

Independent asset managers and custody banks

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

Many international clients entrust their Swiss portfolio to an independent asset manager while their assets remain with a bank. This model separates investment management from custody and is widely used in Switzerland. It works well when each party's role, authority and remuneration are clearly understood.

1 Three parties, three contracts

The client opens an account in their own name with a custody bank and holds the contractual relationship with that bank directly. In a separate agreement, the client mandates the independent asset manager to manage the portfolio. The client then grants the asset manager a limited power of attorney at the bank, which usually allows investment transactions while excluding withdrawals and transfers to third parties. The bank holds the assets, executes orders and provides statements, and the asset manager takes the investment decisions.

2 Regulation of independent asset managers

Since the Financial Institutions Act (FinIA) entered into force in 2020, independent asset managers in Switzerland require a licence from the Swiss Financial Market Supervisory Authority FINMA and are subject to ongoing supervision by an authorised supervisory organisation. When acting for clients, they must also comply with the conduct rules of the Financial Services Act. Clients may verify the licence status of an asset manager in the public register maintained by FINMA.

3 Understanding the power of attorney

The scope of the power of attorney is the client's most important safeguard. A limited management authority protects the client because the asset

manager cannot move assets out of the account. Broader authorities, such as rights to make payments, should be granted only for specific reasons and reviewed regularly. Clients can usually see all transactions directly through the bank's online access and statements, which allows independent monitoring.

4 Fees and retrocessions

Asset managers typically charge a management fee based on the assets under management, sometimes combined with a performance fee. In addition, they may receive payments from banks or product providers, often called retrocessions or inducements. The Swiss Federal Supreme Court has held in several decisions that such payments received in connection with a mandate are in principle owed to the client. The client may waive them, but a waiver is only valid if the client has been properly informed in advance about the nature and expected scope of these payments. FinSA has since added a statutory disclosure requirement for compensation from third parties.

5 What pays off in practice

- **Check the licence and supervisory organisation** of any asset manager before signing a mandate.
- **Keep the power of attorney narrow** and confirm in writing that it excludes transfers to third parties.
- **Read the retrocession clause closely** and ask for the expected range of third-party payments before agreeing to any waiver.

6 How Ressos Legal helps

I advise clients on the set-up of asset management relationships, review mandate agreements and powers of attorney, and assess claims relating to undisclosed retrocessions. [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.

Online version: helveticaregister.com/independent-asset-managers-and-custody-banks