

REGULATION

On Anti-Money Laundering and Counter-Terrorism Financing



Verband Schweizerischer Vermögensverwalter | VSV
Association Suisse des Gérants de Fortune | ASG
Associazione Svizzera di Gestori di Patrimoni | ASG
Swiss Association of Asset Managers | SAAM

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Chapter 1: General Provisions

Article 1 Application

¹ The present order applies to property management companies that are members of the self-regulatory organization the Swiss Association of Asset Managers (VSV)

² It explains their duties to prevent money-laundering and financing of terrorism, in particular, the obligations provided for in Chapter 2 of the Money Laundering Regulations (GwG), in their financial-intermediation within the meaning of Article 2 Paragraph 3 GwG.

³ Property management companies with branches abroad or actually controlling foreign companies in financial or insurance activities, having a share interest in them shall:

a) ensure that such branches and companies comply with the principles referred to in Article 5, as well as the provisions contained in Chapter 2 hereof. If local laws hinder compliance with the fundamental principles of this Regulation, or if the management company therefore loses its competitiveness, it shall inform the leadership of the self-regulatory organization.

b) identify, limit and monitor legal and reputational risks around the world related to anti-money laundering and counter-terrorism financing.

⁴ If the property management company finds out that in certain countries access to the information regarding a Counterparty, a person having control over the property, or a person who is the beneficiary of property values is not possible or is seriously hampered for legal or practical reasons, it shall immediately inform the SRO about it.

Article 2 General Terms

The present Regulation is subject to the following terms:

- a. *Long-term business relationships*: business relationships that are not a one-time execution of actions arising from the relationship of subordination. Property management is a long-term business relationship. *Cash transaction*: all cash transactions, in particular, money exchange, purchase of traveller's cheques, acceptance of securities to bearer, as well as purchase and sale of precious metals, if such transactions are not associated with long-term business relationships;
- b. *Concern*: A Company which includes two or more companies under single leadership, as a consequence of owning majority of votes or otherwise, and which keeps consolidated accounts.;
- c. *A person who controls the property*: an individual with control of no less than 25 percent of votes or equity, directly or indirectly, alone or in agreement with Third parties or otherwise controlling economic activities of legal persons or partnerships, and a beneficiary in such controlled enterprises. If it is not possible to identify such persons, the head of such company shall be recognized as the person in control of the property.
- d. *Complex structures*: structures the complexity of which restricts access of the managing company to the information which is mandatory in terms of the responsibilities of careful examination of the information. When evaluating complexity, in individual cases the following factors may be relevant, for example:
 1. Number of subsidiaries (underlying companies) that are integrated into the structure;
 2. Number of jurisdictions that are integrated into the structure;
 3. Integration into the structure of such jurisdictions in which measures to anti-money-laundering and counter-terrorism financing does not conform or inadequately comply with international standards;
 4. The degree of ability to obtain binding information on the structure from public registers or officially certified documents.

Article 3 Other Terms and Rules Concerning Non-typical and Related Transactions

Other terms and special rules concerning certain related transactions, as well as financial-intermediary transactions that are not typical for management companies, are presented in the Annex to this Regulation. In particular, such terms are as follows:

- a. Cash transactions;
- b. Transfer of cash and assets, including transactions using virtual currencies;
- c. Information indicated in payment orders;
- d. Compliance with the duty of studying information in case of cashless payments for goods and services;
- e. Issuing payment instruments.

Article 4 Definition of a domiciliary company

¹ Domiciliary company is understood as any domestic or foreign legal entities, companies, organizations, foundations, trust companies, trust management companies and similar structures, not pursuing business activities.

² Legal entities, trust companies, asset management companies and societies the purpose of which is to protect interests of its members or beneficiaries through joint activities, or acting to achieve political, religious, scientific, artistic, charitable, social or similar purposes, are not considered domiciliary companies, if they have only the above-mentioned objectives as prescribed in the Articles of Association.

