

The Geneva subsidiaries in the Union

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The large Geneva houses serve the Union through subsidiaries whose organisation illustrates the constraints described above. A typical Geneva private bank has a Luxembourg bank, which holds the European passport and opens branches in Paris, Brussels, Milan or Madrid. It also has a Luxembourg management company which manages the funds intended for the European clientele and, depending on the case, subsidiaries within the Union for institutional asset management.¹ Portfolio management is delegated, to the extent that European law allows, to the teams in Geneva, which thereby retain the expertise and the added value, while the contractual relationship with the European client is carried by the Union entity.

This organisation comes at a cost: capital tied up in several entities, management and control bodies in each country, multiple supervisory authorities and duplicated IT systems. It also has an advantage, in that it shields the relationship with the European clientele from the vagaries of relations between Switzerland and the Union, since the subsidiaries are European in their own right. Medium-sized institutions, which cannot bear this cost, resort to cooperation agreements with European banks, to distribution platforms or to abstention. The consolidation of the financial centre, described in Part E, is partly explained by this constraint: serving Europe requires a size that not every house possesses.

Key points. The Geneva financial centre's access to the European market follows a geography of three circles, namely professional clients served from Geneva with precautions, private clients served through subsidiaries, and funds domiciled in the Union, and neither the tax transparency established since 2017 nor the 2026 package alters this. The large houses serve the Union through Luxembourg or Liechtenstein subsidiaries, while the others keep within the tolerated limits.

1 Notes

1. Pictet, press release of 31 May 2023 (pictet.com): transfer of the European banking head office from Luxembourg to Frankfurt by cross-border conversion of Pictet & Cie (Europe) S.A. into Bank Pictet & Cie (Europe) AG, with branches in Luxembourg, France, Italy, Spain, the United Kingdom and Monaco (around 70 staff in Frankfurt, 350 in Luxembourg, 630 in total); Lombard Odier, “Luxembourg Office” page (lombardodier.com): Lombard Odier (Europe) S.A., established in 2010 and since 2012 the parent company of the European subsidiaries, holds a banking licence and the European passport under the supervision of the CSSF; UBP, “Our offices” page (ubp.com): Union Bancaire Privée (Europe) S.A. in Luxembourg, with offices in Paris, Frankfurt, Brussels, Milan, Madrid and Lisbon. ↩

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