

Collective Investment Schemes for Accredited Investors

Funds for Accredited Investors	Switzerland (Qualified Investment Fund)	Luxemburg (Specialized Investment Fund)	The Cayman Islands (Exempted Fund)	Irish (Professional Investors Funds)
Regulatory Regime	Regulated by the Swiss Financial Market Supervisory Authority ("FINMA")	Regulated by the Commission de Surveillance du Secteur Financier ("CSSF")	Regulated by the Cayman Islands Monetary Authority ("CIMA")	The Irish Financial Services Regulatory Authority (the "IFSRA")
Approval Process	<p>Required prior launching the Fund:</p> <ul style="list-style-type: none"> The application is deemed to be approved as of its receipt by the FINMA for (i) Securities Funds (UCITS-type), (ii) Real Estate Funds and (iii) Other funds for traditional investments The application is deemed to be approved after four weeks of its receipt by the FINMA for Hedge Funds <p>The FINMA may request amendments to the structure within 3 months as of the end of the deadlines above.</p> <p>The deadlines above apply only if the Fund documents meet the required standard agreed by the FINMA</p>	<p>No prior authorization required. However, the legal documents, choice of custodian and directors must be submitted to the CSSF no later than one month after the set-up of the Fund</p>	<p>Required prior launching the Fund. Issued within one week upon filing with CIMA of the following documents: prospectus, registration form MF1, letter of consents of the auditors and administrator, evidence of incorporation, registration fee</p>	<p>In order to obtain a PIF License in Ireland, an application must be made to the IFSRA containing the following information:</p> <ol style="list-style-type: none"> the name of the scheme; a statement of the general nature of the investment objectives of the scheme; the prospectus; the full name and address of the promoter of the scheme. Sufficient information concerning the promoter to enable the Financial Regulator to be satisfied as to its expertise, integrity and adequacy of financial resources. This information should include, inter alia, details of shareholders, latest audited accounts and details of overseas regulatory status (if any); where a scheme proposes to employ the services of a management company some information is to be supplied in respect of that company: the full name and address of the proposed trustee; the full name and address of the proposed investment adviser, if it is different from the management

42, route de Frontenex | T +41 22 707 93 33 | home@lecocqassociate.com
1207 Geneva Switzerland | F +41 22 786 14 68 | skype : lecocqassociate

The partners' list is available on our website at www.lecocqassociate.com

The content of this memorandum is confidential and shall only be reviewed by the designated recipient(s).

				<p>company, investment company or general partner and a copy of the relevant agreement with the adviser. Sufficient information concerning the investment adviser to enable the Financial Regulator to be satisfied as to its expertise, integrity and adequacy of financial resources. This information should include, inter alia, details of shareholders, latest audited accounts and details of the overseas regulatory status (if any);</p> <p>8. the full name and address of the auditor;</p> <p>9. the full name and address of any third party which has been contracted by the scheme, or management company acting for the scheme, to carry out its work and copies of the relevant agreements with the third party. Sufficient information concerning any third party involved to enable the Financial Regulator to be satisfied as to its expertise, integrity and adequacy of financial resources. This information should include, inter alia, details of shareholders, latest audited accounts and details of overseas regulatory status (if any); and</p> <p>10. such additional information as the Financial Regulator may specify in the course of determining individual applications.</p> <p>Further information will also need to be supplied with the application depending upon the structure chosen. (See NU Notice 4.5).</p>
<p>Structure of the Fund</p>	<p>Open-ended Contractual Fund (<i>fonds commun de placements</i>) between the investor and the fund management company/custodian bank or Company with variable capital (“SICAV”)</p>	<p>Contractual Mutual Fund (<i>fonds commun de placements</i>) or SICAV. The SICAV may be a joint-stock company, a limited liability company, a partnership limited by shares or a cooperative company</p>	<p>Open-ended Exempted Company or Unit Trust or Partnership. For example, an exempted company takes 24 hours to incorporate once the incorporation documents are filed</p>	<p>Irish PIFs may be established as:</p> <ul style="list-style-type: none"> • unit trusts, under the Unit Trusts Act, 1990; • investment companies under the Companies Act, 1990 Part XIII; • investment limited partnerships

