

# ARTICLES OF ASSOCIATION

**SWISS ASSOCIATION OF ASSET MANAGERS (SAAM)**

**20 May 2005**

(Unofficial translation. Only the German text is legally binding.)

**ART. 1 NAME, LEGAL FORM**

An association bearing the name of:

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

- hereinafter, the "SAAM" or the "Association" -

has been chartered pursuant to Arts. 60 *et seq.* of the Swiss Civil Code and entered in the commercial registry. The Association's duration is unlimited.

The Association's registered office is in Zurich with regional offices are in Geneva and Lugano.

The liability of SAAM is limited to its assets and Members have no personal liability.

**2. OBJECTS**

The objects of the SAAM are to protect the interests of its Members, particularly through:

- representation of Association Members in Switzerland and abroad;
- preservation of the reputation and standing of independent asset managers in Swiss and international financial markets;
- joint development, with the authorities and trade associations, of new rules of professional conduct;
- collection of data and information regarding the profession, the Association and its Members to ensure their proper representation in public, regulatory and trade association matters;
- provision of training and continuing education to Members and Members' employees;
- provision of support to Members with respect to professional and related matters;
- organisation of meetings to exchange information and experience and to promote the Association's objects.

The SAAM shall issue a Code of Ethics and Professional Conduct of Independent Asset Managers \*the "Code") and is a Self-regulatory Organisation ("SRO") as defined by the Swiss *Bundesgesetz zur Bekämpfung der Geldwäscherei im Finanzsektor* [Federal Law on Combating Money Laundering in the Financial Sector or "MLL"] of October 10, 1997.

**3. MEMBERSHIP**

There shall be four categories of Association membership:

- active
- individual
- honorary
- passive

The Board may establish rules and regulations by which active Members, as defined in these Articles of Association, are classified into occupational sub-groups. Such sub-groups shall be defined with reference to the relevant form of asset management practised.

There shall be no right of membership in the SAAM. Unless otherwise determined by these Articles of Association, the Board shall determine the rules for eligibility for membership and the relevant application procedures.

**4. ACTIVE AND INDIVIDUAL MEMBERSHIP****a) Active membership**

Natural and legal persons as well as partnerships shall be eligible for active membership, to the extent that such parties are primarily engaged in the provision of independent asset management services and:

- possess the required professional qualifications;
- are of good character and reputation;
- have a minimum of five years experience in managing assets for third parties;
- are resident or physically present in Switzerland;
- are recorded in the commercial registry;

- have organisational arrangements suitable for the provision of independent advisory and asset management services;
- will put the Code, as shall be in effect from time to time, into practice and through internal rules and regulations and organisational arrangements will assure compliance with the MLL and the Code.
- provide confirmation, by regular audits conducted by SAAM recognised auditors, of continued compliance with the Code.

Members that are legal persons or partnerships shall designate an individual as representative who fulfils all the above requirements except residence or physical presence. The Board may, for legitimate reasons, approve designation of more than one representative.

In the event that more than one company is known by the same or similar name or managed jointly with other financial intermediaries, membership shall only be granted to the extent that all such companies have also been accepted as SAAM Members. Any exceptions to this rule must be in accordance with rules and regulations determined by the Board.

**b) Active Members subject to government supervision**

Natural and legal persons as well as partnerships that are primarily engaged in the provision of independent asset management services under a government authorisation for the provision of such services shall be eligible for active membership. Such parties shall be subject to the terms and conditions of active membership and the Code only to the extent that requirements contained therein do not conflict with the relevant authorisation. Such parties shall submit an audit report every year, confirming compliance with the authorisation and the applicable provisions of the Code.

**c) Individual membership**

Partners or senior employees of active Members that have a minimum of five years experience as asset managers shall be eligible for individual membership.

Although individual Members shall have the right to be consulted, they shall have no right to vote at Members' Meetings and may not make reference to their membership in the Association or use the SAAM collective mark.

