

The requirements for portfolio managers and trustees

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The Financial Institutions Act sets several conditions for a portfolio manager or trustee. It must have an adequate organisation, with at least two qualified managers, although smaller firms may operate with a single qualified manager if they can ensure continuity. It must meet minimum capital requirements, hold adequate financial guarantees or professional liability insurance and have a risk management and internal control system appropriate to its size and business. Its registered office and actual management must be in Switzerland, and it must ensure that its managers and qualified shareholders have a good reputation and guarantee proper business conduct.¹ The Financial Services Act imposes rules of conduct in relation to clients: the classification of clients, the obligation to inform them, the assessment of the suitability and appropriateness of the services, the documentation of the services, the handling of conflicts of interest and, for firms that provide certain services, the affiliation with an ombudsman.²

For the trustees, the licensing requirement was a novelty of particular significance. Switzerland does not have its own law of trusts. Many Swiss professionals nevertheless administer trusts governed by foreign law, above all the laws of the Channel Islands, the Cayman Islands, the British Virgin Islands and other common law jurisdictions. By licensing trustees, Switzerland brought this activity under its own supervision for the first time and placed itself among the jurisdictions that supervise professional trustees, in line with the recommendations of the Financial Action Task Force.³

1 Notes

1. SWA Swiss Auditors AG, "Die wichtigsten Fragen zum FINIG", swa-audit.ch: minimum capital of CHF 100,000 paid in cash, management in principle of at least two qualified persons with an exception where

continuity is ensured, professional liability insurance or adequate financial guarantees, risk management and effective internal control, affiliation with a supervisory organisation. FINMA, "Portfolio managers and trustees", finma.ch: domicile in Switzerland, irreproachable business conduct, good reputation and professional qualifications of the management. ↩

2. FinSA (FIDLEG), text via swissrights.ch: rules of conduct in Art. 7 et seq. (information, Art. 8–9; appropriateness and suitability, Art. 10–14; documentation and accountability, Art. 15–16; handling and best execution of client orders, Art. 17–18). Art. 77: financial service providers that do not serve exclusively institutional or professional clients must join an ombudsman office at the latest when they commence their activity. ↩
3. FATF, International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (The FATF Recommendations), version of October 2025, fatf-gafi.org: Recommendation 22 extends customer due diligence and record-keeping to designated non-financial businesses and professions, including trust and company service providers; Recommendation 25 requires countries to prevent the misuse of legal arrangements and to ensure adequate, accurate and up-to-date information on express trusts, including settlors, trustees and beneficiaries; Recommendation 28 requires effective supervision of those businesses and professions. ↩

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