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**Federal Act  
on the Institution for the Administration of the Swiss  
Federal Social Security Funds AHV, IV and EO  
(Social Security Funds Act)**

of 16 June 2017 (Status as of 1 January 2019)

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*The Federal Assembly of the Swiss Confederation,  
based on Articles 59 paragraph 4, 61 paragraph 4, 112 paragraph 1 and  
116 paragraphs 3 and 4 of the Federal Constitution<sup>1</sup>,  
and having considered the Federal Council dispatch dated 18 December 2015<sup>2</sup>,  
decrees:*

**Section 1      Legal Form, Seat and Task**

**Art. 1**              Legal form and seat

<sup>1</sup> A public law institution with its own legal personality is established by the Confederation to administer the OASI, InvI and LEC (AHV/AVS, IV/AI, EO/APG) social security funds.

<sup>2</sup> The Institution organises itself, unless this Act provides otherwise, and keeps its own accounts.

<sup>3</sup> It is run in accordance with business management principles.

<sup>4</sup> The Federal Council determines its seat.

<sup>5</sup> The Institution is entered in the commercial register under the name «compenswiss (Ausgleichsfonds AHV/IV/EO)» / «compenswiss (Fonds de compensation AVS/AI/APG)» / «compenswiss (Fondi di compensazione AVS/AI/IPG)» / «compenswiss (Fonds da cumpensaziun AVS/AI/UCG)».

**Art. 2**              Task

The Institution administers the following social security funds:

- a. the social security fund for old age and survivors' insurance (the OASI/AHV/AVS Social Security Fund) under Article 107 of the Federal Act

AS 2017 7563

<sup>1</sup> SR 101

<sup>2</sup> BBl 2016 311

- of 20 December 1946<sup>3</sup> on Old-Age and Survivors Insurance (OASIA/AHVG/LAVS);
- b. the social security fund for invalidity insurance (InvI/IV/AI Social Security Fund) under Article 79 of the Federal Act of 19 June 1959<sup>4</sup> on Invalidity Insurance (InvIA/IVG/LAI);
  - c. the social security fund for the loss of earnings compensation scheme (LEC/EO/APG Social Security Fund) under Article 28 of the Loss of Earnings Compensation Act of 25 September 1952<sup>5</sup> (LECA/EOG/LAPG).

## Section 2 Asset Management, Legal Transactions and Liability

### Art. 3 Asset management

<sup>1</sup> Each social security fund has its own segregated pool of assets within the Institution. These are managed jointly.

<sup>2</sup> A separate investment and risk profile is to be defined for each social security fund.

<sup>3</sup> As a rule, the assets of the social security funds are jointly invested. The share of each social security fund in the jointly invested assets and in the return on investment is determined by the degree to which it participates in the individual investments.

<sup>4</sup> The assets of the social security funds must be managed in such a manner that each social security fund is guaranteed the best possible relationship between security and achieving a return consistent with market conditions in accordance with its investment and risk profile.

<sup>5</sup> Each social security fund must retain sufficient liquidity at all times in order that the compensation offices:

- a. may be paid the clearing balances in their favour; and
- b. may receive the advances required to provide the statutory benefits under the OASI/AHV/AVS, InvI/IV/AI and LEC/EO/APG.

<sup>6</sup> Cross-financing between the social security funds is prohibited; the foregoing does not apply to short-term cash flows within the Treasury.

### Art. 4 Legal transactions

The Institution may carry out any legal transactions required in order to fulfil its tasks under Article 2, and in particular it may acquire and dispose of securities, other financial instruments and real estate.

<sup>3</sup> SR 831.10

<sup>4</sup> SR 831.20

<sup>5</sup> SR 834.1

**Art. 5**           Liability

The Institution is liable for its obligations with its entire assets.

**Section 3**       **Organisation****Art. 6**           Management bodies

The management bodies of the Institution are:

- a. the Board of Directors;
- b. the Executive Board;
- c. the Auditor.

**Art. 7**           Board of Directors

<sup>1</sup> The Board of Directors is the supreme governing body.

<sup>2</sup> It comprises eleven qualified members, who must guarantee irreproachable business conduct. Swiss employer and employee associations and the Confederation must be appropriately represented.

<sup>3</sup> The Federal Council determines a profile of requirements for holding office on the Board of Directors.