**5. HONORARY MEMBERSHIP**

The Members' Meeting may award honorary membership to individuals who have made outstanding contributions to the SAAM or to the achievement of its goals.

Although, similar to active Members, honorary Members shall have the right to be consulted in matters concerning the Association, they shall have no right to vote at Members' Meetings and may not make reference to their membership in the Association or use the SAAM collective mark.

**6. PASSIVE MEMBERSHIP**

Natural and legal persons shall be eligible for passive membership to the extent that they support the goals of SAAM

- but do not fulfil all conditions for active membership,
- but, however, have an interest in the professionalism of and training provided by the SAAM.

Passive Members shall be invited to events held by the Association whenever possible. Although passive Members shall have the right to be consulted, they have no right either to vote or to attend Members' Meetings and may not make reference to their membership in the Association or use the SAAM collective mark.

**7. APPLICATION FOR MEMBERSHIP**

**a) Applications**

Applications shall be submitted in writing with the documentation required by the Board's rules and regulations.

Applicants shall be required to pay an application fee as determined by Board's rules and regulations. The application fee will not be either fully or partially refundable in the event of a Member's resignation from the Association, revocation of membership or the application is denied.

**b) Acceptance**

The Board shall decide on the acceptance of applications after examination of the application and all required documentation and information.

At its discretion, the Board may provide, in the rules and regulations, for the delegation of acceptance procedures and decisions regarding membership to a special commission

created for that purpose (the "Membership Commission"), the members of which need not necessarily be members of the Board. Any such delegation by the Board shall be subject to the right of review and reversal of the Membership Commission's decisions by the Board, or a committee appointed by the Board from among its members (the "Membership Committee").

Decisions relating to membership may not be appealed to either the Disciplinary or Arbitration Committee. There shall be no right of membership.

#### **c) Transparency of acceptance procedures**

The SAAM shall inform active and individual Members of the procedures used for the evaluation membership applications and the identities of new Members shall be periodically notified.

The SAAM shall maintain a public record of all new Members.

### **8. RIGHTS AND OBLIGATIONS**

Only active Members shall have the right to affix the SAAM collective mark "**Member of the Swiss Association of Asset Managers**" to their advertisements and letterheads. The Board may, from time to time, issue instructions in that regard.

All Members shall comply with these Articles of Association and, to the extent applicable, the Code and any decisions of and guidelines issued by the Association's bodies. Members agree to be bound by decisions of the Association's internal Disciplinary and (para. 23 *et seq.*) and Arbitration (para. 27 *et seq.*) Committees and to relinquish their rights to due process under the law.

### **9. MEMBERSHIP FEES**

Annual membership fees for active Members shall be determined by the Members' Meeting for the following year. Annual fees for active Members may not exceed CHF 3,500 (plus any applicable VAT).

Honorary Members shall be exempted from the requirement to pay membership fees.

The minimum fees payable by passive Members shall be determined on acceptance as Members and shall be adjusted to any changes in circumstances. Annual fees for

passive membership shall not exceed CHF 5,000 (plus any applicable VAT).

Annual fees for individual membership shall not exceed CHF 500 (plus any applicable VAT).

In the year of joining, any new SAAM Members shall pay one half of the fees required to be paid for that year by the Board.

Members are required to fund the achievement of the Association's objects and the performance of its obligations through the payment of membership fees.

### **10. GUARANTEE DEPOSIT**

All active Members shall be required to provide security in the form of a cash deposit, a bank guarantee or insurance bond, the amount of which shall be determined by the Board subject to a minimum of CHF 25,000.

Such security shall serve exclusively as a guarantee to the Association of the payment of membership fees pursuant to para. 9, the costs of any proceedings before the Disciplinary or Arbitration Committees, the payment of any fines pursuant to the Code and any damages payable to the Association resulting from revocation of Membership.

Security of the same amount shall also be provided by Members that are under the direct control of the Swiss Anti-Money Laundering Control Authority [*Kontrollstelle für die Bekämpfung der Geldwäscherei*]. The Board may reduce fees when more than one company has the same or similar name or is jointly managed with other financial intermediaries.