³ Companies, organizations, foundations, trust companies and trust management companies, which are directly or indirectly majority shareholders of one or more companies leading economic activity, and the main objective of which is not only property management (holding companies) are not considered as domiciliary companies as well. This provision applies by analogy to the companies- real estate holders and administering it.

⁴ Signs of domiciliary company are present when

- a. there is no own office (e.g., address of the representative (p/o) is indicated, and the legal address is located at the location of the lawyer, trust management company, bank, etc.) or
- b. there is no own staff.

⁵ If, in spite of the presence of one or both signs referred to in clause 4, the property management company does not qualify its Counterparty as a domiciliary company, it shall indicate the relevant reasons in the form of a document.

Article 5 Prohibited Business Relationship

¹ The property management company is not entitled to have business relationship, within the GwG, with banks that do not have any actual representative offices in the country of their registration (shell banks), if they are not a structural unit of some legitimately registered financial group with consolidated supervision.

² The property management company may not have business relationship, within the GwG, with legal entities and individuals, if it knows or must assume that they provide funding to terrorism, constitute a criminal organization, belong to such an organization, or support it.

Article 6 Beginning of Business Relationship and Transactions

¹ Business relationships are considered to be executed upon signature of the contract. If the property management company gets the right to dispose of the client's property only at some point after conclusion of the contract, such moment shall be deemed the beginning of business relationship.

² Prior to carrying out transactions within the business relationship, information and documents required to identify the Counterparty, as well as to identify beneficiaries and persons who control the property shall be provided in full and in due form.

³ In the absence of specific information or documents necessary for identification of the Counterparty, as well as to identify beneficiaries and persons who control the property, the management company may, in exceptional cases, carry out a transaction, but the missing information and documents must be submitted at the earliest opportunity. In accordance with the provisions of Chapter 4, the property management company shall terminate any business relationship not later than in 90 days.

Chapter 2: Responsibilities for preventing money-laundering and financing of terrorism

Section 1 Identification of the Counterparty

Article 7 Necessary Information

¹ When entering into business relationship, the property management company requires from the Counterparty the following information:

- a. for individuals, as well as for individual entrepreneurs:
 1. name and surname;
 2. date of birth;
 3. registration address;
 4. citizenship;
- b. for legal entities and companies with personal participation:
 1. name;
 2. legal address.

² If one of the counter parties comes from a country where date of birth or registration by place of residence is not used, these data are not indicated. These exceptional circumstances are specified in the Notes to case with respective justification.

Article 8 Individuals, as well as Individual Entrepreneurs

¹ When entering into business relationship with an individual or an individual entrepreneur, the property management company shall identify the Counterparty by viewing the document proving its identity.

² If business relationship is made without a personal appearance, the management company shall additionally verify the registration address by sending correspondence or in the similar way.

³ Any identity documents that have a picture and issued by the Swiss or foreign authorities are considered acceptable for the purpose of identification.

⁴ In the case of conclusion of a contract with a minor child, the representative of whom is a full-aged person, the identity of the full-aged person and not the minor child shall be checked.

Article 9 Simple Companies, Companies in the Process of Registration and Trust Companies

¹ When concluding a contract with a simple company, the property management company shall check the identity of the Counterparty identifying the following persons at its discretion:

- a. all directors with the right of representation; or
- b. at least one Director, as well as persons having the right of representation in the relationship with the property management company.

² As far as the companies that are in the process of registration are concerned, identification shall be carried out in relation of the persons that initiate business relationship.

³ As far as trust relationship is concerned, identity of the Trust Manager shall be checked. In addition, the Trust Manager shall confirm in writing that they have the right to enter into business relationship on behalf of the trust company.

Article 10 Legal Entities and Companies with Personal Participation

¹ At the beginning of business relationship with a legal entity or a company with personal participation, the property management company shall identify the Counterparty based on one of the following documents:

- a. extract from the commercial register issued by the holder of the commercial register;
- b. written extract from the database under the supervision of the commercial register service;
- c. written extract from the reliable data banks and the lists, that are handled by private holders.

