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Autorité fédérale de surveillance des marchés financiers FINMA
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FINMA Guidance 07/2026

Information on the two-tier supervisory model for portfolio managers and trustees: recent developments and optimisation initiatives by FINMA

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1 Introduction

With the enactment of the Financial Institutions Act of 15 June 2018 (FinIA; SR *954.1*) and the Financial Services Act of 15 June 2018 (FinSA; SR *950.1*), the legislator made portfolio managers and trustees subject to prudential supervision in order to strengthen investor protection and promote the reputation of the sector. FINMA implemented the two-tier supervisory model in accordance with the statutory requirements and, drawing on its supervisory experience and feedback from the industry, is continuously reviewing further measures for optimisation. This guidance provides information on these measures and on other recent developments in this area.

2 Licensing: developments and process optimisation

The statutory framework provides that FINMA must grant a licence to persons wishing to pursue commercial activity as a portfolio manager or trustee by means of a ruling.[1] It must involve the SOs in this licensing procedure.[2]

In order to implement this as efficiently and pragmatically as possible for the market, FINMA focused in particular on further developing its digital data exchange platform, so that smooth and secure communication can take place in parallel between applicants, SOs and FINMA.

2.1 Licensing of new market participants

FINMA implemented the statutory requirements for the licensing of portfolio managers and trustees in a risk-based and proportionate manner. In doing so, it paid particular attention to making it easier for small and medium-sized institutions to adapt to the new supervisory regime.

Although more than half of the total of 1,699 licence applications were received during the last four months of the three-year transitional period, FINMA was able to process them efficiently (see press release dated 11 March 2025). This meant that the dynamism in the market could be maintained despite the regulatory changes, and enabled timely market access.

When the licensing requirement was introduced, some market participants anticipated a wave of consolidation within the sector. This has not yet occurred. In fact, since the end of the transitional period, FINMA has licensed a total of 187 new market participants as portfolio managers or trustees up to

[1] Art. 5 para. 1 in conjunction with Article 17 FinIA

[2] Art. 7 para. 2 FinIA

the end of September 2026. The median duration of the procedure for portfolio managers and trustees was 150 calendar days. For around two-thirds of this time, the applications were being revised by the applicants – for example, to complete their documentation – while the median internal processing time by FINMA was 51 calendar days.

2.2 Licensing of change requests: process optimisation and charging based on the principle of causation

Once a FINMA licence has been granted, any material changes in the facts on which the licence is based must be authorised by FINMA. In order to keep the process for changes to licences as straightforward as possible, the SOs are currently designated as the single point of contact for institutions wishing to submit change requests. Regular exchanges between FINMA and the industry associations have shown that, from a market perspective, this approach is regarded as duplicative and too slow. In response to this feedback, FINMA is planning to reorganise the allocation of responsibilities for processing requests for changes to licences:

From 2027, requests relating to changes subject to licensing will no longer be subject to a preliminary review by the SOs, but will be assessed directly by FINMA.[3] Changes that do not require a licence will be dealt with exclusively by the SO as part of its ongoing supervisory activities, in accordance with FINMA's specifications, which also set out the procedure for any escalation to FINMA.

As before, portfolio managers and trustees may use the survey and application platform (EHP) to submit changes requiring a licence. The exchange of information between FINMA and the SO will continue to take place automatically via the EHP. The updated EHP templates for change requests will be available from 1 January 2027. From 1 March 2027, applications may only be submitted using the new forms.

FINMA is also taking note of the request made by the industry associations to structure the fees for its licensing activities in a way that is more in line with the principle of causation. While FINMA has, until now, generally charged a flat fee of CHF 500 for requests to make changes to licences, it will in future allocate the corresponding expenses by applying the principle of causation within the specified framework tariff (see Article 8 para. 2 of FINMA Ordinance on the Levying of Supervisory Fees and Charges of 15 October 2008 [FINMA-GebV; SR *956.12]))*. The Annex to FINMA-GebV

[3] Thanks to its right to view the survey and application platform (EHP), the SO remains constantly informed and can – where necessary – contribute its relevant findings and information to the procedure before it is concluded by FINMA.

sets a range for this of between a minimum of CHF 200 and a maximum of CHF 4,000.[4]

These two changes will come into effect on 1 January 2027. FINMA is thus responding – within the statutory framework – to the market's calls for even more efficient cooperation between FINMA and the SOs, as well as for a fee structure that is as closely aligned as possible with the principle of causation.

3 Supervision

Following licensing by FINMA, the SOs are responsible for the ongoing supervision of the institutions. In practice, they rely on the audit firms which the portfolio managers and trustees have mandated to carry out an audit in accordance with Article 43*k* para. 1 FINMASA.[5]

If, in the course of its ongoing supervision, an SO identifies a serious breach of supervisory law that cannot be remedied within the prescribed time limit, or other irregularities, it reports this to FINMA,[6] which may then, following preliminary investigations, refer the case for intensive supervision or enforcement proceedings.