<sup>4</sup> It appoints the members for a term of office of four years and names the Chair and Vice-Chair. Each member may be reappointed twice and removed at any time for good cause.

<sup>5</sup> The Federal Council determines the fee paid to the members of the Board and their other contractual conditions.

<sup>6</sup> The contract between the members of the Board of Directors and the Institution is governed by public law. In addition, the provisions of the Code of Obligations<sup>6</sup> apply by analogy.

<sup>7</sup> The members of the Board of Directors must perform their tasks and duties with all due diligence and safeguard the Institution's interests in good faith. They are required to observe secrecy on official matters both during their term of office as members of the Board of Directors and after the termination of their mandate.

<sup>8</sup> They must disclose their interests to the Federal Council prior to their appointment and give immediate notice of any changes during their membership of the Board. The Board of Directors provides information on such interests in the management report (Art. 16 para. 1 let. b).

<sup>6</sup> SR 220

**Art. 8** Tasks of the Board of Directors

<sup>1</sup> The Board of Directors has the following tasks:

- a. It issues the Institution's organisational regulations and submits these to the Federal Department of Home Affairs (FDHA) for approval.
- b. It issues the investment regulations and determines the investment strategy.
- c. It issues the Institution's personnel ordinance and submits it to the Federal Council for approval.
- d. It takes organisational and contractual measures to safeguard the Institution's interests and prevent conflicts of interest.
- e. It approves the Institution's personnel budget.
- f. It decides on the establishment, amendment and termination of the employment relationship with the Chief Executive Officer and the other members the Executive Board.
- g. It supervises the Executive Board.
- h. It ensures that the Institution has suitable internal control and risk management systems.
- i. It ensures the solvency of the Institution as an undertaking and of each social security fund.
- j. It determines the accounting policies based on the requirements laid down by the Federal Council in accordance with Article 13 paragraph 3.
- k. It adopts the budget for the Institution's operating and administrative expenses.
- l. It prepares and adopts the annual report in accordance with Article 16, submits it to the Federal Council for approval and requests its own discharge.
- m. It publishes the annual report following approval by the Federal Council.
- n. It provides the general public with information on the investment performance achieved by the social security funds.
- o. It represents the Institution as a contracting party as defined in Article 32d paragraph 2 of the Federal Personnel Act of 24 March 2000<sup>7</sup> (FPA).

<sup>2</sup> The Board of Directors may delegate the preparation and implementation of its decisions to individual committees and assign to them the related decision-making powers. It must ensure that appropriate reports are made to its members.

**Art. 9** Executive Board

<sup>1</sup> The Executive Board is the Institution's operational management body. It is headed by a Chief Executive Officer.

<sup>7</sup> SR 172.220.1

<sup>2</sup> The Executive Board has the following tasks in particular:

- a. It conducts the business.
- b. It prepares the business of the Board of Directors and of the committees.
- c. It prepares the budget for the Institution's operating and administrative expenses.
- d. It reports to the Board of Directors regularly and in the case of special events immediately.
- e. It represents the Institution externally.
- f. It decides on the establishment, amendment and termination of the employment relationships with the Institution's personnel; Article 8 paragraph 1 letter f is reserved.
- g. It performs all the tasks which are not assigned to another management body under this Act, the organisational regulations or the specifications set by the Board of Directors.

<sup>3</sup> The organisational regulations regulate the details.

<sup>4</sup> The Chief Executive Officer attends the meetings of the Board of Directors in an advisory capacity.

#### **Art. 10** Auditor

<sup>1</sup> The Federal Council appoints the auditor at the request of the Board of Directors. The auditor is responsible for auditing the Institution, including the annual financial statements of the OASI/AHV/AVS, InvI/IV/AI and LEC/EO/APG. It examines the annual financial statements for asset management and confirms that internal control and risk management systems are in place; it also examines the information on personnel development disclosed in the management report (Art. 16 para. 1 let. b).

<sup>2</sup> The provisions of company law on ordinary audits apply by analogy.

<sup>3</sup> The auditor provides the Board of Directors and the Federal Council with a comprehensive report on the results of its audit.

<sup>4</sup> The Institution must ensure that the contractual terms governing its business relationships with custodian banks provide the auditor with access to the relevant results of the external audit conducted in respect of such banks. Provided it has been contractually arranged, the Institution's auditor may instruct the custodian banks' auditor to conduct additional audits.