

Discretionary mandate, advisory mandate or execution-only

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Anyone opening a portfolio relationship in Switzerland will be asked to choose how investment decisions are to be made. Under the Financial Services Act (FinSA), in force since 2020, that choice determines which checks the financial service provider must perform and how much responsibility remains with the client. Understanding the differences helps clients select a model that fits their experience and their available time.

1 Three ways to manage a portfolio

Under a discretionary mandate, the client delegates investment decisions to the bank or asset manager within an agreed investment strategy. The manager decides on individual transactions without asking the client each time. Under an advisory mandate, the provider recommends investments, while the client keeps the final decision. Advice may relate to individual transactions or take the whole portfolio into account. In an execution-only relationship, the client gives instructions on their own initiative and the provider simply carries them out.

2 Client segmentation

FinSA divides clients into retail, professional and institutional clients. Retail clients enjoy the highest level of protection. Professional clients include, among others, regulated financial intermediaries, larger companies and certain high-net-worth individuals and private investment structures, and they receive a reduced level of protection. Institutional clients form a narrower group of regulated and public bodies. The provider must classify each client and inform them of their segment.

3 Opting-out and opting-in

Under conditions set out in FinSA, wealthy retail clients and their private investment structures may declare that they wish to be treated as professional clients. The statute links this opting-out to financial thresholds and, in some cases, to knowledge and experience, and the declaration must be made in writing or in another form that can be evidenced by text. Conversely, professional clients may opt in to retail treatment to benefit from greater protection. Clients should consider carefully whether giving up protection brings them any real benefit.

4 Suitability and appropriateness

For discretionary mandates and advice that takes the client's portfolio into account, the provider must carry out a suitability check, which looks at the client's financial circumstances, investment objectives, knowledge and experience. For advice on individual transactions without regard to the portfolio, an appropriateness check focusing on knowledge and experience applies. In execution-only business, no such check is required, although the client must be informed of this. For professional clients, the provider may generally assume adequate knowledge and experience, which reduces the scope of the checks.

5 Documentation and information duties

Providers must document the agreed services, the information collected about the client and, for advisory and discretionary services, the client's needs and the reasons for each recommendation. They must also inform clients about risks, costs and conflicts of interest, and provide a key information document for many financial instruments offered to retail clients. Clients are entitled to request a copy of their file, which can be valuable in any later dispute.

6 What pays off in practice

- **Choose the mandate type deliberately** and match it to the time and expertise you can realistically devote to your investments.
- **Review the risk profile questionnaire carefully** before signing, since it forms the basis for every later suitability assessment.
- **Think twice before opting out** of retail protection and ask what concrete advantage the change would bring.

7 How Ressos Legal helps

I advise clients on the choice of mandate, review mandate agreements and risk profiles, and assist where investment decisions have departed from the agreed strategy. [Contact me](#) for a first conversation.

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

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