IN-DEPTH

Asset Management

SWITZERLAND

LEXOLOGY

Asset Management

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In-Depth: Asset Management (formerly The Asset Management Review) is an incisive general introduction to the complex regulatory frameworks governing asset management activities worldwide, and the related practical issues that arise in the sector. With a focus on recent trends and developments, it covers – among other things – key regulatory hurdles; common asset management structures; main sources of investment; tax implications; and an outlook for future developments.

Generated: July 23, 2025

Switzerland

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Summary

Introduction

With its long tradition of banking and finance, Switzerland is one of the world's leaders in the asset management industry. Asset management constitutes one of the main pillars of the Swiss financial centre.

The Swiss asset management industry is heterogeneous and applies different business models. Large banking institutions active in wealth management (private banking) coexist with a number of smaller niche players. Independent asset managers represent the lion's share of the para-banking sector within the Swiss financial industry with, until recently, a limited level of regulatory oversight. This situation drastically changed with the entry into force of two new statutes in January 2020: the Financial Institutions Act (FinIA)[1] and the Financial Services Act (FinSA).[2] These Acts have materially impacted the organisation and activities of independent asset managers, who had to review and adapt, as the case may be, their business model accordingly.

Year in review

Overview of recent activity

Current challenges to the Swiss asset management industry include a wave of regulatory activity and developments occurring at the EU level. The Swiss legal and regulatory framework is being adjusted on an ongoing basis to ensure its euro-compatibility, to keep it in line with international standards and to enhance the protection granted to investors. A new category of unregulated investment fund, the Limited Qualified Investor Fund (L-QIF), was introduced in March 2024 in view of strengthening the competitiveness of Switzerland as a fund product centre. The L-QIF is limited to qualified investors and is not authorised nor supervised by the Swiss Financial Market Supervisory Authority (FINMA).

Key trends

Limited qualified investment funds (L-QIF)

Switzerland aims to improve competitiveness in the area of collective investments by increasing the number of collective investment schemes launched in Switzerland. As indicated above, the introduction of the L-QIF that is neither subject to approval by FINMA nor regulated under the Collective Investment Schemes Act (CISA) entered into force on 1 March 2024. This new category of funds is exclusively reserved for qualified investors. The L-QIF status is a regulatory concept, not a legal form. Contractual funds, limited partnership for collective investments (Swiss LPs) and Swiss investment companies with variable capital (SICAVs) may be used as an L-QIF. The absence of FINMA authorisation and supervision for L-QIFs is balanced by the fact that L-QIFs are required to be managed by a fund management company which is itself supervised by FINMA. No limitation is imposed on the permitted investments by L-QIFs, which may invest in any financial instruments as well as in cryptocurrencies or other specific products.

Sustainable finance

Against the background of international developments, especially in the European Union, the Swiss government's stated objective is to align with the highest international sustainability standards in order to prevent disparities as regards environmental, social and governance (ESG) regulations and thereby to strengthen the credibility and competitiveness of the Swiss financial market as a whole. Thus, in 2019, FINMA integrated, for the first time, climate risks in its annual Risk Monitor as one of the key risks for Swiss financial institutions and the Swiss financial market over the longer term. FINMA has issued certain guidance documents covering greenwashing in the advisory process at the point of sale (Guidance 05/2021),[3] climate risk disclosure (Guidance 03/2022)[4] and the management of climate risks (Guidance 01/2023).[5] FINMA also published a new circular on 17 December 2024, the 2026/01 'Nature-related financial risks' Circular,[6] through which FINMA aims at strengthening its supervisory practice with respect to risks related to climate change and other potentially relevant nature risks. The circular will be implemented gradually, beginning on 1 January 2026.

