

Governance in a small firm

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The governance of a three-person firm is necessarily lean, and FinIA accepts this within limits. Owners may be directors and managers at the same time, risk management need not be independent in firms with five or fewer full-time positions or gross earnings below CHF 2 million, and FINMA requires a separate supervisory board only above the thresholds of the ordinance.¹ Within these limits the supervisory organisations look for a few concrete elements. They expect a written allocation of responsibilities, a compliance function performed by a qualified person inside or outside the firm, a documented process for client onboarding and risk profiling, a periodic review of the suitability of each mandate, a register of conflicts of interest, a policy on personal transactions of employees and a business continuity plan that names the substitute for each qualified manager. Many Lugano firms outsource compliance and risk management to specialized providers, which the law permits as long as responsibility remains with the firm.

1 Serving cross-border clients

The clients of Lugano's independent managers are predominantly foreign, and above all Italian. Swiss law allows a Lugano firm to manage the assets of foreign clients deposited with a Swiss bank, and FinSA applies its conduct rules to these relationships regardless of the client's residence. The decisive restrictions come from the law of the client's country. Italian law reserves the provision of investment services to Italian residents to authorized firms. Switzerland has no equivalence with the European Union that would give Swiss managers access to the Italian market. Chapter E.IV explains the rules of the Italian Consolidated Law on Finance (TUF), the limits of reverse solicitation and the criminal sanctions for abusive activity, and gives guidance for relationship managers who travel to Italy.² For the manager the practical consequences are clear. Each Italian client relationship needs a documented record of how it began, any activity in

Italy calls for caution, and the manager must pay close attention to the tax reporting of the client under the Italian rules on foreign assets (*quadro RW*), which Chapter G.IV describes.

For the practitioner. Checklist for the acquisition of a licensed asset manager in Lugano: - FINMA licence, affiliation confirmation of the supervisory organisation, audit reports and supervisory reports of the last three years, pending change notifications. - Qualified managers: experience, training, continuing education, continuity plan, retention after closing. - Own funds and fixed costs under Article 23 FinIA, professional indemnity insurance. - Client contracts, risk profiles and suitability documentation under FinSA; waivers of retrocessions under Article 26 FinSA and BGE 137 III 393; exposure to restitution claims for ten years. - Tax status of clients: voluntary disclosure, AEOI reporting, Italian *quadro RW*; origin of assets for legacy relationships. - Collaboration agreements with custodian banks and their change-of-control clauses. - Cantonal LFid authorizations for any fiduciary services in group companies; AMLA affiliation for advisory activities after 1 October 2026. - Cross-border practices for Italian and other EU clients.

2 Notes

1. FinIA (above), Art. 11 para. 8; FinIO (above), Art. 23 and 26. ↩
2. Decreto legislativo 24 febbraio 1998, n. 58 (Testo unico della finanza, TUF), Art. 18 (reservation of investment services), Art. 28 (third-country firms other than banks) and Art. 166 (abusivismo), <https://www.brocardi.it/testo-unico-intermediazione-finanziaria/parte-ii/titolo-ii/capo-i/art18.html>, <https://www.brocardi.it/testo-unico-intermediazione-finanziaria/parte-ii/titolo-ii/capo-iii/art28.html> and <https://www.brocardi.it/testo-unico-intermediazione-finanziaria/parte-v/titolo-i/>; see Chapter E.IV. ↩

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