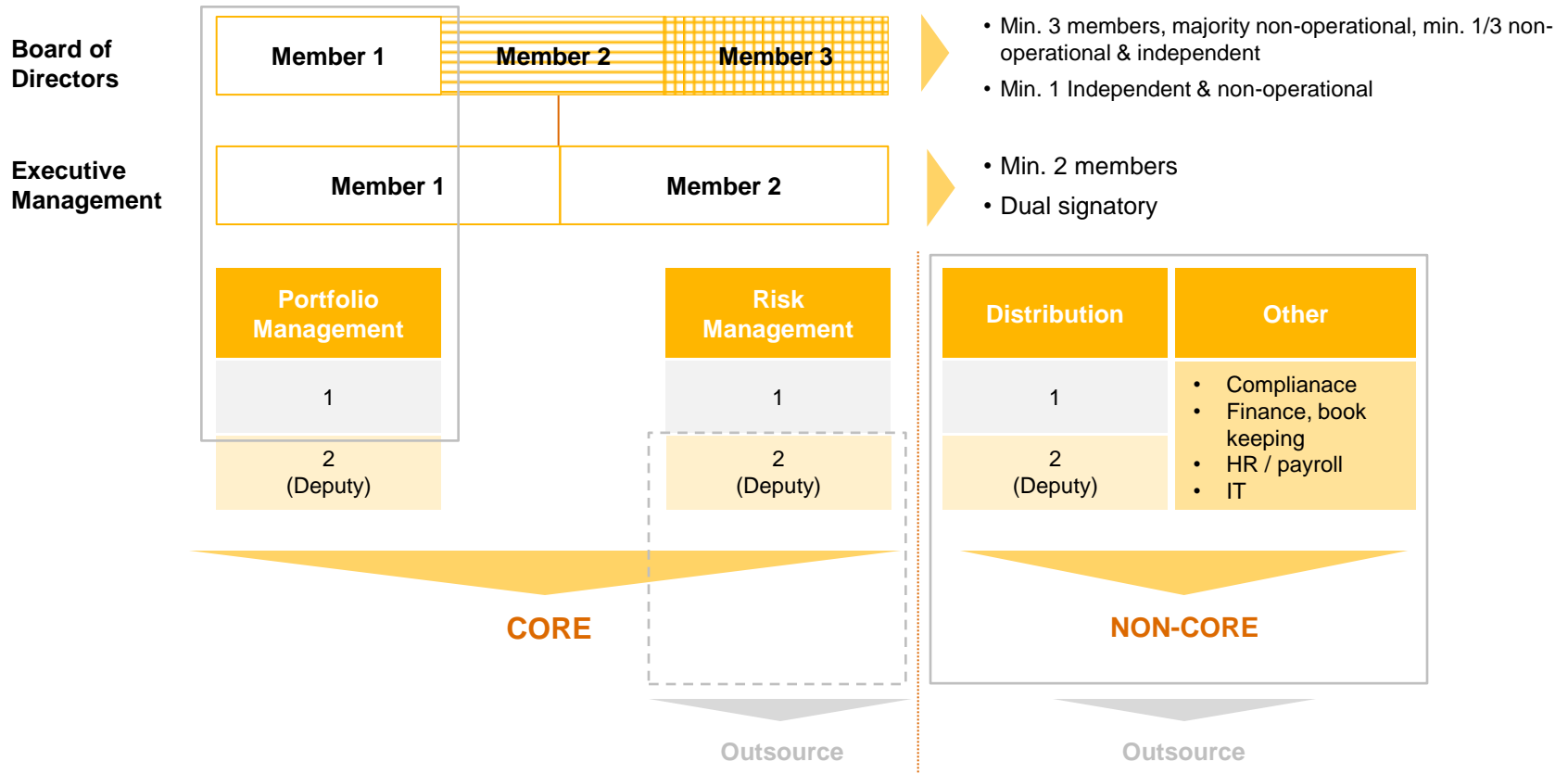
Indicative licencing approach



Keypoints learned from recent filings

- Enough substance/knowledge
- Ordinary audited financial statements (not more than 6 months old, no limited audit)
- Equity requirements
- Internal guidelines
- Compliance Know-how
- Project management/governance
- «Political» dimension
- FINMA appreciates introduction/meetings and provides input – which should be taken serious!

Merging the corporate, regulatory & operational dimensions



Dossier preparation phase (1)

Initialisation and planning

Obtain a clear understanding of

- Your business activities and regulatory obligations as a FINMA authorised asset manager (“effective place of management”)
- FINMA application process and the requirements for governance
- Tax implications of a potential re-organisation
- Application process timeline, effort required, roles and responsibilities, etc.
- Resource availability and data/document access for the application process

Initialisation and planning

- Analysis of your business plan, business model, and legal, tax and governance structures
- Compatibility with CISA requirements re-organisation and internal control system, risk/compliance framework, business plan, capitalisation (finance requirements)
- Coordination of an external advisor for application (if any), the application auditor (mandatory) and the statutory auditor (mandatory)

Dossier preparation phase (2)

Dossier drafting and validation

Draft your CISA-compliant application and assess

- The current legal set-up of your organisation (firms' statutes, shareholdings and organisational rules);
- Activities currently performed by your Swiss firm for specific collective investment schemes (i.e. management and/or advisory of collective investment schemes, discretionary portfolio management, administration of collective investment schemes, representation and/or distribution of collective investment schemes, research);
- Activities you envisage will be performed in the future – re-evaluate business plan;
- The internal control system and applicable policies (risk, compliance and outsourcing, and IT policies, cross border policy, distribution policy, AML policy, etc.);
- Capitalisation (finance requirements).

Dossier preparation phase (4)

Dossier - first audit

First auditor

- Performs a full regulatory audit on the completeness of documents, the required internal policies and finance requirements, challenging any weaknesses in the application dossier;
- Assesses areas that should be re-evaluated in the light of CISA requirements and current FINMA expectations;
- Produces the necessary ***first audit report*** which completes the FINMA application dossier;
- Important to mandate timely, provide with information/documentation early and engage with actively to avoid unnecessary extra-loops.

Dossier completeness check

FINMA Confirmation of receipt of application dossier



FINMA performs formal completeness check on application dossier



Additional documents /information request



Additional documents submitted to FINMA

Note: FINMA will only process the application once all required documentation (dossier) is submitted (including the first audit report)

Dossier licensing assessment (1)

Meeting with FINMA

FINMA will...

Invite you to an ***in-person*** meeting to discuss and clarify crucial aspects of your FINMA application.

These may include:

- ✓ effective place of management
- ✓ your business plan
- ✓ investment and risk management process and resources, etc.
- ✓ Compliance capabilities


Do not expect FINMA to...

Provide you with an assessment of if or when the application will be approved!

Dossier licensing assessment (2)

FINMA confirmation and clarification request

FINMA will internally re-assess the meeting and may ask you to confirm any clarification discussed in the form of a formal letter (written statement) or provide additional information required



Written statement lodged

Once the written statement is received and added to your dossier, your FINMA account manager will present the dossier to the internal FINMA committee for discussion and decision.

There may be some final queries that will need to be addressed.



FINMA approval granted

Contact

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