

THE IFA's

Wealth Gram

LA TRIBUNE MENSUELLE
DES MEMBRES DU GSCGI

wealthgram@gscgi.ch
www.gscgi.ch

Vol. III
N°30 - Juillet 2014



US EQUITY OPTIONS

FLEXIBLE AND VERSATILE INVESTMENT TOOLS

OIC

The Options
Industry Council

SOMMAIRE

3	Editorial	Faire gaffe au GAFI! Me Yves Nidegger, Conseiller National
4-5	Sponsor de Juillet 2014	US Equity Options: flexible and versatile investment tools <i>OIC — The Options Industry Council — www.OptionsEducation.org</i>
6-7	Les Membres du GSCGI	FECIF informs... News Flash 45/2014 ...by Cattaneo & Zanetto FECIF Open Letter to... ...by Vincent J. Derudder
8-9	Placements & Techniques de Gestion	La chasse au rendement pour les gérants de fonds... Laurent Chevallier, Eurofin Capital SA, Membre du GSCGI
10-11	Juristes & Fiscalistes	Existing W-8 form OK to use for 2014... www.ustaxjfs.com IRS Modifies the Offshore Voluntary Dis... www.bakermckenzie.com
12-13	L'Avis de l'Analyste	Can the Elephant's slow trundle switch to racing mode... <i>Sourajit Aiyer, Mumbai, India</i>
14-15	In Globo	<i>various ...Pierre Cristodoulidis & Cosima F. Barone</i>
16-17	La Réunion Mensuelle du GSCGI	June 20/Geneva: (I) Les Banques Centrales, (II) Quant Investment <i>...article de Cosima F. Barone</i>
18	Book Review	Smaller Faster Lighter Denser Cheaper , by Robert Bryce
19	Clin d'Oeil à l'Histoire Calendrier Réunions Mensuelles La Parole est à Vous	Purchasing Power of the Consumer Dollar and... Cosima F. Barone - FINARC SA - www.finarc.ch
20	Sponsor de Juillet 2014	OIC—The Options Industry Council www.OptionsEducation.org

Editeur: G S C G I

Secrétariat Général:

3, Rue du Vieux-Collège
Case Postale 3255
CH - 1211 Genève 3
Tél. +41 (0) 22 317 11 22
secretariat@gscgi.ch

Zürich: sekretariat@svuf.ch

c/o Findling Grey AG - Tél. +41 (0) 43 819 4243
Bimenzältenstrasse 32 / Postfach 2255
CH - 8060 Zürich-Flughafen

Lugano: segreteria@gscgi.ch

c/o Camplani & Partners SA - Tél. +41 (0) 91 921 1414
Viale S. Franscini 16, CH - 6900 Lugano

Advisory Committee Director,

Maquette & Réalisation:

Cosima F. Barone

www.finarc.ch

c.barone@finarc.ch

ÉDITORIAL

Faire gaffe au GAFI!

L'ennui avec les armes, dont on dote les Etats pour lutter contre les méchants, c'est qu'ils les retournent parfois contre les peuples-même qui les leur ont fournies. Et, plus redoutables sont ces armes, plus effrayantes seront les dérives.

C'est pour lutter contre un ennemi redoutable, le financement du terrorisme et de la prolifération des armes de destruction massive, que le Groupe intergouvernemental d'action financière (GAFI) fut fondé en 1989 en marge du G7 de Paris.

Le mur de Berlin tombait et avec lui le spectre d'une destruction nucléaire mutuellement assurée en cas de clash direct entre l'Est et l'Ouest. Al-Qaïda n'était pas encore connue mais un nouveau spectre avait déjà pris le relai du précédent: la crainte justifiée d'un pillage des silos nucléaires et des laboratoires microbiologiques d'une URSS alors en dépôt de bilan par des mafias mondialisées qui en revendaient le contenu aux Etats voyous de la planète et aux autres groupes terroristes.

Contre cette menace nouvelle, il fallait un arsenal nouveau à la mesure des dangers que faisait courir le nouvel ennemi. Le choix fut fait de traquer le nerf de la guerre sale là où l'argent noir des mafias et des terroristes émergerait des profondeurs souterraines pour retourner vers la lumière de l'économie: la loi sur le blanchiment d'argent (LBA) était portée sur les fonds baptismaux.

Mais voilà que, vingt-cinq ans plus tard, les recommandations 2012 du GAFI servent de prétexte à Madame Widmer Schlumpf pour introduire dans la LBA suisse une infraction de soustraction fiscale aggravée, au terme de laquelle l'argent, qui aurait dû être payé au fisc et qui ne l'a pas été, devrait être considéré comme de l'argent criminel au même titre que celui qui finance des actes terroristes ou la prolifération des armes de destruction massive. Avec pour conséquence que, chaque citoyen étant un contribuable, des moyens de contrôle et d'investigation d'exception, conçus pour lutter contre les seuls terroristes, se voient aujourd'hui déployés contre l'ensemble de la population.

Le projet original de Madame Widmer Schlumpf qui, outre l'infraction fiscale préalable au blanchiment, ne comprenait rien de moins qu'une réforme pénalisante du droit des sociétés, une limitation des paiements cash à Fr. 100'000.- et une obligation faite aux intermédiaires financiers de mentir et d'épier pendant 30 jours leurs clients dénoncés, est passé au Conseil des Etats comme jadis une lettre à la Poste.

Il en est allé fort heureusement différemment devant le Conseil national où le texte a pu être amendé au point que Madame Widmer Schlumpf ne le reconnaît plus.

Grâce à un examen préalable minutieux au sein du GSCGI, de nombreux amendements ont pu être déposés par votre serviteur. Ces amendements ont été approuvés par la majorité de la Commission des affaires juridiques, puis confirmés par le Conseil national en plénum le 18 juin 2014.

Les partis de droite se sont pour une fois ralliés à une version commune pour diminuer ainsi la nocivité du texte.

Parmi les succès obtenus, la libération des PME, soit 80% des SA et 90% des SARL de Suisse, de l'obligation d'annoncer les transferts, d'identifier les ayants droit économiques et de documenter l'arrière-plan économique de leurs titres aux porteurs, le biffage de l'interdiction des paiements cash, une infraction fiscale limitée aux remboursements d'impôts obtenus frauduleusement et supérieurs à Fr. 200'000.- par exercice, ainsi qu'une obligation de dénoncer qui reste en gros dans les limites de l'acceptable.

Le projet amendé par le National est reparti au Conseil des Etats qui fera sans doute de son mieux pour tenter, avec Madame Widmer Schlumpf, de refaire ce que le National a défait.

La suite au prochain épisode.



Me Yves NIDEGGER
Conseiller National

Avocat au Barreau de Genève

Président de la Commission Veille Juridique du GSCGI

www.nideggerlaw.ch

nid@nideggerlaw.ch

US EQUITY OPTIONS: FLEXIBLE AND VERSATILE INVESTMENT TOOLS



Introduction

Options are not a new concept and their use can be traced back to antiquity.

More recently, in the US in the 1970s, equity option exchanges were established. In contrast to earlier trading models, a clearing house, OCC, was interposed between buyers and sellers, enabling better risk management and offering option users confidence in the continuity of the market should any buyer or seller default.

Today there are 12 US equity option exchanges, all clearing their trades via OCC. In 2013 4.1 billion contracts were traded across the 12 exchanges.

The Role of Education

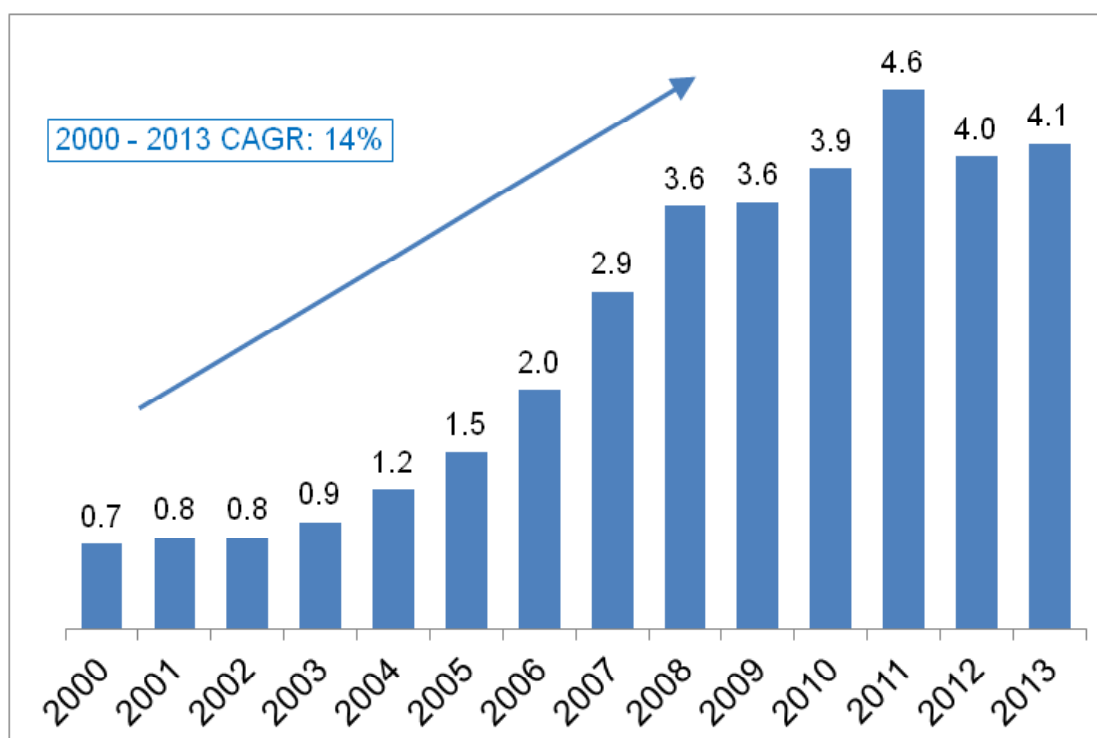
Educated investors tend to be more successful.