In parallel, initiatives are coming from the industry itself. The ESG Guidelines of the Asset Management Association (AMAS) entered into force on 30 September 2023 with a transitional period until 30 September 2024 for provisions requiring changes in fund documents. Of note is that the Swiss Bankers Association (SBA) also recently included financial risks relating to ESG in the revised version of its brochure 'Risks involved in trading financial instruments', which was published in June 2023. In parallel, in May 2024, the SBA issued Guidelines for the financial service providers on the integration of ESG-preferences and ESG-risks and the prevention of greenwashing in investment advice and portfolio management.[7]

Consolidation in the asset management sector

The increased regulation of the asset management sector in combination with technological developments is leading to an ongoing consolidation of smaller market players. In particular, the number of small independent asset managers has been decreasing due to the increased costs related to the implementation of new regulatory requirements, including the need to manage legal, regulatory and reputational risks associated with the provision of cross-border financier services. In addition, smaller businesses face significant investments in long-overdue technology and digitalisation improvements, respectively an overhaul of their risk, internal controls and compliance frameworks. Profitability, finding new customers and competition are sources of concern for independent asset managers. Pressure of competition is also exerted by players in the wealth industry, namely banks, fund companies, securities firms and managers of collective assets, whose existing FINMA authorisation allows them to operate as a manager under the so-called licensing cascade system. The consolidation of the portfolio management market is expected to continue in the near future.

Artificial intelligence

As artificial intelligence becomes more and more relevant in the financial sector, regulatory attention is increasing. FINMA identified artificial intelligence as a long-term trend already in 2023. In December 2024, FINMA published guidance on governance and risk management when using artificial intelligence, focusing in particular on the identification of specific risks associated with AI applications and the implementation of appropriate measures to effectively manage those risks (Guidance 08/2024). Although banks appear to be the primary focus of FINMA's guidance, other supervised financial institutions may also fall within its scope. The asset management industry, in particular, will not remain unaffected by the growing use of artificial intelligence.

Regulatory framework

Switzerland does not have a comprehensive licence for all financial services providers. Certain financial activities require licences, whereas others can be conducted on an unregulated basis. The following financial services providers are subject to pregulatory approval and ongoing prudential supervision, which is exercised either directly by the Swiss Financial Market Supervisory Authority (FINMA) or, indirectly, by supervisory organisations (SOs):

1. banks;
2. insurance companies;
3. securities firms;
4. fund management companies and managers of collective assets, including collective investment schemes (CISs); and
5. asset managers and trustees.

Switzerland is not a Member State of the EU; as a result, EU rules and regulations do not apply directly to financial services activities conducted in Switzerland.

In addition to anti-money laundering rules that apply to all asset managers in Switzerland, the conduct of asset management activities is, since 1 January 2020, subject to FINMA supervision. These activities conducted in connection with CISs or with occupational pension schemes assets or involving the trading of securities are further subject to specific regulations. In light of its practical relevance, we further set out an overview of the rules applicable to the offer, in or from Switzerland, of interests in non-Swiss CISs.

Regulation of asset management

The Swiss Anti-Money Laundering Act

Under the Swiss Anti-Money Laundering Act (AMLA),[8] asset managers are considered as financial intermediaries and, as such, are subject to the Swiss regulations against money laundering. The AMLA is based on the standards adopted by the Financial Action Task Force on Money Laundering. In particular, the AMLA requires that relevant financial intermediaries register with and are subject to the supervision of a self-regulatory body recognised by FINMA unless they are subject to licensing and supervision directly by FINMA (such as banks and other regulated firms).

The duties imposed upon financial intermediaries under the AMLA are essentially know-your-customer rules and procedures, as well as certain organisational requirements (e.g., internal controls, documentation and continuing education). In addition, financial intermediaries are required to report suspicious transactions to a regulatory body, the Money Laundering Reporting Office Switzerland (MROS). This reporting duty presupposes that the financial intermediary is aware, or has reasonable suspicion, of the criminal origin of the assets involved. In this context, the MROS is also entitled to request information from third-party financial intermediaries that appear to be involved in the relevant transaction or business relationship that triggered the reporting by another financial intermediary.

On 1 January 2023, certain amendments to AMLA entered into force, which generally impose stricter due diligence duties. In particular, the revised AMLA now explicitly requires financial intermediaries not only to establish the beneficial owners of the relevant accounts but also to verify their identity and those of the controlling persons in every case. Further, the revised AMLA requires all business relationships (regardless of risk classification) to be reviewed periodically and updated as regards client data and supporting documents.

The FinIA

The Financial Institutions Act (FinIA) entered into force on 1 January 2020 with certain transitional periods until 31 December 2022. As of 1 January 2023, all Switzerland-based asset managers must be authorised by FINMA (or must have submitted a licence application with FINMA by 31 December 2022). While the asset manager licence is granted by FINMA, the day-to-day supervision is handled by SOs approved and monitored by FINMA. To date, FINMA has granted licences to five SOs.

