

The Financial Institutions Act

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The Financial Institutions Act and the Financial Services Act, together with their implementing ordinances, entered into force on 1 January 2020.¹ According to a lawyer quoted by *Allnews*, the scope of the Financial Institutions Act covers individual and collective wealth managers, trustees, fund management companies and securities firms.²

The principal novelty concerns independent wealth managers and trustees. Until 2019, they were not subject to any prudential supervision, but only to the obligations of the Anti-Money Laundering Act. Since 2020, they must obtain authorisation from FINMA and are supervised by supervisory organisations, which verify that they comply with their obligations under the Financial Institutions Act, the Financial Services Act and the Anti-Money Laundering Act, while FINMA authorises and supervises these organisations and remains responsible for enforcing the law in the event of irregularities.³

The transitional regime required wealth managers and trustees already in business to file their application for authorisation with FINMA and to prove their affiliation to a supervisory organisation by the end of 2022.⁴ Until the decision, the activity could be continued provided the applicant was affiliated to a self-regulatory organisation within the meaning of the Anti-Money Laundering Act.⁵ In May 2022 FINMA published a guidance notice setting out a roadmap for the authorisation procedure, and asked institutions giving up the activity subject to authorisation from 1 January 2023 to notify it.⁶

The scale of this undertaking was considerable. In July 2020, FINMA indicated that 273 wealth managers and trustees planned to file their application that same year, 629 in 2021 and 1,304 in 2022, while 121 institutions had announced that they would give up their activity or integrate it into that of other institutions. On 6 July 2020, FINMA had granted its first authorisations to two wealth managers belonging to a

financial group already under supervision.⁷ By 2022, according to a specialist publication, FINMA had authorised 365 wealth managers and 11 trustees, whereas it had recorded 2,589 announced applications two years earlier.⁸

The conditions for authorisation concern organisation, persons and financial resources. The institution and the persons responsible for its administration and management must provide every guarantee of irreproachable business conduct, and those persons must enjoy a good reputation and have the required professional qualifications.⁹ Wealth managers must also have appropriate risk management and internal controls, a minimum capital and sufficient collateral, and they may delegate certain tasks to third parties in compliance with precise rules.¹⁰

Worked example. An independent wealth manager in Geneva manages CHF 300 million and earns fees averaging 0.8 per cent, or CHF 2.4 million a year. If authorisation, affiliation to a supervisory organisation, audit, risk management, compliance and training amount to CHF 350,000 a year, these costs absorb around 15 per cent of its revenue. A manager with only CHF 80 million under management, and revenue of CHF 640,000, would see comparable costs absorb more than half of it. Although fictitious, the figures show why the new regulation has encouraged consolidation.

1 Notes

1. “LEFin et LSFin : les bonnes questions à se poser” (FinIA and FinSA: the right questions to ask), Allnews, 4 July 2019; PwC Switzerland, “Paquet de services LEFIN” (accessed September 2026). ↩
2. “LSFin et LEFin : une surveillance accrue” (FinSA and FinIA: increased supervision), Allnews, 30 September 2019. ↩
3. FINMA, press release of 7 July 2020, “Mise en œuvre LSFin/LEFin : la FINMA autorise les premiers organismes de surveillance” (Implementation of FinSA/FinIA: FINMA authorises the first supervisory organisations). ↩
4. FINMA, press release of 7 July 2020, cited above; PwC Switzerland, cited above, which mentions the deadline of 31 December 2022. ↩
5. PwC and Swiss Association of Asset Managers (VSV-ASG), “Le nouveau régime de surveillance des gestionnaires de fortune : mise en œuvre” (The new supervisory regime for wealth managers: implementation), 27 August 2021, vsv-asg.ch. ↩
6. PwC Switzerland, “La FINMA s’adresse aux gestionnaires de fortune et aux trustees : Il est temps d’agir !” (FINMA addresses wealth

managers and trustees: time to act!) (accessed September 2026), concerning FINMA Guidance 01/2022 of 4 May 2022. ↩

7. FINMA, press release of 7 July 2020, cited above. ↩
8. “Réglementation LSFIn : plus de 350 gérants indépendants agréés par la Finma” (FinSA regulation: more than 350 independent managers authorised by FINMA), LExpert Invest (accessed September 2026). ↩
9. “Gérants indépendants : comment aborder la LEFin ?” (Independent managers: how to approach FinIA?), Belmont Consulting Services, 10 September 2019. ↩
10. Federal Act of 15 June 2018 on Financial Institutions (Financial Institutions Act, FinIA; LEFin; SR 954.1), in force since 1 January 2020: Art. 17 (“A portfolio manager is a person who, on the basis of a mandate, may dispose of the assets of clients on a professional basis in their name and on their behalf”), Art. 22 para. 1 (“The minimum capital of portfolio managers and trustees must amount to CHF 100,000 and be paid up in cash”), Art. 23 (appropriate own funds, at least one quarter of fixed costs), Art. 9 (risk management and internal control), Art. 14 (delegation of tasks to third parties having “the necessary skills, knowledge and experience”), Art. 61 (supervision by FINMA involving a supervisory organisation). ↩

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