The Options Industry Council (OIC) is an industry cooperative, which was established by clearing house OCC and the US equity option exchanges in 1992.

Its mission is to increase the awareness, knowledge and responsible use of exchange-listed equity options among a global audience of investors, including individuals, financial advisors

Annual US equity options trading volume 2000 - 2013 (*billions of contracts*)

Source: OCC



and institutional managers by providing independent, unbiased education and practical knowledge.

As well as maintaining and developing website www.OptionsEducation.org, which is full of entirely free information on responsible option usage, OIC also commissions studies from independent research companies. One such company is Tabb Group and you can download – *free of charge* – their most recent study on the European usage of US equity options at:

http://www.optionseducation.org/documents/literature/files/tabb_european_2014.pdf.

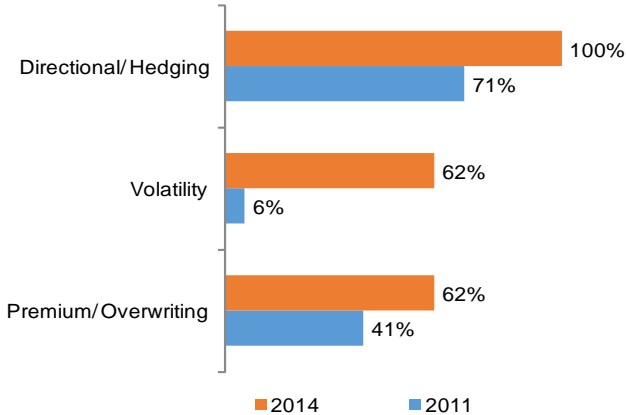
European customers account for an estimated 9% of total volume. One of the many interesting findings in this report, published in March 2014, is concerning the type of option strategies European investors are employing (*see diagram on following page*). The figures refer to percentage of total interviewees at some time using the strategy specified.

CONTINUED ON PAGE 5

US EQUITY OPTIONS: FLEXIBLE AND VERSATILE INVESTMENT TOOLS



US equity option strategies used by European investors



Source: Tabb Group interviews

What is interesting is the significant increase in the usage of each strategy, as European investors have become more sophisticated since the last study in 2011. Space is limited in this article, but below we discuss some of the more popular option strategies, which are only a selection of possible strategies that financial advisors can use on behalf of their customers. These strategies are strictly for illustrative and educational purposes and are not to be construed as an endorsement, recommendation or solicitation to buy or sell securities.

Protective Put

This strategy consists of adding a long put position to a long stock position. The protective put establishes a 'floor' price under which the investor's stock value cannot fall.

If the stock keeps rising, the investor benefits from the upside gains. Yet no matter how low the stock might fall, the investor can exercise the put to sell the stock at the strike price.

The time horizon is limited to the life of the option.

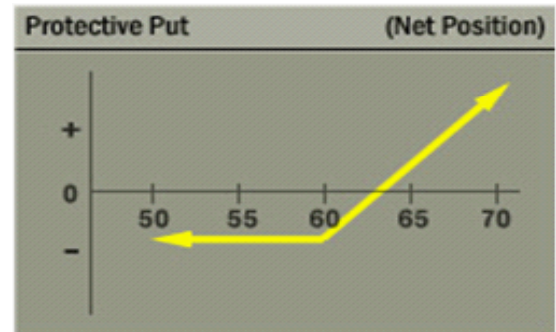
The choice of strike prices determines where the downside protection 'kicks in'. If the stock stays strong, the investor still gets the benefit of upside gains. If the stock falls below the strike, the investor has the benefit of several choices.

- Exercise the put, enabling the stock to be sold at the strike price of the option. The strike price sets the minimum exit price.
- If the investor remains nervous, the put can be held until expiration to extend the protection for as long as possible.

Then it either expires worthless or, if it is sufficiently in-the-money, is exercised and the stock sold.

- If the investor judges that the worst seems to be over, an alternative for still-bullish investors is to keep the stock and sell the put. The sale should recoup some of the original premium paid for the option.

The put can provide protection against a downturn during the life of the option. The major drawback of the strategy is its cost, but this can be addressed to some extent by the selection of the option's strike price.



Net Position (at expiration)

EXAMPLE

Long 100 shares XYZ stock
Long 1 XYZ 60 put

MAXIMUM GAIN

Unlimited

MAXIMUM LOSS

Stock purchase price less strike price less premium paid

For more information, readers are referred to http://www.optionseducation.org/content/oic/en/strategies_advanced_concepts/strategies/protective_put.html

Covered Call

This strategy consists of selling a call that is covered by an equivalent long stock position...

Gary DELANY

Director of European Marketing and Education
Options Industry Council (OIC)



*Cet article est disponible en version intégrale sur le website
-- www.gscgi.ch -- en zone "membres"*

LES MEMBRES DU GSCGI

Networking & la Vie de nos Collègues d'ailleurs

FECIF informs...



DAVID CHARLET

FECIF's

Chairman of the Board

www.fecif.org

VINCENT J. DERUDDER

HONORARY CHAIRMAN

AND PRESIDENT OF THE

CONSULTATIVE COMMITTEE



*The GSCGI
is a
Board member
of FECIF*

FECIF NewsFlash 49/2014: MiFID II: Publication in the Official Journal

Executive Summary

Today, the Directive on Markets in Financial Instruments repealing Directive 2004/39/EC (**MiFID II**) and the Regulation on Markets in Financial Instruments (**MiFIR**) have been published in the EU Official Journal.

Member States have two years to transpose the new rules which will be applicable starting January 2017.

Analysis

The new framework aims to make financial markets more efficient, resilient and transparent. It introduces a market structure which closes loopholes and ensures that trading, wherever appropriate, takes place on regulated platforms. It introduces rules on high frequency trading. It improves the transparency and oversight of financial markets – including derivatives markets – and addresses the issue of excessive price volatility in commodity derivatives markets. A new framework will improve conditions for competition in the trading and clearing of financial instruments. Building on the rules already in place, the revised MiFID also strengthens the protection of investors by introducing robust organisational and conduct requirements or by strengthening the role of management bodies.

The new framework also increases the role and supervisory powers of regulators and establishes powers to prohibit or restrict the marketing and distribution of certain products in well-defined circumstances.

A harmonised regime for granting access to EU professional markets for firms from third countries, based on an equivalence assessment of third country jurisdictions by the Commission, is introduced.

Member States shall adopt and publish, by 3 July 2016, the laws, regulations and administrative provisions necessary to comply with this Directive.

They will apply those measures from 3 January 2017.

Member States shall communicate to the Commission and to ESMA the text of the main provisions of national law which they adopt in the field covered by this Directive.

Sources

Related document is available upon request.

CATTANEO ZANETTO & CO.
POLITICAL INTELLIGENCE · LOBBYING · PUBLIC AFFAIRS

CATERINA VIDAL
Cattaneo Zanetto & Co.
www.cattaneozanetto.it
caterina.vidal@cattaneozanetto.it

...cont'd on page 7

LES MEMBRES DU GSCGI

Networking & la Vie de nos Collègues d'ailleurs

FECIF informs...



VINCENT J. DERUDDER

FECIF's

Honorary Chairman

&

President of the

Consultative Committee

www.fecif.org

OPEN LETTER to all FECIF Members, their Clients and Employees

23 June 2014

On 25 May, the people of Europe said largely “no” to Europe, either by abstaining, or by voting for the so-called “anti-European” candidates.

But, the truth of the matter is that they didn't say no to Europe: they said “no” to a certain Europe! They don't want any more of this Europe of unemployment, higher taxes and overregulation.

It is a clear message to Brussels that Europe needs to change: they said no to the Europe of the bureaucracy, to the tsunami of useless, costly and burdensome new regulations imposed by the civil servants of ESMA and other irresponsible bodies using the crisis as an excuse to turn Europe into a sort of remake of the Soviet Union.

On 18 June, the European Commission seems to have listened to the message by pushing the EU's smart regulation agenda further. A Communication shows that the implementation of the Commission's Regulatory Fitness and Performance programme (*REFIT* - http://ec.europa.eu/smart-regulation/refit/index_en.htm) seems to be in full swing and that EU law may indeed becoming lighter, simpler and less costly by presenting a number of new initiatives for simplification, withdrawals of pending proposals and repeals of existing legislation.