The FinIA defines an asset manager as anyone who, acting on a professional basis, disposes of clients' assets in their name and for their benefit. Under the implementing ordinance of the FinIA, the Financial Institutions Ordinance (FinIO),[9] an activity is considered to be undertaken on a professional basis if any of the following thresholds are exceeded:

1. business relationships with more than 20 contracting parties;
2. gross turnover exceeding 50,000 Swiss francs; or
3. power to dispose of third-party assets above 5 million Swiss francs.

The FinIA and the FinIO further provide for a limited number of exemptions. One of them provides that asset managers who exclusively manage assets of clients with whom they have economic or family ties do not fall within the ambit of the FinIA and do not, as a result, need to obtain a licence to conduct their activities. Likewise, pure investment advisory activities (without any control over clients' assets) remain unregulated, subject to the provisions of the Financial Services Act (FinSA) (see below).

Under the FinIA regime, in addition to the fit and proper tests imposed on managers and direct or indirect qualified participants, the main licensing requirements for asset managers are the following:

1. the registered office and administration of the asset manager must be in Switzerland;
2. the management is composed of at least two people having appropriate qualifications;
3. the implementation of appropriate internal organisation, in particular as regards risk management and internal control mechanisms;
4. a fully paid-up minimum share capital of 100,000 Swiss francs;
5. a minimum equity equivalent to a quarter of the fixed annual costs according to the latest financial statements, up to 10 million Swiss francs; and
6. the conclusion of a professional indemnity insurance or the provision of sufficient financial guarantees.

Non-Swiss asset managers having a permanent presence in Switzerland also fall within the ambit of the FinIA and need to obtain an authorisation as a branch or representative office.

The FinSA

The FinSA entered into force on 1 January 2020, with certain transitional periods until 31 December 2021. Under the FinSA, asset managers are subject to specific rules of conduct and organisational measures, which are applicable to all Switzerland-based financial service providers, as well as to non-Switzerland-based financial service providers providing cross-border services to clients residing or incorporated in Switzerland.

Under the FinSA, asset managers have to classify their clients and apply the relevant rules of conduct based on this classification. The provision of asset management activities (as well as pure investment advisory activities) requires compliance with rules of conduct such as:

1. an upfront obligation of information;
2. an obligation to verify whether a financial instrument or service is appropriate and suitable;
3. a documentation obligation and accountability requirement; and
4. transparency and due diligence requirements for the execution of client orders.

In particular, when advising clients on individual transactions in the context of advisory or discretionary asset management services, financial services providers have to assess the appropriateness of the contemplated investment. By contrast, they have to assess the suitability when providing investment advice on a client's entire portfolio and for discretionary asset management services. Finally, under the FinSA regime, asset managers have to ensure that client advisers have the required technical knowledge, follow appropriate training and implement relevant organisational measures.

FINMA recently issued a circular regarding the rules of conduct under FinSA, which entered into force on 1 January 2025 (Circular 2025/02).[10] This circular clarifies its expectations on key matters related to transparency, risk profiles' adequacy, securities lending, remuneration and conflict of interests.

In relation to the rules of conduct, the topic of the retrocessions paid by third parties within asset management activities (i.e., inducements) has generated considerable interest and controversy in the Swiss financial sector. Pursuant to the FinSA and Swiss case law, asset managers are entitled to retain retrocessions and other distribution fees they receive in connection with their mandate only on the basis of a comprehensive waiver based on the informed consent of the client. In all other circumstances, the client is entitled to such retrocessions and fees. As a result, receiving retrocessions is allowed as long as the recipient specifically discloses those retrocessions, obtains the client's informed consent and, upon the client's request, provides detailed information on the amounts effectively received by the asset manager.

In addition, under the FinSA, asset managers are required to be registered with a mediation body unless the financial services are provided exclusively to per se professional clients and institutional clients.

Finally, the FinSA introduced an obligation for client advisers to register with a specific register held by a registration body in cases where the client adviser is not employed by a financial institution that is itself subject to FINMA prudential supervision. This obligation also extends to client advisers of non-Swiss firms providing financial services to clients in Switzerland on a cross-border basis, unless a statutory exception applies. In this respect, an exemption applies for client advisers of foreign financial institutions subject to prudential supervision in their home jurisdiction from the duty to register, provided that such client advisers provide financial services only to professional and institutional clients. To date, three registration bodies have been authorised by FINMA (i.e., BX Swiss AG, the Association Romande des Intermediaires Financiers and PolyReg Services GmbH).