3.1 Ongoing supervision by the SO: a consistently risk-oriented approach

FINMA draws attention to the statutory provision whereby the SO may extend the audit cycle – which is generally one year – to up to four years for portfolio managers and trustees with a low overall risk profile. In doing so, it takes into account the institution's overall risk profile as well as other risks identified in the course of ongoing supervision. Under the law, there is no entitlement to an extension of the audit frequency.

An extended audit cycle has the potential to reduce an institution's costs for auditing and ongoing supervision. FINMA notes that the possibility of an extended audit cycle is currently only rarely made use of. Current institution ratings show that, for around one in five institutions, the rating would in principle allow for a reduction in the frequency of audits and thus a reduction in audit costs. FINMA has therefore initiated work with the SOs to address the situation.

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[4] Annex no. 6.2 FINMA-GebV

[5] See also no. 4.3 of FINMA Guidance 03/2026 dated 3 June 2026.

[6] Art. 43*b* para. 2 of the Financial Market Supervision Act of 22 June 2007 (FINMASA; SR **956.1**) and Art. 11 of the Supervisory Organisations Ordinance of 6 November 2019 (SOO; SR **956.134**).

With a view to harmonising the SOs' rating systems, FINMA had already developed criteria for the risk assessment of institutions in 2020, based on the regulatory requirements and in collaboration with the SOs (Article 84 para. 2 of the Ordinance on Financial Institutions of 6 November 2019 [FinIO; SR *954.11*]). As usual, these requirements take into account not only general metrics (such as assets under management and the number of clients) but also the inherent risks associated with business activities and the control risks relating to the quality of the institutions' risk management. This risk analysis is structured around three key areas: the Financial Institutions Act, the Anti-Money Laundering Act[7] and the Financial Services Act. As a guide, FINMA can list the following examples of risk-increasing criteria in connection with the assessment of portfolio managers' business activities:

- Unrestricted powers of attorney;
- Provision of payment services;
- Business relationships with foreign PEPs;
- Use of complex structures;
- Use of foreign custodian banks, particularly in jurisdictions with lower regulatory standards;
- Use of complex financial instruments, higher-risk strategies and/or their own products;
- Holding directorships in domiciliary companies.

These criteria must be taken into account as part of the SOs' overall assessment of the institution in question.

The risk assessment system prescribed by FINMA promotes harmonisation among the SOs; however, in accordance with the law, the SOs remain responsible for risk assessment in individual cases and for determining the frequency of audits and the level of supervision.[8] If they have any questions regarding their risk assessment or are interested in extending the audit cycle, institutions may contact their SO.

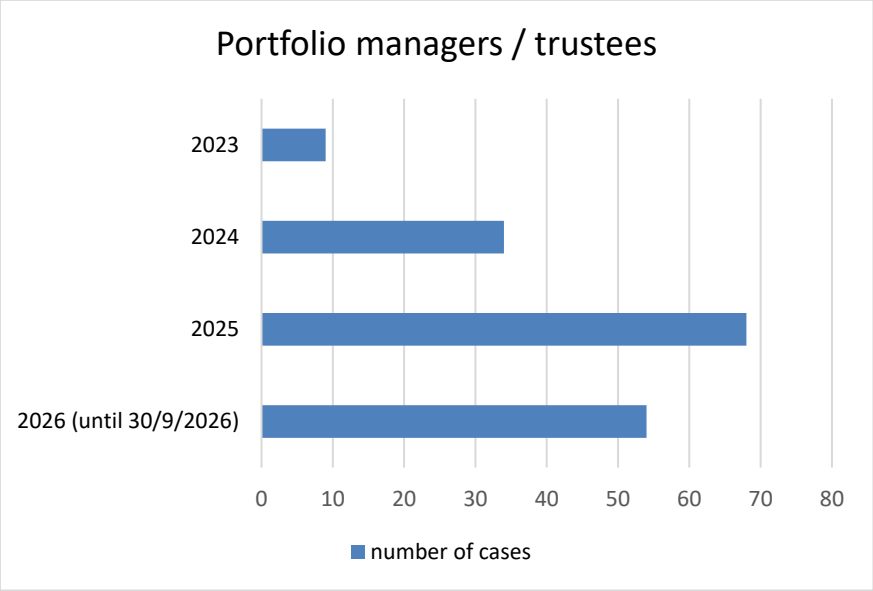
With a view to applying the risk-based approach even more consistently, FINMA is reviewing the rating systems used by the SOs in collaboration with them. The aim is to map risks in even greater detail and to align the audit frequency more consistently with an institution's actual risk. For institutions with a lower risk exposure, this may lead to an extension of the audit frequency and hence to a reduction of audit costs.

