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Switzerland introduces a transparency register to record beneficial owners

With the Federal Act on the Transparency of Legal Entities and the Identification of Beneficial Owners (Legal Entities Transparency Act, LETA), Switzerland is establishing a **central, non-public transparency register** to record the beneficial owners of legal entities. Switzerland is responding, among other things, to international criticism and is implementing international recommendations of the Financial Action Task Force (FATF). LETA introduces new reporting, documentation, and diligence obligations for companies. The first reports under the LETA will have to be submitted within a few months after the entry into force, i.e. potentially still in 2026. Failure by shareholders, beneficial owners, and/or companies to comply with their respective reporting obligations may be subject to substantial fines.

Status and Entry into Force

On 26 September 2025, the Federal Assembly adopted the Federal Act on the Transparency of Legal Entities and the Identification of Beneficial Owners (LETA). The referendum period expired without a referendum being requested on 15 January 2026.

On 15 October 2025, the Federal Council also opened the consultation on the Transparency Register Ordinance (Legal Entities Transparency Ordinance, LETO), which governs the practical implementation of the LETA. The consultation ended on 30 January 2026.

The entry into force of the LETA and LETO is planned for the second half of 2026 so that the corresponding measures can be taken into account in Switzerland's next country evaluation by the Financial Action Task Force (FATF).

Central Register

The new federal transparency register will be maintained by the Federal Department of Justice and Police (FDJP) and will contain names, dates of birth, nationalities, municipalities and countries of residence of beneficial owners, as well as the required information regarding the nature and extent

of the control exercised by beneficial owners. The transparency register is not publicly accessible. However, the information contained therein will be accessible to different authorities, including criminal prosecution authorities and the Money Laundering Reporting Office.

The register is intended to allow for a simple, free-of-charge, and digital operation. According to the Federal Council, the administrative effort will be low for SMEs with simple structures. In particular, notifications to the transparency register will be submitted electronically (via EasyGov.swiss) or through the competent cantonal commercial register.

Scope of Application of the LETA

The LETA applies to:

- Swiss legal entities (AG, GmbH, associations, foundations, etc.)
- certain foreign legal entities, if:
 - their effective place of administration is located in Switzerland, or
 - the entity owns real estate in Switzerland
- Trusts, provided they have a relevant connection to Switzerland

Legal entities held by public authorities to at least 75%, and legal entities wholly or partly listed on a stock exchange, as well as subsidiaries directly or indirectly held by such companies by more than 75%, are excluded from the scope of the LETA.

The scope of this article is limited to what the authors consider to be the most important regulations relating to unlisted corporations (*Aktiengesellschaften*) and limited liability companies (*Gesellschaften mit beschränkter Haftung*) domiciled in Switzerland.

Obligations of Companies

Corporations and limited liability companies domiciled in Switzerland will, from the entry into force of the LETA, be required to:

- identify their beneficial owner(s);
- verify their identity and status as beneficial owner(s);
- document the relevant information;
- keep the documentation up to date; and
- submit corresponding notifications to the transparency register.

The responsibility for submitting the notifications to the transparency register lies with the senior member of the governing body, i.e., if the company's management has been validly delegated, the chairperson of the executive management (CEO), otherwise the chairperson of the board of directors (*Verwaltungsratspräsident(in)*) in the case of a corporation or the chairperson of the management (*Vorsitzende(r) der Geschäftsführung*) in the case of a limited liability company.

Obligations of Shareholders and Beneficial Owners

Any shareholder who, alone or in concert with third parties, holds a participation that constitutes control within the meaning of the LETA must report all relevant information on the beneficial owner to the company within one month after the establishment of such control. The term "control" refers to the definition of the beneficial owner (see below) and primarily covers a participation of at least 25% of the capital or voting rights of a company.

In addition, the beneficial owner has a reporting obligation towards the shareholder holding the relevant participation or, if control is exercised in

another manner or through multiple companies or persons (control chain), directly towards the company. The reporting period for beneficial owners (regarding acquisition of such status or changes in relevant information) is one month after the attainment of the status as beneficial owner.

Definition of Beneficial Owner

Pursuant to the LETA, a beneficial owner of a company is any natural person ultimately controlling a company by holding, directly or indirectly, alone or in concert with third parties, at least 25% of the capital or voting rights in the company, or controlling the company by other means. If no person meets these criteria, the highest ranking member of the governing body (i.e., if the company's management has been validly delegated, the chairperson of the executive management (CEO), otherwise the chairperson of the board of directors for a corporation or the chairperson of management for a limited liability company) is deemed the beneficial owner by default. This definition corresponds to Article 2a para. 3 of the Swiss Anti-Money Laundering Act and therefore differs from the previously applicable definition.

Under the LETA, three main groups of beneficial owners can generally be distinguished:

1. A natural person (or several acting jointly) directly hold(s) at least 25% of the capital or voting rights of a corporation or limited liability company:

For calculating the participation threshold the share capital and number of shares entered in the commercial register are relevant. With regard to the 25% threshold of the capital, non-voting shares (participation rights) must also be taken into account.