² Legal entities and companies with personal participation not registered in the commercial register shall be identified on the basis of one of the following documents:

- a. the Articles of Association, the Memorandum, deed of foundation, confirmation of the audit authority, permission of the public authority to carry on business or any similar document;
- b. written extract from the database under the supervision of the oversight authority;
- c. written extract from the reliable data banks and the lists, that are handled by private holders.

³ Extract from the commercial register, confirmation of the audit authority, as well as an extract from the data bank or the list at the time of identification may not be over twelve months and shall conform to the true state of affairs.

⁴ The property management company shall itself request an extract in accordance with Paragraph 1 clauses (b) and (c) and in accordance with Paragraph 2 clauses (b) and (c).

Article 11 Representatives of a Legal Entity

¹ If the Counterparty is a legal entity, the property management company shall identify the persons initiating business relationships on behalf of such entity in accordance with Article 8.

² Hereinafter, the property management company shall enquire about the powers of the representation office based on one of the following documents:

- a. if the representative acts as an authority or an authorized representative: the document referred to in Article 10, if he claims to be such an authorized representative or an authority;
- b. in any case: the document issued by the Counterparty, which specifies the rules for the representation of the respective legal entity.

³ If the Counterparty is a financial intermediary within the meaning of Article 2 par. 2 or 3 GwG, and legal address or address of the representative office is located in Switzerland, or if it is a financial intermediary carrying out its activity in accordance with Article 2 par. 2 or 3 GwG and its legal address or address of the representative office is abroad, but it falls under the same supervision and rules against money-laundering and financing of terrorism, instead of the procedure provided for in Paragraph 2, exchange of lists of specimen signatures, electronic keys and other means accepted in business turnover may be used.

⁴ The property management company shall record its actions carried out in accordance with Paragraphs 2 and 3, in the form of records in the file.

Article 12 Form of Documents and Handling Them

¹ The property management company shall take an original or a certified copy of identity document taking into account the provisions of Article 14.

² A certified copy will be filed or it will make a copy of the submitted document indicating that an original or a certified copy was submitted, sign this copy and put a date thereon.

Article 13 Certification of Authenticity

¹ The following persons may certify authenticity of the copy of the identity document:

- a. a Notary Public or an official body dealing with certification of the documents authenticity;
- b. a financial intermediary in accordance with Article 2 Paragraph 2 or 3 of the GwG with legal address or location address in Switzerland, or a financial intermediary with legal address or location address abroad, carrying out activities on the basis of Article 2 Paragraph 2 or 3 of the GwG, if it falls under equivalent supervision and action of equivalent rules governing anti-money laundering and counter-terrorism financing.
- c. a lawyer licensed to operate in Switzerland.

² Certification must be completed no earlier than twelve months prior to the date of identification.

³ One of the valid authentication methods is also obtaining a copy of the document from the database of the certified certification service provider operating in accordance with the Federal law of December 19, 2003 (SR 943.03) confirming electronic signature, in conjunction with an electronic confirmation by the Counterparty. This copy of the document must be claimed within the issuance of a qualified certificate.

Article 14 Refusal to Certify Authenticity and Absence of Identification Documents

¹ When concluding a contract by an exchange of correspondence, the property management company is entitled to refuse to certify authenticity if it takes other measures to check the identity and address of the Counterparty.

² If a party to the contract has no identity documents referred to in this Order, then, in exceptional cases, identification may be based on other documents with evidential effect. Such exceptional circumstances must be described and justified in the Notes to the case.

Article 15 Legal Entities Listed on the Exchange

¹ The property management company shall have the right to refuse to identify any legal entity, if it is listed on the stock exchange.

² If it refuses such identification, this should be reflected in the documentation stating the reasons.

Article 16 Additional Business Relationship

If the Counterparty that has passed mandatory identification procedure, initiates further business relationships, it is not subject to repeated identification. This also applies to the identity of the person initiating such relationships, as well as applying to the identification of powers of the representative office as provided for in Article 11.

