

Establishment of a Transparency Registry of Beneficial Owners

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On 1 October 2026, Switzerland introduced a centralised, non-public transparency register for beneficial owners. The legal basis for this reform is the Federal Act on the Transparency of Legal Entities and the Identification of Beneficial Owners (LETA) and the associated ordinance (LETO). This new regulatory framework supplements the existing corporate law reporting and registration requirements by introducing a central register, with the aim of enhancing transparency regarding beneficial owners, as well as the ownership and control structures of legal entities.

The reform was prompted by international pressure to align with international standards. The Financial Action Task Force requires authorities to have rapid access to adequate, accurate and up-to-date information on the beneficial owners of legal entities in its recommendations. By introducing the Transparency Register, Switzerland is implementing these international requirements, while also working to strengthen the fight against money laundering, terrorist financing and other financial crimes, and to safeguard the integrity and competitiveness of Switzerland as a financial and business centre.

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I. Application and Exceptions

The LETA primarily covers companies organised under Swiss law. This includes stock corporations, limited stock partnerships, limited liability companies and cooperatives, as well as investment companies with variable capital (SICAVs) and investment companies with fixed capital (SICAFs), and limited partnerships for collective investment schemes (see Art. 2(1)(a) LETA).

Legal entities governed by foreign law are also subject to the LETA if they have a qualifying connection to Switzerland (see Art. 2(1)(b) LETA). This notably applies when a branch office is registered in the Commercial Register (No. 1), when management is carried out in Switzerland (No. 2), or when real estate in Switzerland is owned or acquired (No. 3). In these cases, legal entities and other foreign legal entities must also appoint a representative or domicile for service in Switzerland (see Art. 17(2) LETA).

However, not all legal entities are subject to the LETA. Those excluded under Art. 3 of the LETA are: publicly traded legal entities; subsidiaries that are more than 75% directly or indirectly owned by one or more publicly traded companies (lit. a); supervised pension funds (lit. b); and legal entities that are at least 75% directly or indirectly owned by public authorities (lit. c). Associations and foundations are also not subject to the LETA. Trustees with their registered office or residence in Switzerland, or who administer trusts in Switzerland, may be subject to specific obligations unless they are already subject to the Anti-Money Laundering Act (see Art. 2(2) of the LETA).

II. Beneficial Owners and the Concept of Control

According to Article 4(1) of the LETA the 'ultimate beneficial owner' is, in principle, any natural person who ultimately controls a legal entity. This control can be exercised directly or indirectly, alone or in conjunction with third parties. It may result from an ownership interest or arise in some other manner. The decisive factor is not only who formally holds shares, but also who can actually exercise control over the legal entity under the specific circumstances.

A. Control through participation

A natural person is considered to control a legal entity through a stake if they hold at least 25% of the entity's capital or voting rights, either directly or indirectly, alone or jointly with third parties. The stake must in fact be held; a mere right to a future acquisition is not sufficient on its own.

The capital recorded in the Commercial Register is decisive for determining the capital share. Different classes of shares or units must be aggregated. In case of stock corporations, participation capital and share capital must also be considered together. Profit participation certificates and instruments that may only lead to the future acquisition of shares – such as options or conversion rights – are not counted as equity interests for the purposes of this threshold. Regarding voting rights, all voting rights held by the legal entity must be considered, including instruments with preferential voting rights. Instruments without voting rights, such as participation certificates of a stock corporation, are irrelevant when calculating the voting rights threshold.

B. Control through other means

In addition to holding a stake, a natural person may exercise control over a legal entity through other means. This includes legal or de facto means of influence that enable the individual to make or block key decisions of the legal entity. According to Art. 3(1) LETA the following substantive rights or capabilities are particularly relevant:

- the ability to appoint or dismiss more than half of the members of the management or administrative body (lit. a);

- the ability to veto significant resolutions, such as changes in purpose, the election of management, corporate strategy, the budget, investment planning or financing (lit. b);
- the ability to influence or control decisions regarding profit distributions or other asset dispositions.

These examples are not exhaustive. Control may also arise from shareholder agreements, special rights under the articles of incorporation, trust or nominee structures, options and other capital instruments, convertible bonds, profit-sharing loans or relationships between related parties, among other things. In each case, the actual scope of influence must be analysed on a case-by-case basis.

C. Joint decision-making and indirect control

Control may be exercised either independently or in collaboration with third parties. Concerted action occurs when individuals coordinate their behaviour to exercise control over a legal entity. A formal contract is not strictly necessary. Informal coordination may be sufficient if there is a common goal.

