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The new Swiss Transparency Register – an overview

Marcel Jakob, Olivia Wipf, Debora Brunner

Key Take-aways

- 1.** Switzerland is introducing a central, non-public Transparency Register of the beneficial owners of Swiss companies.
- 2.** The LETA brings far-reaching new obligations for companies, shareholders, beneficial owners, third parties involved in the chain of control, as well as trustees.
- 3.** Implementation deadlines of only a few months and fines for non-compliance call for appropriate measures at an early stage.

1 Background and Purpose

In response to international standards for combating money laundering and the financing of terrorism, Switzerland is introducing the Swiss Federal Act on the Transparency of Legal Entities and the Identification of Beneficial Owners (LETA). The LETA will replace the existing (internal) reporting and register-keeping obligations regarding ultimate beneficial ownership. Together with its implementing ordinance, it is expected to enter into force in the second half of 2026. At its core lies the establishment of an **electronic transparency register**, which will be accessible only to selected parties, in particular authorities and financial intermediaries, with the aim of combating the misuse of legal structures and related financial crime through increased transparency.

The LETA repeals the existing reporting obligations and internal register-keeping obligations under the CO

2 Organization of and Access to the Transparency Register

The transparency register will be maintained by the Swiss Federal Office of Justice as a central electronic register. **Access will be restricted** to (various) Swiss authorities as well as to financial intermediaries (in particular banks and asset managers) and advisers subject to the Swiss Anti-Money Laundering Act (AMLA), which may consult the register to comply with their due diligence obligations. Queries may be conducted individually via an electronic portal or in automated form via a technical interface (API).

Each entity may request an extract from the register relating to its own data, and each beneficial owner has a right to access her/his/its information.

3 Scope of Application

Entities required to file information about their ultimate beneficial owners with the new transparency register include Swiss stock corporations, limited liability companies, investment companies with variable or fixed capital (SICAV/SICAF) as well as limited partnerships for collective investments. Associations, foundations and partnerships are excluded from the registration requirement.

The new rules apply by analogy to **foreign legal entities with a Swiss nexus** (including offshore foundations), where they maintain a registered branch in Switzerland, have their place of effective management in Switzerland or own Swiss real estate.

Listed companies, as well as companies controlled, directly or indirectly, to more than 75% by a listed company, are **exempt** from the scope of application. Pension funds and legal entities that are at least 75% owned by public

bodies are also exempt.

Trustees whose (place of) residence or place of administration is in Switzerland must, unless they are already subject to the AMLA, identify the beneficial owners of the trust. However, they are generally not required to report to the transparency register (see section 4.3 below).

4 Transparency Requirements

4.1 Overview of the Reporting Obligations

Under current law, Swiss entities are required to maintain an internal register of the (ultimate) beneficial owners reported to them by their direct shareholders. The LETA will fully **repeal** these provisions (Art. 697j et seqq. CO and Art. 790a CO).

The LETA instead introduces comprehensive obligations going **beyond the current rules**, including obligations to identify, cooperate, verify, report, document and retain information. These apply not only to entities and their shareholders, but also to beneficial owners, third parties involved in the chain of control, as well as financial intermediaries and trustees.

The new LETA applies not only to stock corporations and limited liability companies, but also to other Swiss and foreign legal entities as well as to trusts.

4.2 Companies

4.2.1 The Beneficial Owner

Under the LETA, the ultimate beneficial owner of an entity is any natural person who ultimately controls the entity by, directly or indirectly, alone or in concert with third parties, (i) holding at least 25% of its capital or voting rights, or (ii) controlling the entity in any other way. If no beneficial owner can be identified (e.g. where the shares are widely held below 25% and no control is exercised in another way), the highest-ranking member of the managing body is deemed to be the beneficial owner by default.

The LETA thus adopts the definition of beneficial owner as already set out in the AMLA.

4.2.2 Obligations

a. Obligations of the Entity

Entities are required to **actively identify** their ultimate beneficial owners, gather information on their identity as well as on the nature and extent of the control exercised, verify, document and retain this information with due care, and **report** it to the transparency register. The initial report must be filed within one month of the entity's entry in the commercial register. Any subsequent changes must be reported within one month of becoming known.

If the beneficial owner cannot be identified, the entity must document this internally (including the steps taken to clarify the beneficial owner situation) and report to the register all relevant information available.

The LETA adopts the definition of beneficial owner as set out in the AMLA.

b. Obligations of Shareholders, Beneficial Owners and Third Parties

Shareholders are required to **disclose** to the entity the beneficial owner of the stake they hold in an entity, as well as any changes, within one month of acquisition or of becoming aware of a change. Upon the entity's request, they must also provide any information or supporting documentation necessary to verify the identity of the reported beneficial owner or their status as such.

Beneficial owners must **report** their status, as well as any changes thereto, within one month of acquiring control or of becoming aware of a change. Where control is exercised through multiple layers of entities or persons or in another manner, the report must be submitted directly to the Swiss entity; otherwise, to the shareholder of the entity.

Beneficial owners themselves, as well as third parties involved in the chain of control, are required to cooperate in the verification of identity and beneficial ownership status.