Article 17 Unsuccessful Identification of the Counterparty

If the Counterparty cannot be properly identified, the property management company shall refuse business relationships with it and break off the relationships in accordance with the provisions of Chapter 4.

Section 2: Identification of Actual Beneficiaries in Respect of Companies and Property Values

Article 18 Principle

¹ The property management company shall request from the Counterparty a written statement about the beneficiary if the contracting party is not identical to that person, or if there are doubts as to whether the Counterparty is identical to that person, namely if:

- a. the power of attorney to dispose of property values is issued to some person the sufficient proximity of whom to the Counterparty is impossible to determine;
- b. it should be assumed that the value of the property values transferred by the Counterparty clearly exceeds its financial capability;
- c. communication with a Counterparty leads to identification of other dubious circumstances;
- d. business relationships are concluded without personal attendance.

² Only individuals shall be specified as beneficiaries for property values.

² If the property management company has no suspicion that the Counterparty is also the beneficiary, it shall document and substantiate this fact.

³ In case of legal entities and companies with personal participation, not listed on the stock exchange, the Beneficiaries shall be recognized as the persons controlling the property within the meaning of Article 19 par. 1-4. A statement of existence of other beneficiaries is required only if there are some grounds under Paragraph 1 to assume that such entities unlisted on the stock exchange and companies with personal participation are holders of the property values in favor of certain Third parties.

Article 19 Definition of the Persons Controlling Property

- ¹ If the Counterparty is a legal entity not listed on the stock exchange and engaged in economic activity or a company with personal participation, or a subsidiary, in which one of these companies is the majority shareholder, the property management company must obtain a written explanation from the Counterparty who directly or indirectly owns at least 25 per cent of the shares in the company, being solely or by common agreement, the person controlling the property.
- ² If the company is not controlled by any one of persons in accordance with Paragraph 1, the property management company must obtain a written explanation from the Counterparty, who is the person controlling property in any other way.
- ³ Only individuals must be defined as persons controlling property.
- ⁴ In case of failure to identify the persons controlling property in accordance with Paragraph 1 and Paragraph 2, the property management company must obtain a written explanation from the Counterparty, who is the Executive Director.

Article 20 Necessary Information Regarding the Persons Controlling Property

- ¹ A written explanation of the Counterparty about the person controlling property must contain information on his family name, first name and address.
- ² If the country of origin of the person controlling property is a country, which does not use residence address, such data can be omitted. This exception must be documented in writing.

Article 21 Necessary Data in Respect of the Beneficiary for Property Values

- ¹ Explanation of the Counterparty about the Beneficiaries for property values must contain the following information:
 1. Name and surname;
 2. Date of birth;
 3. Residential address and country of registration;
 4. Citizenship.
- ² The explanation can be signed by the Counterparty or its authorized person. In case of legal entities, the explanation must be signed by the authority or by an authorized person.
- ³ If the country of origin of the beneficiary is a country, which does not use date of birth and residence address, such data can be omitted. This exception must be documented in writing.

Article 22 Exceptions from Responsibility for Identification

The property management company shall not receive any written explanations of the person controlling property, or the beneficiary, if the Counterparty is:

- a. the company listed on the exchange, or a subsidiary company in which one of these companies is the majority shareholder;
- b. a state institution;
- c. a bank, a securities trading company, a fund Manager, a life insurance company, a capital investment company and a property management company or an occupational safety and health agency tax-exempt and located in Switzerland;
- d. a bank, a securities trading company or another financial intermediary with location or place of residence abroad if it is subject to the appropriate remote supervision and complies with the orders in the field of anti-money laundering and counter-terrorism financing;

- e. a multi-tiered community of owners, society of owners registered in the cadastre, as well as other community with similar activity goals;
- f. a simple company. Herewith, if the beneficiary is not a member of the company a respective written explanation must be obtained.
- g. a company and a community that respect the interests of its members or beneficiaries in the form of mutual aid, or with political, religious, scientific, artistic, charitable, creative or other purposes until they pursue exclusively stated purposes and are not related to the countries with elevated risks. Herewith, a written explanation indicating beneficiaries must be obtained from the companies having less than four participants and/or relevant to the countries with high risks due to money laundering or financing of terrorism.
- h. A lawyer or a Notary, as well as law and notarial offices organized in the form of companies licensed to work in Switzerland, if they confirm that
- i. they are not Beneficiaries of property values, and
 - ii. as a lawyer or a notary subject to the relevant cantonal legislation;
 - iii. regarding property values, they are subject to the prescribed law of professional secrecy, and
 - iv. property values are only for advocacy or notarial activities.