The Board may temporarily waive the requirement for security in the event that it takes out fidelity guarantee insurance for the Association's Members. Any obligation to pay insurance premiums in addition to membership fees and the amounts of such premiums shall be subject to decision by the Board.

### **11. TERMINATION OF MEMBERSHIP**

#### **a) Resignation**

Resignation shall be subject to three months' notice to the end of a calendar year. Such notice shall be sent by registered mail to the main office or one of the regional offices. The date of notice shall be the date of the postmark.

Members shall have the right of immediate resignation for cause. In such instances, however, membership fees shall remain due and payable to the end of the regular notice period.

**b) Revocation of membership**

The Board shall have the right to revoke membership for cause, which shall specifically include, but not be limited to:

- a) non-compliance, despite warning, with these Articles of Association or breach of the Code to the extent that such non-compliance or breach is not subject to a ruling by the Disciplinary Committee;
- b) non-payment of fees or the security deposit despite the issuance of a reminder by registered mail;
- c) requests of the Disciplinary Committee in those instances for which the Disciplinary Committee does not, itself, have the power to revoke membership;
- d) the fact that the conditions of membership are no longer fulfilled and application to convert membership to a category, for which membership conditions are met, has been denied.

Any Members who resign or whose membership is revoked shall forfeit any claims against the assets of the Association. Any paid or payable annual fees shall be forfeited to the SAAM.

In the event that membership is revoked, during the first six months of membership, for reasons outside the control of a Member, one half of the annual fees shall be refunded or waived.

The Board may, in the rules and regulations, delegate powers for the revocation of membership to the Membership Commission established by the Board. Such powers for the revocation of membership, however, shall be subject to review and reversal by the Board or the Membership Committee appointed by the Board.

**12. ASSOCIATION BODIES**

The SAAM shall have the following bodies:

- a) Members' Meeting
- b) Board
- c) Executive Committee

- d) Designated Officer
- e) Auditor(s)
- f) Disciplinary Committee
- g) Self-regulatory Committee

Pursuant to these Articles of Association, the Board shall also have the powers to establish a Membership Committee and a Membership Commission.

**13. MEMBERS' MEETINGS AND UNIVERSAL VOTES**

Ordinary Members' Meetings shall be held annually no later than six months following the end of a calendar year. Members' Meetings shall be convened by the Board with one month's notice to be accompanied by an agenda for the meeting, a report by the Board on the Association's activities and all necessary documentation relating to resolutions of importance.

Any matters for deliberation shall be notified in writing to the Association's registered office no later than 60 days prior to Ordinary Members' Meetings.

All Members shall have the right to attend.

Extraordinary Members' Meetings shall be convened by resolution of the Board or on petition of at least 10% of Members entitled to vote.

Meetings shall be chaired by the Chairman of the Board or, in his absence, another Member of the Board. The Chairman of the Members' Meeting shall cast the deciding vote in the event of a tie.

As an alternative to convening Extraordinary Members' Meetings, the Board may conduct universal voting on individual matters by mail (with the exception of amendments to these Articles of Association and dissolution of the SAAM).

In the event of urgent appointments to bodies required by these Articles of Association or by statute, the Board may order elections to be held by mail.

**14. POWERS**

The Members' Meeting shall have the power to:

- a) award honorary memberships;
- b) elect and remove members of the Board, the Auditor and members of the Disciplinary Committee;

- c) receive the Board's annual report on the activities of the Association;
- d) discharge the Board on motion of the Auditor;
- e) determine the annual fees for active membership as provided by these Articles of Association;
- f) approve the annual budget;
- g) approve unbudgeted expenditures exceeding CHF 100,000 per budget item and budget excesses for items that have been budgeted of a minimum of 10% per budget item if in excess of CHF 100,000.
- h) approve the programme of activities for the current year;
- i) approve and amend these Articles of Association;
- j) decide on other agenda items submitted by the Board;
- k) dissolve the SAAM.

