



BY-LAWS

OF THE

FINANCIAL SERVICES STANDARDS ASSOCIATION (VQF)

1. Name, Domicile and Purpose

Art. 1 Name and domicile

¹ The "Financial Services Standards Association (VQF)" (hereinafter: "Association") is an association under the terms of Article 60 et seq. of the Swiss Civil Code with domicile in Zug.

Art. 2 Purpose

¹ The purpose of the Association is to assure the quality of financial services and to enforce a high level of business ethics on the basis of self responsibility.

² The Association is active as a sector-wide self-regulatory organisation (hereinafter: "SRO") under the terms of Article 24 et seq. of the Federal Act on Combating Money Laundering and the Financing of Terrorism in the Financial Sector (hereinafter: AMLA) of 10 October 1997 and aims to control compliance with duties in accordance with the AMLA. To this end the Association exercises permanent control over the members of the SRO (hereinafter: "VQF SRO members") with regard to compliance with the provisions of the AMLA and the Association's by-laws (hereinafter: "by-laws") and SRO regulations.

³ The Association can assume the function of an industry organisation and can issue, revise and implement rules and codes of professional conduct.

⁴ The Association can exercise all activities associated with the purposes mentioned above. The Association can carry out inspections and can also arrange for ordinary and restricted audits, special inspections and specific statutory audits to be carried out by an auditing company (Art. 22 Para. 4 of the by-laws).

2. **Membership**

Art. 3 *Members*

¹ Professional and non-professional financial intermediaries as defined by Article 2 Para. 3 AMLA may become active members of the Association.

² The Association differentiates between the following categories of active member:

- a. **VQF SRO member** – members of this category are affiliated to the VQF's officially approved self-regulatory organisation pursuant to the Anti-Money Laundering Act.
- b. **VQF BOVV member** - members of this category are affiliated to the VQF's industry organisation for asset management which has officially approved rules and codes of professional conduct for asset managers.

Each active member belongs to one or both of these categories.

³ Other persons who are not supervised by the VQF may join as passive members.

⁴ The General Meeting sets the amount of the annual membership fee. In addition to the membership fee and on the basis of a fee regulation issued by the Management Board, the Association may also charge fees calculated in accordance with the member's volume of business or the costs incurred by the Association, especially in regard to affiliation, dossier management, inspections, any proceedings relating to sanctions and training.

Art. 4 *Personal requirements for members*

¹ Members must meet the following requirements:

- a. Both the members themselves and those persons entrusted with their supervision and/or management must enjoy a good reputation.
- b. Both the members themselves and those persons entrusted with their supervision and/or management must guarantee compliance with duties in accordance with the Anti-Money Laundering Act and/or compliance with any rules and codes of professional conduct as well as the by-laws and regulations of the Association.
- c. Members undertake to exercise their activity in accordance with a qualitatively high standard of business ethics.

Art. 5 *Admission*

¹ Applications for admission to the Association must be made in writing to the Chairman of the Supervisory Commission.

² The Supervisory Commission takes the final decision on admission or non-admission.

³ Admission may be refused without stating a reason. Arbitration is excluded.

Art. 6 Admission procedure

¹ The Management Board defines principles concerning the terms and conditions of admission, the admission procedure and the requirements for membership. In addition, the Supervisory Commission issues implementation regulations.

Art. 7 Resignation, exclusion and further sanctions

¹ Members may resign with effect from the end of any calendar year by submitting a written statement of resignation to the Supervisory Commission, observing a period of notice of three months.

² Members may be excluded from the Association or otherwise sanctioned at any time for the following reasons:

- a. Violation of an important provision of the by-laws, in particular if the requirements for membership in accordance with Article 4 are no longer given.
- b. Reasons more closely regulated by the Association's regulations as well as its rules and codes of professional conduct.
- c. Failure by the member to pay due, undisputed accounts from the Association before expiry of the period specified in the second reminder notice.

³ The Supervisory Commission takes the decision concerning exclusion. The reason for exclusion must be stated.

⁴ Resigning or excluded members must pay the annual fees due to the end of the calendar year in which they leave the Association.

⁵ Exclusion may be associated with a penalty for non-fulfilment.

⁶ Instead of exclusion, the Supervisory Commission may also order a penalty for non-fulfilment or censure.

⁷ Excluded or otherwise sanctioned members may raise objection against the decision of the Supervisory Commission within 20 days of being informed of the sanction. Objections must be in writing and state the reason for objection.

⁸ The Supervisory Commission thereupon opens the arbitration procedure in accordance with Article 32 of the by-laws.

Art. 8 Termination of membership by deletion

¹ A member's membership terminates on the occurrence of one of the following conditions (alternative conditions applicable to the termination of membership):

- a. Official commencement of bankruptcy proceedings against the member.
- b. Death or deletion of the member from the Commercial Register.

² The Supervisory Commission declares termination of membership by means of a suitable resolution. There is no right of appeal against this resolution.