Regulation of collective assets managers

Pursuant to the FinIA, fund management companies and fund asset managers of CISs (Swiss and non-Swiss) as well as of occupational pension schemes must obtain a licence from FINMA. The FinIA contains a *de minimis* rule, according to which asset managers of non-Swiss CISs whose investors are qualified investors (as defined in the Collective Investment Schemes Act (CISA))[11] are not regulated if they satisfy one of the following requirements:

1. the assets under management, including those resulting from the use of leverage, do not exceed 100 million Swiss francs; or
2. the assets under management do not exceed 500 million Swiss francs and the CISs are unleveraged and closed-ended for a five-year period (irrespective of whether the CISs are invested in target funds or other investments).

Asset managers managing below-threshold assets in CISs are, however, required to obtain an authorisation with FINMA as asset managers under the FinIA.

In addition, the FinIA provides for a limited number of exemptions, namely, under certain conditions, when the assets under management belong to group companies of the manager or to persons with family ties with the manager.

Non-Swiss managers of both Swiss and non-Swiss CISs with a permanent presence in Switzerland through a branch or representative office in Switzerland are also required to obtain a licence from FINMA.

Regulation of professional securities trading

Depending upon the structure of their activities and of their client relationships, certain Swiss asset managers could fall within the ambit of the Swiss regulatory framework governing securities firms.

Professional trading in securities as a principal is, subject to certain exceptions, a regulated activity.

Under the FinIA, the concept of securities firms is defined as any person or entity who, on a commercial basis, trades in securities:

1. in its own name but on behalf of clients;
2. for its own account on a short-term basis, operates essentially on the financial market and may have a negative impact on the functioning of the financial market or participates in a trading venue; and
3. for its own account on a short-term basis and quotes a price for specific securities on an ongoing basis or upon request (market maker).

Underwriters' and derivative houses' activities are subject to licensing requirements under the FinIA and necessarily have to be conducted by licensed banks or securities firms.

Swiss securities firms are subject to FINMA supervision and are required to comply with organisational, conduct of business and prudential requirements broadly comparable with those applicable to Swiss banks. As a rule, asset managers or investment advisers that manage the assets of third parties on the basis of powers of attorney (i.e., who are acting as an agent) are not characterised as securities firms for the purpose of the FinIA but as asset managers and are further regulated under the AMLA.

Regulatory framework applicable to the offering of non-Swiss CISs

The regulatory concepts of offering, advertising and financial services

Under the current regulatory framework, as amended by the FinIA and the FinSA in 2020, the former concept of distribution of CISs has been abolished and replaced by the concepts of offer and advertisement of financial instruments, as well as with the concept of provision of financial services. Generally, an offer or advertisement of a financial instrument may trigger the 'product level' requirements to appoint a Swiss representative and paying agent for non-Swiss CISs under the CISA. An offer is defined as any invitation to acquire a financial instrument that contains sufficient information on the conditions of the offer and the terms of the financial instrument.

The following four situations outlined below do not fall within the definition of an offer:

1. the provision of information in reverse solicitation cases where no advertisement relating to any specific financial instrument has been made by the financial service provider or an agent thereof;
2. the nominal indication of financial instruments accompanied, where applicable, by factual information (e.g., international securities identification number codes, net asset value (NAV), prices, information on risks, price trends and tax data);
3. the mere provision of factual information; and
4. the preparation, provision, publication and transmission to existing clients or financial intermediaries of information and documents prescribed by law or contract relating to financial instruments.

Advertisement is defined as any communication aimed at investors that draws their attention to certain financial services or instruments. An advertisement for a CIS must be clearly identifiable as such. Further, it must mention the prospectus and the key information document and where these documents can be obtained from. The following, however, do not constitute an advertisement:

1. the nominal mention of financial instruments, whether or not relating to the publication of prices, rates, NAV, price lists, price movements or tax data;
2. announcements as regards issuers or transactions, in particular if they are prescribed by law, by supervisory law or by rules specific to trading platforms;
3. the provision or transmission by the financial service provider of an issuer's communications to existing clients; and
4. articles in specialised press.