#### 15. QUORUMS, PROXIES, ELECTIONS AND BALLOTING

All elections and balloting shall be decided by simple majority of votes cast. Amendments of these Articles of Association require two thirds majority of all votes in attendance. Legal persons and partnerships may only be represented by directors and managing partners, who have been entered in the commercial registry, their agents or an individual Member acting on behalf of such Members. Absentees may provide a written proxy to another active Member. No Member, however, may hold a proxy for more than two votes.

Subject to the provisions regarding universal votes and voting by mail, secret votes and balloting may be ordered by the Board or demanded by one fifth of the Members with voting rights in attendance.

#### 16. VOTING RIGHTS

Only active Members shall have the right to vote at Members' Meetings and participate in universal votes. Each active Member shall have one vote. Other Members shall at, or on the occasion of, Members' Meetings, have the right to propose and give the grounds for additional agenda items.

#### 17. THE BOARD

The Board shall be comprised of a Chairman, two deputy chairmen and a maximum of six other Members and shall be self-constituting.

Any active Member (or its legal representative) or honorary Member may be elected to the Board. Term of office shall be three years and re-election shall be permitted. Members of the Board, or the active Members they represent, shall not be entitled to any compensation other than a waiver of membership fees. Costs and out of pocket expenses shall be reimbursed in accordance with approved budgets.

Any services provided by members of the Board, over and above their normal Board duties, shall be compensated at normal market conditions.

Members of the Board shall be required to keep confidential all information that comes into their possession as a part of their activities on the Board. Deliberations and dissenting opinions of Board members shall be secret [*Kollektialitätsprinzip*].

#### 18. MEETINGS / CIRCULARISATIONS / TELEPHONE VOTING

The number of meetings held by the Board shall be consistent with the Association's activities, which would normally mean four meetings a year. The Chairman shall call meetings at the request of a member of the Board or the Auditor.

Board meetings shall be quorate if a minimum of one half of all Board members are in attendance. Resolutions require the approval of a simple majority of Board members in attendance. The Chairman shall have two votes in the event of a tie.

The Board may approve resolutions by circularisation, facsimile or e-mail, provided that no member of the Board promptly objects and demands resolutions be verbally deliberated at a Board meeting.

It shall also be possible for resolutions to be approved by telephone or through video and teleconferencing unless a Board member promptly raises an objection. Written minutes shall be kept of all such conferences and the minutes shall be provided to Board members by facsimile or e-mail by the end of the following workday.

#### 19. DUTIES AND POWERS

The Board shall be responsible for SAAM affairs and for all decisions relating to the Association's activities unless falling under the

purview of other Association bodies. The Board may, in accordance with one or more sets of rules and regulations, make any of the committees, commissions and officers created by these Articles of Association responsible for the affairs and management of the SAAM with the exception of the responsibilities listed below.

Responsibilities, which may not be delegated by the Board, shall be:

- a) development and determination of SAAM strategic objectives and guidelines;
- b) election of a chairman, deputy chairmen, members of the Executive Committee, Membership Committee and Membership Commission as well as the Self-regulatory Committee;
- c) appointment and removal of officers including the Designated Officer and designation of persons to represent the Association and, subject to the requirement for two jointly binding signatures, delegation of powers to such persons to sign on the behalf of the Association;
- d) issuance of and amendment to the Code. Ten percent of Members shall be entitled to demand that amendments to the Code be submitted to the Members' Meeting for approval.
- e) issuance and revision of rules, regulations and guidelines for the Committees, Commissions and the Self-regulatory Committee;
- f) submission of annual and any special budgets as well as the report on activities and the annual financial statements to the Members' Meeting;
- g) preparation and formulation of motions to the Members' Meeting;
- h) determination of the manner in which universal and mail voting are conducted.

## 20. EXECUTIVE COMMITTEE

The Executive Committee shall be appointed by the Board from among its members.

The Executive Committee shall conduct the Association's affairs in accordance with the relevant guidelines except for those items which are the responsibilities of the Designated Officer. The Executive Committee shall

supervise the conduct of the Association's affairs by the Designated Officer.