As to the law or notarial offices organized in the form of companies, they are in any case obliged to provide a written explanation about the person controlling property. If the property management company identifies that a written confirmation was illegally issued, it must require a written explanation concerning the beneficiary in accordance with Article 18. If such an explanation concerning the beneficiary will not be issued, business relationship shall be terminated.

Article 23 Domiciliary companies

¹ The property management company in any case shall demand from the Counterparty a written explanation as to the beneficiary, if the Counterparty is a domiciliary company.

² If the property management company identifies that a legal entity or a company that respects the interests of its members in the form of mutual aid, or with political, religious, scientific, artistic, charitable, social or other purposes, pursues not only the above objectives set forth in the Articles of Association, it must also require a written explanation from the Counterparty about the beneficiary of property values.

³ Domiciliary companies listed on the exchange and subsidiaries in which one of these societies is the majority shareholder, shall not give a written explanation about the beneficiary.

Article 24 Associations of Persons, Trust Companies and Other Property Units

¹ In relation of associations of persons, trust companies and other property units, the property management company shall require from the Counterparty a written explanation concerning the following persons instead of defining the Beneficiary:

- a. efficient founder;
- b. persons who may give instructions to the Counterparty or to its bodies;
- c. trustees;
- d. supervisors of any kind, sponsors or other designated persons;
- e. beneficiaries specified by name;
- f. if the Beneficiaries are not listed by name: explanation about the scope of persons eligible to become beneficiaries, structured by categories;
- g. in case of structures with allowed revocation: explanations about the persons eligible for revocation.

² Paragraph 1 applies to the companies, as well as to the associations of persons, trust companies or other property units.

³ The property management company entering into business relationship as a trustee, or handling a transaction presents itself to the financial intermediary of the Counterparty or a transaction partner as a trustee.

Article 25 Financial Intermediary Subject to Supervision under Special Legislation, or Tax-exempt Occupational Safety Agency Acting as the Counterparty

¹ If the Counterparty is a financial intermediary subject to supervision under special legislation, or a tax-exempt occupational safety agency in accordance with Article 2 Paragraph 4 letter b of the GwG, the Counterparty shall not give an explanation about the beneficiary.

² Financial intermediary subject to supervision under special legislation is:

- a. the financial intermediary in accordance with Article 2 Paragraph 2 of the GwG having residence or location in Switzerland;
- b. a financial intermediary with location or place of residence abroad with the activities under Article 2 Paragraph 2 of the GwG, if it is subject to supervision, similar to Swiss legislation, and complies with the orders in the field of anti-money laundering and counter-terrorism financing.

³ In case of violations or FINMA general warnings about specific institutions or institutions of some countries, the Counterparty shall give an explanation about the beneficiary in accordance with Paragraph 1.

Article 26 Companies with Equity Participation or Contributed Capital Companies as a Counterparty

¹ If the Counterparty is a company with equity participation or a contributed capital company with twenty and less investors, the property management company shall demand an explanation about the beneficiary.

² If the Counterparty is a company with equity participation or a contributed capital company with more than 20 investors, the property management company shall require an explanation concerning beneficiary only if companies with equity participation or contributed capital companies are not subject to appropriate supervision and do not comply with the provisions of anti-money laundering and counter-terrorism financing.

³ The property management company may refuse from obtaining explanations concerning beneficiary in respect to the companies with equity participation or contributed capital companies listed on the Exchange.