Art. 9 Membership lists, exchange of information and duty of disclosure

¹ Lists are kept of the members of the Association, those refused admission and those expelled or deleted in accordance with Art. 3 Para. 1 of the by-laws.

² In the case of members of the VQF who are SROs, differentiation is also made between professional and non-professional financial intermediaries. A copy of the lists of VQF SRO members, including all changes, is provided to the Financial Market Supervisory Authority (hereinafter: "FINMA") (Art. 26 Para. 2 AMLA).

³ If a member joins an alternative SRO or becomes directly subject to supervision by FINMA, the VQF SRO member's file may be transferred to the alternative SRO or FINMA member. In addition, the provisions of the law apply with regard to exchange of information and duty of disclosure (Art. 27 AMLA).

3. Organisation

Art. 10 Organs and operating divisions of the Association

¹ The organs of the Association are:

- a. The General Meeting
- b. The Management Board
- c. The Auditor

² The Management Board creates operating divisions, in particular for the supervision of members and the provision of services.

³ The Supervisory Division comprises:

- a. The Supervisory Commission
- b. The Auditing Service

⁴ The Service Division comprises:

- a. Executive Management
- b. Legal & Compliance Desk (with Special Department for Combating Financial Crime)
- c. Secretariat

3.1 General Meeting

Art. 11 Holding and convening the General Meeting

¹ The supreme organ of the Association is the General Meeting. An Ordinary General Meeting takes place annually in the first six months of the calendar year.

² The Management Board convenes Extraordinary General Meetings when necessary or when requested by at least one fifth of the members.

³ Members receive a written invitation to attend the General Meeting, including the agenda, at least 20 days before the date of the meeting.

Art. 12 Duties of the General Meeting

¹ Duties of the General Meeting:

- a. To elect the Chairman, Management Board and Auditor.
- b. To approve the annual report and annual financial statements.
- c. To discharge the organs.
- d. To amend the by-laws and to approve the dissolution or merger of the Association.

Art. 13 Chairmanship of the General Meeting

¹ The Chairman or other member of the Management Board takes the chair at the General Meeting.

Art. 14 Voting rights at the General Meeting

¹ Each member is entitled to one vote at the General Meeting. Passive members are not entitled to vote.

Art. 15 Presence of a quorum at the General Meeting

¹ The General Meeting takes its resolutions on the basis of a simple majority of the votes cast. The Chairman has the casting vote in the event of a tie.

² Amendments to the by-laws require the qualified majority of three quarters of the members present. A majority of three quarters of all members is required for the dissolution or merger of the Association.

³ If there is no qualified majority at a General Meeting, a second General Meeting must be convened, whereby decisions are taken on the basis of the absolute majority of the votes present.

Art. 16 Voting by ballot

¹ The authority of the General Meeting can be exercised in whole or in part by means of a written ballot vote by the members of the Association.

3.2 Management Board

Art. 17 Constitution and term of office

¹ The Management Board consists of a maximum of ten members. It comprises the Chairman and Vice-Chairman and, if possible, one member each from the Zug Bar Association (ZAV), the Zug Trustee Association (ZTV) and the Zug Chamber of Commerce (ZWK) as well as further members.

² The members of the Management Board are elected for a period of two years and are eligible for re-election.

³ The Chairman is elected by the General Meeting for a term of two years. The Management Board is otherwise self-constituting.

Art. 18 Convocation

¹ The Chairman convenes meetings of the Management Board when necessary or on the written request of a member of the Management Board.

Art. 19 Duties, authority and secrecy

¹ The Management Board is responsible for all matters unless they are assigned to another organ. It represents the Association externally.

² The persons recorded in the Commercial Register are the authorised signatories on behalf of the Association.

³ The Management Board produces the annual report for the attention of the General Meeting and FINMA.

⁴ The Management Board regulates the creation, organisation and authority of the individual organs and operating divisions by means of organisational regulations.

⁵ The Management Board may appoint one or more executive directors, appoints the head of the Legal & Compliance Desk, Secretariat and Auditing Service, elects the members of the Supervisory Commission and, at their suggestion, its Chairman and Vice-Chairman.

⁶ The Management Board may decree that participation in training is obligatory for members of the Association.

⁷ The members of the Management Board and all its employees and agents are obliged under reserve of the legal duty of disclosure to maintain secrecy on all confidential matters which may come to their knowledge in the context of their activity. This obligation also applies following resignation from the Association or on termination of the employment or mandate relationship.

Art. 20 Resolutions

¹ The Management Board takes its resolutions on the basis of a simple majority of the votes cast. In the event of a tie the Chairman's vote counts double.

3.3 Supervisory Commission and Auditing Service

Art. 21 Constitution and term of office

¹ The Supervisory Commission consists of a Chairman, Vice-Chairman and additional specialists. One member of the Legal & Compliance Desk and the Executive Director and/or the Manager of the Auditing Service usually take part in proceedings in an advisory capacity. The participating member of the Legal & Compliance Desk acts as Secretary to the Supervisory Commission.

