

# Proposed introduction of a Federal Register of Beneficial Owners

The Swiss Federal Council has adopted a bill proposing significant amendments to Switzerland's anti-money laundering (AML) framework for submission to Parliament. A key feature of this reform is the introduction of a new federal "transparency register", in which companies will be required to record information about their beneficial owners.

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## Introduction

On 22 May 2024, the Swiss Federal Council adopted a bill proposing significant amendments to Switzerland's anti-money laundering (AML) framework, for submission to Parliament. A central element of this proposal is the introduction of a central federal register of ultimate beneficial owners ("**UBO Register**"), referred to as "transparency register" (*registre de transparence / Transparenzregister*) in the draft revision. The dispatch follows a consultation process that occurred from 30 August 2023 to 30 November 2023.

With the exception of certain aspects concerning register access, discrepancy reporting, and nominees' disclosures, the bill largely mirrors the consultation version discussed in our September 2023 Insight (available [here](#)).

The proposed package also contains measures in other areas, such as know-your-customer and AML obligations attaching to the provision of certain legal or advisory services, real estate transactions and trades in precious metals. It also clarifies financial intermediaries' due diligence and risk management duties related to compliance with economic sanctions. This Update, however, focuses on the UBO Register.

## UBO Register

The proposed amendments would be passed via the adoption of a new Federal Act on the Transparency of Legal Entities and the Identification of Ultimate Beneficial Owners (the "**Legal Entities Transparency Act**" or "**LETA**")<sup>[1]</sup>. The draft LETA proposes the creation of a UBO Register – a central register of beneficial owners managed by the Swiss Federal Office of Justice. The aim is to enhance transparency and accountability at the level of legal entities, thereby preventing their use for money laundering or concealing assets.

### Scope

The proposal requires the following entities to identify and gather information on their ultimate beneficial owners (UBOs), and communicate this to the new UBO Register:

- **Swiss legal entities**, including corporations, limited liability companies, SICAV/SICAF, cooperatives, foundations, and associations (with the exception of listed companies);
- **Legal entities based abroad** having a branch in Switzerland, being effectively managed from Switzerland or owning real estate in Switzerland.

### Definition of UBO

The draft Legal Entities Transparency Act intends to align the definition of ultimate beneficial owner ("**UBO**") with that used in AML regulations, while also setting straightforward criteria to facilitate the identification of UBOs. In a nutshell, the draft defines a company's UBO as any natural person who directly or indirectly holds at least 25% of the capital or voting rights of the company, or exercises control over the company through other means.

For foundations and associations, the range of individuals to be identified may include, depending on the circumstances, the founder, beneficiaries, or any other individual who exercises control or significant influence over the entity.

If no individual meets these criteria, the highest-ranking member of the executive body is registered as UBO.

The information to register on a UBO includes their name, surname, date of birth, nationality, address and country of residence, as well as the type and extent of their control over the entity.

### Access to the UBO Register

Access to the UBO Register is restricted to designated authorities, including, for instance, police authorities, administrative or criminal prosecution authorities, the Swiss Money Laundering Reporting Office (MROS), land registry offices, the State Secretariat for Economic Affairs (SECO), or tax authorities in the context of prosecuting tax offenses. Financial intermediaries and advisors subject to Swiss anti-money laundering due diligence and reporting obligations are also granted access to the UBO Register to fulfill their legal obligations. This will in principle be organized through a direct online portal.

For privacy and data protection reasons, however, the UBO Register will not be accessible to the general public. Specifically, the draft LETA does not provide a basis for access based on the demonstration of a legitimate interest.

### Discrepancy reporting

The introduction of a requirement for financial intermediaries to report discrepancies between the information in their files and the data listed in the UBO Register was a significant point of discussion during the consultation process. The reporting duty, however, focuses on significant discrepancies that impact the accuracy, completeness, or timeliness of the UBO information, which persist after having reached out to the client to resolve them. Minor issues, such as typographical errors or slightly outdated details, should not be a cause of concern. The draft LETA does not provide for sanctions in the event of a failure to report discrepancies.

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[1] An unofficial translation into English is available [here](#).

## Specific regimes applicable to trustees and nominees

The draft LETA imposes UBO identification and documentation duties on trustees domiciled in Switzerland or managing a trust from Switzerland, when these trustees are not already subject to the Swiss Anti-Money Laundering Act ("**AMLA**"). This regime will typically capture trustees who do not meet the thresholds for conducting activities on a "professional basis". Under the draft, the UBOs of a trust are defined broadly to include the settlor, the trustee, the protector, any beneficiaries, as well as any individual with direct or indirect control over the trust. Trustees are, however, not required to report information to the UBO Register.

In addition, the draft LETA imposes certain UBO identification, documentation and reporting duties in relation to nominee relationships. Accordingly, nominee directors, shareholders or partners are required to disclose their acting as nominee to the relevant company, along with the identity of their principal. Financial intermediaries (eg, banks or brokerage firms) acting as nominees are not exempted from this reporting obligation, but the information to communicate in this case is limited to their acting as nominee and does not extend to the identity of the principal.

In addition to a disclosure to the relevant company, nominee directors and partners are required to report the same to the Commercial Register (but not to the UBO Register). Whilst their acting as nominee will be visible in the company's Commercial Register excerpt, information relating to the principal will not be made public.

## Consequences in case of non-compliance

Intentional failures to comply with UBO registration requirements may constitute criminal offenses punishable by fines of up to CHF 500'000. Negligent breaches are not subject to penalties.

## Next steps

The proposed draft Legal Entities Transparency Act will be scheduled for discussion before Parliament. The legislature will likely work towards enacting the new law before Switzerland's next evaluation by the FATF, which is planned for 2027.

Once the new LETA enters into force, short transitional deadlines will apply for filings with the UBO Register. The deadlines applicable to existing Swiss legal entities vary between three months

and six months depending on their corporate form, whilst in-scope foreign entities will have a six-month deadline. Therefore, it is advisable to closely follow the progress of the parliamentary process leading to the entry into force to anticipate the necessary steps leading to a registration with the UBO register.

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