

Italian branches and subsidiaries of Swiss banks

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The direct answer to the branch requirement is a branch, and the large Swiss groups have built Italian establishments. UBS combined its Italian bank with its operations in Spain, the Netherlands and Luxembourg into UBS Europe SE with seat in Frankfurt, a merger approved by the Banca d'Italia on 3 August 2016 on condition that an Italian branch be established before completion. Since then UBS has served Italian clients through the Italian branch of UBS Europe SE.¹ After the takeover of Credit Suisse in 2023, the integration of the Italian operations of the two groups was planned in stages, with the fiduciary companies first, the legal integration of the main operations in 2024 and the migration of clients in 2025. It concerned about 850 employees in Italy.²

Smaller Swiss and Ticinese groups have used Italian subsidiaries. PKB Privatbank of Lugano controls the Milan bank Cassa Lombarda.³ Several Geneva and Zurich private banks serve Italian clients through branches in Milan of their subsidiaries in Luxembourg or other Member States, which hold a European passport and can open an Italian branch under the freedom of establishment. A press survey in 2024 listed Julius Baer, EFG International, Banque Syz, Pictet, Lombard Odier, Vontobel and Edmond de Rothschild among the Swiss names with a presence in Milan, without specifying the legal form of each.⁴ The structure through an EU subsidiary is often more efficient than a third-country branch under Article 29-ter TUF. The subsidiary obtains the passport once and can serve several Member States, and the Italian branch is then a branch of an EU bank supervised under the home state's rules.

1 Light branches, delegation and the Liechtenstein route

For banks of medium size the cost of an Italian branch is high. A branch requires premises, personnel, a local manager who meets the Italian fitness requirements, compliance and anti-money laundering functions, reporting

to the Banca d'Italia and CONSOB and membership of the investor compensation scheme. At the annual assembly of the Associazione Bancaria Ticinese in September 2021 the State Secretary for International Finance, Daniela Stoffel, said that the coming discussions with Italy would focus on "light branch" solutions with reduced requirements.⁵ No such regime has been adopted. The Italian authorities have instead extended the possibilities for institutional business, as the CONSOB authorizations after 2023 show.

Two other routes are used. The first is delegation. An Italian bank, asset management company or pension fund may delegate the management of portfolios to a Swiss bank or asset manager. Since the Swiss firm then serves the Italian institution, whose clients remain those of the Italian intermediary, it acts within the professional client regime of Article 28 paragraph 6 or Article 29-ter paragraph 6 TUF.⁶ The second is the European Economic Area. A Swiss group may establish an investment firm or bank in Liechtenstein, which belongs to the EEA since 1995 and enjoys the MiFID passport. Francesco Magistra, chairman of the Lugano-based Nemesis Group and a partner of Osiris Asset Management in Vaduz, has argued that this route is often simpler than the bilateral path. He explained that the firm he established in Liechtenstein in 2006 is authorized in Italy as an investment firm authorized in another EU state without a branch in Italy.⁷ Both routes move the regulated activity out of Switzerland, which is the opposite of what Lugano's banks and the canton had hoped from the Roadmap.

Common misconception. The telework rules of the Swiss-Italian cross-border workers agreement are often read as permitting a frontaliere relationship manager to serve Italian clients from his home in Italy. They concern only the income tax of the employee. Market access under the TUF and the permanent establishment of the bank are separate questions, and on both a home office in Italy creates risk.

2 Notes

1. "Nasce la Ubs europea", Bluerating, August 2016, <https://www.bluerating.com/?p=51162>. ↩
2. "In Italia l'integrazione fra UBS e Credit Suisse slitta al 2024", finews.ch, 2023, <https://www.finews.ch/ticino/60116-ubs-credit-suisse-mediobanca-fusione-sergio-ermotti>. ↩
3. ANSA, 7 November 2018 (above). ↩

4. Ticinonline, "Banche svizzere in Italia" (sponsored content by CambiaValute.ch), 11 July 2024, updated 26 August 2024, <https://www.tio.ch/newsblog/valute-e-frontiere/1767756/banche-gestione-servizi-italia-banking-milano-consulenza-banca-svizzera-uffici>. The source is promotional and lists names only. ↩
5. Generoso Chiaradonna, report on the ABT annual assembly, laRegione, 9 September 2021, <https://www.laregione.ch/cantone/ticino/1534357/servizi>. ↩
6. Guffanti, We Wealth, 25 September 2023 (above). ↩
7. Francesco Magistra, "The Solution is Just an Hour Away From Zurich", finews.com, 1 December 2023, <https://www.finews.com/news/english-news/60405-francesco-magistra-italy-cross-border-switzerland-consob-finma-liechtenstein>. The article dates Liechtenstein's EEA membership to 1991; the EEA Agreement entered into force for Liechtenstein on 1 May 1995. ↩

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