The definition of a financial service under the FinSA includes the purchase and sale of financial instruments. Pure distribution activity, understood as any activity addressed directly at certain clients that is specifically aimed at the acquisition or disposal of a financial instrument, is considered a financial service. Only the provision of information on financial instruments to end-investors qualifies as a financial service, to the exclusion of interactions with supervised financial intermediaries acting on behalf of their clients. The provision of financial services triggers various consequences under the FinSA as described above.

Qualified investors

The requirements applicable to the offer and advertisement of CISs in Switzerland depend on the regulatory status of the targeted investors. The revised CISA maintains the distinction between qualified investors and non-qualified investors, but the definition of qualified investors has been adjusted to align it with the client segmentation provided for by the FinSA. In particular, all institutional and professional clients under the FinSA are qualified investors under the CISA. The FinSA introduced a flexible regime allowing opting in and opting out across different categories of clients. This election has an impact on the level of protection applicable to the relevant investors.

Qualified investors include the following:

1. institutional clients as defined by the FinSA, namely:
    - financial intermediaries as defined in the Banking Act of 8 November 1934, the FinIA and the CISA;
    - regulated insurance companies;
    - non-Swiss clients subject to prudential supervision in a similar way as financial intermediaries and insurance companies; and
    - central banks;
2. other professional clients as defined by the FinSA, namely:
    - public entities with professional treasury operations;
    - occupational pension schemes or other institutions whose purpose is to serve occupational pensions with professional treasury operations;
    - companies with professional treasury operations;
    - large companies (i.e., companies that exceed two of the following parameters: balance sheet total of 20 million Swiss francs; turnover of 40 million Swiss francs; and equity of 2 million Swiss francs); and
    - private investment structures with professional treasury operations created for high net worth retail clients;
3. high net worth individuals and private investment structures created for high net worth individuals (i.e., persons with a minimum net wealth of 2 million Swiss francs or persons with the required professional training and experience combined with a minimum net wealth of 500,000 Swiss francs having declared that they wish to be treated as professional clients); and
4. managed and advisory clients of financial service providers under certain conditions.

Investors who are not included in one of the above categories are non-qualified investors. The characterisation of an investor as being qualified has a bearing on the regulatory restrictions applicable to the offering and advertisement of interests in CISs under the CISA (see below). Further, the segmentation in private, professional or institutional clients has an impact on the requirements applicable under the FinSA (with respect to information duties, appropriateness and suitability checks, accountability and documentation obligations, and transparency and diligence requirements).

Offering of non-Swiss CISs

The requirements for the offering and advertising of non-Swiss CISs to non-qualified investors (i.e., retail clients) have not materially changed recently. Non-Swiss CISs are subject to FINMA prior authorisation to be offered or advertised to non-qualified investors. Currently, only undertakings for the collective investment in transferable securities funds (UCITS) as well as certain Hong Kong funds are eligible for authorisation by FINMA. In addition, a paying agent and a representative have to be appointed and cooperation agreements have to be in place.

The regime applicable to the offering of non-Swiss CISs to qualified investors has become more liberal. Only the offering of non-Swiss CISs to high net worth individuals and their investment structures without professional treasury management, provided that they have opted out, triggers the need for the non-Swiss CIS to appoint a Swiss paying agent and a Swiss representative. Otherwise, the offering of non-Swiss CISs to other qualified investors (i.e., institutional and professional clients), including managed and advisory retail clients, is not subject to specific requirements at the level of the non-Swiss CIS.

Common asset management structures

From a Swiss legal perspective, asset management services can be rendered either on the basis of a power of attorney that the client grants to the asset manager in relation to assets deposited with a bank (managed account) or through an investment, by the client, in interests or shares of a collective investment scheme (CIS).

The Collective Investment Schemes Act (CISA) provides for four different types of Swiss CISs:

1. the Swiss contractual investment fund;
2. the Swiss investment companies with variable capital (SICAV);
3. the Swiss investment company with fixed capital (SICAF); and
4. the Swiss limited partnership for collective investment (Swiss LP).

The main characteristics of these legal institutions are set out below. One common requirement is for the Swiss CIS to have substance in Switzerland.

Contractual funds, Swiss LPs and SICAVs may be used as a Limited Qualified Investor Fund (L-QIF).

