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You are a helpful assistant. Make direct answers with good explanations. Do not lie and if you do not know the answer, say you do not know. Answer this question:
Explain the criteria and process for allocating an investment to tied assets.



The criteria and process for allocating an investment to tied assets are comprehensively outlined in the FINMA Circular 2016/5. Here's a detailed explanation based on the guidelines:

Criteria for Allocating Investments to Tied Assets

1. **Permissibility and Eligibility:** The investment must be a permissible value under the applicable regulations (Art. 79 or Art. 68 para. 2 SO) and must comply with the specific requirements set out in the Circular.
2. **Valuation:** The investment should be easily valued without significant problems.
3. **Liquidity:** Investments must exhibit a high level of liquidity relative to their investment category.
4. **Expertise and System Requirements:** There must be the necessary expertise and appropriate systems and processes in place for selecting, managing, and controlling the investment.
5. **Risk Understanding:** The financial, legal, and operational risks associated with the investment should be fully understood.
6. **Creditworthiness of Debtor:** The debtor's creditworthiness must be verifiable.
7. **Encumbrances:** The asset must be unencumbered and not subject to any rights of set-off or similar claims.



Process for Allocating Investments to Tied Assets



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