President Barroso said: ***“The Commission is extending its smart regulation agenda. REFIT is important for economic growth and jobs in Europe. We want to facilitate the lives of our citizens and businesses by focusing EU law on those issues that are best dealt with at European level, while making it lighter, simpler and less costly.”***

In order to be successful, this ambitious program will require a creative effort and an active participation from all of us, with the support of the newly elected members of the European Parliament, the consumers' groups, and our clients - victims also of such a costly and useless overregulation.

I thought it was important for me to share this news with you.

Kind regards,

Vincent J. Derudder

Honorary Chairman

President, Consultative Committee



PLACEMENTS & TECHNIQUES DE GESTION

La chasse au rendement pour les gérants de fonds alternatifs est ouverte

article publié également dans LE TEMPS le 23 juin 2014



Laurent CHEVALLIER

VASKEN FUND MANAGER

HEAD OF RESEARCH

BOARD MEMBER

EUROFIN CAPITAL SA

Laurent is currently the Fund-Manager of the VaskenMacro-fund and the Head of Alternative Beta Research of Eurofin Capital.

Laurent was previously Executive Director and Head of Manager Selection & Investments at Unigestion in Geneva from 2005 to 2008, where he was in charge of a 12-person team of analysts and researchers managing USD 3.5B in hedge fund portfolios. Laurent's team brought Unigestion's fund performance into top deciles rankings during the 2007-08 period.

Laurent started his career in the Asset Management Industry as an analyst and a futures trader in New York and has gained substantial expertise in systematic and arbitrage strategies.

He holds an MBA from Thunderbird School of Business and is a CFA charter holder.

Pour les investisseurs, il faudra bien vérifier les stratégies de sortie ou de protection mises en place par les gérants pour se préparer à la fin des politiques monétaires accommodantes.

Depuis le début de l'année et en dépit de marchés boursiers atteignant pour certains leurs plus hauts niveaux, les hedge funds font de nouveau pâle figure. En effet, à cause de forts retournements de tendance des indices macroéconomiques mais aussi de rotations très violentes dans les secteurs actions sous-jacents, les hedge funds, en règle générale, affichent à nouveau une sous-performance. L'indice HFR global présente une progression d'à peine 0,87% du début de l'année à fin mai alors que le MSCI World ou le S&P500 font état d'une hausse d'approximativement 4%.

Les quelques hedge funds tirant leur épingle du jeu sont ceux qui se sont mis en chasse du «yield» (rendement), en quête des derniers pourcentages de rendement dans des actifs encore considérés comme toxiques il y a peu.

En effet, le «trade» (*pari*) de l'année est la convergence des taux d'intérêt des pays européens. Grâce à Mario Draghi, qui a promis de faire tout ce qui est nécessaire pour préserver l'euro, et les liquidités injectées par les banques centrales japonaise, chinoise, américaine et anglaise, ont fini par alimenter une frénésie d'achat sur les obligations de la périphérie européenne.

Il y a quelques mois, le Portugal et la Grèce n'auraient même pas imaginé pouvoir retourner sur les marchés pour se financer. Or, Chypre (*oui vous avez bien lu*) vient d'émettre de la dette à un taux de 4,5% pour cinq ans. 27% de la demande est venue de hedge funds.

L'offre récente de dette à court terme émise par le Kenya a aussi attiré beaucoup de fonds spéculatifs. L'Irak, également, a pu en profiter récemment.

Le risque de solvabilité de beaucoup d'actifs toxiques (*les sociétés ou même les pays dits «zombies»*) se trouve grandement réduit par les politiques d'assouplissement quantitatif globales. Les investisseurs les plus téméraires se sont donc vus récompensés d'aller chercher des actifs au rendement élevé qui n'attendaient que les afflux massifs de ces politiques monétaires effrénées. Pour preuve, l'indice HFR distressed est le seul à être en ligne avec les indices globaux. Les fonds credit/distressed sont les plus représentés dans les classements officiels et officieux.

Nous avons également vu l'apparition de fonds dédiés à la dette grecque ou à la dette espagnole. Nombre de ces véhicules lèvent beaucoup d'actifs.

La saga de la dette argentine est un autre exemple de cette course effrénée aux actifs les plus risqués. En effet, cette bataille qui oppose depuis une décennie deux hedge funds américains au gouvernement argentin est arrivée à la Cour suprême américaine. Celle-ci a refusé de donner raison au gouvernement argentin qui avait refusé de rembourser certains créanciers. Flairant la

Investment solutions

**EUROFIN
CAPITAL**

INDEPENDENT ASSET MANAGEMENT

...cont'd on page 9

PLACEMENTS & TECHNIQUES DE GESTION

La chasse au rendement pour les gérants de fonds alternatifs est ouverte

...cont'd from page 8

bonne affaire en cas de jurisprudence positive en faveur des hedge funds, d'autres fonds ont commencé à amasser de la dette de ce pays en proie à des problèmes budgétaires et de gouvernance permanents.

Tous les exemples démontrent à quel point les fondamentaux (*pour simplifier, la solvabilité ou la capacité à rembourser une dette*) ne présentent plus aucun intérêt à partir du moment où la liquidité nécessaire pour «servir» cette dette (*payer les intérêts et les coupons*) est fournie en grande partie, même indirectement, par les banques centrales. En comparaison avec 2007, où un levier massif se mettait en place à travers les banques d'investissement, la période actuelle est plutôt portée vers la recherche d'un portage intéressant au détriment de la qualité. Comme dit précédemment, le risque de solvabilité étant plus ou moins retiré de l'équation, les fonds sont donc attirés par les rendements car les sociétés ou pays en question ont la liquidité nécessaire pour satisfaire la demande en coupon de leurs investisseurs.

Par contre, la sensibilité de ces investissements aux taux d'intérêt directeurs est en augmentation croissante (*inhérente à la construction de ces investissements*).

Comme toujours le problème apparaîtra donc quand la musique s'arrêtera ou quand les banques centrales seront contraintes à réduire la liquidité. A ce titre, le «tapering» de la Fed, qui consiste à freiner les achats de titres, ne constitue pas encore une réduction de la liquidité. Il semble cependant que les banquiers

centraux sont «all in». Comme au casino, ils sont allés trop loin dans leur expérimentation pour pouvoir s'arrêter en plein milieu du gué. Les injections se poursuivront jusqu'à ce que l'inflation dévoile son vrai visage, même si la croissance économique n'est toujours pas repartie.

Il faudra alors être très habile pour sortir de ces positions qui n'auront plus du tout le même attrait. Le risque est très élevé. A ce titre, les rumeurs prêtant à la Fed l'intention d'imposer des frais de sortie sur les fonds détenant des obligations du Trésor sont très inquiétantes. En effet, nous parlons ici des actifs les plus liquides de la planète. Imaginons ce qui se passerait sur les actifs les plus exposés et les moins liquides.

Il conviendra donc de bien vérifier les stratégies de sortie ou de protection de ces actifs de la part des gérants, si elles existent, avant d'investir.

Mais pour le moment, l'euphorie et l'appétit au gain nécessaire à la satisfaction des objectifs de rendement l'emportent sur le reste. Pour combien de temps...

Laurent CHEVALLIER
EUROFIN CAPITAL SA
Membre du GSCGI
www.eurofincapital.com
lchevallier@eurofincapital.com

Investment solutions

**EUROFIN
CAPITAL**
INDEPENDENT ASSET MANAGEMENT

JURISTES & FISCALISTES

Existing W-8 form OK to use for 2014, says IRS Official

US TAX & Financial Services est membre du GSCGI

Earlier this year, the Internal Revenue Service (*IRS*) released new versions of Forms W-8 to reflect the changes made by Foreign Account Tax Compliance Act (*FATCA*). The W-8BEN-E is required by entities and the W-8BEN is for individuals. Furthermore, there is a new Form W8-IMY which is used by foreign intermediaries or foreign flow-through entities. As the instructions for the Forms W-8BEN-E and W8-IMY have not been released, the IRS understands that without such instructions, the forms may not be correctly filed and therefore, they are working diligently to complete these instructions.

Bloomberg reported, at the 26th Annual Insurance Tax Seminar sponsored by the Federal Bar Association Section on Taxation on May 29, that IRS Associate Chief Counsel, Steven Musher, stated taxpayers can use the existing series of W-8 forms through December 31, 2014 to begin their account identification procedures under FATCA. This will help alleviate confusion of which form to use, given the lack of instructions for the new W-8 BEN-E.

In Notice 2014-33, the IRS also says that it would take reasonable compliance efforts into account in a two-year transitional period provided the responsible reporting party has "made good faith efforts to comply with the requirements of the chapter 4 regulations and the temporary coordination regulations." Musher noted that when evaluating whether FATCA efforts are made in good faith, "written procedures that reflect what is being implemented will be received well."

During this transitional period, it is imperative to contact your tax advisor to ensure you are making a reasonable effort to comply with your existing FATCA requirements.