The Swiss contractual investment fund

The Swiss contractual investment fund is a contractual pool of assets constituted for purposes of common investment that is separately administered by a licensed fund management company. The fund management company, acting on behalf of the investors, deposits the assets of the investment fund with a custodian bank. This legal institution is the most commonly used structure in the Swiss asset management industry.

The SICAV

The Swiss SICAV is a special corporate vehicle governed by the CISA. The corporate purpose of the Swiss SICAV is limited to the collective management of its own assets. Unlike a licensed fund management company, a SICAV may not perform other activities or services, even ancillary ones such as the management of third-party assets. The Swiss SICAV is in many respects based on the model of the Luxembourg SICAV. The CISA distinguishes between self-managed and externally managed SICAVs. The relevant criterion is whether the SICAV performs its own management or whether such management is delegated to a licensed fund management company. An L-QIF SICAV is required to be externally managed.

The Swiss SICAV has two types of shares: investor shares and promoter shares. It is thus composed of at least two segregated sub-funds corresponding, respectively, to the contributions of the investors and the promoter. Both types of shares have, as a rule, the same rights and obligations: votes are based on the principle of one share, one vote; there are no restrictions for a holder of one category of shares to also hold shares of the other category; and the creation of preference shares is expressly prohibited. There are important exceptions to the principle of equal treatment among the shareholders. For instance, the obligation to provide for the minimum capital contribution as well as the duty to maintain the required capital adequacy for self-managed SICAVs fall solely upon the holders of promoter shares who have the exclusive competence to resolve on the dissolution of the SICAV to close a sub-fund and to request the Swiss Financial Market Supervisory Authority (FINMA) to liquidate the SICAV for cause.

The SICAF

The SICAF is a Swiss company limited by shares whose corporate purpose is limited to the management of its own assets. The SICAF is not allowed to pursue any entrepreneurial activity. It is a closed-ended investment scheme, meaning that the investors do not benefit from a redemption (exit) right. The regulatory framework set forth in the CISA as regards the SICAF is rather limited. The SICAF is substantially governed by the provisions of the Swiss Code of Obligations applicable to regular companies limited by shares (including the disclosure requirements as regards shareholders and ultimate beneficial owners). In this context, a SICAF is not subject to the CISA if its shares are listed on a stock exchange or if its shareholders are exclusively qualified investors and its shares are registered shares. To our knowledge, all Swiss SICAFs have so far relied on this regulatory safe harbour. As a result, there are currently no Swiss SICAFs regulated by FINMA.

The Swiss LP

The Swiss LP is a CIS that is aimed at private equity, alternative investments and real estate projects. Further, it has been designed to mirror the legal form of certain offshore limited partnership structures. It is a closed-ended investment scheme, meaning that the investors do not benefit from a redemption (exit) right. The Swiss LP is managed by one or more general partners (GPs) with unlimited liability for the commitments of a Swiss LP. The GP may delegate certain tasks to third parties to the extent that such delegation is in the best interest of the Swiss LP. The asset management function may, however, be delegated only to a regulated asset manager of a Swiss CIS. The investors in a Swiss LP are the limited partners. They may not be involved in the management of the Swiss LP, which is the exclusive competence of the GP. However, the limited partners benefit from information rights and certain governance rights, such as the delivery of periodic financial information as well as information on the financial accounts. The Swiss LP is open only to qualified investors, irrespective of whether it is an L-QIF or not. The partnership agreement of the Swiss LP sets out the key rules applicable among the GP and the limited partners. Swiss law allows the parties significant freedom to regulate their relationship in the partnership agreement, which is subject only to a limited set of contractual provisions that are required as a matter of law.

Main sources of investment

The Swiss asset management industry is heavily reliant upon the assets deposited with Swiss banking institutions. According to figures published by the Swiss Bankers Association in its 2023 Banking Barometer Report, the aggregate balance sheet total of all banks in Switzerland contracted by 4.9 per cent to 3,177.0 billion Swiss francs in 2023. By contrast, assets under management rose by 6.9 per cent year-on-year in 2023, to 8,391.7 billion Swiss francs, making up for half of the decline recorded in 2022.

According to the Asset Management Association Switzerland (AMAS), despite growing uncertainty, the Swiss CIS market reached in the first quarter of 2025 a volume of 1,628.6 billion Swiss francs at the end of March 2025, a volume above its last peak at the end of 2024. This increase is primarily attributable to net new money inflows, even though investors remain cautious in relation to the start of the US trade war. AMAS indicates that, in this dynamic environment, competition in the Swiss market is shifting.