				under the Investment Limited Partnerships Act, 1994; or <ul style="list-style-type: none"> • common contractual funds under the Investment Funds, Companies and Miscellaneous Provisions Act, 2005.
Minimum Capital	<p>Company Shares: The minimum capital at launch is as follows:</p> <ul style="list-style-type: none"> ▪ SICAVs managed by third parties: CHF 250,000 in company shares. ▪ Self-managed SICAV: CHF 500,000 in company shares. ▪ Contractual Fund: no minimum capital at launch, but the Fund must appoint a Fund Management Company with a minimum share capital of CHF 1,000,000. <p>Investor Shares: In each case, the assets of the Fund must reach CHF 5,000,000 within one year from launch.</p>	EUR 1,250,000 to be reached within one year following the issuance of the license by the CSSF	N/A	Specific rules.
Eligible Assets	<p>There are three categories of open ended Investment Funds (other than real estate). The following investment restrictions apply for the following Funds:</p> <p>Securities Funds (UCITS-type): Permitted investments pursuant to EU UCITS III Directive:</p> <ul style="list-style-type: none"> ▪ Securities: Liquid securities and non-securitized rights issued on a large scale ▪ Liquid, derivative financial instruments, not just for hedging purposes but also for investment purposes, possible on underlyings that are permitted by the Fund regulations (e.g. on financial indices, interest rates, exchange rates, credits or currencies) ▪ Units in collective investment schemes (target funds), that do not invest more than 10% of their assets in other target funds 	Unrestricted (in principle, any type of assets and investment strategies are acceptable)	Unrestricted (in principle, any type of assets and investment strategies are acceptable)	Wide varieties of assets.

	<ul style="list-style-type: none"> ▪ Liquid money market instruments that have a value that can be accurately determined or are issued by a selected group of issuers (SNB, ECB, EIB, OECD, etc.) ▪ Sight and term deposits and claims from repurchase transactions with maturities up to 12 months ▪ More extensive use of derivatives possible with a Value-at-Risk approach (model based approach, 'complex UCITS'. <p><u>Other Funds For Traditional Investments:</u></p> <ul style="list-style-type: none"> ▪ Traditional investment strategies of all kinds, without having to observe the investment restrictions applicable for securities funds. ▪ Permitted investments: include securities, units in collective investment schemes, money market instruments, sight and term deposits, precious metals, derivatives and structured products ▪ Derivatives may also be used for investment purposes. ▪ Flexible amendment clause enables the FINMA to make additional deviations from the permitted investments, investment techniques and risk distribution <p><u>Hedge Funds:</u></p> <p>Almost no restriction in terms of the investment structure and universe. Permitted investments include securities, units in collective investment schemes (e.g. single hedge funds), money market instruments, sight and term deposits, precious metals, derivatives including structured products, commodities as well as other assets and rights. Additional leverage possible</p>			
Investment Restrictions and Risk	<u>Securities Funds (UCITS-type):</u>	A maximum of 30% of the net asset in	No regulatory restrictions	Full list of investment restrictions