Original Source Material: "IRS Official Says Existing W-8 Forms OK To Comply With FATCA Through Year's End" (104 Daily Tax Report G-3, May 30, 2014)



Sitara Zafar
US TAX & Financial Services
www.ustaxfs.com

IRS Modifies the Offshore Voluntary Disclosure Program and the Streamlined Filing Compliance Procedures

On June 18, 2014, the U.S. Internal Revenue Service ("*IRS*") announced changes to the 2012 Offshore Voluntary Disclosure Program ("*OVDP*") and the Non-Resident U.S. Taxpayer Disclosure Program (*now referred to as the "Streamlined Filing Compliance Procedures"*). The changes are intended to ease burdens and help taxpayers come into compliance by extending the eligibility requirements for the Streamlined Filing Compliance Procedures to a wider population of U.S. taxpayers living outside of the United States, as well as to certain U.S. taxpayers residing in the United States. Further, the expanded Streamlined Filing Compliance Procedures eliminate the requirement that the taxpayer have no more than \$1,500 of unpaid U.S. taxes per year. Conversely, for the OVDP, in circumstances where a taxpayer holds an account at a financial institution, or was assisted by a third party, that is being investigated by the IRS or the Department of Justice ("*DOJ*"), and that investigation becomes public knowledge before the date the taxpayer submits the request for preclearance, the taxpayer will be subject to a higher offshore penalty of 50%. The IRS has also revised the submission procedures for delinquent FBARs and delinquent international information returns.

BAKER & MCKENZIE

to prior voluntary disclosure programs offered in 2009 and 2011. The amendments to the OVDP and the Streamlined Filing Compliance Procedures are intended to reflect the growing awareness among U.S. taxpayers of their U.S. tax obligations related to foreign assets, as well as providing a new avenue of compliance for U.S. taxpayers whose failure to disclose foreign assets was non-willful. In addition, on July 1, 2014, the new information reporting regime introduced by the Foreign Account Tax Compliance Act ("*FATCA*") will come into effect.

Changes to the Streamlined Filing Compliance Procedures

The changes to the Streamlined Filing Compliance Procedures will broaden the eligibility requirements for the program and accommodate a wider group of U.S. taxpayers who have unreported financial accounts. In particular, the changes include:

- eliminating the requirement that the applicant be a non-resident of the United States;
- eliminating the requirement that the applicant have at most \$1,500 of unpaid U.S. taxes per year;
- eliminating the required risk questionnaire.

In certain cases, the Streamlined Filing Compliance Procedures are available for taxpayers who have previously filed delinquent

...cont'd on page 11

Background

The current OVDP was launched in 2012 and is a successor

JURISTES & FISCALISTES

IRS Modifies the Offshore Voluntary Disclosure Program and the Streamlined Filing Compliance Procedures

BAKER & MCKENZIE

...cont'd from page 10

or amended returns (*so called "quiet disclosures"*), although penalty assessments previously made with respect to those filings will not be abated.

Taxpayers applying for the Streamlined Filing Compliance Procedures will be required to certify that previous failures to comply were due to non-willful conduct. Non-willful conduct is defined as conduct that is due to negligence, inadvertence, or mistake or conduct that is the result of a good faith misunderstanding of the requirements of the law. For non-U.S. resident taxpayers eligible for the Streamlined Filing Compliance Procedures, all penalties will be waived. For U.S. resident taxpayers eligible for the Streamlined Filing Compliance Procedures, the IRS will apply a miscellaneous offshore penalty equal to 5% of the highest aggregate value of the foreign financial assets that give rise to the tax non-compliance. The penalty will be calculated by aggregating the year-end account balances and year-end asset values for the prior 6 years, and selecting the highest aggregate balance/value from among those years. An asset will be included in the 5% penalty if the asset should have been reported on an FBAR (*now, FinCEN Form 114*), Form 8938 or if the asset was properly reported on the FBAR and/or Form 8938 but gross income in respect of the asset was not reported on the income tax return.

Taxpayers who have submitted a voluntary disclosure letter prior to July 1, 2014, but who have not yet executed an OVDP Closing Agreement (*IRS Form 906*), may be able to qualify for the favorable penalty structure of the Streamlined Filing Compliance Procedures. In these cases, taxpayers will be required to certify that previous failures to comply were due to non-willful conduct and will be required to submit all documents required under the voluntary disclosure program in which they are currently participating (*2009 OVDP, 2011 OVDP, or 2012 OVDP*). The IRS will consider the request in light of all the facts and circumstances, and must agree that the available information is consistent with the taxpayer's certification of non-willful conduct.

Changes to the OVDP

The changes to the OVDP will increase the documentation requested from taxpayers seeking to apply to the OVDP, requiring applicants to provide as part of the preclearance request identifying information for all financial institutions at which undisclosed assets were held, and identifying information for all foreign and domestic entities through which the assets were held. In addition, the changes to the OVDP include:

- eliminating the existing reduced penalty percentage (*the 12.5% and*

the 5% penalties specified in the OVDP Frequently Asked Questions and Answers) for certain non-willful taxpayers;

- requiring taxpayers to submit all account statements and pay the offshore penalty when submitting the OVDP package following receipt of the preliminary acceptance letter;
- enabling taxpayers to submit voluminous records not requiring original taxpayer signature electronically rather than on paper;
- increasing the offshore penalty percentage (*from 27.5% to 50%*) if, before the taxpayer's OVDP pre-clearance request is submitted, it becomes public that a financial institution where the taxpayer holds an account or another party who assisted in establishing or maintaining the taxpayer's offshore arrangement, is or has been under investigation by the IRS or DOJ; is cooperating with the IRS or DOJ; or has been identified in a court-approved issuance of a summons seeking information about U.S. taxpayers who may hold financial accounts. The amended OVDP Frequently Asked Questions and Answers contain a list of ten foreign financial institutions meeting these criteria: (i) UBS AG; (ii) Credit Suisse AG, Credit Suisse Fides, and Clariden Leu Ltd.; (iii) Wegelin & Co.; (iv) Liechtensteinische Landesbank AG; (v) Zürcher Kantonalbank; (vi) swisspartners Investment Network AG, swisspartners Wealth Management AG, swisspartners Insurance Company SPC Ltd., and swisspartners Versicherung AG; (vii) CIBC FirstCaribbean International Bank Limited, its predecessors, subsidiaries, and affiliates; (viii) Stanford International Bank, Ltd., Stanford Group Company, and Stanford Trust Company, Ltd.; (ix) The Hong Kong and Shanghai Banking Corporation Limited in India (HSBC India); and (x) The Bank of N.T. Butterfield & Son Limited (*also known as Butterfield Bank and Bank of Butterfield*), its predecessors, subsidiaries, and affiliates.

Supplemental Guidance Issued by the IRS

As part of the June 18 announcement, the IRS has issued supplemental guidance on the changes to the OVDP and Streamlined Filing Compliance Procedures, including a revision of the OVDP Frequently Asked Questions and Answers and the Streamlined Filing Compliance Procedures Eligibility Requirements for U.S. Taxpayers residing in the United States and abroad.

What Happens Next?

It is critical that – as soon as possible, and in any event before July 1, 2014 – all U.S. taxpayers engaged in proceedings to regularize their undisclosed assets (*regardless of whether they are filing pursuant to the OVDP, the Streamlined Filing Compliance Procedures or even if they have previously made a "quiet disclosure"*) consider the potential consequences of these changes. Taxpayers who have not yet taken steps to regularize their offshore assets should immediately seek advice regarding the impact of these developments and how these changes may affect their position.

Marnin MICHAELS

marnin.michaels@bakermckenzie.com

Stephanie JARRETT

stephanie.jarrett@bakermckenzie.com

www.bakermckenzie.com

L'AVIS DE L'ANALYSTE

Can the Elephant's slow trundle switch to racing mode again, despite the winner's curse!

The Indian economy has often been characterized by the "Elephant" vis-à-vis the "Dragon" – which characterizes the Chinese economy. The Indian Elephant, which had shown signs of racing in the initial years of this decade is now trundling slowly. *The Elephant is not in the best of shapes and the situation the new government faces to revive it is akin to the old adage – the Winner's Curse.* Hence, for the Elephant to start racing again, the new government has to address some imminent challenges, its winner's curse.

The new government has seen some initial action on the *"theme of governance"*, with a focus on its delivery and implementation. These would help set the basic platform for tackling the economic challenges like growth, price rise, investments, manufacturing, jobs, etc. It has started by making the right noise by asking ministers to prepare a detailed action plan for their first 100 days in office, and monitor these regularly. A recent challenge has been the slowing of approvals/decisions, as bureaucrats preferred not to give any decision rather than risk getting embroiled in any possible scam. The new government has stressed the need for empowering the bureaucracy to work without the fear that actions will be investigated unnecessarily, and that the government will support bureaucracy's decisions which were made in correct purpose and merit. To expedite the speed of decision-making, the new Prime Minister has abolished all ministerial groups. These groups had been made to create consensus on contentious policies, but they invariably resulted in delays. Now, the ministries will process issues and take appropriate decisions at the level of ministries itself. Apart from faster decision-making, this is also expected to create more accountability. Lastly, the Prime Minister has wielded a "hand of control" by made it clear that his office would call the shots on critical policy issues. This has cleared any ambiguity that might have arisen from letting the Ministers decide on what they wanted to let the Prime Minister know. These initial steps towards establishing the basic tenets of governance delivery/implementation are in line with his objective of wishing to start delivering results fast.

