VERBAND SCHWEIZERISCHER VERMÖGENSVERWALTER (VSV)
ASSOCIATION SUISSE DES GÉRANTS DE FORTUNE (ASG)
ASSOCIAZIONE SVIZZERA DI GESTORI DI PATRIMONI (ASG)
SWISS ASSOCIATION OF ASSET MANAGERS (SAAM)

Code of Ethics and Professional Conduct of Independent Asset Managers

of the

Swiss Association of Asset Managers (SAAM)

(Excerpts from the Self-regulatory Rules and Regulations of the Swiss Association of Asset Managers (SAAM))

of 26 March 1999 (25.8.2005 version)

(Unofficial translation. Only the German, French or Italian text is legally binding.)

Contents

A. Introduction

1. Recitals

- in an effort to enhance the professional reputation of Swiss independent asset managers in Switzerland and abroad;
- in the desire to make a effective contribution to the protection of investors;
- with the intention to make an effective contribution to the prevention money-laundering,

by this Code of Ethics and Professional Conduct of Independent Asset Managers, the independent asset managers represented by the Swiss Association of Asset Managers (the "SAAM"), hereby pledge to the SAAM in its capacity of Self-regulatory Organisation ("SRO"), created to protect the interests and reputation of the profession:

a) to at all times provide clients with independent professional advice and clearly explain all possible risks incurred through the implementation of specific investment decisions;

b) to comply with the requirements of the Swiss Federal Law on Combating Money Laundering in the Financial Sector [*Bundesgesetz zur Bekämpfung der Geldwäscherei im Finanzsektor*] of 10 October 1997 (the "Money Laundering Law" or "MLL") and to ensure the performance of due diligence when engaging in financial transactions.

The purpose of this Code of Ethics and Professional Conduct of Independent Asset Managers is to regulate the professional services of all active and individual members of the SAAM, together with such Members' Swiss resident companies but excluding their non-Swiss branches, representation offices and subsidiaries. Those Members subject to the Code, may not engage in transactions of their non-Swiss branches, representative offices, sister and parent companies or subsidiaries for the purpose of avoiding compliance with regulations regarding the prevention of money laundering.

The professional services of Members requiring government authorisations to engage in securities dealing or financial intermediation are only subject to Paras. 9 to 19 of this Code of Ethics and Professional Conduct of Independent Asset Managers .

This Code of Ethics and Professional Conduct of Independent Asset Managers has no effect on the obligation of confidentiality and cannot and is not intended to:

- extend the scope of foreign fiscal, commercial and currency regulations to Switzerland, or subject Members to such legislation (unless otherwise provided by international treaty and Swiss law as may be in effect from time to time);
- circumvent current interpretations by the courts of international law;
- affect the privity of contracts in existence between members and their clients.

The Code of Ethics and Professional Conduct of Independent Asset Managers (the "Code") contains binding Rules of Professional Conduct (the "Rules") for best practice asset

management. The Code specifically embodies Money Laundering Law requirements relating to the performance of due diligence (Arts. 3 – 7 MLL).

B. Requirements regarding the prevention of money laundering

Rules of Professional Conduct:

1. Definition of terms used in this Code:

   a. *Cash transactions:* all transactions settled in cash (specifically including currency exchange and the sale of travellers' cheques), cash payments for bearer securities, cash remittances and equivalent transfers and the purchase and sale of precious metals unless such transactions are made by existing long-standing clients;

   b. *Cash remittances and equivalent transfers:* the transfer of assets, excluding physical deliveries, in consideration for cash, cheques or other means of payment in Switzerland and remittance of a corresponding amount in cash or other form of payment outside Switzerland involving non-cash payments, documentary credits, transfers or the use of other payment or clearing systems.

   c. *Politically exposed persons:*

      - individuals who are or have been entrusted with prominent public functions in a foreign country, for example: heads of state, or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations.

      - companies and persons with close family or personal ties to or business relationships with the aforementioned persons.

   d. *Domiciliary companies:* Domiciliary companies are organised associations of individuals, funds or trusts [*Vermögenseinheiten*], that:

      - are not engaged in any type commercial or manufacturing business or any other form of commercial operations; or

      - have no place of business or employees except for employees exclusively engaged in administrative functions.

   e. *Equivalent regulation and supervision:* regulation and supervision having regard to the prevention of money laundering as applied in a member state of the Financial Action Task Force on Money Laundering (FATF) in compliance with FATF recommendations.

2. Members may not have relationships with banks, which are not physically present in the country under the laws of which they are organised, unless such banks belong to a group of companies which is adequately supervised.

3. A business relationship comes into existence through the conclusion of a contract. All records and information required to verify the identity of contracting parties, and, where required by Para. 3, to establish the existence of a beneficial owner must be presented before any transaction in connection with such business relationships can be executed.

4. Members may delegate the verification of the identity of contracting parties, establishment of the existence of beneficial owners, renewed verification of the identity of a contracting party or existence of a beneficial owner and the performance of due diligence with respect to matters

having regard to Swiss or international financial intermediaries to the extent that the party performing such activities is subject to equivalent regulation and supervision.

Members may fulfil the above obligations through the conclusion of a written agreement with a third party, to the extent that:

- due diligence has been exercised in the selection of such third party;
- such third party is in the receipt of instructions regarding its duties;
- proper execution of the verification of identities can be monitored.

Members, however, shall remain personally responsible for the due performance of obligations which have been delegated. Copies of documents demonstrating compliance with due diligence requirements shall be kept in Members' files. The persons to whom such obligations have been delegated must confirm in writing to Members that such documents are in conformity with originals. Such obligations may not be sub-delegated.

5. In the event that a business relationship is terminated for the reasons cited in Paras. 14, 23 and 25 or as the result of additional due diligence pursuant to Para. 5, the relevant assets, if in excess of CHF 25,000, shall be returned to the contracting party in a manner that permits the authorities to follow a paper trail.

2. Verification of contracting parties' identities

Prior to establishing business relationships, Members are required to verify identities of contacting parties through examination of suitable identification documents.