A beneficial owner may control a legal entity under Art. 2 LETO, either directly or indirectly via one or more natural persons, legal entities or trusts. In such a case, it is necessary to determine who controls the intermediary entities and how they, in turn, control the target company. Where intermediate legal entities are involved, indirect control under Art. 2(2) LETO is presumed if a natural person holds more than 50% of the capital or voting rights of one or more intermediate legal entities which, in turn, hold at least 25% of the capital or voting rights of the target company, directly or indirectly. Control may also exist in other ways, even below formal thresholds.

D. No supervising person

If no natural person meets the control criteria under Article 4(1) LETA, the highest-ranking member of the governing body is deemed to be the beneficial owner by default. This differs from cases where a beneficial owner exists but cannot be identified or verified. In these cases, the available relevant information and the highest-ranking member of the governing body must be reported as the reference person. For Swiss legal entities, this is usually the CEO, unless management has been delegated to a management body, in which case it is the chair of the board of directors or executive board. For dissolved legal entities, the liquidator may be the relevant person. In the case of a stay of debt enforcement, it is the trustee.

III. Obligations

A. Legal entities

Affected legal entities must identify their beneficial owners, verify their identities and control relationships, document the required information and report it to the transparency register. They must also keep this information up to date (see Articles 7 to 10 of the LETA). According to Art. 12(1) LETA responsibility for reporting lies with the most senior member of the governing body. This can be handled internally or delegated to third parties. However, responsibility remains with the legal entity or the relevant governing body.

In particular, the following information must be recorded:

- Identity of the beneficial owners (see Art. 7(1)(a–d) LETA and Art. 10 LETO: First and last name, date of birth, nationality(ies), municipality of residence, postcode, country of residence. The legal entity must verify whether a social security number is available. If not, a copy of an identification document admissible under Art. 10(2) LETO must be obtained.
- Information on the nature of the control exercised (see Art. 7(1)(e) LETA and Art. 12 LETO), i.e. whether the control is exercised directly or indirectly, alone or by mutual agreement, through a holding interest or in any other manner.
- Information on the extent of the control exercised (see Art. 7(1)(e) of the LETA and Art. 13 of the LETO) is provided below. This information relates to the range of controlled equity or voting rights, which can be categorized as follows: At least 25% up to a maximum of 50%, more than 50% up to a maximum of 75%, more than 75%.
- Information regarding control exercised by other means (see Art. 14 of the LETO) is also provided below. This information relates to the means of control when control is exercised by other means, including the relevant contracts, rights or actual means of influence.
- Information on the chain of control (see Art. 15 of the LETO) is provided below. This information relates to additional details if the chain of control comprises at least two intermediate persons, legal entities or trusts, or if it includes at least one trust or fiduciary relationship. It also relates to cases where measures to freeze funds or economic resources under the Embargo Act or the Restitution of Illicit Assets Act are in place against at least one beneficial owner.

The legal entity must take all reasonable measures to obtain and verify the information. Verification must be conducted with due diligence and on a risk-based basis. Absolute certainty is not required. If identification or verification is unsuccessful, the steps taken and the reasons for the uncertainty must be documented.

The information and supporting documents collected must be retained and kept available in Switzerland at all times. The retention period generally lasts ten years from the date on which the person in question ceased to be a beneficial owner.

B. Obligations of shareholders, beneficial owners and other affected third parties

Holders of company shares who, either individually or in conjunction with third parties, hold a controlling interest must report the identities of their beneficial owners to the legal entity and provide the necessary information (see Art. 13 LETA).

Beneficial owners must disclose their identity and controlling position so that shareholders and legal entities can fulfill their legal obligations (see Art. 14 LETA). If control is exercised through multiple legal entities via a chain of control or in any other manner, disclosure may need to be made directly to the affected legal entity. Shareholders, beneficial owners and other persons involved in the chain of control must cooperate with the review and provide relevant information and supporting documents. These obligations apply regardless of whether the persons concerned are resident in Switzerland or abroad.

IV. Notification to the Transparency Registry

The report submitted to the Transparency Register must include information about the legal entity itself, the person making the report, and the beneficial owners. Foreign legal entities must also report the reason for their subjection to the LETA, as well as providing information about their representative or their address for service in Switzerland.

Each registered legal entity must identify its beneficial owners and report them to the Transparency Register. If no natural person meets the control criteria, the highest-ranking member of the governing body must be reported instead. If the legal entity is unable to identify an existing beneficial owner, or if it cannot verify the owner's identity or status sufficiently, it must disclose this in accordance with Article 9(3) of the LETA in conjunction with Art. 21 LETO, provide all available relevant information and designate the highest-ranking member of the governing body as the contact person.