Until such time as the Board has appointed an Executive Committee, the exercise of the Executive Committee's powers shall be the responsibility of the Board and the Executive Committee's duties shall be executed by the Board.

Resolutions of the Executive Committee shall be subject to the same requirements as those of the Board (para. 18).

## 21. THE DESIGNATED OFFICER

The Designated Officer shall conduct those affairs of the Association as determined by these Articles of Association, rules, regulations and guidelines and shall also be responsible for any other matters as determined by the Board. The Designated Officer shall report to the Board and the Executive Committee.

The Association's registered office in Zurich shall supervise and coordinate the activities of the regional offices in Geneva and Lugano.

The Designated Officer's employees shall be required to keep all information confidential which comes into their possession as a part of their activities on behalf of the Designated Officer. They shall duly observe the obligations of secrecy [*Kollegialitätsprinzip*] with respect to the deliberations of other Association bodies.

## 22. AUDITOR

The Members' Meeting shall elect an Auditor of the Association's financial statements who will report to the Members' Meeting and, where applicable, move to discharge the Board. Term of office shall be two years.

The Auditor shall be independent of the Association, Association bodies and Members. The Auditor may not perform any services on behalf of the Association inconsistent with the Auditor's independence.

## 23. DISCIPLINARY COMMITTEE

The Disciplinary Committee shall be comprised of a Chairman and a minimum of four associates and two alternates. The Disciplinary Committee shall be self-constituting.

Each committee member (or representative of an active Member) who is not also a member of the Board or the Self-regulatory Committee

shall be eligible for election by the Members' Meeting. Term of office shall be three years and re-election shall be permitted.

#### **24. DUTIES**

The Disciplinary Committee shall adjudicate on matters concerning:

- disputes between SAAM bodies and Members regarding Association affairs, specifically including these Articles of Association, the Code and the rules and regulations;
- disputes between SAAM and its Members regarding Association affairs specifically including these Articles of Association, the Code and the rules and regulations to the extent that such matters are not required to be referred to the Self-regulatory Committee.
- matters requested by the Self-regulatory Committee, regardless of any breach by Association Members of the Code and rules and regulations implementing the Code which is punishable by law.

#### **25. PROCEEDINGS BEFORE THE DISCIPLINARY COMMITTEE**

##### **a) Initiation**

Proceedings before the Disciplinary Committee shall be initiated by registered letter to the Chairman of the Disciplinary Committee. The document initiating proceedings should be in the form of a claim containing the grounds and the details of the statute, or provision of these Articles of Association or other regulation, which has been infringed.

##### **b) Briefs**

The Chairman of the Disciplinary Committee shall designate a member of the Disciplinary Committee to receive briefs having regard to the proceedings. The Member designated to receive the briefs pertaining to the proceedings shall provide the respondents in the proceedings with an opportunity to submit written responses. If deemed necessary, there will be a hearing at which the parties will be afforded the opportunity to verbally present their claims and responses and submit evidence.

Prior to hearing evidence, an attempt shall be made to reconcile the parties.

In the event that evidence should relate to business secrets of the parties, the Disciplinary Committee shall take steps to assure that such matters are kept confidential.

In the event that a party refuses to participate in the presentation of evidence, the Disciplinary Committee shall act at its own discretion.

##### **c) Decision**

Following the hearing of evidence, the Member appointed to receive briefs shall make a recommendation to the Chairman of the Disciplinary Committee and provide the documentation relating to the proceedings.

Decisions shall be made by three members of the Disciplinary Committee excluding that Member appointed to hear evidence. The decision shall be notified in writing to the parties by the Board together with the material reasons for the decision.

##### **d) Other procedural matters**

The Disciplinary Committee shall itself decide on other procedural matters and shall award costs.

##### **e) Proceedings pursuant to the Code**

Decisions regarding breaches of the Code shall be made with reference to the procedural requirements of the Code as implemented by rules and regulations in that regard.

