

Bellecapital: Starting shot fired for SEC registration



The Zurich-based asset management company Bellecapital believes that the business with US clients offers significant potential. That's why it's now taking the necessary measures.

Whilst various Swiss banks have for some time now been withdrawing from business with US clients, the Zurich-based asset management company [Bellecapital](#) is doing precisely the opposite. "In view of the latest developments we see enormous potential in this area," explains **Werner Diehl**, co-founder of and partner in the company.

Against the background of the new, tougher legal regulations in the USA the Swiss company has now applied for a licence from the U.S. Securities and Exchange Commission (SEC), the aim being to develop this area of business.

"Our objective is clear," continues Diehl. "We want to provide a service from Switzerland for US clients and within the framework of the statutory regulations of course."

"The tightening of the US legislation for all investment advisors who look after US clients has forced us to rethink our strategy. Since we see considerable potential for our services in the USA we have decided to apply to the US regulatory authority for a licence," explains Werner Diehl.

Licence expected by the middle of the year

Bellecapital expects to be granted the SEC licence by the middle of the year. The market potential really is likely to be considerable, not least since many local private bankers with US clients are no longer welcome at some Swiss banks.

There is additional potential for attracting wealthy new US clients who are looking to diversify their assets on a global basis and their local asset managers do not possess this expertise. “We have a global knowledge,” says **Mark Eberle**, co-founder of and partner in Bellecapital, “and have no problems in having our performance compared with that of leading US asset managers.”

Unbeatable when it comes to custody account business

Even if an SEC registration authorises Bellecapital to manage custody accounts with banks in the USA, the intention wherever possible is to place client funds with banks in Switzerland. “When it comes to custody account business Swiss banks are unbeatable,” enthuses **Beat Bass**, co-founder of and partner in Bellecapital.

“Thanks to their decades of experience in private banking they offer services of the highest standard. Who else can today trade on virtually every stock exchange in the world – however exotic – and actually do this in the local currency?”

Tough regulations in the USA

The requirements are certainly tough. For example, the new legislation that comes into force this summer requires all asset managers with more than 15 US clients or more than 25 million dollars of assets under management to be subject to SEC regulation. There are differences in a number of areas between the US regulations for the asset management business and the requirements in Switzerland.

In addition, there are differing rules relating to disclosure. We therefore recommend the establishment of an independent company, geographically separate from any existing Swiss legal entities.

Causing a stir in the sector

Bellecapital’s foray into the US business has already caused something of a stir in the industry here at home. And this just a few years after the company was formed by Werner Diehl and Beat Bass who both possess years of private banking experience working for the Guyerzeller Bank.

When it was taken over by HSBC in 2009 Diehl and Bass felt the time was right to go independent – in partnership with Mark Eberle a former banker with Barclay’s Bellecapital is now led by this triumvirate.

Strong growth

The company, with registered offices on Zurich’s Bellevue square – hence the name of the company – currently employs nearly a dozen staff, including Martin Jetzer, the long time chief economist of HSBC Guyerzeller.

Two years after the company was formed Bellecapital already has assets under management in excess of 2.5 billion Swiss francs in client custody accounts. The company expects the new US business to generate a further 300 to 500 million Swiss francs.

Personnel recruitment with Egon Zehnder

Bellecapital is looking for additional, experienced client advisors. To this end the company is working closely together with **Egon Zehnder**, i.e. one of the leading headhunters in the city.

From business philosophy aspect the company feels it is important to be free of any factual constraints and conflicts of interest whatsoever and, instead, to deliver a higher than average performance for its clients based on own assessment. What this actually means is not pursuing any product pushing, not charging any hidden fees or retrocessions but instead being clearly oriented towards generating substantial added value for its clients.

Clear guiding principle

In a nutshell, “our product is our performance,” says Werner Diehl. “We are not guided by any arbitrary benchmark,” stresses Beat Bass. “Our aim instead is to generate a sustainable net return for the assets clients have entrusted to us.”

In addition to Bellecapital there are a few other financial institutions in the city which explicitly accept US clients. These include e.g. the asset managers Swisspartners, Bank Vontobel or the Liechtenstein-based Kaiser Ritter Partner Group. However, the potential has by no means been fully exploited.

Miami, an attractive choice of homeland

On balance, the provision of a service from Switzerland for US clients in conformity with the regulations could develop into a highly profitable business model for Swiss financial institutions not least since this will enable them to be personally active in the USA. “For example in Miami, the homeland of choice for many citizens from Latin-American countries, opening up additional earnings potential,” emphasises Mark Eberle.

At a time when the Swiss financial sector is faced with shrinking margins, increased regulatory provisions and with banking secrecy crumbling under the issue of tax optimisation, new business models are needed.