The identities of parties, which have not previously been verified, engaging in cash transactions are only required to be verified to the extent that one or more of such cash transactions appear to be related and are for material amounts.

If there is any indication that a transaction is money laundering in nature, it is required to verify the identify of the relevant party even if the amount is not material.

Rules of Professional Conduct:

6. The following information is to be obtained by Members prior to the establishment of a business relationship:

   - for natural persons and sole proprietors of businesses: first and last names, date of birth, residential address and citizenship;
   - for legal persons and partnerships: name of company or partnership and address of registered office.

   This information is not required for contracting parties from countries in which dates of birth and residential addresses are not normally recorded. Such exceptions are to be recorded in a note to the files.

7. Prior to establishing a business relationship with a natural person or the sole proprietor of a business, Members are required to examine that party's proof of identity. The following types of documents may be used as proof of identity:

- identity documents with photographs issued by a Swiss authority;

- non-Swiss passports and special travel documents accepted by the Swiss Federal Office of Immigration, Integration and Emigration for visa and passport control purposes when entering Switzerland.

When business relationships are established without personally meeting with the party, Members should, additionally, verify the residential address through exchanging correspondence or other equivalent method.

8. When establishing business relationships with legal persons, entered in the commercial registry, or with partnerships, Members should verify the identity of contracting parties with reference to one of the following documents:

- commercial register extract issued by the commercial registry;

- a hardcopy of an extract obtained by a Member from a database maintained by commercial registration authorities;

- a hardcopy of an extract from reliable, private registries and databases.

Commercial register extracts, audit reports and extracts from databases may not be more than twelve months old and must reflect current circumstances.

The identity of legal persons, not entered in the commercial register, and partnerships should be verified with reference to the following documents: articles and memorandum of association, audit reports, official authorisations to exercise a business or an equivalent document.

Verification of the identities of associations, foundations and other types of collective undertakings not entered in the commercial register should include the verification and documentation of the identities of the authorised signatories of such entities who establish the business relationship.

9. Members may dispense with the verification of the identities of legal persons listed on stock exchanges. A note explaining the reasons should be kept on file when a Member dispenses with the verification of the identity of a contracting party.

10. Members should require that originals or certified copies of documents are presented.

Certified copies are to be kept on file. Alternatively, photocopies of the originals or certified copies should be maintained and should bear, the date, Member's signature and statement that the original or certified photocopy has been sighted.

11. Copies of identity documents may be accepted that have been certified by:

- notaries or other government offices normally certifying copies of such documents;

- a Swiss financial intermediary as defined by Art. 2 (2) or (3) MLL or a non-Swiss financial intermediary engaged in the activities listed in Art. (2) or (3) MLL to the extent that such non-Swiss financial intermediary is subject to equivalent regulation and supervision.

Certified copies may be no more than twelve months old.

12. For contracting parties without proof of identity as defined in this Code, it is, by way of exception, also permissible to use alternative proof of identity for verification purposes. Such exceptions are to be recorded in a note to the files.

13. It is required to verify the identity of contracting parties intending to engage in piecemeal, obviously related cash transactions of a cumulative amount of CHF 25,000 or more.

    Members are required to verify the identity of contracting parties intending to engage in one or more obviously related money laundering transactions of a cumulative amount of CHF 5,000 or more.

    The identity of contracting parties should always be verified when:

    - cash is remitted or equivalent transfers made;
    - there are grounds to suspect that a transaction is money laundering in nature (Schedule A).

    Members are required to cite the names, account numbers and addresses, or names and identification numbers, of parties issuing instructions to remit cash or make equivalent transfers. Members may, for legitimate reasons, such as standing orders, dispense with providing such information. Such legitimate reasons are to be explained and documented.

14. If the identity of a contracting party cannot be verified within three months of establishing a business relationship, the relationship must be terminated in the manner described in Para. 5 of this Code.

3. Establishing the existence of beneficial owners

Members are required to obtain a written statement from contracting parties as to the identity of any beneficial owners, if not the same as the contracting party, or if circumstances are ambiguous.

Such a statement regarding the identity of any beneficial owners must always be obtained by Members for cash transactions of material amounts as defined in Para. 2 of this Code and the related Rules and when the contracting party is a domiciliary company.

A full list of beneficial owners is required for omnibus bank and securities custody accounts. Contracting parties are required to promptly notify any changes to this list.

Rules of Professional Conduct:

15. Ambiguities, which are particularly suspect, arise when:

    - persons, lacking close ties to a contracting party, have issued a power of attorney, unless such power of attorney is in connection with an asset management mandate;
    - the value of assets held is obviously in excess of contracting parties' financial circumstances;
    - other anomalies come to light when meeting with the contracting party;
    - a business relationship is established without meeting with the contracting party.

16. Members must always obtain a written statement regarding the identities of beneficial owners when contracting parties are domiciliary companies.

    A written statement regarding the identify of beneficial owners must also be obtained by Members when it is ascertained that a family foundation, legal person or company, the purposes

of which are to protect the collective welfare of its members or which pursues objectives of a political, religious, scientific, artistic, benevolent, social or similar nature, is not exclusively engaged in such activities.

It is not necessary to verify the identities of beneficial owners when domiciliary companies are listed on a stock exchange.

17. Members are required to obtain written statements regarding the identify of beneficial owners from contracting parties intending to engage in one or more, apparently related cash transactions of a cumulative amount of CHF 25,000 or more.

Members are required to obtain written statements regarding the identity of beneficial owners from contracting parties intending to engage in on or more, apparently related foreign exchange transactions of a cumulative amount of CHF 5,000 or more.

A statement regarding the identity of beneficial owners must always be obtained by Members when cash is remitted or equivalent transfers are made.

18. Such statements by contracting parties regarding the identity of beneficial owners must contain the following information:

- for natural persons and sole proprietors of businesses: first and last names, date of birth, residential address and citizenship;

- for legal persons and partnerships: name of company or partnership and address of registered office.

For natural persons and sole proprietors of businesses, statements made by contracting parties regarding the identity of beneficial owners may be signed by the contracting party or other authorised signatory. Statements made by legal persons must be signed by a body of that legal person or an authorised signatory.