² The Management Board elects the members of the Supervisory Commission and, at their suggestion, its Chairman and Vice-Chairman.

³ The term of office is two years. Re-election is permitted.

⁴ The Supervisory Commission is otherwise self-constituting.

Art. 22 Duties, authority and secrecy

¹ The Supervisory Commission is independent and acts independently in exercising its activity.

² The Supervisory Commission decides on the admission, exclusion and imposition of other sanctions on members.

³ The Supervisory Commission monitors compliance with the regulations of the SRO and compliance with the regulations and any rules and codes of professional conduct of the Association's branch organisations. It defines the necessary measures for implementing supervision and inspection, elects and supervises the auditing agencies required to carry out audits and takes appropriate action in the event of the violation of the by-laws, regulations and rules and codes of professional conduct.

⁴ An auditing service is established in support of the Supervisory Commission. Its activity can be spun off to an auditing company which can also carry out ordinary and restricted audits, special inspections and specific statutory audits.

⁵ The members of the Supervisory Commission, under reserve of their duties before the law, are obliged to maintain secrecy on all confidential matters which come to their knowledge in the context of their activity. This obligation also continues after leaving the Supervisory Commission.

3.4 Legal & Compliance Desk (including Special Department for Combating Financial Crime)

Art. 23 Duties and authority of the Legal & Compliance Desk

¹ The Legal & Compliance Desk advises and services the members and any third parties and carries out training. It disposes of an information centre associated with a library wherein incidents and aspects of financial crime are documented.

Art. 24 Duties and authority of the Special Department for Combating Financial Crime

¹ The Special Department designs a training concept for affiliated members of the VQF SRO (and their employees), which is approved by the Management Board and implemented by the Special Department.

² The Special Department is also informed about all events which require to be forwarded to the Money Laundering Reporting Office Switzerland (MROS).

³ The Management Board appoints the head of the Special Department.

3.5 Secretariat

Art. 25 Appointment and authority

¹ The Management Board appoints a permanent Secretariat and regulates its organisation and authority.

² The Secretariat is the contact point for FINMA and is always available by telephone during normal office hours. It is also available to the Supervisory Commission and the other operating divisions for the provision of administrative services.

³ The Secretariat manages the lists to be drawn up in accordance with Article 9 of the by-laws.

3.6 Auditor

Art. 26 Election and duties

¹ The General Meeting annually elects an auditing company as auditor.

² The auditor inspects the annual financial statements and any special accounts following their closure and provides a written report to the General Meeting.

4. Financial

Art. 27 Income

¹ The Association's income consists of:

- a. Membership fees.
- b. Charges in accordance with the regulations on charges.
- c. Contributions from third parties and other sources of income.
- d. Any income from sanctions (including the cost of proceedings).

Art. 28 Liability

¹ The Association is liable only to the extent of its assets. The members are liable only to the extent of the amount of their membership fees. Even in the event of over-indebtedness or shortage of liquidity, annual membership fees may not be increased by more than the average of the three preceding years.

Art. 29 Accounting year

¹ The Association's accounts are closed on 31 December each year. The General Meeting decides on the allocation of any surplus funds.

5. Dissolution and Liquidation

Art. 30 Dissolution and liquidation of the Association

¹ The Association may be dissolved by majority decision in accordance with Article 15 of the by-laws.

² Liquidation is carried out by the Management Board.

Art. 31 Liquidation surplus

¹ Any surplus funds arising from liquidation are payable to the "Gemeinnützige Gesellschaft des Kantons Zug". Any repayment of funds to the founders or members of the Association is excluded.

6. **Arbitration**

Art. 32 Arbitration and arbitration procedure

¹ In accordance with Article 7 of the by-laws of the Association and the respective terms and conditions of the regulations of the SRO or the relevant provisions of the regulations and any rules and codes of professional conduct of the industry organisation, members may object to a decision by the Supervisory Commission for their exclusion or the imposition of other sanctions. This objection must be made to the Supervisory Commission in writing, stating the reasons for objection.

² On receipt of the objection, at the request of the Supervisory Commission, the Chairman of the Cantonal Court of Zug appoints, within thirty days, a professionally qualified sole arbitrator who is not a member of the Association or an organ of a member organisation.

³ The decision of the sole arbitrator is final.

⁴ The domicile of the arbitrator is Zug.
The language of negotiation is German.

⁵ The procedure is in accordance with the signed written arbitration agreement with the additional support of the Code of Civil Procedure of the Canton of Zug.

7. **Final Provisions**

Art. 33 Coming into force

¹ These by-laws were approved by the Ordinary General Meeting of 28 May 2009 and came into force on this date.

Zug, 28 May 2009

For the Association

The Chairman:
Peter Rupper



Member of the Management Board:
Dr. Martin Neese