Article 27 Failure to Identify the Beneficiary

In case of any doubts about the credibility of the explanation of the Counterparty, and in case of failure to eliminate them using additional information, the property management company shall not enter into business relationships or terminate them in accordance with Chapter 4.

Section 3 Repeated Identification or Determination of Beneficiaries for Enterprise or Property Values

Article 28 Repeated Identification

Identification of the Counterparty, determination of the person controlling the property, or determination of the Beneficiary must be held again during business relationship in case of doubts that

- a. information on the identity of the Counterparty is true;
- b. the Counterparty and/or the person controlling the property is identical to the beneficiary;
- c. explanation of the Counterparty about the beneficiary or the person controlling the property is true.

Section 4 Obligation to Investigate Information

Article 29 Information

¹ The property management company shall request information with respect to any business relationship, their form and purpose.

² The volume of the requested information depends on the degree of risk arising from the business relationship.

³ In case of business relationship without increased risk in accordance with Article 31, the form and purpose of relationship shall follow from a written property management agreement concluded with the Counterparty.

Article 30 Special Obligation to Investigate Information

¹ Business relationship or transactions seem unusual, and the property management company shall investigate economic background and purpose of such transactions in the following cases:

a. in case of business relationship with increased risk in accordance with Article 31;

b. in case of transactions with increased risk in accordance with Article 32.

² Further, the property management company shall investigate information if there are any suspicions in accordance with Article 6 letter b of the GwG.

Article 31 Business Relationships with Increased Risk

¹ The property management company with more than 20 permanent business relations shall specify the criteria that indicate business relationships with increased risk.

² The following facts are suitable as the criteria, depending on the business activity of the property management company:

a. location or place of residence of the Counterparty, the person controlling the property, or the Beneficiary of property values, or their citizenship;

b. Type and place of business of the Counterparty and the Beneficiary for property values;

c. Lack of personal contact with the Counterparty, as well as with the beneficiary;

d. Type of required services or products;

e. The amount of invested property values;

f. The amount of income and outflow of property values;

g. Country of origin or the country-recipient of frequent payments;

h. Complexity of structure;

i. in respect of business relationships with financial intermediaries registered or located abroad: legislation in the field of anti-money laundering and counter-terrorism financing, they comply with.

³ Business relationships with foreign politically exposed persons as well as persons in close relations with them for family, personal or business reasons, in any case, are business relationship with increased risk.

⁴ Business relationships with domestic politically exposed persons, with politically exposed persons from international organizations and sports clubs, as well as those in close relationships with them are high-risk business relationships, upon availability of one or several additional risk criteria.

⁵ Business relationships in accordance with Paragraphs 3 and 4 are business relationship with the increased risk, if the counter party, the person who controls the property, the beneficiary for property values or an authorized person are politically exposed persons.

⁶ The property management company shall recognize and duly mark business relationships, which result in the increased risk in accordance with Paragraphs 2, 3 and 4.

⁷ If, in accordance with Paragraph 1, the criteria that indicate business relationships with increased risk need not be defined, the property management company shall register business relationship with increased risk on the basis of the criteria referred to in Paragraph 2. The property management company shall always identify business relationships as business relationships with increased risk if the Counterparty, the person who manages the property, the authorized person or the beneficiary:

- a. is a foreign politically exposed person or a person in close relationship with the politically exposed person;
- b. is an internal, politically exposed person or a politically exposed person in international organizations or clubs or a person in close relationships with the politically significant person, if there is additional risk criterion;
- c. has location, registration or economic activity in a country or in the territory not cooperating on such issues, or covered by international sanctions recognized by Switzerland;
- d. falls under criminal liability due to breach of law or criminal act.

⁸ The highest governing body, or at least one member of the highest governing body shall take decision on commencement and further business relationships with increased risk. Business relationships with politically exposed persons shall be checked on an annual basis.

⁹ The highest governing body, or at least one member of the highest governing body shall decide to conduct regular monitoring of all business relationships with increased risk, as well as testing and evaluation. An exception is individual enterprises.

Article 32 High-Risk Transactions

¹ The property management company with more than 20 permanent business relationships shall specify the criteria that indicate business relationships with increased risk.