Tax law

Switzerland levies taxes at three different levels: federal, cantonal and municipal. The same tax rules as for other Swiss-regulated collective investment schemes are applicable to Limited Qualified Investor Funds (L-QIFs).

Taxation of CISs

As a matter of principle, Swiss collective investment schemes (CISs) are not liable to income and capital taxes. Taxation does not take place at the level of the CIS but usually directly targets (Switzerland-resident) investors, provided that the CIS is deemed transparent for tax purposes. The taxation of CISs in Switzerland largely depends on the legal structure under the Collective Investment Schemes Act (CISA). Open-ended CISs such as the contractual investment fund and the Swiss investment companies with variable capital (SICAV) are not considered entities subject to Swiss corporate income tax in their own right. In conformity with the principle outlined above, taxation is applied directly to investors according to their country of tax residence. The same regime is applicable to the limited partnership for collective investments (Swiss LP). There are two exceptions to these general taxation principles: CISs directly owning real estate are taxed as corporations on the portion of their income that is derived from real estate; and a Swiss investment company with fixed capital (SICAF) is subject to Swiss corporate income tax as it is treated as a separate taxpayer under Swiss tax law.

All income distributed by these CISs is subject to a withholding tax of 35 per cent, which is entirely or partially recoverable by the investor (as regards investors based outside Switzerland, the reimbursement of the withholding tax depends on the provisions of the applicable double tax treaty). Exceptions to this general principle are possible. For example, a distribution of net capital gains realised by a CIS is exempted provided that these capital gains are clearly separated from the income.

Taxation of fund management companies

Fund management companies are considered as taxpayers in their own right as they are incorporated as a corporation. They are subject to corporate income tax as any other legal entity. Management and distribution services provided by such companies to Switzerland-registered and non-Switzerland-registered CISs remain generally exempt from Swiss value added tax.

Taxation of investors

Switzerland-resident investors of CISs that are transparent for tax purposes are taxed on their share of fund income. This taxation principle depends on the structure of the fund (i.e., distributing or growth) and the income received (i.e., capital gains or other ordinary income realised by the CIS). Capital gains attributable to private investors are normally exempted provided that they are distributed with a separate coupon or they are separately booked in the accounts of the CIS.

Stamp duty

Stamp duty is due on the transfer of securities, including interests in CISs, provided that the transaction involves a Swiss securities firm for stamp duty purposes acting as a broker or as a counterparty. Many exemptions may apply in specific cases: for example, Swiss or non-Swiss CISs qualify as exempt investors for stamp duty purposes. Accordingly, transactions involving Swiss or non-Swiss CISs acting as purchasers or sellers of taxable securities normally trigger a reduced stamp duty liability. Swiss asset managers usually qualify as Swiss securities firms for stamp duty purposes and may, in practice, delegate most of their obligations in relation to stamp duty to other Swiss securities firms. Nonetheless, Swiss stamp duty rules involve specific compliance requirements such as a duty to register with the Swiss tax authorities.

Outlook and conclusions

The recent introduction of the supervision of asset managers under the Financial Institutions Act (FinIA) and the Financial Services Act (FinSA) represents another example of the regulatory adjustments implemented in Switzerland to fully align the Swiss regulatory framework with international standards. The FinSA regime further represents for non-Swiss financial service providers a major shift from the liberal regime applicable to the provision of inbound cross-border financial services on Swiss soil prior to 1 January 2020.

Swiss wealth and asset management is expected to change significantly in the coming years as a result of the completion of the Credit Suisse takeover by UBS in parallel to the ongoing consolidation of independent asset managers. The new Limited Qualified Investor Fund (L-QIF) as well as the implementation of new technologies, including artificial intelligence and blockchain, are also expected to bring major changes in the fund asset management industry in the coming years.

Another topic of interest remains the issue of retrocessions. In line with the developments taking place at the international level, Switzerland's asset management industry is in the process of adjusting its remuneration structure to be less reliant on retrocessions. Nevertheless, contrary to the situation prevailing in the European Union, retrocessions remain allowed, albeit in a transparent and restrictive manner.

Endnotes

1 https://www.fedlex.admin.ch/eli/cc/2018/801/en. ^ Back to section

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