It is not required to obtain the residential address and date of birth for beneficial owners from countries in which dates of birth and residential addresses are not normally recorded. Such exceptions are to be recorded in a note to the files.

19. It is possible for beneficial owners to be either natural or legal persons. Domiciliary companies, however, may never be beneficial owners.

20. For associations of persons, trusts or funds [*Vermögenseinheiten*], for which there are no beneficial owners (e.g., discretionary trusts), a written statement in confirmation of that fact must be obtained. Such statement must also contain information relating to the settlor of the trust (not the trustee) and, to the extent ascertainable, those persons on behalf of whom the contracting party or bodies of the contracting party act and the categories of persons who are likely to become beneficiaries (e.g., “members of the settlor’s family”). The identities of any custodians [*Kuratoren*], guardians [*Protektoren*], etc., are also to be included in the statement.

The information required by Rule 18 must be given with respect to the de facto settlor of any revocable arrangements [*widerrufbare Konstruktionen*].

21. It is not required to obtain a statement regarding the identities of the beneficial owners from contracting parties which are financial intermediaries subject to special statutory supervision or tax-exempted occupational pension plans pursuant to Article 2 (4) (b), MLL.

A financial intermediary subject to special statutory supervision is defined as:

- a Swiss financial intermediary as defined by Article 2 (2), MLL;

- [*] *a non-Swiss financial intermediary engaged in one of the activities listed in Article (2) (2), MLL, to the extent subject to specific regulatory legislation of its country of residence, which is equivalent to Swiss supervision;*

- [*] *other non-Swiss financial intermediaries, which are supervised in their country of residence in accordance with DIRECTIVE 2004/39/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 21 April 2004 on markets in financial instruments (MiFID).*

It is, however, required to obtain a statement from contracting parties exempted by this Rule 21, regarding the identity of any beneficial owners in the event of misconduct or general warnings issued by Anti-Money Laundering Control Authority with respect to specific institutions or all institutions of a specific country.

22. When contracting parties are undertakings for collective investments or investment companies with more than twenty persons having a beneficial interest in the undertaking's or company's investments, Members are only required to obtain a statement relating to those investors which jointly or severally have a beneficial interest in at least five percent of an undertaking's or company's investments.

23. Members are required to terminate business relationships in compliance with Rule 5, if it has not been possible to ascertain the identity of a beneficial owner within three months of establishing the business relationship or if there are uncertainties with respect to the contracting party's statement and such uncertainties cannot be resolved by additional due diligence.

4. Renewed verification of identity of contracting party or identification of beneficial owners

If, for existing business relationships, uncertainties arise with respect to the identity of the contracting parties or beneficial owners, the procedures set out in paragraphs 2 and 3 for the verification of the identities of contracting parties or the establishment of the existence of beneficial owners must be repeated.

Rules of Professional Conduct:

24. The verification of the identity of a contracting party or the establishment of the existence of any beneficial owner must be repeated for existing business relationships when uncertainties relating to the following arise:

- accuracy of the information regarding the identity of the contracting party;

- the fact that the contracting party and beneficial owner are one and the same person;

- accuracy of the contracting party's statement regarding the identity of the beneficial owner.

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[*] Not approved by the Swiss Authority for the Control over the Combating of Money Laundering. Provision is not effective.

Uncertainties with respect to the contracting party's statement regarding the identity of the beneficial owner specifically include those instances when the power of attorney for a domiciliary company is amended for existing business relationships with Members.

25. Members are required to terminate business relationships in accordance with Rule 5 in the event of the following:

- uncertainties with respect to the identity of a beneficial owner remain after a renewed attempt to ascertain the identity of a beneficial owner or additional due diligence;
- Members suspect that false information regarding the identity of the contracting party or beneficial owner was intentionally provided.

5. Additional due diligence

Members are required to perform additional due diligence on the background and purpose of transactions or business relationships, in the event that:

- they appear irregular unless they are obviously in compliance with the law;
- there are indications that assets have been obtained through criminal activities or are under the control of a criminal organisation.

Rules of Professional Conduct:

26. Irregular business relationships and transactions specifically include the following:

- higher risk business relationships as defined in Rule 27;
- higher risk transactions as defined in Rule 28;
- the existence of any of the indicators listed in Schedule A.

27. Members are required to define their own indicators for the identification of potentially higher risk business relationships. The following indicators are likely to be particularly relevant:

- registered offices and places of residence of contracting parties and beneficial owners.
- nature and location of contracting parties' and beneficial owners' businesses;
- any long periods of time without personal contact with contracting parties or beneficial owners;
- types of services or products requested;
- value of assets placed under management;
- value of assets deposited and withdrawn;
- origin and destination of frequent remittances.

Members are under an obligation to identify and flag higher risk business relationships. Business relationships with politically exposed persons should always be classified as higher risk. Any decision to establish or continue higher risk business relationships must either be referred to the senior management body or at least one of its members.

28. Members are required to develop their own indicators for the identification of higher risk transactions. The following indicators are likely to be particularly relevant:

- value of assets deposited and withdrawn;
- any significant deviations from the normal conduct of the business relationship with respect to types, volume and frequency of transactions;
- any significant deviations from the normal conduct of analogous business relationships with respect to types, volume and frequency of transactions;

Higher risk transactions must always include:

- transactions (specifically including those listed under A14, A24 and A25 of Schedule A of this Code) entailing the physical deposit or withdrawal of cash, bearer securities or precious metals of an individual or, if piecemeal, cumulative value of CHF 100,000 or more;
- Cash remittances and equivalent transfers (specifically including those listed under A14, A24 and A25 of Schedule A of this Code) for clients without long-standing business relationships (occasional clients) if one or more obviously related transactions amount to CHF 5,000 or more, regardless of the obvious legality of such transactions.

29. Members are required to ensure effective oversight of business relationships and transactions.

30. In performing due diligence on the commercial background and purpose of a transaction or business relationship the following factors could, depending on the nature of the transaction or business relationship, be of particular relevance:

- origin of assets;
- purpose of withdrawals of assets;
- reasons for remittances received;
- source of the contracting party's or beneficial owners assets;
- the contracting party's or beneficial owner's occupation or business;
- the contracting party's or beneficial owner's financial circumstances;
- for legal persons: the identity of parties controlling the legal person;
- for cash remittances and equivalent transfers: first and last names and addresses of beneficiaries.