2. A natural person (or several natural persons acting in concert) indirectly hold(s) at least 25% or more of the capital or voting rights of an entity subject to the LETA:

Indirect control refers to a situation where a natural person holds more than 50% of one or more intermediate companies, which directly hold(s) 25% or more of the entity subject to the LETA. Control can manifest itself in both a vertical chain of control (chain of several intermediate companies) or a horizontal chain of control (several intermediate companies that together directly hold 25% of the entity subject

to the LETA), or any combination thereof. The following illustrations serve as examples (where NP1 and NP2 are in both cases beneficial owners of X AG):



Figure 1 vertical chain of control

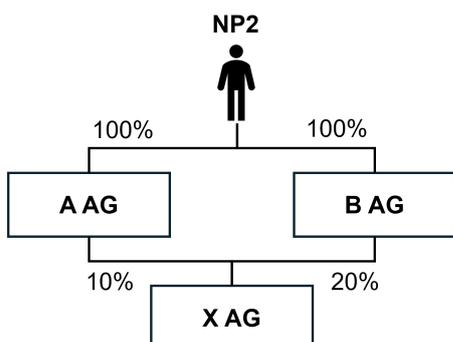


Figure 2 horizontal chain of control

3. Control "by other means":

Pursuant to the definition of the term "by other means" in the LETO, control "by other means" exists where a person has the actual ability to:

- appoint more than half of the members of the board of directors or comparable bodies,
- exercise a veto right over company's decisions, or
- force decisions that result in the distribution of profits of the company.

In addition to the above points, the LETO lists other types of exercise of significant influence within the company that may constitute control "by other means", including control

through debt instruments (e.g. convertible loans or participating loans), fiduciary relationships or connections between family members.

Required Actions and Deadlines for Companies

Companies subject to the LETA should proactively determine the persons to be reported to the transparency register after the entry into force of the LETA or after the relevant transition period, respectively. The reports on beneficial owners under the existing regime (art. 697j ff. and 790a ff. CO, which will be repealed with the entry into force of the LETA) and the internal list of beneficial owners pursuant to art. 697k CO can be used as a starting point for determining the beneficial owners. The company should then assess whether the individuals previously reported still qualify as beneficial owners under the LETA (i.e. according to the new definition) or whether additional persons need to be reported/identified. Further, it should be clarified whether the information to be reported to the transparency register (names, dates of birth, nationalities, municipalities of residence and countries of residence of the beneficial owners, as well as the necessary information regarding the nature and extent of the control exercised by the beneficial owners) is still up to date. Finally, the report to the transparency register (via EasyGov.swiss or the commercial register) must be submitted in a timely and correct manner after the LETA has come into force.

Reports to the transparency register by companies subject to the LETA must be submitted for legal entities governed by Swiss law within one month from the first amendment to the commercial register entry occurring after the LETA enters into force, but no later than:

- (a) Within two years from the LETA entering into force, provided that all beneficial owners are entered in the commercial register as shareholders or as members of the company's governing bodies.
- (b) Or, if (a) does not apply:
 - for corporations required to conduct an ordinary audit: three months
 - for other companies required to conduct an ordinary audit: four months

- for corporations not required to conduct an ordinary audit: five months
- for other companies not required to conduct a limited audit, and for other legal entities: six months

Action required and deadlines for shareholders and beneficial owners

For shareholders and partners who have already complied with the reporting obligations under Articles 697j and 790a of the Swiss Code of Obligations (CO), the reporting obligation under the LETA is deemed to have been fulfilled, provided that the persons already reported remain the beneficial owners of the relevant legal entity under the new law. If the shareholder or partner has not complied with the reporting obligation, or if changes arise under the new law regarding the beneficial owners to be reported, a corresponding notification must be made to the company within one month of the LETA coming into force.

The notification by the beneficial owners must be made within one month of the LETA coming into force.

Sanctions

Intentional failure to comply with reporting obligations or submission of false information by shareholders, beneficial owners, or companies is punishable by fines of up to CHF 500,000. With regards to intentional failure to comply with reporting requirements or the submission of false reports by companies, the person responsible for submitting the report, i.e., if the company's management has been validly delegated, the chairperson of the executive management (CEO), otherwise the chairperson of the board of directors in the case of a corporation or the chairperson of the management in the case of a limited liability company, is generally liable.

In addition, anyone who deliberately fails to comply with a legally binding decision of the supervisory authority responsible for enforcing the LETA will be punished with a fine of up to CHF 100,000.

The Federal Department of Finance acts as the prosecuting and adjudicating authority.

Conclusion

The LETA, expected to enter into force in the second half of 2026, introduces new obligations for companies, shareholders, and beneficial owners.

Companies with complex ownership structures and shareholders and persons with potential beneficial ownership pursuant to the LETA should address the relevant reporting requirements at an early stage, preferably before the LETA comes into force, in order to avoid potentially high penalties from the supervisory authority in the event of non-compliance or delay.

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