

Licensing an asset manager: procedure and supervisory organisation

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Since 1 January 2020, independent portfolio managers and trustees in Switzerland have needed a licence from the Swiss Financial Market Supervisory Authority (FINMA) under the Financial Institutions Act (FinIA). This article sets out who falls within the regime, what the licence requires, how the transition ran and what the figures now show about its effect on the sector. For banks, clients and foreign counsel dealing with Swiss managers, the licence has become the first point of verification.

1 From anti-money laundering rules to prudential supervision

Until 2019, independent portfolio managers were not subject to any prudential supervision. They only had to comply with the Anti-Money Laundering Act (AMLA) by joining a self-regulatory organisation, a position that was often criticised and that contrasted with the treatment of banks. FinIA and the Financial Services Act (FinSA), together with their implementing ordinances, entered into force on 1 January 2020, as Allnews reported on 4 July 2019. According to a lawyer cited by Allnews on 30 September 2019, FinIA covers individual and collective portfolio managers, trustees, fund management companies and securities firms.

Portfolio managers and trustees now need a FINMA licence. Supervisory organisations check their compliance with FinIA, FinSA and AMLA, while FINMA licenses and supervises those organisations and remains responsible for enforcing the law in the event of irregularities, as the authority explained in its release of 7 July 2020.

2 Who needs a licence

Article 17 FinIA defines a portfolio manager as anyone who, on the basis of a mandate, can dispose professionally of clients' assets in the clients' name and for their account. The typical Geneva manager fits that definition, since the assets lie with a custodian bank to which the manager transmits instructions under a power of attorney limited to management.

Single family offices are treated differently. Under Article 2 paragraph 2 letter a FinIA, persons who manage exclusively the assets of persons with whom they have economic or family ties do not require the licence, as Schellenberg Wittmer noted in its newsletter of January 2020. The exemption concerns the licence alone. It leaves in place the AMLA obligations where the family office acts as a financial intermediary, as well as the obligations on transparency of beneficial owners.

3 What the licence requires

The conditions concern organisation, people and financial resources. The institution and the persons responsible for its administration and management must provide every guarantee of irreproachable business conduct, enjoy a good reputation and hold the required professional qualifications, according to a Belmont Consulting Services note of 10 September 2019. Article 9 FinIA requires appropriate risk management and internal control. Article 22 paragraph 1 sets the minimum capital of portfolio managers and trustees at CHF 100,000, to be paid up in cash. Article 23 adds a requirement of adequate own funds amounting to at least a quarter of fixed costs. Under Article 14, tasks may be delegated only to third parties with the necessary skills, knowledge and experience.

Management must, under Article 20 FinIA, consist of at least two qualified persons, although one person suffices where proof is provided that continued operation is ensured. A manager counts as qualified with adequate training and sufficient professional experience. According to the Centre de droit bancaire et financier's commentary of 4 December 2019, Article 25 of the Financial Institutions Ordinance (FinIO) specifies these requirements, including 40 hours of training. Continuity is a real concern for small firms that depend on a few key people, many of which were founded in the 1980s or 1990s by managers now approaching retirement.

4 How the transition ran and what it produced

Existing firms had to notify FINMA by 30 June 2020 and file their licence application, together with proof of affiliation to a supervisory organisation, by 31 December 2022. Until a decision, they could continue operating provided they were affiliated to a self-regulatory organisation under AMLA, according to the implementation guide published by PwC and the Swiss Association of Asset Managers on 27 August 2021. In its supervisory communication 01/2022 of 4 May 2022, FINMA published a roadmap for the licensing procedure and asked firms abandoning the licensable activity from 1 January 2023 to inform it, as PwC Switzerland reports.

The scale of the exercise was considerable. In its release of 7 July 2020, FINMA stated that 273 managers and trustees planned to apply that year, 629 in 2021 and 1,304 in 2022, while 121 firms had announced that they would give up the activity or merge it into other firms. It had granted its first licences on 6 July 2020 to two managers belonging to an already supervised financial group.

An analysis published by Val Index on 31 January 2026 found that FINMA had approved 1,532 of 1,864 applications by February 2025. The same analysis reported that more than 40 % of applications required at least five rounds of amendments and that about 650 managers never applied, a 26 % fall in the number of firms. It added that licensed firms now file some 1,700 change requests a year. Val Index put median assets under management at CHF 61 million, increasingly below the viability threshold, counted eleven publicly announced mergers and acquisitions in 2023 and cited an audit firm projecting a 10 to 25 % reduction in the number of managers by 2026 or 2027.

A study by WealthSummit, presented by Allnews on 19 March 2026, counted 1,309 FINMA-licensed portfolio managers at 31 May 2025. Of these, 26 % were in Geneva, 29 % in Zurich and 11 % in Ticino, with 34 % in other cantons. Together they managed about CHF 850 billion. The study found that 63 % managed between CHF 100 million and CHF 2 billion while 27 % managed less than CHF 100 million, and that 83 % employed no more than ten full-time equivalents. Service platforms that pool compliance, technology and administration for several managers have grown in response to these fixed costs.

5 What to take from it

The licence is the baseline. Since 2020, a professional portfolio manager or trustee needs FINMA authorisation and affiliation to a supervisory organisation, with single family offices as the main exception.

Substance and continuity are tested. Minimum capital, own funds, risk management and a qualified management of at least two persons, unless continuity is otherwise proven, form the core conditions.

The sector has contracted. About 650 firms did not apply according to Val Index, while median assets of CHF 61 million leave many licensed firms under pressure to consolidate.

6 Sources

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