

An international organisation in the form of a company

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The legal nature of the BIS has puzzled lawyers since 1930. The bank was incorporated as a company limited by shares under a special Swiss charter. It has a share capital, shareholders, a General Meeting and a Board of Directors, and publishes financial statements prepared according to principles comparable to those of commercial banks. At the same time it is the creation of an international treaty among states, which obliges Switzerland to guarantee its existence and immunities under international law. Its members, moreover, are public institutions. The BIS describes itself today as an international financial institution, owned by its member central banks. The Swiss Federal Council treats it as an international organisation for the purposes of host state law.¹

The arbitral tribunal that decided the dispute about the private shareholders in 2002 and 2003, examined below, gave the clearest answer to this question. It held that the BIS, notwithstanding its form as a company limited by shares, is an international organisation established by treaty and governed by international law. The Swiss law on companies applies to it only to the extent that its Statutes and the Hague instruments refer to it. The rights of its shareholders must therefore be determined primarily by those instruments and by general principles of international law. This finding had concrete consequences: it allowed the tribunal to examine the legality of the compulsory repurchase of private shares under international law and determined the standard of compensation.²

The hybrid form has practical advantages. The corporate structure gives the BIS the flexibility of a bank: it can accept deposits, invest them, earn profits and pay dividends to its shareholders without depending on budget contributions from governments. The status of an international organisation protects it from national jurisdiction and makes it acceptable to central banks that would not deposit their reserves with a commercial

bank subject to the laws of a single state. Because its members are central banks, the BIS is one step removed from the governments, which gives it an independence that the International Monetary Fund and the World Bank, whose members are states, do not possess in the same degree.³

1 Notes

1. On the legal nature of the BIS as an international organisation under international law constituted in the form of a company limited by shares, see the BIS Statutes, Art. 1; the Headquarters Agreement of 1987, Art. 1; and the partial award in *Reineccius et al. v. Bank for International Settlements*, Permanent Court of Arbitration, 22 November 2002, paras. 108 et seq. Paragraph references to be verified. ↩
2. *Reineccius et al. v. Bank for International Settlements*, Permanent Court of Arbitration, Partial Award of 22 November 2002, on the legal nature of the BIS and the law applicable to the relations with its shareholders. Holdings to be verified against the published award. ↩
3. On the independence of the BIS from governments and its funding through its own banking income, see the BIS Annual Report, section on governance and financial statements; for a comparative perspective on international financial institutions, see the literature on the law of international organisations. To be verified. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/basel-an-international-organisation-in-the-form-of-a-company