

The partnership and the culture of the trading house

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For most of its history, Glencore was owned by its senior employees. The partnership model that Marc Rich had practised, and that his managers continued after 1994, gave the traders a share in the profits of the company in proportion to their shareholding and required them to leave their capital in the company for years. The model had three effects that shaped the culture of the trading house and, through it, the culture of the cluster in Zug.

The first was an intense focus on profit. Because the traders owned the business, their wealth depended on its results. Every decision was measured against its contribution to the bottom line, so that the tolerance for costs that did not contribute to profit, whether in administration, in public relations or in compliance, was low. The second was discretion. A private partnership had no obligation to publish its accounts or to explain its business, a situation the traders preferred to keep. The third was a sense of loyalty and cohesion among the partners, who shared the risks and the rewards of the business and who were bound to each other by their common investment.

The listing of 2011 changed these conditions. The company became subject to the disclosure obligations of the London market, to the corporate governance code, to the scrutiny of institutional investors and to the attention of the financial press. It had to publish its accounts, explain its strategy, report on its sustainability performance and respond to the concerns of its shareholders. The convictions of 2022 accelerated the change further: the monitors appointed under the American resolutions oversaw the company's compliance programme for three years. The company's statement that it was "not the company it was when the unacceptable practices behind this misconduct occurred" was a public commitment to a different culture.¹

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For the canton of Zug, the transformation of Glencore's culture matters because the company sets standards for the cluster. The traders who leave Glencore to found or join other companies carry its practices with them. Likewise, the service providers, banks and advisers who work for Glencore apply the same standards to their other clients. A change in the culture of the largest trader in the canton therefore affects the culture of the whole cluster. The convictions of 2022 and 2024 have made compliance a central concern of every trader in Zug.

1 Notes

1. Glencore, "Glencore reaches coordinated resolutions with US, UK and Brazilian authorities", 24 May 2022: statement of the chairman Kalidas Madhavpeddi that "Glencore today is not the company it was when the unacceptable practices behind this misconduct occurred"; US Department of Justice, 24 May 2022: independent compliance monitors for three years. ↩

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Online version: helveticaregister.com/zug-the-partnership-and-the-culture-of-the-trading-house