31. Due diligence should, as and when required, include:

- obtaining written or verbal information from the contracting party or beneficial owner;
- visits to the contracting party's and beneficial owner's place of business;
- consulting publicly available sources of information and data bases;
- third-party enquiries.

Members should document the findings of due diligence and consider the plausibility of such findings.

Due diligence may be concluded as soon as Members can reliably determine whether a transaction is to be reported pursuant to Article 9 (1), MLL.

6. Records

Members are required to keep records of business relationships, transactions and due diligence performed pursuant to this Code. Such records should be in a form that would permit an individual with relevant expertise to reliably evaluate transactions and business relationships as well as compliance with this Code and the Money Laundering Law.

Members should keep such records on file for a period of time reasonably sufficient to comply with any requests for information and seizure of records by the criminal authorities.

Members must keep records for a period of at least ten years following the termination of a business relationship or the conclusion of a transaction.

Rules of Professional Conduct:

32. Members must prepare and maintain records in such a manner as to permit the Self-regulatory Committee, or any person authorised by that Committee, to independently verify compliance with Articles 3 – 11 MLL and this Code.

    Records required to be kept by Members specifically include the following:

    - a copy of the document used to verify the identity of the contracting party;
    - where applicable, the written statement of the contracting party with respect to the identity of any beneficial owners;
    - a written note on the findings made by applying the indicators pursuant to Rule 27;
    - where applicable, the statement by the contracting party or a file note with the first and last names and addresses of the recipients of any funds remitted or equivalent transfers made;
    - a written note to the files or documentation regarding the findings of due diligence performed in accordance with Para. 5 of this Code.
    - documentation relating to transactions;
    - a copy of any reports pursuant to Article 9 (1), MLL;
    - a list of any MLL relevant business relationships in existence.

    Records must provide a paper trail for each and every transaction.

33. Records and documents must be maintained in a secure place in Switzerland, which can be accessed at any time.

    Members should keep such records on file for a period of time reasonably sufficient to comply with any requests for information and seizure of records by the criminal authorities.

Records are to be kept for ten years. The ten year period commences:

- for transaction related records: - on the transaction date;
- for business relationship related records: - from the date of termination of the business relationship.

7. Reporting requirements

Members who know or have reasonable grounds to suspect that assets involved in a business relationship relate to an act punishable in accordance with Art. 305bis of the Swiss Penal Code, were derived from a criminal act pursuant to the Swiss Penal Code or under the control of a criminal organisation (Art. 260ter of the Swiss Penal Code), must promptly report such knowledge or reasonable suspicion to the Money Laundering Reporting Office Switzerland (the "MROS") as required by Art. 9, MLL.

Rules of Professional Conduct:

34. Business relationships which are required to be reported may not be terminated.

35. Reports to the MROS must be in writing. Reports should normally be transmitted by facsimile or, if a facsimile machine is not available, by priority post [*A-Post*]. The reporting form recommended by the MROS should normally be used.

36. In the event that a branch of a Swiss bank holds the assets in custody, which are suspected to be used for the purposes of money laundering, Members are required to agree the report pursuant to Art. 9 MLL with such bank. A Member is permitted to work together with the bank in this connection and make the bank aware of the grounds for such suspicions.

37. When Members are uncertain as to the existence of grounds to report a transaction or business relationship, the assistance of Self-regulatory Committee may be requested for due diligence. The Self-regulatory Committee is required to report any business relationship or transaction identified by the Self-regulatory Committee as reportable in those instances when the Member refuses to make such report.

38. Members are required to keep separate records of reports pursuant to Art. 9 MLL which contain all related documentation.

    Records relating to reports pursuant to Art. 9 MLL are to be destroyed five years after the date on which the report was made.

8. Freezing of assets

Where a Member is required to make a report pursuant to Art. 9 MLL, the related assets must be frozen. Such assets shall remain frozen for a period of five business days following the date of the report to the MROS.

Rules of Professional Conduct:

39. When freezing assets, Members are required to use all possible means to prevent the withdrawal of the assets. In the event that a Member lacks the necessary powers to freeze the

relevant assets, the financial intermediary in possession of the appropriate powers should be promptly informed.

40. Subject to Rule 39, as long as the assets are frozen, it is forbidden for Members to inform either the parties concerned or other parties of the report unless so authorized by the MROS.

41. While frozen, the assets may continue to be managed to the extent that such management does not entail any transactions that place additional assets under the control of the relevant client or any party related to that client.

42. Members are required to keep such assets frozen until such time as the competent criminal investigation authorities have received a decision or instructions from the MROS, subject to a maximum of five days from the date of the report.

In the event that no order has been received from the competent criminal authorities to seize frozen assets, Members may continue the business relationship. Members are, from that point in time, also at liberty to inform the client of the report.

C. Professional conduct of independent asset managers

9. Independent asset management

Members are required to practice their profession independently and at their full discretion. As professional practitioners, independent asset managers have a duty to advise clients in all matters concerning finances and investments. Independent asset managers must always be aware of the fact that the manner in which they practice their profession can be of significant importance for the financial well-being of their clients.

SAAM Members are must ensure that all persons involved in the management of assets meet the professional and personal standards required for their duties. Members must also ensure that they have made organisational arrangements that are suitable for their activities.

Rules of Professional Conduct:

43. Independent asset managers are those Members who exercise their own discretion when selecting investments for assets under management and deciding on investment strategies of their clients even when such independent asset managers are subject to the control of a majority shareholder. Subject to transparent cooperation with other group companies in the interest of clients, Members may not be bound by exclusive arrangements when offering their clients services and financial products. On joining the SAAM, members must execute a document certifying their independence and which contains the relevant rules and regulations regarding independence. Such document, which is also to be signed by any majority shareholder, requires all future modifications to be notified by Members and their majority shareholders.