<p>Spreading</p> <ul style="list-style-type: none"> ▪ No investments in precious metals, precious metals certificates, commodities and commodity paper ▪ No short sales ▪ Voting rights limited to 10% of the total voting rights ▪ Exposure per issuer in principle 10% of the Fund's Asset ▪ Overall derivatives exposure 100% of the Net Fund's Asset ▪ Borrowing 10% of the Net Fund's Asset ▪ Overall exposure with borrowing 210% of the Net Fund's Asset ▪ Pledging / transferring the ownership of collateral 25% of the Net Fund's Asset ▪ Investment per target fund 20% of the Net Fund's Asset ▪ Investment in non-EU-compatible target funds 30% of the Fund's Asset <p><u>Other funds for traditional investments:</u></p> <ul style="list-style-type: none"> ▪ Borrowing 25% of the Net Fund's Asset ▪ Pledging / transferring the ownership of collateral 60% of the Net Fund's Asset ▪ Overall exposure 225% of the Net Fund's Asset ▪ Short selling of securities Permitted. Limited <p><u>Hedge Funds:</u></p> <ul style="list-style-type: none"> ▪ Borrowing 50% of the Net Fund's Asset ▪ Pledging / transferring the ownership of collateral 100% of the Net Fund's Asset ▪ Overall exposure 600% of the Net Fund's Asset ▪ Short selling Permitted. Type/scope to be determined in the fund regulations 		<p>similar securities issued by the same issuer unless (i) the issuer is subject to equivalent diversification rules; or (ii) the issuer is an OECD Member State or one of its public institutions</p> <p>Short selling, derivatives and OTC transactions are subject to similar risks spreading rules</p>	<p>apply (see NU 13.10).</p> <p>PIFs are subject to the following investment restrictions in respect of direct investments:</p> <p>PIFs are not permitted to acquire shares carrying voting rights which would enable them to exercise significant influence over the management of issuing bodies (this restriction does not apply to holdings in underlying funds);</p> <p>PIFs structured as investment companies must comply with the principle of "spreading investment risk" as required under section 253(2)(a) of the Companies Act, 1990 Part XIII. It is left to the discretion of the Board of Directors to determine actual diversification with reference to particular strategies;</p> <p>PIFs may invest up to 100% of assets in underlying regulated or unregulated funds but no more than 20% of net assets in a single underlying unregulated fund and no more than 40% of net assets in a single regulated fund where, in this context, "regulated" means a fund which provides an equivalent level of investor protection to that provided under Irish laws, regulations and conditions governing Irish PIFs;</p> <p>Investment in an underlying fund in excess of 40% of net assets will be treated as a feeder type investment. PIFs may only invest on a feeder basis into "regulated" masters; and when transacting over-the-counter in circumstances where collateral is being passed by the PIF outside the Irish trustee / custodian's custodial network, PIFs</p>
---	--	--	---

are generally required to deal with counterparties with a minimum credit rating of A2/P2 (or A1/P1 where the PIF's exposure to such a counterparty may exceed 40% of its net asset value).

Currently a PIF in the form of an investment company (as opposed to a unit trust, common contractual fund or limited partnership) is limited to this 40% figure because of the statutory obligation to spread its investment risk to which it is subject.

For PIFs, borrowing and leverage are generally restricted to 50% of net asset value but limits in excess of this level are permitted on a case-by-case basis.

A professional investor FoHF may invest up to 100% of its assets in regulated or unregulated funds, subject to a maximum of 20% of net assets in any one unregulated fund and a maximum of 40% of net assets in any one regulated fund. In this context, the Financial Regulator would consider an underlying fund to be "unregulated" where it does not provide an equivalent level of investor protection to that provided under Irish laws, regulations and conditions governing Irish PIFs.

PIF funds of funds may only invest a maximum of 10% of net assets in aggregate in units of other funds of funds and may only invest in a feeder fund if such feeder fund provides the only means of accessing the underlying fund and the feeder fund and master fund act, in effect, as a singular structure.

