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"Switzerland is becoming the jurisdiction of choice for asset managers."

The economic downturn has led to a substantial increase of regulatory burdens for the international financial industry, and more regulation is about to come. The Swiss regulator FINMA is reluctant applying foreign standards, including such on product providers' commissions, and has already indicated that AIFMD shall not be followed by Switzerland.

The Swiss financial industry survived the crisis comparatively well. Nevertheless, recent and pending regulations have accelerated the pre-existing trend of talents and assets under management leaving regulated financial institutes for independent asset managers. Several features of financial markets regulation expedite this trend and attract foreign investors and business, including that asset management for foreign funds does not require a license; asset managers may opt for FINMA supervision, if required by foreign regulations. Investment advisory services do also not entail a licensing obligation. Moreover, asset managers may receive commissions from product providers without disclosing specific amounts to customers.

Switzerland is still attractive for investors. M&A activities are slowly recovering according to recent surveys and private equity acquisitions activities with a UK or US background and concerning Swiss TMT and consumer goods companies are increasing. Acquisitions in the financial industry are still significant, although last year some foreign banks sold their Swiss private banking units: An unusual number of foreign acquisitions of asset managers is reported, such as AP Anlage & Privatbank by Peter Hambro's UK WMHY (intended), Banque Heritage's family office by German Engel & Voelkers and Banca Commerciale Lugano by the Indian Hinduja family. Also numerous managers and advisors have relocated to Switzerland. Some of these acclivities are apparently fostered by the regulatory environment abroad and in Switzerland.

The key challenge with acquiring Swiss asset managers or private banks is due diligence of customer relationships, notably compliance with regulations. For such purposes, the banking and finance practice at KLEIN is supported by the M&A team, which has advised 2009 on the sale of a Swiss bank to a foreign group and has also a reputation for transactions in emerging countries and the commodities industry. The firm has recently advised a Cayman hedge fund on choice of jurisdiction for a new fund, London asset managers on imple-mentation of investment arranger structures, settled claims concerning USD 750million fund linked structured notes guaranteed by a London bank, and negotiated real estate fund investments in >100 billion m³ reserves gas fields. Backed by such experiences, managing partner Thomas Klein says: "We punch on a regular basis well above our weight given the size of our firm."

Zurich and Zug based KLEIN Attorneys Ltd. is a Banking & Finance / Commodities boutique firm focusing on HNWI as customers and on clients with a similar focus. The firm acts as general counsel for international banks and brokers, and advises on a regular basis asset managers on fund structures, including taxation. For providing tailor made advice, KLEIN combines its knowledge and experience with such of other specialists, notably for corporate and individual taxation.