44. Independent asset management entails:

- engaging in transactions that are not in conflict with the interests of clients thus avoiding any adverse effects on clients;

- Members, on their own initiative, explaining to their clients the particular risks inherent in transactions and of potential risks over and above those normally associated with purchasing, selling and holding securities;

- Members taking an overall view of their client's investments in order to duly advise clients on the selection of an investment strategy;

- obtaining the advice of specialists when engaging in transactions requiring specialist expertise.

45. Members are required to manage those assets, which are held in custody at banks, through a power of attorney exclusively for the purposes of managing such assets held in custody.

46. Members must make suitable arrangements to assure the uninterrupted provision of services to clients. Should there be no suitable internal deputy to replace a specific asset manager in the event of decease or disability, arrangements must be made for another asset manager or bank to take over the management of the assets in such instances and clients duly advised of such arrangements.

47. The responsibility of asset managers entails Members and Members' employees participation in training and continuous education for all spheres of their activities in addition to engaging in self-study.

48. Members are required to oversee the training of employees engaged in activities regulated by the MLL. All employees required to comply with due diligence obligations are subject to the MLL.

Members should specifically ensure that:

- employees engaged in activities regulated by the MLL are aware of the contents of this Code and are also in a position to exercise the due diligence required for their work;

- the money laundering officer and his deputy have sufficient expertise to perform the duties pursuant to Rule 50;

- the money laundering officer and his deputy have sufficient knowledge of developments in the sphere of prevention of money laundering in addition to suitable continuing education with respect to important aspects of the prevention of money laundering.

Within six months of joining the Association, new Members must provide their employees, who are engaged in activities regulated by the MLL, and the money laundering officer with suitable training.

New Members engaged in activities regulated by the MLL must participate in suitable training within six months of joining the Association. Until such time has their training has been completed, the work of new employees is to be overseen by trained supervisors.

Newly appointed money laundering officers must have completed relevant training prior to the commencement of such duties.

49. Members must develop job descriptions in such a manner as to clearly set out duties and responsibilities regarding the prevention of money laundering.

Job descriptions in Member companies with more than five employees engaged in activities regulated by the MLL should be in the form of rules and regulations. When determining the number of employees engaged in activities regulated by the MLL, the work load of employees is to be taken into account.

Rules and regulations must specifically cover the following:

- internal assignment of duties and responsibilities;
- methods of performing due diligence;
- indicators used to identify higher risk business relationships;
- indicators used to identify higher risk transactions;
- guidelines for screening transactions;
- the criteria to be used when selecting external parties in accordance with Rule 4.

Rules and regulations must be approved by the senior management body and notified to relevant personnel in an appropriate manner.

50. Members are required to employ qualified persons as money laundering officers and deputies. The money laundering department should consist of at least one money laundering officer and two deputies.

The money laundering officers and deputies are responsible for:

- internal distribution of instructions concerning the prevention of money laundering and monitoring compliance;
- planning and oversight of internal training;
- providing advice in all matters relating to the prevention of money laundering.

Members with only one employee engaged in activities regulated by the MLL are required to appoint that person as money laundering officer. The deputy money laundering officers may be either natural or external legal persons whose responsibilities are to be limited to accessing the records defined in Para. 6. It is permissible for this function to be performed by a Member's auditor.

51. Members with more than five employees engaged in activities regulated by the MLL, should designate one or more qualified persons to monitor compliance with Articles 3-11 MLL and this Code and to be responsible for the organisation’s internal controls. These responsibilities may also be assigned to the money laundering officer and his deputy.

An internal person responsible for oversight may not also screen business relationships with which that person is involved.

52. It is permissible for Members to retain external professionals to perform the duties listed in Rules 50 and 51. The records listed in Para. 6 must be at all times be accessible to such external professionals. Members, however, shall remain personally responsible for the due performance of obligations which have been delegated.

10. Asset management mandates

Members are required to obtain written asset management mandates from their clients.

The mandates should include the scope and duration of the mandate, the reference currency, the investment objective, investment strategy or asset allocations and any

restrictions on investments and must describe the type, frequency and scope of reports as well as the amount and method of computing fees.

Rules of Professional Conduct:

53. The terms and conditions of an asset management mandate are contained in Schedule B.

54. Only the types of investments listed in Schedule C should be made for discretionary mandates. In that way, it will be possible for Members to avoid abnormal concentration on too small a number of investments.

55. Clients' instructions are to be given in writing.

56. The mandate must determine the party entitled to any refunds, retrocession of fees, credits or other payments received from third parties in connection with the management of client assets and whether any such amounts must be disclosed to the client.

57. The remuneration of services provided by Members to their clients must be agreed in writing and can be graduated by value of assets under management and the time required for such management. The computation of fees is to be clear and unequivocal. The following guidelines should be applied for the management of assets held in custody at banks:

    - maximum management fee of 1.5% p.a. of assets under management; or,

    - a maximum success fee of 20% of net gains, i.e, the increase in value of assets under management adjusted for deposits and withdrawals and any unrealised losses, less any losses brought forward, i.e., losses from prior accounting periods which have not been offset against gains; or,

    - maximum management fee of 1% p.a. plus maximum success fee of 10% for remuneration combining both elements.

11. Confidentiality

Members are required by law and this Code to maintain all information obtained in managing assets absolutely confidential.

12. Prohibited investments

Members are not permitted to engage in deposit taking as defined in the Swiss Federal Act on Banks and Savings Institutions [*Bundesgesetz über die Banken und Sparkassen*] unless they are in possession of a banking licence.

Members are prohibited from mixing securities they receive from clients in collective investment undertakings similar to investment funds or omnibus accounts without sub-accounts.

Rules of Professional Conduct:

58. Holding customer monies in post office or bank accounts in the name of the Member is deemed to be deposit taking. It is, on the other hand, permitted for Members to pass payments to and from clients across accounts held by Members.

59. The mixing of client monies on bank or custody accounts of brokers and banks is only permitted to the extent that such assets can be identified by brokers and banks as being the property of the relevant individual client.

