

Practitioner's note: sanctions compliance for a Zug company

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A company in Zug that trades internationally must build a sanctions compliance programme that covers several legal systems. Swiss sanctions law applies to all persons in Switzerland and to Swiss companies. European sanctions apply to the company's subsidiaries and branches in the Union, to its EU national employees and to transactions in the Union. American sanctions apply to transactions in dollars, to American persons and to goods of American origin, while American secondary sanctions can also reach non-American persons who deal with sanctioned parties. British sanctions apply to transactions with a link to the United Kingdom.

The programme should include the screening of counterparties, beneficial owners, vessels and banks against all relevant lists. It must also establish procedures for the review of transactions involving high-risk countries, contractual clauses such as the "no Russia" clause, training of employees and a procedure for reporting to SECO and to the company's banks. The company must document its decisions and should also examine its exposure to secondary sanctions, which can cut off its access to the international financial system even where Swiss law permits the transaction. Advisers who combine knowledge of Swiss, European, British and American sanctions law are in high demand in Zug, where the canton's law firms have expanded their sanctions practices since 2022.

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