Apart from governance, the other area that the new government has looked at was on the *"theme of engagement"*. Engagement includes all levels, within the government, within the country and outside the country. The new Prime Minister took an unprecedented tour of all the sections in the Prime Minister's Office right down to the level of section officers, to create engagement with the various teams. He has asked the ministers to engage the junior ministers in their tasks, so that new teams can be built for the future. He has stressed on the government's need to deal with the problems of the states (*provinces*) on a priority basis, in order to strengthen the federal structure and

ensure that results are achieved across the country. He has made initial-level engagements with neighbouring countries with the purpose to deepen two-way economic ties between the countries. This also includes initial engagement with India's largest neighbour – China, with whom the new Prime Minister has already had constructive interactions going back to his days as the Chief Minister of Gujarat. Indian and Chinese economic ties have gained ground in recent years with the potential to deepen further in coming years, something which would benefit both countries concerned.

However, if the behavior of the foreign portfolio investors is any indicator, then it is "wait-and-watch" time despite all this initial work of the new government. After a prolonged period of market uptick in 2014, foreign investors in India's stock markets have been in sell mode in the last week or so, as they book profits in a market which had already priced in election expectations. Now, the momentary pause in their buying activity is an indication to see what the new government does to bolster the economy before committing fresh money. The government faces the stiff task of reviving growth in a climate of high inflation, investment slump and borderline fiscal deficit. *So let us take a look at what makes up the "Winner's Curse" for this new government in its path of taking the Elephant into racing-mode again?*

Reviving economic growth: India's GDP growth rate has dipped to a dismal ~5% in the last two fiscal years, which does not do justice to a country of 1.2 billion. Large sections of population have been left out in India's slightly-skewed growth story. Poverty rankles deep, economic distress is a major reason for migration to unplanned urban clusters and perceived socio-economic imbalances are a cause of crime. Apart from the global slowdown, policy slowdown and corruption were the main reasons for the dip in GDP growth. Slowdown in reforms impacted investments from the private sector investments, who have gone into a shell due to low clarity in policies. The new PM might need has to initiate some projects first, but the economy's ability to spend on public expenditure plans is limited due to its limited finances. He might start off by clearing some of the stalled projects quickly, but results would take time to materialize. Given the limited supply of capital available domestically, bringing in long-duration foreign capital into projects is imperative. But policies/reform decisions across the sectors have to be taken swiftly for this.

Keeping public finances in check: The UPA government had brought India's public finances under control by cutting expenditure plans, rolling over subsidies to the next year and forcing dividends from public sector companies. But these are not

...cont'd on page 13

L'AVIS DE L'ANALYSTE

Can the Elephant's slow trundle switch to racing mode again, despite the winner's curse!

...cont'd from page 12

sustainable, and it hampers the ability of the new PM to spend on productive projects. Election-campaign promises included access to electricity, sanitation, drinking water, education, healthcare and housing for all. These social-welfare plans can put public finances under pressure. The new PM has to balance social-welfare plans that do not create productive assets and development plans that create assets for future growth. But till development plans bear fruit, social-welfare plans are important since there are sections in India's rural/low-income urban community who have not benefited from India's growth and there is a need to enhance their affordability for social services. The new PM faces a dilemma whether to reduce subsidies for fuel, fertilizer etc. If he does, it would reduce wasteful expenses and free up money for productive projects. But cutting subsidies would raise prices. In public revenues, the new government needs to increase tax compliance with a progressive and rationalized tax structure, in order to bring in further tax revenues.

Countering price-rise and supporting agriculture infrastructure:

Price rise has been the biggest enemy of the average Indian. Factors include crude oil and commodity prices, inefficient infrastructure spoiling food products, changes in diet towards protein items, better cereals, etc. In all this, the food segment has possibly been a major contributor towards inflation. Weather uncertainties like El Nino continue to keep crop output under pressure in the current year, and any shortfall in production would hike prices yet again. India's central bank has kept interest rates high to counter inflation, but high interest rates are not conducive for economic activity. This means the new PM has to bring in measures to tackle price rise, so that inflation and interest rates eventually come down. Given that food has been a decisive component, possible measures include reforms in agriculture infrastructure, like expanding irrigation network to reduce dependence on monsoon, storage/warehousing facilities for food products to reduce spoilage, agriculture-rail network to speed-up supply, agro-processing for value-addition activities, countering hoarding and black marketing and using technology for faster dissemination of actual market prices.

Boosting jobs and skill-creation: If the new PM can initiate plans which invest into skill-creation, education and entrepreneurship, that would go a long way to boost income opportunities, reducing the need for social-welfare plans in the first place. Apart from improving university and school infrastructure, job creation also requires skill-creation, training for vocational employment and scholarships. Skill-imparting needs to look at small-scale industries and labour-intensive sectors, which can address employment and economic distress-led migration. Apart from creating a conducive entrepreneurship ecosystem through access

to capital, information, infrastructure and skills, the new PM can also set-up business incubation support, given that India is still a country where entrepreneurship is viewed socially as a career of last-resort. A push towards entrepreneurship and skill creation is critical for a country the size of India, in which almost 12 million Indians are estimated to enter the job market each year.

Making industrial, infrastructure and export growth a priority:

Delays in policies, environment and regulatory clearances and high borrowing costs slowed down investments by companies. A number of projects are currently stalled as approvals slowed. In this environment, it is imperative to enable a single-window clearance system for time-bound clearances for projects. Apart from this, investments into logistics, road/rail connectivity and freight railway lines would also help create an enabling environment for industrial growth. The new government needs to make industrial corridors (*areas dedicated for large-scale industrial plants and townships with well-linked connectivity to ports, cities and raw material sites*) a priority as these offer significant incentives for large-scale investments. Industrial focus includes looking at value-addition, such that India can produce something in the eventual value-chain of a product even if it is not capable of producing the final product itself. This would help make India a hub in the global manufacturing process. India has narrowed its gap between imports and exports by cutting imports, while export growth is far from achieved. The new PM needs to initiate India-roadshows to new destinations to win new export markets. Export growth boils down to sectors where India holds competitive advantages, since other countries would not be able to take away market-share even if their currencies move favourably to the dollar.

In conclusion, the challenges confronting India's new government are immense. The Finance ministry has stated some objectives to stimulate global interest and help lift the Elephant out of its slump. These include a liberal foreign investment framework which might seek to allow at least 49% investment in most sectors (*except few strategic ones*). It can also include a proposal to allow investments through the automatic route, without time-consuming approvals, especially for Indian owned companies. It also includes possible plans to visit key stakeholders in financial centers like New York, London, Hong Kong and Singapore to sell the India-Story and also evince the interest of global sovereign wealth funds in some of India's large-scale infrastructure projects. **Nevertheless, while the government has made the right initial efforts to lay a strong foundation, a lot is still needed to counter the winner's curse, in order to "make the Elephant race again"!**

Sourajit AIYER

sourajitaiyer@gmail.com

Offshore Accounts: What to Do Now

[...] FATCA ... Far-reaching new rules aimed at catching overseas tax cheats take effect July 1 [...]

[...] An estimated 7.6 million U.S. citizens live abroad, and millions of others have green cards that subject them to U.S. tax rules—yet only a few hundred thousand file required tax [...]

[...] more than 77,000 banks and other financial firms abroad have agreed, effective July 1, to report data on U.S. accounts, including 784 in Singapore, 13 in [...]

[...] Thirty-six countries have also signed agreements with the U.S. to help transfer information between firms located there and the IRS, and another 42 are close to doing so [...]

[...] **Asset disclosure.** U.S. taxpayers must file an annual Foreign Bank Account Report, or Fbar, with the Treasury Department by June 30 if their foreign financial accounts held a total of more than \$10,000 at any point in the prior year [...]

[...] **Wages and other foreign earned income.** U.S. taxpayers living abroad must report income from a job or a business, but each individual gets an exemption, currently around [...]

[...] **Retirement, savings and pension plans.** For many people, such plans raise vexing issues. Contributions to and investment gains in foreign plans often don't qualify for tax deductions or deferrals [...]

[...] **Investments.** Offshore investments—often used to hide money abroad in the past—have their own complex tax and reporting regimes for U.S. taxpayers. The penalties for [...]

[...] **Business ownership.** U.S. taxpayers who own businesses abroad should seek expert help to navigate tax requirements that could trap the unwary [...]

[...] **Social insurance taxes.** While employees of foreign firms are often exempt from Social Security and Medicare taxes, self-employed people abroad typically aren't [...]

[...] **Life insurance.** Foreign-issued life-insurance policies often are subject to a 1% U.S. excise tax on premium payments [...]

[...] **Home mortgage interest.** U.S. taxpayers living abroad can claim a deduction for mortgage interest if it also would qualify for a deduction in [...]

