



# Federal Council adopts dispatch on strengthening anti-money laundering framework

**Bern, 22.05.2024 - At its meeting on 22 May 2024, the Federal Council adopted the dispatch on the further development of the anti-money laundering framework to be submitted to Parliament. The aim is to reinforce the integrity and competitiveness of Switzerland as a financial and business location by means of a federal register of beneficial owners and due diligence for particularly risky activities in legal professions, as well as other provisions. The measures are in line with international standards.**

An effective framework for combating financial crime is essential for the good reputation and success of an internationally important, secure and future-oriented financial centre and business location. Money laundering and terrorist financing pose a serious threat to the integrity of the financial system. Across the world, legal entities and trusts are misused for the purposes of money laundering, terrorist financing and corruption, or to circumvent sanctions. This is also evident from the current challenges involved in implementing international sanctions against Russia. As a major financial centre, Switzerland is also exposed to these risks. For this reason, and to take account of further developments in this area, the Federal Council is proposing to strengthen the existing anti-money laundering framework.

The key elements of the bill are:

- A federal register (transparency register) will be introduced, in which companies and other legal entities in Switzerland will have to enter information on their beneficial owners. The draft for a new Federal Act on the Transparency of Legal Entities and the Identification of Beneficial Owners provides for simplified registration for associations and foundations in particular, but also for other legal forms such as sole proprietorships and limited liability companies. In particular, the register should allow the law enforcement authorities to identify who is really behind a legal structure with

greater speed and certainty. The aim is to prevent legal entities in Switzerland from being used to launder money or conceal assets. The register will not be publicly accessible. It will be managed by the Federal Department of Justice and Police (FDJP), in order to make use of the existing infrastructure and the know-how of the authorities running the commercial register. Compared to the consultation draft, data collection has been further simplified, coordination with money laundering legislation improved, and data protection strengthened.

- Anti-money laundering due diligence rules should henceforth apply to certain advisory activities (especially legal advice) which carry a high risk of money laundering. This takes up the proposal already discussed by Parliament in 2019. The structuring of companies or transactions with real estate are considered to carry particular risks. Specific regulations take into consideration lawyers' and notaries' duty of professional secrecy. Based on the feedback from the consultation, responsibility for supervising the exercise of due diligence obligations by the affected lawyers should not lie with the regional bar associations, but with the self-regulatory organisations (SROs) under money laundering legislation.
- There is also a series of additional measures to strengthen the anti-money laundering framework. These include measures to prevent sanctions under embargo legislation from being breached or circumvented. In addition, while it is still possible to make cash payments over CHF 15,000 in precious metals trading and for any amount in real estate business, these will be subject to due diligence obligations. In view of the criticisms voiced during the consultation process, the reform of the system of sanctions for SROs will not be proposed.

During the consultation, which ran from August to November 2023, the draft legislation was generally well received. Scepticism was voiced by the professions affected by the new rules imposed on advisory activities.

The bill will now be presented to Parliament. It is not expected to come into force until the start of 2026 at the earliest. The measures are in line with the international standards of the Financial Action Task Force (FATF) on combating money laundering and terrorist financing, and the recommendations of the Global Forum.

### **What does the legislative amendment mean for SMEs?**

In principle, all companies and legal entities in Switzerland are required to enter their beneficial owners in the federal transparency register. For most of them, above all sole proprietorships, limited liability companies, foundations and associations, the simplified procedure applies, insofar as the beneficial owners are already entered in the commercial register. According to an externally produced regulatory impact assessment, the proposed new regulations will result in a slight additional burden, but this will have little impact at the level of individual companies. For the vast majority of

companies, the additional effort involves around 20 minutes' work in the first year. In subsequent years, this is reduced to a few minutes.

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## Documents

 [Bundesgesetz](#) (PDF, 499 kB)

 [Botschaft](#) (PDF, 1 MB)

 [Ergebnisbericht](#) (PDF, 481 kB)

 [Factsheet](#) (PDF, 396 kB)

## Publisher

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