The LETA provides for simplified reporting procedures in certain situations. These apply to limited liability companies where all shareholders are natural persons and are also beneficial owners (see Art. 35 LETO), and to single-member stock corporations (see Art. 36 LETO). Special reporting requirements also apply to legal entities that are partially controlled by a publicly traded legal entity (see Art. 7(3) LETA).

Electronic reporting is carried out via the platform established under the Business Relief Act — in practice, via 'EasyGov'. Under the statutory conditions, reporting through the

Commercial Registry Office is also possible. The natural person acting on behalf of the entity must be authorised in writing to register and authenticate themselves on the platform and may use the Swiss authorities' authentication service for this purpose. The register is not public. Access is granted exclusively to the authorities and agencies designated in the LETA, for the purposes of their statutory duties only. Financial intermediaries and advisors who are subject to the Anti-Money Laundering Act can access the information in the transparency register to fulfil their anti-money laundering due diligence obligations.

V. Practical Implications for Businesses, Banks and Financial Intermediaries

For companies, implementing the LETA results in an ongoing compliance, governance and documentation burden. Not only must ownership and control structures be recorded at the time of incorporation or initial registration, but they must also be monitored on an ongoing basis. Changes to the registered information must generally be reported within one month of becoming aware of them (see Art. 10 LETA). However, pursuant to Art. 39(3) of the LETO, an obligation to report changes in ownership interests only exists if such changes cause the value to exceed or fall below one of the threshold categories specified in Art. 13(1) LETO.

For banks and other financial intermediaries, the Transparency Register will serve as an additional source of information in the context of their Anti-Money Laundering Act processes. However, it does not replace the identification of the contracting party or the financial intermediary's own investigation and risk-based verification of the beneficial owner under the Anti-Money Laundering Act. The LETA does not establish a general obligation to reconcile all existing client files with the Transparency Register systematically and completely.

If, during a register query, a financial intermediary identifies a discrepancy that raises doubts about the accuracy, completeness or timeliness of the information regarding the beneficial owner, it must conduct the necessary clarifications and request clarification from the client. The discrepancy must be reported within 30 days of its discovery. Art. 57 LETO specifies when the time limit starts if the clarifications cannot be completed or the customer does not respond promptly. A discrepancy in the registry does not automatically constitute suspicion of money laundering, but it may trigger additional clarifications.

VI. Transition Periods and Ongoing Updates

Generally, newly established Swiss legal entities must report their beneficial owners within one month of their entry in the Commercial Register (see Art. 9(4) LETA). The same one-month deadline applies to foreign legal entities that are newly subject to these

requirements, starting from the date of registration of a branch office, the commencement of actual management in Switzerland, or the obligation to acquire real property in Switzerland, for example.

Phased transition periods apply to existing legal entities. If the first change to the commercial register entry occurs after 1 October 2026, the initial notification must generally be submitted within one month of the change taking place. If no such change occurs, the following deadlines apply:

Legal Entity / Structure	Deadline
Corporations subject to regular audit requirements	January 1, 2027
Stock corporation not subject to mandatory annual audits	March 1, 2027
Other companies subject to mandatory audits	February 1, 2027
Other Swiss companies and existing foreign legal entities within the scope of application	April 1, 2027
Legal entities whose entire group of beneficial owners is already registered in the Commercial Register as Shareholders or members of the governing body	October 1, 2028

The obligation for financial intermediaries to report discrepancies in the registry does not take effect until six months after the law enters into force, i.e. 1 April 2027. Affected legal entities must generally update changes to reported information within one month of becoming aware of them.

VII. Penalties for Violations

Article 43 LETA provides for fines of up to CHF 500,000 for intentional breaches of certain reporting, disclosure and cooperation obligations. These include failure to report, late reporting, false reporting and incomplete reporting or disclosure. Criminal liability must be distinguished from administrative measures taken by the registry authority and the supervisory body.

If a deficiency is not remedied despite a request to do so, the registry authority and the supervisory body may take the administrative measures provided for in the LETA. Depending on the circumstances, these measures may include notes of record,

measures concerning participation and property rights, and, as a last resort, steps towards the dissolution and liquidation of the legal entity. The jurisdiction and requirements for each measure must be examined separately.

VIII. Conclusion

The Transparency Register significantly increases the compliance and governance burden for affected legal entities. The key change lies not only in reporting to the Register, but also in the obligation to comprehensively identify, verify and document, in a traceable manner, information regarding beneficial ownership, and to continuously update this information.

Particular attention should be given to indirect chains of control, coordinated conduct, trust and fiduciary structures, and special contractual rights. The transition periods are short. For this reason, responsibilities, data collection, verification, access to the registry and updating processes must be addressed promptly. Errors or omissions can have significant financial and corporate legal consequences.

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