[7] Anti-Money Laundering Act of 10 October 1997 (AMLA; SR **955.0**)

[8] Art. 62 para. 2 FinIA and Art. 84 para. 2 and. 87 FinIO

3.2 Case numbers for portfolio managers and trustees

In its Guidance 03/2026 dated 3 June 2026, FINMA already reported on identified risk patterns and serious cases. Following on from this, FINMA is providing the following information on the latest trends in the number of cases involving portfolio managers and trustees:



As can be seen from the chart, the number of cases handled by FINMA remains high. For FINMA, handling cases of this kind is labour-intensive and consequently incurs high costs. However, this work is indispensable for the protection of investors and the reputation of the industry, as well as for the prevention of harmful business practices.

FINMA's consistent action and firm stance in these cases is a key element of investor protection and is essential to the reputation of the entire sector. Even though the number of cases is relatively small in relation to the total population, they nevertheless result in substantial losses for the investors concerned and threaten to cause serious and lasting damage to the industry's reputation.

The fact that the supervisory efforts required to ensure investor protection are necessary is demonstrated by the fact that the three most serious cases escalated to FINMA alone could potentially lead to an estimated loss of client assets amounting to around CHF 250 million. To put the total costs incurred by FINMA in connection with its supervision of the SOs and the portfolio manager population into perspective, the gross income of portfolio managers can be used as a benchmark in addition to potential client losses: Based on their assets under management, FINMA's supervisory levies[9] can

[9] See FINMA annual financial statements 2025, p. 47.

be estimated at around 0.2% of the total annual gross income of this group of portfolio managers.

From FINMA's perspective, the supervisory costs are therefore proportionate to the benefits, namely the contribution to investor protection and the reputation of the sector.

4 Market access

The introduction of prudential supervision for portfolio managers and trustees laid the foundations for market access in other countries. It was only with reference to this that the industry was able to secure market access both in the UK[10] and the USA[11] following complex and extensive negotiations with foreign authorities. Institutions wishing to find out more can access the relevant information on the FINMA website.[12]

5 Legal framework for the two-tier supervisory system

In the preliminary draft of the Financial Institutions Act, the legislator set out two options for the supervision of portfolio managers and trustees – either directly by FINMA or by supervisory organisations.[13] Ultimately, following extensive consultation with industry representatives, the current two-tier supervisory system was adopted as law.[14] Accordingly, FINMA licenses the institutions and any subsequent material changes to them. In addition, FINMA is responsible for the licensing and ongoing supervision of initially five – and now four – SOs. The SOs' core task is the ongoing supervision of the institutions. In practice, they rely on the audit firms mandated by the institutions for this. The SOs must also authorise the institutions' audit firms and supervise them. If an SO identifies serious shortcomings or persistent breaches at one of its institutions, it reports this to FINMA, which must then intervene by way of intensive supervision or enforcement proceedings.

The supervision of portfolio managers and trustees therefore takes place within a complex system in which supervisory responsibilities are distributed across three levels – the SOs, audit firms and FINMA – which requires close

[10] FINMA news published on 22 September 2022

[11] FINMA press release published on 10 June 2025

[12] Regarding the USA, see FINMA press release published on 10 June 2025. For the UK, see the FINMA website regarding the Berne Financial Services Agreement.

[13] Art. 82 VE-FinIA

[14] See p. 54 in the report by the Federal Department of Finance on the results of the consultation on the Financial Services Act (FinSA) and the Financial Institutions Act (FinIA) dated 13 March 2015 and the dispatch on the Financial Services Act (FinSA) and the Financial Institutions Act (FinIA) dated 4 November 2015, BBl 2015 8901, 8928.

coordination. FINMA has implemented the system as efficiently as possible and is constantly striving to optimise it further, as far as the law allows. As part of its optimisation initiatives, FINMA regularly seeks feedback from industry associations. However, the current statutory supervisory system remains, in principle, inherently complex.

As part of the Financial Sector Assessment Programme (FSAP) – through which the International Monetary Fund and the World Bank assess the effectiveness of a country's financial market supervision – the licensing and supervision of portfolio managers and trustees following the introduction of the FinIA were explicitly welcomed. However, the two-tier supervisory system was viewed critically in terms of efficiency and effectiveness, and the assessment included a recommendation to review this system. The report in question draws particular attention to the competition between SOs and the associated risks to the quality of supervision, as well as to the duplication of effort inherent in the multi-tiered structure.[15]

At national level, a review of the current supervisory system was called for in the postulate "Evaluation of the supervisory structure and practice in the financial market", and a working group was set up. FINMA will support this work within this framework without a predetermined outcome and by drawing on its supervisory experience and will also work towards ensuring an efficient supervisory system. FINMA would welcome a simplification of the current, inherently complex supervisory system and is open to statutory amendments including the introduction of a new supervisory system.

[15] See pp. 14, Technical Note, Securities Market – Selected Issues in Regulation and Supervision, Switzerland FSAP, IMF Country Report No. 25/300, November 2025.