				<p>The PIF's prospectus must disclose the implications of the fund of funds investment policy to investors, including the fact the fees may arise at multiple levels, the lack of transparency that may arise as well as the potential lack of liquidity.</p> <p>If the PIF intends to invest in unregulated funds, then it must also disclose that such funds will not provide a level of investor protection equivalent to funds authorised under Irish laws and subject to Irish regulations and conditions.</p>
Segregated Sub-Funds	Yes	Yes	Yes.	Yes.
Eligible Investors	<p>Accredited Investors:</p> <p>(i) Financial Intermediaries subject to surveillance such as banks, securities dealers, fund management companies, assets manager of Swiss collective investments.</p> <p>(ii) Insurance Companies subject to surveillance.</p> <p>(iii) Public Corporations, Pension Funds and Other Corporations with professional treasury management.</p> <p>(iv) High Net Worth Individuals on condition that they own, directly or indirectly, net financial assets in the amount of CHF 2,000,000 or more. Financial assets include bank deposits, fiduciary deposits, securities, derivatives, precious metals and redeemable life insurance policies. Financial assets do not include real estate, social benefits pension money. In situations where the financial intermediary manages less than CHF 2,000,000 in financial assets, the investor is required to confirm in writing that his global net financial assets amount to at least</p>	<p>Accredited Investors:</p> <p>(i) Institutional Investors</p> <p>(ii) Professional Investors</p> <p>(iii) Any other investors (x) who declares in writing that she is accredited and invests at least EUR 125,000 in the Fund or (y) who receives a certificate by a financial institution certifying she has sufficient experience in high risk investments</p> <p>If the Fund is distributed in Switzerland the Fund should only target Investors that are Accredited according to the Luxembourg definition, but also the Swiss definition (see Swiss definition)</p>	<p>Sophisticated and high-net-worth investors who are capable of understanding the risks and rewards associated with the Fund and are able to withstand any adverse financial consequences</p> <p>If the Fund is distributed in Switzerland the Fund should only target Investors that are Accredited according to the Cayman Islands definition, but also the Swiss definition (see Swiss definition)</p>	<p>To qualify as a Professional Investors Fund, a scheme must have a minimum subscription requirement of EUR 125,000 or its equivalent in other currencies.</p> <p>The aggregate of an investor's investments in the sub-funds of an umbrella scheme can be taken into account for the purposes of determining this requirement. The amounts of subsequent subscriptions from investors who have already subscribed the minimum subscription of EUR 125,000 are unrestricted. An exemption from the minimum subscription requirement can be granted to the following: (a) the management company or general partner; (b) a company appointed to provide investment management or advisory services to the scheme; (c) a director of the management company, investment company or general partner or a director of a company appointed to provide investment management or advisory services to the scheme;</p>

	<p>CHF 2,000,000. In case of doubts, the offeror has a duty of verification.</p> <p>(v) Asset Pooling Vehicles to the extent they hold a net amount of CHF 2,000,000 in financial assets.</p> <p>(vi) External Asset Managers and Managed Clients to the extent that have entered into a discretionary management agreement and that (i) the asset manager is subject to the Swiss Anti-Money Laundering Act of 10 October 1997, (ii) the asset manager is governed by the Code of conduct enacted by a professional organization which is recognized by the regulator as minimum standard and (iii) the discretionary agreement meets the recognized standards enacted by a professional organization</p>			<p>(d) an employee of the management company, investment company or general partner, or an employee of a company appointed to provide investment management or advisory services to the scheme, where the employee:</p> <ul style="list-style-type: none"> • is directly involved in the investment activities of the scheme, or • is a senior employee of the company and has experience in the provision of investment management services.
Minimum Initial Investments	No minimum	EUR 125,000 (or the equivalent) per investor or less if the investor receives a certificate by a financial institution certifying she has sufficient experience in high risk investments	USD 100,000 or the equivalent	EUR 125,000 (or the equivalent)
Reporting	<p>Semi-Annual and Annual reports to be filed with the FINMA</p> <p>In the context of Qualified Investment Funds, the FINMA can waive the obligation to file a semi-annual report</p>	<p>Annual report to be filed with the CSSF. No obligation to produce semi-annual report.</p>	Annual report to be filed with CIMA	<p>All Irish funds must produce annual audited financial statements which must be filed with the Financial Regulator within 4 months of the period end. Retail investor funds and PIFs must also produce half-yearly unaudited financial statements which must be filed within 2 months of the period end.</p>
Service Providers	<p>The Custodian Bank must be a bank approved by FINMA. In the context of Qualified Investment Funds, a foreign prime broker can undertake most of the tasks of the Swiss custodian bank (subject to prior approval by the FINMA)</p> <p>The central administration and the registered office must be in Switzerland</p>	<p>The Custodian Bank must be a Luxembourg-based bank or an EU branch approved by the CSSF</p> <p>The central administration and the registered office must be in Luxembourg</p> <p>The auditors must be Luxembourg-based</p> <p>Investment managers do not need to be</p>	<p>No regulatory restriction in the Cayman Islands on the choice of the investment manager, administrator, custodian, broker. The auditors must be approved by CIMA.</p> <p>The location of the service providers must be carefully selected to avoid regulatory and tax consequences in other jurisdictions</p>	<p>Administrator: PIFs, as well as all other investment funds in Ireland, are required to appoint an Irish Administrator (or an Irish management company) which will perform certain minimum administrative activity in Ireland such as the calculation of the net asset value of the fund and its</p>