[...] **Charitable contributions.** Contributions must be made to qualified U.S. charities and other nonprofits to be deductible [...]

[...] **Trusts.** Because trusts have been notorious vehicles for hiding assets offshore, reporting requirements often are complex and potential penalties high. [...]

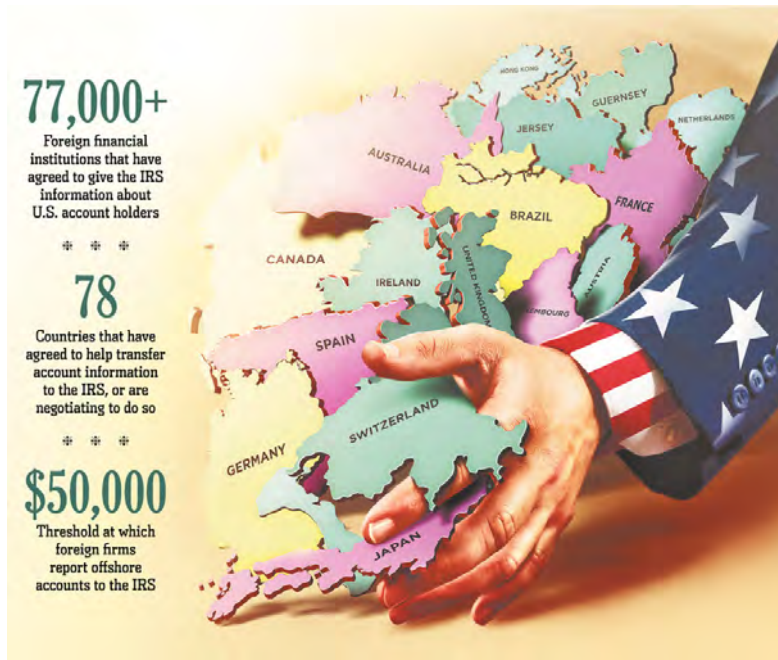
[...] **Divorce.** The IRS may take a closer look at divorce settlements as Fatca takes effect [...]

[...] **Estate and gift taxes.** Fatca also may prompt the IRS to scrutinize estate- and gift-tax issues involving U.S. taxpayers and non-U.S. spouses. [...]

Source: Wall Street Journal

Read more: http://online.wsj.com/articles/offshore-accounts-what-to-do-now-1403303712?mod=WSJ_hp_Markets3up

CFB



Telling All

More than 77,000 foreign financial firms have said they will turn over information about U.S. clients to American authorities. A searchable list of the firms is at irs.gov. Here's the number of firms in select locations.

Source: Internal Revenue Service

Cayman Islands	U.K.	Switzerland	Luxembourg	Japan	Austria	Germany	France	Canada
14,837	6,264	4,041	3,561	3,252	2,979	2,555	2,291	2,265
Brazil	Netherlands	Guernsey	Australia	Virgin Islands (British)	Ireland	Jersey	Hong Kong	Bermuda
2,259	2,054	2,046	1,865	1,838	1,757	1,619	1,540	1,243

Rapatriement de l'or allemand

Une année après l'annonce de rapatriement d'or allemand par la Bundesbank, à savoir 674 tonnes d'or à récupérer du New York Fed et de la Banque de France il n'y a que 37 tonnes qui sont restituées. Cette quantité représente 5% du total visé et elle est bien inférieure aux 84 tonnes que la Buba devrait rapatrier annuellement pour récupérer ses 674 tonnes sur huit ans (2013-2020).

La publication de ces chiffres a provoqué le mécontentement Outre-Rhin et a suscité de nombreuses allégations consistant à insinuer que les quantités d'or requises ne sont pas chez les dépositaires respectifs ou ont été tout simplement hypothéquées par ces derniers. Mais ce qui suscite la plus grosse surprise comme révélé dans le puissant quotidien Die Welt le 19 janvier 2014 est que la quantité livrée par le NY Fed n'atteignait que 5 tonnes, le reste ayant été livré par le brave allié français.

Le WELT mentionne *«Konnten die Amerikaner nicht mehr liefern, weil sie die bei der Federal Reserve of New York eingelagerten gut 1500 Tonnen längst verscherbelt lasen?»* ou en français *«Est-ce que les US ont vendu l'or de l'Allemagne?»*. L'explication officielle était la suivante: «La Bundesbank a expliqué (que la quantité très réduite provenant des US) que le transport du métal de Paris est beaucoup plus simple et que les livraisons ont pu commencer plus rapidement». La BIS semblait vouloir prêter main forte pour le rapatriement du métal, ayant organisé le transfert d'or pour d'autres banques centrales par le passé. Une autre raison est évoquée: «il semblerait que la forme des lingots détenus par la Banque de France corresponde aux normes du London Gold Delivery (LGD) alors que ceux à la NY Fed devraient être refondus aux normes LGD pour être livrés. Les capacités des fonderies étant très réduites ces derniers mois, ceci occasionne de gros retards.

Le WELT explique dans son article que la composition des lingots livrés a pour but de prouver que la quantité d'or livrée est bien celle existant dans ses coffres. La Buba a surenchérit pour rassurer les contempteurs en déclarant: «que le poids et la pureté des lingots livrés correspondaient aux données des livres de la Buba». Pour conclure Die WELT rapporte qu'en «2014 des quantités bien supérieures de 30 à 50 tonnes seront livrées».

Et suite au vote populaire Suisse pour la rapatriement de l'or des pays détracteurs de notre système bancaire, il serait intéressant de savoir quelle quantité d'or a été rapatriée ...si cela a été le cas?

PCH

L'or toujours une valeur refuge?

L'or a connu une période faste entre 2008 et 2013. Par contre ces derniers mois la tendance boursière du métal s'est confirmée, elle atteint 27% (?) depuis le début de 2013. Au troisième trimestre 2013 la demande de lingots et de pièces d'or a augmenté (!) de 6% alors que les ETF-Or ont vu leur fortune réduite notablement.

Bien que les décaissements sur ETF se soient ralentis par rapport aux trimestres précédents la demande globale d'or investissement se solde par une baisse de 56% (dernier trimestre 2013). Sur l'année la demande de lingots et pièces d'or a progressé de 36% (332,9 tonnes) par rapport à la même période de 2012, soit 1252 tonnes!

Ce sont surtout les investisseurs des pays d'Orient et d'Extrême-Orient profitant du prix bas du métal qui ont contribué à la hausse de la demande physique. La demande baisse aux US et en Europe.

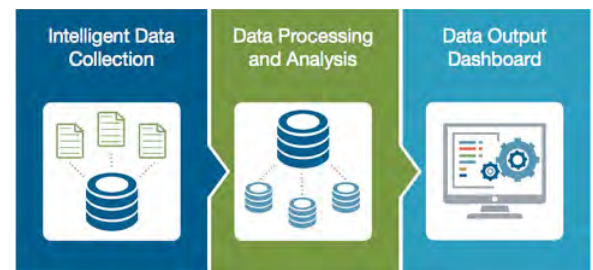
PCH

Wall Street's Latest Must-Have? A Volcker Helper

[...] A year from now, Wall Street firms have to comply with the Volcker Rule, a batch of regulations that aim to restrict the type of trading that banks can do [...]

[...] Two global banks have already signed up for Shearman & Sterling's Volcker

Assistant, Mr. Lamson said, declining to name them [...]



Source: The New York Times

Read more: http://dealbook.nytimes.com/2014/06/20/wall-streets-latest-must-have-a-volcker-helper/?module=BlogPost-Title&version=Blog_Main&contentCollection=Legal/Regulatory&action=Click&pgtype=Blogs®ion=Body

CFB

LA REUNION MENSUELLE DU GSCGI

June 20, 2014/Geneva — deux thèmes...



Michel GIRARDIN

Chargé de cours en Macro-Finance à l'Université de Genève et Lausanne, Michel Girardin a une expérience de plus de 25 ans comme chef-économiste et responsable de la stratégie de placement dans le secteur bancaire suisse. Michel Girardin a également géré 2 fonds de placements en actions et obligations internationales ainsi qu'un fonds de Hedge Funds.

Michel est titulaire d'un Master of Science de la London School of Economics et d'un doctorat en Sciences économiques de l'Ecole des HEC à Lausanne, où il donne actuellement un cours intitulé «La Banque Privée en Pratique» pour la dernière année du Bachelor en Management.

Passionné de longue date de photographie, Michel Girardin a publié récemment «La Bourse et la vie», un recueil de portraits en textes et images de 25 personnalités du monde de la finance, dont George Soros, Alan Greenspan et Warren Buffett.

En mai 2012, le magazine Bilan l'a intégré dans la liste des 300 personnalités les plus influentes du monde économique suisse.



(I) Les Banques Centrales, sauront-elles (nous) éviter la prochaine crise financière?

Cette dernière conférence du GSCGI avant la pause estivale a débuté par ce thème traité par le **PROF. MICHEL GIRARDIN**, Économiste, qui d'emblée concentre sa présentation sur trois questions clés: a) quelle(s) missions pour les banques centrales? b) les banques centrales, doivent-elles inclure le prix des actifs dans leur objectif d'inflation? et c) quelles perspectives économiques et financières?

