

The association as an alternative wrapper

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Some projects in Zug use the association under Articles 60 ff. of the Civil Code, whose features deserve a short comparison with the foundation. An association is founded by at least two members who adopt written articles and acquires legal personality as soon as its will to exist as a corporate body is apparent from the articles. Registration in the commercial register is required only if it carries on a commercial business or must be audited.¹ The general assembly of members is the supreme body, which elects the board and can amend the articles. These features suit a community-governed project. Token holders who wish to take part in governance can join as members, which allows the general assembly to take decisions that reflect the votes of the community. The association is not subject to state supervision, which gives it more freedom but also less external protection of its assets. Its purpose must be non-economic in principle, although an association may run a commercial business to pursue a non-economic purpose. The members are not personally liable for its debts unless the articles provide otherwise.² For projects in which community governance is central, the association offers a legal form that is closer to the decentralised autonomous organisation than the foundation.

1 Notes

1. Swiss Civil Code (ZGB), Art. 60 para. 1 (associations acquire legal personality as soon as the intention to exist as a corporate body is apparent from the articles of association) and Art. 61 para. 2 (registration obligation if the association carries on a commercial business or is subject to an audit obligation), fedlex.admin.ch. ↩

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2. Swiss Civil Code (ZGB), Art. 75a: the association is liable for its obligations with its assets, and that liability is limited to its assets unless the articles provide otherwise, fedlex.admin.ch. On commercial activities, see Art. 60 para. 1 and Art. 61 para. 2 ZGB cited above. ↩

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