The new cooperation and reporting obligations therefore also **extend to foreign parties**, even where they have no direct link to Switzerland.

c. Obligations of Financial Intermediaries

Swiss financial intermediaries (e.g. banks and asset managers) must report to the transparency register discrepancies between the information recorded in the register and their own data. This applies when doubts persist regarding the accuracy, completeness, or timeliness of the registered information, even after drawing the financial intermediary's client's attention to the issue.

4.3 Trusts

4.3.1 The Beneficial Owner

Under the LETA, **the beneficial owners of a trust** are the settlor, the trustees, the protectors, the beneficiaries as well as any other natural person who ultimately exercises control over the trust (regardless of the trust structure).

4.3.2 Obligations of the Trustees

Trustees whose residence or place of administration is in Switzerland are required to obtain information on the beneficial owners of the trust, to verify, document and retain it with due care. Unlike entities, trusts are neither registered in the transparency register nor subject to a direct reporting obligation. Instead, trustees must determine and maintain the relevant information and ensure that it is readily available for access in Switzerland at all times.

However, where a trust or a trustee - irrespective of any Swiss nexus - holds a qualifying participation in a Swiss

entity subject to reporting obligations, otherwise exercises control over such an entity, or is involved in the chain of control, the entity must report the trust-related information to the transparency register. Depending on the situation, the trust or the trustee will then be subject to the reporting and cooperation obligations as a shareholder, as a third party involved in the chain of control, or as a beneficial owner (see section 4.2.2.b).

5 Measures and Sanctions

5.1 Administrative Measures

In the case of incorrect, incomplete or outdated entries, the Swiss authorities may order the **measures** necessary to restore compliance. The LETA provides for a non-exhaustive, cascading catalog of measures: as a first step, the authorities may require the submission, correction, or deletion of information. In the case of serious breaches of reporting obligations, the participation and economic rights of the relevant shareholder may also be suspended. As an ultima ratio, the dissolution and liquidation of an entity may be ordered.

Breaches of the LETA may result in significant consequences.

5.2 Criminal Sanctions

Anyone who willfully breaches the reporting or disclosure obligations or provides false information may be subject to a **fine of up to CHF 500,000**. Criminal liability for breaches of disclosure obligations may also extend to foreign parties. Criminal liability for breaches of the reporting obligation generally rests with the natural persons responsible for making the filings. In the case of Swiss companies, this will typically be the highest-ranking member of the governing body. In addition, failure to comply with an order of the authorities may be punished by a fine of up to CHF 100,000.

6 Transitional Periods and Need for Action

Companies must file their initial report with the transparency register **within one month** following the first change to a commercial register entry after the LETA enters into force. However, absolute reporting deadlines apply: **two years** from the entry into force of the LETA for legal entities whose beneficial owners are all already registered as shareholders or directors/officers in the commercial register, and **three to six months** for other entities, depending on the legal form and audit obligations.

Affected Swiss entities should therefore prepare for **short implementation deadlines**. It is advisable to examine at an early stage whether internal processes for identifying, documenting and reporting beneficial owners need to be implemented or adjusted. In particular, where

complex ownership or trust structures are involved, an early analysis of control and beneficiary relationships is recommended.

Short transitional periods call for prompt action.

For shareholders, the reporting obligation under the LETA is deemed fulfilled where they have complied with their current reporting obligations under the Code of Obligations (CO) and the persons previously reported correspond to the beneficial owners under the LETA. Where the LETA requires additional information, the legal entity may request the shareholders to provide it **within one month**.

It should be noted that the concept of beneficial owner under the LETA does not correspond to the concept used under the previous reporting regime under the CO. Accordingly, existing reports should be reviewed critically.

No transitional period is provided for trustees. They must implement their obligations under the LETA from the date it enters into force (expected for the second half of 2026).

7 Conclusion

With the LETA, Switzerland seeks to further strengthen the integrity of its financial and business location. Affected legal entities and their stakeholders will face significant new obligations with potentially significant consequences in case of non-compliance. Those who assess their exposure at an early stage, clarify the necessary implementation steps, and seek expert advice where appropriate will be best placed to mitigate risks and ensure a smooth and legally compliant implementation.



Andrea Dorjee-Good
Partner
Andrea.Dorjee@swlegal.ch



Marcel Jakob
Partner
Marcel.Jakob@swlegal.ch



David Wilson
Partner
David.Wilson@swlegal.ch



Christoph Vonlanthen
Partner
Christoph.Vonlanthen@swlegal.ch

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Schellenberg Wittmer Ltd
Attorneys at Law

Zurich
Löwenstrasse 19
P.O. Box 2201
8021 Zurich / Switzerland
T +41 44 215 5252
www.swlegal.com

Geneva
15bis, rue des Alpes
P.O. Box 2088
1211 Geneva 1 / Switzerland
T +41 22 707 8000
www.swlegal.com

Singapore
Schellenberg Wittmer Pte Ltd
50 Raffles Place, #40-05
Singapore Land Tower
Singapore 048623
www.swlegal.sg