60. All collective investment instruments listed under numbers 3 and 4 of Schedule C are exempt from this Rule.

D. Monitoring compliance with this Code

13. Audits

By signing this Code, Members authorise and mandate their auditors to include compliance with this Code as well as with rules, regulations and instructions issued by the Board in the scope of their regular audits of Members' accounts. Auditors are required to confirm any findings of Self-regulatory Committee. Members are also required to authorise and mandate their auditors to report any breach or any reasonable grounds for suspecting breaches to the Self-regulatory Committee.

The SAAM will provide the text of this Code and any instructions issued by the SAAM to auditors recognised by the SAAM and will disclose their mandate.

Rules of Professional Conduct:

61. Members are to submit the written report by the auditors within six months of their balance sheet date.

    Unless membership is revoked, Members resigning their membership in the SAAM in accordance with para. 15 *et seq* of the Articles of Association, are required to submit, within six months, a report by the auditors for the period to the date of resignation.

14. Self-regulatory Committee oversight / Reinstatement of compliance

The Self-regulatory Committee may, itself, ascertain Members' compliance with this Code, particularly when there are reasonable grounds to suspect that a breach has occurred, alternatively, the Self-regulatory Committee may delegate such ascertainment to an auditor.

Notwithstanding any other action taken pursuant to Para. 15 *et seq*., the Self-regulatory Committee may prescribe any requirements to reinstate compliance. Such terms and conditions must be notified to Members in writing and will become binding on Members unless appealed to the Disciplinary Committee within thirty days of the receipt of such notice.

Rules of Professional Conduct:

62. The Self-regulatory Committee may order any and all measures required to ensure compliance with the Code and the Money Laundering Law by the offending Member. Measures ordered by the Self-regulatory Committee may specifically relate to a Member's organisational arrangements and the provision of training.

63. Prior to issuing such orders, the Self-regulatory Committee will give Members an opportunity to submit written responses. Orders will be limited to specific periods. Time extensions may only be granted for cause.

E. Sanctions and disciplinary action

15. Breach of the Code

Any breach of this Code is subject to the payment by the relevant Member to the Association of a maximum fine of CHF 500,000. The amount of the fine must be determined with due reference to the gravity of the breach, the degree of intent and the financial circumstances of the Member. Moreover, other bodies may take into consideration any action ordered with respect to a particular matter. The amount of the fine must be determined in accordance with Para. 16. The Association will use the fine for the purposes determined by the Board.

Reprimands may be issued with respect to breach of a minor nature.

Revocation of membership may be ordered in the event of repeated or grave contraventions of the Money Laundering Law or this Code or when offending members ignore demands by the SAAM to cease and desist from such contraventions despite two warnings.

The period of limitations with respect to disciplinary action regarding breach of this Code is five years. For breach related to the verification of identities or establishment of the existence of beneficial owners, the five year limitation period commences with the cessation of the breach or the termination of the relevant business relationship.

The five year limitation period will be suspended on order of the Self-regulatory Committee and as the result of any action by the Investigating Officer or Disciplinary Committee. The five year limitation period will be extended as a result of any suspension. Extensions to the five year limitation caused by suspensions shall be no more than one half.

Rules of Professional Conduct:

64. Revocation of membership in the Association must always be ordered when Members, consisting of only one person engaged in a regulated activity, intentionally contravene reporting requirements pursuant to Art. 9 MLL.

65. Membership of the Association will not be revoked to the extent that all the following conditions are met:

- The employees engaged in regulated activities, who intentionally contravened reporting requirements, are no longer engaged in regulated activities on the behalf of the Member and have no further duties in connection with the Member's financial intermediation activities; and,

- any other persons employed by a Member who intentionally contributed to the infringement of reporting requirements, regardless of whether by act or omission (i.e., through the intentional omission of training or issuing and implementing internal rules and regulations for the prevention of money laundering or to oversee compliance), are no longer engaged in regulated activities on the behalf of the Member and have no further duties in connection with the Member's financial intermediation activities; and,

- investigations show that the Member reinstated compliance in its organisation within a short period of time and warrants compliance with obligations arising from the MLL and this Code.

In the event that these conditions have not been satisfied by the conclusion of the investigation pursuant to Para. 16, membership will be revoked.

16. Initiation and conduct of investigations

Those bodies of the Swiss Association of Asset Managers, as determined by the SAAM Articles of Association, will be responsible for investigations and disciplinary action in connection with breaches of this Code. The Self-regulatory Committee of the Swiss Association of Asset Managers will appoint one or more Investigating Officers.

The Self-regulatory Committee will initiate investigations and appoint an Investigating Officer to obtain evidence when it is suspected that this Code has been breached. When conducting the investigation, the Investigating Officer is required to inform the Member of the Investigating Officer's duties with respect to disciplinary action.

It is the responsibility of the Investigating Officer to submit a report on the conclusion of the investigation and to recommend any disciplinary action to be taken by the Disciplinary Committee and the relevant sanctions or, alternatively, to terminate the investigation.

Rules of Professional Conduct:

66. For minor infringements, the Self-regulatory Committee may impose a fine of CHF 5,000 on the Member or recommend that the Member be reprimanded. The Self-regulatory Committee will refrain from initiating an investigation for Members that pay fines imposed and accept reprimands. Payment of the recommended fine by a Member will be deemed acknowledgement of the alleged breach of this Code. If the fine is not paid or the reprimand not accepted, the Self-regulatory Committee will initiate an investigation.

17. Cancellation or initiation of disciplinary action

The Self-regulatory Committee is responsible for the decision to either terminate the investigation or initiate proceedings before the Disciplinary Committee. The Self-regulatory Committee has the authority to delegate powers to the Investigating Officer to initiate proceedings before the Disciplinary Committee. The cost of any investigations that are cancelled will be borne by the Association. Such costs will, however, be fully or partially recoverable from the Member in the event that the Member caused the investigation to be initiated through reprimandable or reckless behaviour.

The Self-regulatory Committee will report its findings to the Board and will notify the Swiss Anti-Money Laundering Control Authority of any disciplinary action subject to a fine or revocation of membership.

18. Proceedings before the Disciplinary Committee

Any breach of this Code is subject to the imposition of sanctions on the offending Member by the Disciplinary Committee in accordance with Para. 15 of this Code.