#### **26. SELF-REGULATORY COMMITTEE**

The affairs of the SAAM Self-Regulatory Committee shall be conducted by its members. The Self-regulatory Committee shall consist of one or more persons selected by the Board. The members of the Self-regulatory Committee shall not be required to be SAAM Members.

The Self-regulatory Committee shall be responsible for coordination with the Swiss Anti-Money Laundering Control Authority and the Money Laundering Reporting Office Switzerland as provided by the Swiss Federal Law on Combating Money Laundering in the Financial Sector. The Self-regulatory Committee shall oversee compliance by active Members with the Code.

The powers and responsibilities of the Self-regulatory Committee shall otherwise be determined with reference to the rules and regulations of the SRO and the Code and instructions issued by the Board.

The Designated Officer shall provide administrative support.

The members of the Self-regulatory Committee shall be required to keep all information confidential which comes into their possession as a part of their activities on behalf of the SRO. Deliberations and dissenting opinions of Board members shall be secret [*Kollegialitätsprinzip*].

Resolutions of the Self-regulatory Committee shall be subject to the same requirements as those of the Board (para. 18).

## 27. ARBITRATION COMMITTEE

Matters may be referred to the Arbitration Committee by:

the SAAM:

- with respect to Members which do not pay fines imposed by the Disciplinary Committee in accordance with the Code;
- for the appeal of decisions made by the Disciplinary Committee.

a Member:

- for the appeal of decisions made by the Disciplinary Committee.

The Arbitration Committee's decision shall be final and shall not be subject to court enforcement.

## 28. ARBITRATION PROCEDURES

Each of the two parties to the arbitration shall appoint one arbitrator and both of those arbitrators shall, in turn, jointly select a Chairman for the arbitration.

The Arbitration Committee's proceedings shall be initiated through the designation by the claimant of an arbitrator and the request to the respondent(s) to designate an arbitrator of their own. In the event that there is more than one respondent, one arbitrator for the respondents shall be appointed by mutual consent of those respondents.

In the event that one party does not designate an arbitrator within thirty days of the receipt of written notice that the claimant has initiated arbitral proceedings through the designation of an arbitrator or in the event that both arbitrators are unable to agree within thirty days of acceptance of the appointment as arbitrator to the appointment of a Chairman, the Zurich Cantonal Supreme Court shall make the

appointment(s) on petition by either one of the parties.

In the event that an arbitrator is or becomes unable, regardless of reason, to perform his function as arbitrator, the party that appointed the relevant arbitrator shall designate a new arbitrator within thirty days. The Zurich Cantonal Supreme Court shall otherwise appoint a replacement arbitrator on petition by the other party. In the event that the Chairman is or becomes unable, regardless of reason, to perform his function as arbitrator, the arbitrators shall designate a new arbitrator within thirty days. The Zurich Cantonal Supreme Court shall otherwise appoint a replacement arbitrator on petition by the either one of the parties.

There shall be no effect on the validity of any proceedings of the Arbitration Committee involving an arbitrator or Chairman who is replaced.

The proceedings shall otherwise be regulated by the Agreement on Courts of Arbitration and the Swiss Federal Code of Civil Procedure [*Bundeszivilprozessordnung*].

Regardless of the parties to the arbitration, the Arbitration Committee shall also notify its award to the SAAM Board.

## 29. DISSOLUTION OF THE ASSOCIATION

Dissolution of the SAAM requires approval of a resolution at General Meeting by three quarters of votes in attendance and represented. The liquidation and the use of the liquidation surplus and the transfer of records shall also be decided by the General Meeting.

## 30. EFFECTIVENESS

These Articles of Association shall be implemented by the Board following approval of the Members' Meeting. In the event of conflict, the German language version of these Articles of Association shall prevail.

The active Members shall determine the Membership fees for 2006 and 2007 at the 2006 Members' Meeting.

Pending membership applications that were made under the previous articles of association shall be processed in accordance with these Articles of Association following implementation. The conditions of membership

shall also be determined with reference to these Articles of Association.