	<p>The auditors must be approved by the FINMA</p> <p>Investment manager must be approved by the FINMA. In the context of Qualified Investment Funds, the FINMA can waive this requirement</p>	<p>approved by the CSSF. There is no restriction as to the location of the investment manager</p> <p>No specific requirements are defined in terms of registered prime broker</p>		<p>dealing price, the maintenance of the books and records of the fund, etc.</p> <p>Investment Manager: The investment manager for the PIF must be approved by the Financial Regulator. Acceptable investment management firms include those which are regulated under MiFID and non-EU firms regulated by a supervisory authority which is recognised by the IFSRA..</p> <p>Custodian: The assets of Irish regulated funds must be entrusted to a custodian bank for safe-keeping. Such custodian must be a credit institution authorised in Ireland, an Irish branch of an EU credit institution or an Irish incorporated company which is wholly owned by an EU credit institution (or equivalent from a non-EU jurisdiction) provided that the liabilities of the Irish company are guaranteed by its parent.</p> <p>Promoter: The IFSRA will only accept promoters who are of good repute, have sufficient financial resources and adequate experience and a proven track record in collective investment schemes. The promoter must be regulated by a supervisory authority recognized by the IFSRA.</p>
Public Offering	Yes in Switzerland, but advertisement must states that the Fund is only aimed at Accredited Investors	No public offering allowed	No public offering allowed	No public offering allowed.
European Passport	No. There is merely a bilateral agreement on the freedom of movement between Switzerland and France. In certain third-party states (e.g. Dubai and now also Bahrain), it is easier to distribute Swiss	No	No	No.

	securities funds due to their 'UCITS status'.			
Taxation:				
Income Tax	<i>Transparent Taxation:</i> Assets and income (distributed or capitalised) are allocated to the investors on a pro rata basis. Taxation takes place exclusively and directly at the level of the investor. Collective investment schemes with direct property ownership are the exception to this principle (e.g. real estate).	N/A	N/A	N/A
Withholding Tax	Yes. In certain countries, it is possible by way of an affidavit process to obtain relief from withholding tax commensurate with the units held by domestic investors. In the case of collective investment schemes that generate at least 80% of their income from foreign sources, the income can be distributed to investors domiciled abroad without deduction of Swiss withholding tax. The prerequisite is that all provisions for applying the so-called affidavit process are met.	In principle, no Luxembourg withholding tax on dividends	No Cayman Islands withholding tax on dividends	No withholding tax would arise on dividend (subject to putting a standard declaration in place) or interest payments (from mezzanine debt) made by Irish companies to the Investment Undertaking.
Fees and Expenses:				
Registration Fee	EUR 3,000-10,000 (this is an estimate. The final figure depends upon the size of the fund and the time spent by the FINMA on the file).	EUR 1,250 for a Single Class Fund EUR 2,650 for an Umbrella Fund	USD 4,500 (incorporation of an Exempted Company, including government fee) USD 3,050 (CIMA fund registration fee)	EUR 2,025-4,400
Legal	EUR 15-20,000 (for plain vanilla funds)	EUR 20,000 (for plain vanilla funds) (Notary fees EUR 2,500-4,000)	USD 20,000-25,000 (for plain vanilla funds)	EUR 25,000-30,000
Auditors	Approx. EUR 8-10,000	Approx. EUR 10-15,000	EUR 8-10,000	