La taille du bilan de la Federal Reserve (*US Fed*), visiblement inversement proportionnelle à celle de ses gouverneurs, s'oppose à celle de la Banque Nationale Suisse (*BNS*) qui enregistre harmonieusement les deux courbes. C'était la pointe d'humour en ouverture de conférence de la part du Prof. Michel Girardin! Mais, force est de constater que le bilan des banques centrales, injectant massivement des liquidités dans les marchés financiers depuis plusieurs années, semble ne pas connaître de limites.

Fondée en 1914 pour porter secours au système bancaire secoué par la faillite de quelques acteurs principaux après la crise nommée **"Bankers' Panic"** ou **"Rich Men's Panic"** de 1907, la Fed a vu son rôle évoluer, décennie après décennie, même si son mandat reste le plus vaste au monde. En réalité, la Fed a un quadruple mandat contrairement au double mandat officiellement reconnu. Le point cardinal reste la croissance de la production industrielle à long terme, bien que les autres objectifs ne soient jamais oubliés dans le panier utilisé par la Federal Reserve. Il s'agit pour elle d'assurer le plein emploi, mais aussi de veiller à la stabilité du niveau général des prix. Enfin, le 4^{ème} objectif est moins connu, mais il a trouvé toute sa signification suite aux programmes de rachats d'obligations mis en œuvre par la Fed depuis 2008: la faiblesse des taux d'intérêt à long terme.

"La BNS, conformément à la Constitution et à la Loi, doit se laisser guider par l'intérêt général du pays et donner la priorité à la stabilité des prix en tenant compte de l'évolution de la conjoncture" ...souligne le Prof. Girardin en mettant en évidence que, depuis 2000, la BNS a le rôle fondamental de s'assurer de la bonne évolution économique de notre belle Suisse.

La Banque Centrale Européenne (*BCE*), au contraire a le seul mandat de pourvoir à la stabilité des prix dans la zone Euro, alors que en UK, au Japon et en Chine les banques centrales visent essentiellement à assurer la stabilité monétaire et financière.

Prévenir les crises financières devrait être la priorité des banques centrales ...affirme le Prof. Girardin, au lieu de se focaliser sur la relance de l'économie après une crise, en s'opposant ainsi

...cont'd on page 17

Durant son centenaire d'existence, le rôle de la Fed a évolué

- Années 20: prêteur de dernier recours
- Années 30: La décennie des erreurs
- Années 40 – 50: Priorité à l'économie
- Années 60: Priorité au service de la dette
- Années 70: Stabilité des changes
- Années 80: Lutte contre l'inflation
- Années 90: Laissez-faire (les krachs de 87, 94, 97-98, 2000 n'ayant pas d'impact marqué sur l'économie réelle...)

Aujourd'hui, la Fed est la seule banque centrale au monde avec un quadruple mandat ...

- Depuis 1977, la Fed veille à ce que la croissance à long terme des agrégats monétaires et du crédit assurent :
 - ▶ La croissance de la production industrielle à long terme
 - ▶ Le plein emploi
 - ▶ La stabilité des prix
 - ▶ La faiblesse des taux d'intérêt à long terme

LA REUNION MENSUELLE DU GSCGI

June 20, 2014/Geneva — deux thèmes...

...cont'd from page 16

au credo d'Alan Greenspan qui durant son mandat (*et règne du "laissez-faire"*) avait admis l'impossibilité de déceler une bulle financière avant son éclatement. L'inefficacité des interventions des banques centrales au cours de l'histoire est notoire.

Le Japon n'arrive toujours pas à créer de l'inflation de nos jours et semble ignorer que la bulle financière qui a éclaté en 1990 avait bien été gonflée par le crédit octroyé de manière illimitée par la Bank of Japan (BoJ) pendant les années précédentes. Comment peut-on ignorer, de nos jours, la bulle sur les obligations de la périphérie en Europe? Pourtant, la zone Euro risque sérieusement de plonger en déflation, ce qui représente un réel défi pour toute banque centrale. Aux USA, il règne indéniablement un climat de confiance de la part des consommateurs, le taux du chômage a baissé à 6.28% (avril 2014) de son plus haut de 9.98% en octobre 2009.

Quid pour l'investisseur? Il n'a que deux choix: 1) les actions pour la reprise, et 2) les obligations pour la crise. Or, investir n'est pas si simple. Pour investir en actions, la croissance seule ne suffit pas pour de bonnes performances des actions ...affirme le Prof. Girardin, qui estime qu'une inflation maîtrisée est également nécessaire. Il illustre ses conclusions économiques futures avec le cadran (*en bas de page*). Il termine sa présentation, fort intéressante, en affirmant qu'il est beaucoup plus facile pour une banque centrale de prévenir une surchauffe liée à un excès de crédit, plutôt que d'essayer de faire redémarrer le crédit à coups d'injections massives de liquidité. Sa conclusion est claire: pour prévenir les crises financières, rien de tel pour une banque centrale que d'inclure le prix des actifs (*généralement, c'est le prix de l'immobilier qui donne une bonne mesure des bulles de crédit*) dans son objectif de lutte contre l'inflation, partant du constat que cette dernière ne se trouve pas uniquement dans le panier de la ménagère, mais bien sur les marchés financiers.

C'est vers le Nord-Ouest qu'il faut pointer ...

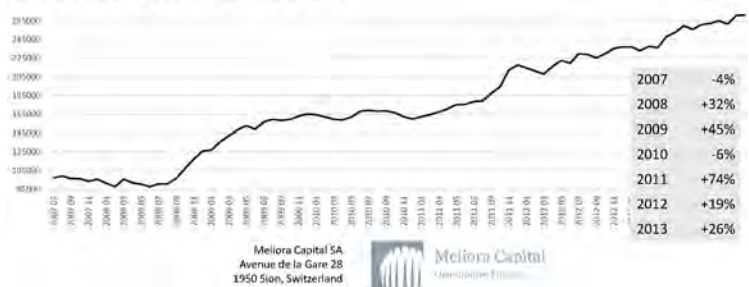


(II) Performer sur les marchés "Futures" en 2014. Stratégie d'investissement 100% quantitative

Cette conférence, organisée dans le cadre des réunions mensuelles du GSCGI, a été animée par **MONSIEUR BASSEL TABET**, Senior Advisor de Meliora Capital SA (*Membre du GSCGI*), en l'absence de Pablo Albrecht, fondateur de cette dernière, qui était retenu à l'étranger. Meliora Capital SA, spécialisée dans la stratégie d'investissement basée uniquement sur des algorithmes élaborés par ses six ingénieurs financiers (*Suisse, UK et St-Petersburg*), a été fondée en premier lieu pour gérer avec cette stratégie les avoirs de ses fondateurs et collaborateurs. Rapidement, l'activité a également évolué vers la gestion de "managed accounts".

La stratégie (*100% quantitative*) exclut toute intervention humaine et, se basant sur des accélérations de volatilité intra-day, construit un "hedge" optimal contre la volatilité. La diversification est assurée par l'intérêt porté quotidiennement sur 30 marchés financiers différents, allant des indices "equity" aux "commodities", etc., mais une seule transaction par jour sera exécutée sur chacun de ces marchés. La stratégie "Futures Multi-Market CTA" est l'aboutissement de 10 ans de recherche et développement, période qu'on aurait difficilement supposée si longue étant donné le jeune âge (*20 ans*) de son fondateur Pablo Albrecht. La performance que cette stratégie produit est, sans surprise, excellente durant les périodes de crise financière, comme illustré par ce graphique:

Futures Multi-Market CTA



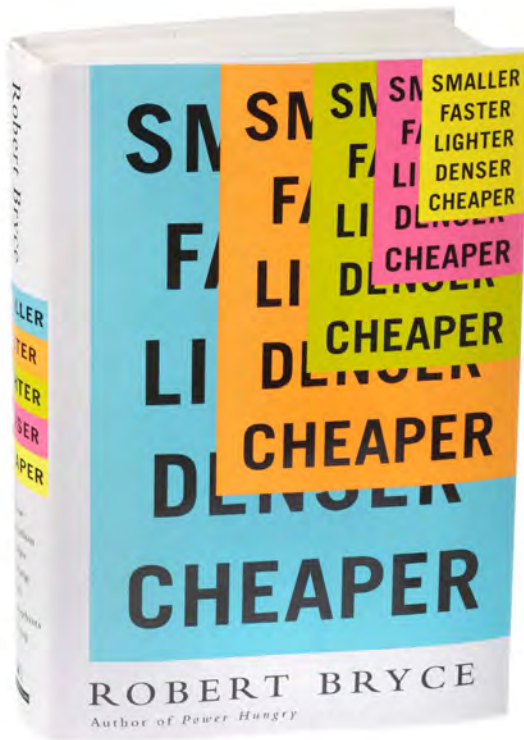
Pour produire une telle performance, Meliora Capital applique sa stratégie avec diligence et discipline. Mieux encore, les algorithmes sont testés non seulement avec la méthode dite de "back-testing", mais également réellement sur les marchés financiers avec les avoirs de son fondateur et des ses ingénieurs avant d'être présentés aux clients!