The Disciplinary Committee's decision on all matters, including investigation costs, shall be final.

Acceptance by Members of the decision of the Disciplinary Committee will conclude the proceedings. Otherwise, Para. 19, below, will apply.

Refusal by a Member to cooperate with Self-regulatory Committee oversight or the investigation will be subject to a fine imposed by the Disciplinary Committee pursuant to Para. 15. Members are not permitted to invoke their obligations of confidentiality in dealings with the Self-regulatory Committee, the Investigating Officer and the Disciplinary Committee. As boards and officers of the Swiss Association of Asset Managers, the members of the Disciplinary Committee, the Self-regulatory Committee and the Investigating Officer are subject to statutory requirements and the following Rules regarding absolute confidentiality.

The Disciplinary Committee is required to regularly provide Members with information, to be kept confidential, regarding deliberations on disciplinary action The Self-regulatory Committee may, subject to the approval of the Association's Board and the Disciplinary Committee, provide interpretations of this Code to Members.

19. Arbitration

In the event that reasonable fines determined by the Disciplinary Committee are not paid, the Association may refer the matter to the Arbitration Committee.

Any other sanctions imposed by the Disciplinary Committee may be referred to the Arbitration Committee either by the SAAM or the relevant Member in accordance with the Articles of Association of the SAAM.

Rules of Professional Conduct:

67. Appeals pursuant to this Para. 19 (2) must be made within thirty days of the notification of the Disciplinary Committee's decision.

20. Resignation of membership during disciplinary proceedings

Pending investigations or proceedings before the Disciplinary or Arbitration Committee pertaining to Members who resign from the Association will, nevertheless, be regularly concluded.

Members will continue to be subject to the provisions of this Code relating to disciplinary action and to the SAAM Articles of Association until such time as any proceedings pending on the date of resignation are regularly concluded.

Schedule A: Indicators of money laundering

I. Significance of indicators

A1
The indicators for potential money laundering activity set out below are primarily intended to raise awareness among the staff of financial intermediaries. These indicators enable identification and the reporting of higher risk business relationships or transactions. A single indicator may not in itself be sufficient grounds for suspecting that a illegal money laundering transaction has been carried out, but the existence of more than one such factor may be indicative of money laundering activity.

A2
The plausibility of the client's explanations regarding the background to such transactions must be assessed. In this connection, it is important that explanations provided by the client (e.g. by citing tax or exchange regulations as reasons) are not necessarily accepted at face value.

II. General indicators

Particular money laundering risks are inherent in transactions:

A3
where the structure indicates some illegal purpose, their commercial purpose is unclear or appears absurd from a commercial point of view;

A4
involving a withdrawal of assets shortly after funds have been deposited with the financial intermediary (pass-through accounts), provided that the instant withdrawal of such assets cannot be accounted for on the basis of the client's business activity;

A5
the client's reason for selecting this particular financial intermediary or branch to carry out its transactions is unclear;

A6
resulting in significant, but unexplained, activity on an account which was previously mostly dormant;

A7
which are inconsistent with the financial intermediary's knowledge and experience of the client and the stated purpose of the business relationship.

A8
Clients who supply false or misleading information to financial intermediaries, or refuse for no credible reason to provide information and documents which are required and routinely supplied in relation to the relevant business activity, must be treated with suspicion.

A8bis
There may be grounds for suspicion if a client regularly receives transfers of funds from a bank domiciled in a country deemed to be uncooperative by the Financial Action Task Force (FATF), or makes repeated transfers to such a country.

III. Specific indicators

1. Over the counter transactions

A9
exchange of a large amount of small-denomination banknotes (foreign and domestic) for large-denomination banknotes;

A10
The exchange of large amounts of money without crediting a client account;

A11
Cashing cheques for large sums, including travellers' cheques;

A12
The purchase or sale of large amounts of precious metals by occasional clients;

A13
The purchase of banker's drafts for large amounts by occasional clients;

A14
Instructions to make a transfer abroad by occasional clients, without apparent legitimate reason;

A15
The execution of multiple cash transactions just below the threshold for which client identification is required;

A16
The acquisition of bearer instruments by means of physical delivery.

2. Bank accounts and custody accounts

A17
withdrawals of large amounts of cash which cannot be explained by reason of the client's business;

A18
Use of loan facilities that, while normal in international trade, is inconsistent with the known activity of the client;

A19
Accounts through which a large number of transactions are routed, though such accounts are not normally used, or only used to a limited extent;

A20
The structure of the client's business relationships at the bank lacks a logical rationale (large number of accounts at the same bank, frequent transfers between accounts, excessive liquidity, etc.);

A21
Provision of security (pledges, guarantees) by third parties unknown to the bank, who have no obvious affiliation to the client and who have no credible and apparent reasons to provide such guaranties;

A22
Making transfers to another bank without supplying details of the beneficiary;

A23
Accepting funds transferred from other banks when the name or account number of the beneficiary or remitter has not been supplied;

A24
Repeated transfers of large amounts of money abroad with instructions that the sum be paid to the beneficiary in cash;

A25
Transfers of large amounts, or frequent transfers, to or from countries producing illegal drugs;

A26
Providing surety bonds or bank guarantees by way of security for third party loans, which have not been agreed on market terms;

A27
A large number of different individuals make cash deposits into a single account;

A28
Unexpected repayment of a non-performing loan without any credible explanation;

A29
Use of pseudonym or numbered accounts to carry out commercial transactions for trading, manufacturing or industrial concerns;

A30
Withdrawal of funds shortly after these have been credited to the account (pass-through account).

3. Fiduciary transactions

A31
Fiduciary loans (back-to-back loans) for which there is no obvious legal purpose;

A32
The holding of shares in unlisted companies in a fiduciary capacity, where the bank has no knowledge of the business conducted by such companies.

4. Other

A33
Client tries to evade attempts by the financial intermediary to establish personal contact.

