

Sanctions compliance for Swiss companies: screening, ownership and bank expectations

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Sanctions change quickly, and a payment that was routine last month can be prohibited today. For a Swiss company with international customers, suppliers or shareholders, a working sanctions compliance process is the condition for keeping its bank accounts and its business relationships.

1 The Swiss framework

Under the Embargo Act, the Federal Council can adopt coercive measures to implement sanctions decided by the United Nations, the Organization for Security and Co-operation in Europe or Switzerland's most important trading partners (Art. 1 EmbA). In practice, Switzerland adopts most sanctions of the European Union through country-specific ordinances, which the State Secretariat for Economic Affairs (SECO) administers. The measures include asset freezes, prohibitions on making funds available to listed persons, and restrictions on trade in specific goods and services.

2 Screening counterparties

Every customer, supplier, agent and bank in a transaction should be checked against the Swiss sanctions lists before the contract is signed and again when payments are made. Most companies use a screening tool that also covers the EU, UK, UN and US lists, since banks will apply all of them. A positive hit is not necessarily a prohibition, but it must be investigated and the result documented.

3 Ownership and control

Asset freezes also extend to companies that are owned or controlled by listed persons, even if the company itself does not appear on any list. A Swiss company must therefore look through its counterparties to their

owners, and it must consider whether its own shareholders could bring it within the scope of sanctions. Groups with shareholders from Russia, China, Central Asia or the Gulf should keep their ownership chart current and ready to show to banks.

4 Frozen assets and reporting

Anyone who holds or manages assets that are subject to a freeze must report them to SECO without delay, and must not release them without authorisation. SECO can grant exceptions in defined cases, for example for the winding-down of existing contracts or for humanitarian purposes, and companies should apply for them before acting rather than afterwards.

5 What banks expect

Swiss banks apply sanctions screening to every payment and frequently follow US and EU sanctions as a matter of internal policy, even where Swiss law does not require it. Payments in US dollars are particularly exposed. A company that can explain its transaction, the ownership of its counterparties and the origin and destination of the goods, with documents, will see its payments processed; one that cannot will see them stopped.

6 What pays off in practice

- **Write a short sanctions policy** that names who screens, when and against which lists.
- **Keep a record of every check**, including the investigation of false positives.
- **Build sanctions clauses into your contracts**, so that you can suspend or terminate when a counterparty becomes sanctioned.

7 How Ressos Legal helps

I advise companies, traders and their owners on Swiss, EU and US sanctions, set up screening and compliance processes, deal with SECO on reporting and exceptions, and support clients when banks stop payments. [Contact me](#) for a first conversation.

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