Cosima F. BARONE, Membre du Conseil du GSCGI
FINARC SA — www.finarc.ch



BOOK REVIEW

SMALLER FASTER LIGHTER DENSER CHEAPER, by Robert Bryce



Wind? Biofuels? Get Real, a Contrarian Says

[...] Robert Bryce has written a new book well worth reading, though it will not sit well with those who applauded when Al Gore received the Nobel Peace Prize[...]

[...] From studies of wind farms he calculates that the average power density for wind energy is about one watt per square meter. ... On a far larger scale, the United States has about 300 billion watts of coal-fired generation capacity. So to replace it by wind power would sop up 300,000 square kilometers of land, about the area of Italy [...]

[...] Biofuels have a power density even smaller, only a third of wind's, and thus they hog even more land, he writes. ... a gross misuse of government subsidies that 40 percent of the nation's corn harvest already goes into producing corn-based ethanol, pushing food prices much higher [...]

[...] Mr. Bryce's solution is "N2N," a reliance on natural gas on the way to a more nuclear world. It generates electricity; it is the coming thing in propelling vehicles. Its use is already cutting CO2 emissions in the United States [...]

[...] America enjoys the cheapest power in the industrial world, at 12 cents a kilowatt hour versus 26 cents in Europe and 24 cents in Japan [...]

Source: The New York Times

Read more: <http://www.nytimes.com/2014/06/08/business/energy-environment/review-of-smaller-faster-lighter-denser-cheaper.html?module=Search&mbRward=relbias%3Ar%2C%5B%22RI%3A8%22%2C%22RI%3A14%22%5D>

To compel the switch from fossil fuels to wind and solar power is to consign billions of people to a life of poverty and darkness.

[...] Technological innovation, in short, has a particular character—a dynamic of improvement that accelerates and amplifies ("faster") while requiring, by any consistent unit of measure, less space and material ("smaller," "denser") at a lower cost ("cheaper") [...]

[...] If one looks at the history of government-sponsored green-energy initiatives, both in the U.S. and Europe, it is hard to disagree. Governments can play a role in supporting basic research, but the assumption by regulators and politicians that they can pick technology winners better than the market has been proved wrong time and again [...]

Source: The Wall Street Journal

Read more: <http://online.wsj.com/news/articles/SB10001424052702304547704579565891298896248>

A whole lot of us ought to be dead by now

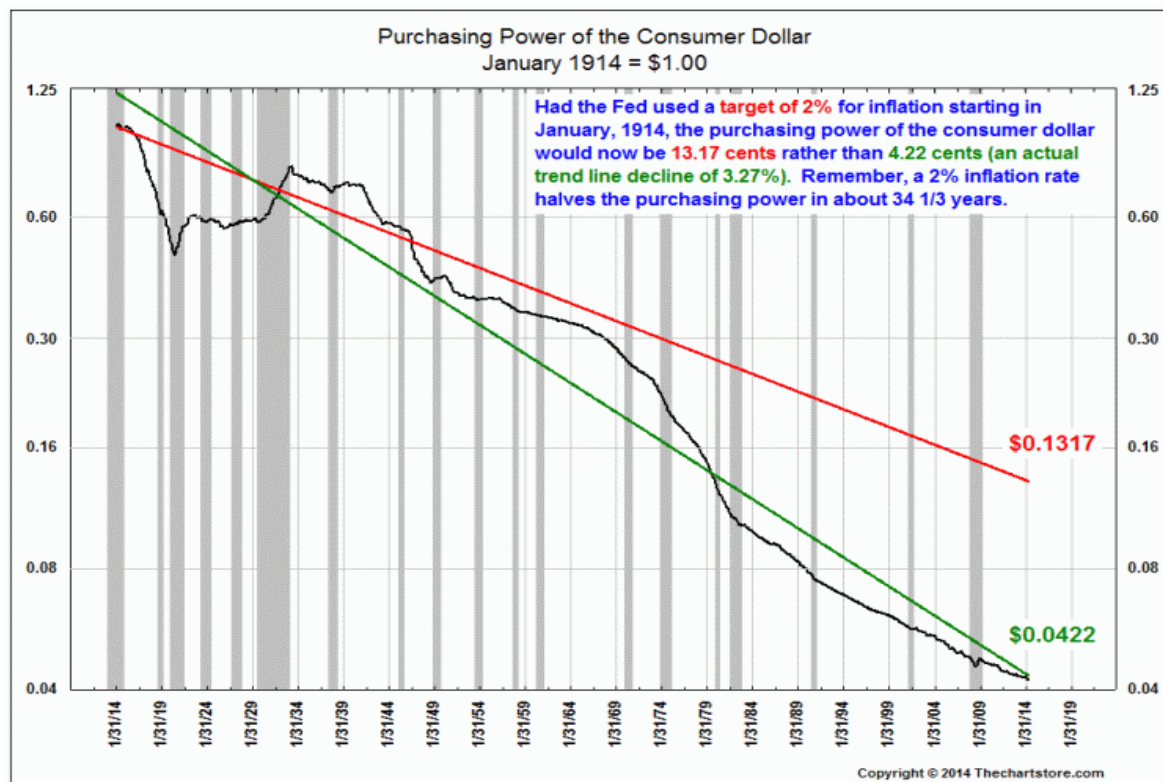
[...] English economist Thomas Malthus predicted the threat of mass starvation without stringent population controls back in the 18th century; Stanford biologist Paul Ehrlich said the same in the 1960s. Brilliant men, both of them. Yet they somehow got it wrong. Humans haven't just survived; there are more of us than ever — roughly 7 billion [...]

Source: The Boston Globe

Read more: <http://www.bostonglobe.com/arts/books/2014/05/21/book-review-smaller-faster-lighter-denser-cheaper-how-innovation-keeps-proving-catastrophists-wrong-robert-bryce/k4xhb2dtkpJJqBQfYJZaM/story.html>

CLIN D'OEIL À L'HISTOIRE

Purchasing Power of the Consumer Dollar and Inflation Target...



The 1914/\$1 in our pocket is only worth a few pennies today!

And, as Ron Griess highlighted in the graph's notes, even a 2% inflation target would have eaten up our money's value quite rapidly.

Historical Graph:
courtesy of The Chart Store
www.thechartstore.com



Cosima F. BARONE

FINARC SA

Membre du Conseil du GSCGI,
www.finarc.ch -- c.barone@finarc.ch

CALENDRIER DES PROCHAINES REUNIONS MENSUELLES

September 26, 2014/Geneva — Orateur: *tba...*, Banque MORVAL (Membre Partenaire du GSCGI)

October 17, 2014/Geneva — Orateur: *tba...*

November 21, 2014/Geneva — Orateur: *tba...*

Réservez ces dates!

Les thèmes de Conférence sont communiqués par invitation et sur le site du Groupement — www.gscgi.ch
Non-Membres bienvenus — Inscrivez-vous!

LA PAROLE EST A VOUS

Le Conseil du GSCGI et le Comité de Rédaction de "The IFA's Wealth Gram" invitent les Membres et Partenaires du Groupement à partager leur expérience et connaissance avec les collègues en fournissant des articles sur des thèmes divers: (a) actualité, (b) techniques de gestion, (c) analyse fondamentale, technique et globale, (d) fiscalité, (e) régulation, etc. Annoncez et adressez vos écrits à wealthgram@gscgi.ch le plus rapidement possible. Les non-Membres également peuvent fournir des articles et sponsoriser Wealth Gram.

SOUHAITEZ-VOUS ÊTRE LE SPONSOR D'UN PROCHAIN NUMÉRO MENSUEL ?

RÉSERVEZ SANS TARDER LE NUMÉRO QUI VOUS INTÉRESSE !

WEALTHGRAM@GSCGI.CH

LE SPONSOR DE JUILLET 2014

OIC — The Options Industry Council — www.OptionsEducation.org



OIC The Options
Industry Council

www.OptionsEducation.org

OIC's mission is simple...

...increasing the awareness, knowledge and responsible use of exchange listed equity options by providing independent, unbiased education and practical knowledge.

Go to www.OptionsEducation.org to view our FREE material. No matter what your knowledge level, you'll find something to interest you.

The website includes an 'Options for Advisors' section (free log-in required).



Copyright © 2014. The Options Industry Council.
All Rights Reserved.

Options involve risk and are not suitable for all investors. Prior to buying or selling an option, a person must receive a copy of *Characteristics and Risks of Standardized Options*. Copies of this document may be obtained from your broker, from any exchange on which options are traded or by contacting The Options Clearing Corporation +1 312 463 6193.

The Options Industry Council

One North Wacker Drive, Suite 500, Chicago IL 60606 USA

Email: options@theocc.com Phone: +1 312 463 6193

Investor Services phone hours:

Monday, 7.30 a.m. – 3.30 p.m. U.S. CT

Tuesday – Friday, 7.30 a.m. – 5.00 p.m. U.S. CT