



Federal Council wishes to increase transparency of legal entities

Bern, 12.10.2022 - During its meeting on 12 October 2022, the Federal Council instructed the Federal Department of Finance (FDF) to draft a bill on increased transparency and easier identification of the beneficial owners of legal entities by the second quarter of 2023. In this way, it wishes to strengthen prevention and prosecution in the area of financial crime, and in turn the integrity and reputation of Switzerland as a financial centre and business location.

In December 2021, in a status report to the Council of States Economic Affairs and Taxation Committee (EATC-S), the Federal Council observed that there was room for improvement in the measures taken to date with regard to the transparency and identification of the beneficial owners of legal entities. The Federal Council has now instructed the FDF, in collaboration with the Federal Department of Justice and Police (FDJP), to draft a bill by the end of June 2023 at the latest, aimed at increasing transparency and simplifying the identification of the beneficial owners of legal entities. In particular, the bill should introduce a central register for identifying beneficial owners and new obligations are regards the risk-based updating of information on effective ownership. The register will be accessible to the relevant authorities but not publicly available. The aim is to achieve a solution which is as effective and efficient as possible.

Moreover, the FDF should incorporate measures to strengthen the current mechanisms for combating money laundering into the bill. In particular, it should be assessed, together with the relevant stakeholders, whether further adjustments should be made to the anti-money laundering toolkit, for instance in the area of legal professions.

By launching this bill, the Federal Council is also taking account of international developments. A growing number of countries around the world – including all EU member states – are turning to register-based solutions to increase the transparency of legal entities. In March 2020, the Financial Action Task Force (FATF) approved the revised Guidance on Transparency and Beneficial Ownership. Implementation in all member

countries will be assessed as part of the next mutual evaluation. In addition, the Global Forum on Transparency and Exchange of Information in Tax Matters had already issued recommendations to Switzerland in 2020 on how to further improve transparency regarding the beneficial owners of legal entities.

The Federal Council places great emphasis on combating financial crime and this bill is a further step towards reinforcing the Swiss mechanisms in this regard. At the same time, it is implementing a measure in the Federal Council's anti-corruption strategy for 2021 to 2024.

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