

Switzerland

Bill Introducing New AML Rules

On August 30, 2023, the Swiss Federal Council introduced a Bill to strengthen Switzerland's AML Framework. The Bill is subject to consultation (notice and comment), which will run until November 29, 2023, and will be submitted to the Swiss Parliament in 2024. However, the Bill may be amended prior to introduction.

The Bill consists in a package of laws aimed at combating money laundering in a number of distinct areas. The provisions most likely to impact trust services and financial services are the ones relating to the creation of a Beneficial Owner Register.

Highlights of the various provisions of the Bill are set out below:

- **Beneficial Owner Register.** The Bill establishes a Central Register of Beneficial Owners to ensure that competent authorities have access to Beneficial Owner information promptly. The Bill requires Swiss corporations, associations and foundations, as well as branches of foreign entities, foreign entities effectively managed from Switzerland, and foreign entities that own land in Switzerland, to register the entity and their beneficial owner(s). In addition, the Bill applies to trusts, but trusts administered by professional Swiss trustees that are subject to Swiss AML rules are exempt from registration. Beneficial owners are defined as natural persons that hold at least 25% of the capital or voting rights of a company or exert control in some other way. Entities must register the required information in the Register within 30 days of incorporation, and pre-existing entities will have a transitional period to comply. The Beneficial Owner Register will not be publicly accessible, but will be available to Swiss authorities as well as Swiss financial intermediaries and advisers subject to Swiss AML laws.
- **Application of Due Diligence rules to Lawyers.** The Bill also amends the Swiss AML laws and imposes due diligence obligations on lawyers and advisors, and includes the requirement to identify clients and beneficial owners in transactions as well as the identification of source of funds in certain cases. Where the client is a legal entity, the beneficial owner(s) of the entity must be identified. Previously, lawyers were not subject to the AML laws imposed on financial intermediaries, such as banks and trustees, etc.
- **Other AML Measures.** The Bill strengthens the Swiss Embargo Act with additional measures to prevent breaches and circumventions. In addition, AML rules will be revised to impose AML obligations on cash payments in real estate transactions of any amount, and cash payments in precious metals transactions over CHF 15,000.

For further information, please contact your CISA relationship manager, or our Swiss office on **+41-22-734-5550**. CISA SA Trust Company (Switzerland) SA is an independent trust company established in Geneva, Switzerland, in 1972, and is one of the oldest trust companies in Switzerland. CISA is a fully-fledged international group with trust operations in Switzerland, the BVI and South Dakota, and a marketing and liaison office in Miami.