IV. Indicators giving rise to particular suspicion

A34
Client requests accounts to be closed and to open new accounts in his own name, or in the name of a family member, without leaving a paper trail;

A35
Client requests receipts for cash withdrawals or deliveries of securities which in effect never took place, followed by the immediate deposit of such assets at the same bank;

A36
Client requests payment orders to be executed with incorrect remitter's details;

A37
Client requests that certain payment be routed through nostro accounts held by the financial intermediary or sundry accounts instead of its own account;

A38
Request by the client to accept or record in the accounts loan collateral which is inconsistent with commercial reality, or grant fiduciary loans for which notional collateral is recorded in the accounts;

A39
Client of financial intermediary has been prosecuted for a criminal offence, corruption or misuse of public funds.

Schedule B: Clauses for inclusion in asset management mandates:

1. Precise designation of parties

2. Relevant bank account

(always required for assets held in custody by banks)

3. Mandate and power of attorney for the management of assets

- Client's investment objectives, which should also may also be noted in the minutes of a meeting;
- Discretionary management in accordance with specific guidelines or specific instructions. It is possible for specific guidelines to be noted in the minutes of a meeting;
- Reference currency;
- If specific guidelines are issued, the asset management mandate or the relevant minutes of a meeting must provide detailed information with respect to the following:
  - Asset structure (percentage of equity instruments, fixed income instruments, precious metals, etc.);
  - Countries/currencies/industrial sectors to be included or excluded;
  - Maximum exposure to countries/currencies/industrial sectors;
  - Minimum rating and transferability requirements;
  - Purpose and amount of any credit facilities;
  - Acceptability and amount of futures and derivative contracts and investment in hybrid and structured financial products.
- Right of the asset manager to directly debit fees to accounts of the client.
- To the extent that the above relates to separately agreed individual investment strategies, instructions, etc., they may also be recorded in minutes of a meeting written by the asset manager and signed by the client.

4. Asset manager's duty of confidentiality

5. Reporting and accountings by the asset manager

- Own performance evaluation;
- Frequency;
- To be held by the asset manager or sent to the client.

6. Issuance of instructions by the client

- letter, facsimile, telephone, e-mail;
- liability for errors in communication.

7. Asset manager's compensation

- Method of computation;
- Payment dates;
- Treatment of retrocession fees.

8. Termination (recommendation)

It should be noted that asset management mandates that are subject to Swiss law must contain a provision permitting termination without notice at any time.

9. Applicable law and legal venue (recommendation)

To protect the interests of the client, it is recommended that Swiss law be applied and the legal venue be selected as the place in Switzerland where the asset manager is resident.

Schedule C: Investment instruments for discretionary asset management mandates

1. Fixed term deposits, fiduciary deposits and security lending

Fiduciary deposits should be restricted to first class counterparties.

Counterparty risk in security lending transactions should be offlaid through collateral or restriction to first class counterparties.

2. Precious metals, securities

Investments in precious metals, money or capital market investments in paper or scripless securities (e.g., equities, bonds, notes, money market paper), related products and combinations thereof (derivatives, hybrids, etc.) must be readily transferable, i.e., they must be listed on an official exchange either in Switzerland or abroad or there must be a representative market for such instruments.

Notwithstanding this rule, it is possible for small investments may be made in widely held securities of limited liquidity. Such securities are, for example, treasury bonds and over-the-counter products. Issuer's of over-the-counter products, however, must have recognised credit ratings and it must be possible to obtain market quotations.

The following rules relate to specific categories of money and capital market instruments.

3. Collective investment instruments

Investments in collective investment undertakings (investment funds, investment companies, bank investment funds, unit trusts, etc.) are, subject to the following rule on alternative investments, permitted to the extent that such entities, in turn, invest in instruments listed in this Schedule C.

Termination by investors is equivalent to transferability.

4. Alternative investments

Alternative investments include hedge funds, private equity and real estate. Such investments are not necessarily limited to the permissible or readily transferable instruments listed in this Schedule.

Alternative investments may be used to diversify portfolios to the extent structured as funds of funds or otherwise provide for an analogous diversification. The ability to easily trade investments or terminate such investments is also required for alternative investments.

Diversification analogous to investing in funds of funds exists if, despite the fact that an investment is included in a collective undertaking, it is managed by more than one independent asset manager.

Any investments by Members in alternative instruments are to be cited in a written investment policy. Such Members should also ensure that organisational measures have been taken to assure the exercise of due care and professionalism.

5. Standardised options (Traded options)

Options on securities, currencies, precious metals, interest rates and stock market indices traded on organised markets and settled through recognized clearing institutions are only permissible to the extent that they have no leverage effect on the overall portfolio.

There is no leverage effect if the portfolio:

- when calls are sold or puts purchased has a position in underlyings or, for stock market index and interest rate options, a corresponding position in the underlying securities, that are sufficiently representative of the underlying asset;

- for sales of puts, that there is, at the outset, sufficient liquidity to settle any outstanding contracts;

Asset managers should assure that the structure of the investment portfolio, following the exercise of any options, is consistent with the investment policy agreed with the client.

It should at all times be possible to square open call and put positions.

6. Non standardised options (real options)

The requirement for traded options also apply to real options including but not limited to options, warrants, and covered options traded over the counter. Issuer's of over-the-counter products, however, must have recognised credit ratings and it must be possible to obtain market quotations.

Covered options require the client's express consent unless they are included in the client's credit lines.

7. Financial futures

Only financial futures, the underlyings of which are held in portfolio, may be sold. For stock market index, currency or interest rate futures, however, it is sufficient for holdings of the underlyings to be representative.

The full amount of the cash required on settlement must be on hand when financial futures are purchased.

8. Hybrid and structured products

Investments in hybrid and structured financial products (e.g., PIP, PEP, GROI, IGLU, VIU or PERLES) are only permitted to the extent that the risk profile of the financial product is equivalent to one of the other financial products listed above. If there are multiple risks, the overall level of risk must not be greater than any of the other financial instruments set out in this Schedule C.

Synthetic option contracts (e.g., BLOC Warrants, DOCUs or GOAL's) are treated as covered options for the purposes of this Schedule C.

Issuer's of unlisted hybrid and structured financial products, however, must have recognised credit ratings and it must be possible to obtain market quotations.