² Criteria can be as follows, depending on the data of the property management company:

- a. amount of the income and departure of property values;
- b. significant deviations from the species, volume and frequency of transactions undertaken in the relevant business relationships;
- c. significant deviations from the species, volume and frequency of transactions undertaken in the similar business relationships.

³ If, in accordance with Paragraph 1, the criteria specifying high-risk transactions must not be determined, the property management company shall take into account the high-risk transactions using the criteria in accordance with Paragraph 2.

⁴ High-risk transactions in any case are transactions with one-time or in tranches lodgements or withdrawal of cash, securities in the amount of 100,000.00 or more Swiss francs.

Article 33 Supervision of Business Relationships and Transactions

¹ The property management company shall care about the efficient supervision of business relationships and transactions.

² The property management company shall guarantee, in particular, when business relationships are without personal contact with a Counterparty, that risks resulting from the use of new technologies, will be appropriately taken into account in the context of risk management and limited. The property management company shall guarantee that such hazards will be controlled.

Article 34 Content of the Investigated Information

¹ In cases falling under Article 30, the property management company shall immediately begin to investigate special information.

² Depending on the circumstances, it is required to investigate the following:

- a. the origin of the invested property values;
- b. payment reference in case of departure of property values;
- c. reasons for payments receiving;
- d. the origin of the status of the Counterparty and the Beneficiary of the enterprise or property values;
- e. professional or entrepreneurial activity of the Counterparty and the Beneficiary of the enterprise or property values;
- f. financial situation of the Counterparty and the Beneficiary.

Article 35 Course of Action

¹ Investigation of the information includes the following actions, depending on the circumstances:

- a. Getting information from the Counterparty, a person having control over the property or a Beneficiary, in writing or orally;
- b. A visit to the location of the activity of the Counterparty, the person controlling the property and the Beneficiary;
- c. Getting information from generally accessible sources and databases;
- d. Inquiries from Third parties.

² The property management company shall check the authenticity of the investigated information and document it.

³ Investigation of the information can be completed, if the property management company can assess with certainty whether there are any preconditions for filing an application in accordance with Article 9 Paragraph 1 of the GwG.

Article 36 Continuation of Dubious Business Relationships

If the property management company continues dubious business relationships, it must properly oversee such relationships.

Section 5
Delegation

Article 37 Involvement of Third Parties

¹ The property management company has the right to attract other financial intermediary to identify the Counterparty controlling the property, and to determine the Beneficiary, to redefine the identity of the person controlling the property, or the beneficiary, as well as to determine special information. The property management company has the right to attract other financial intermediary in case it is subject to the same supervision and regulations in the field of anti-money laundering and counter-terrorism financing.

² The property management company has the right to attract any Third parties to fulfill the above obligations on the basis of a written agreement, if:

- a. the property management company will, in good faith, come to the choice of a third party;
- b. the third party will be informed of its tasks;
- c. the property management company supervises compliance with the obligations by a third party and checks the validity of the information.

Article 38 Identification of the Counterparty and Determination of the Beneficiary in the Concern

¹ If the Counterparty, being a part of the concern related to the property management company, has already passed the identification in accordance with the provisions of this Regulation, repeated identification may be omitted. Each property management company must have copies of the original identification documents.

² This provision applies to the identification of the representative of legal entities and to obtaining the information on the power of attorney of the representative of the legal entity.

³ This rule applies if the concern has already received an explanation about the Beneficiary or the person controlling the property. Respective property management company shall have a copy of the explanation.

Article 39 Procedure

¹ The property management company in any case shall bear personal responsibility for the respective execution of the transferred functions.

² The property management company shall have copies of the documents stating responsibilities on the prevention and control of the money-laundering and financing of terrorism. Attracted Third parties shall confirm to the property management company in writing that all transferred copies correspond to the original documents.

³ Further delegation of the attracted Third parties is excluded.

Section 6

Responsibility of Documenting

Article 40 Documentation Drawing-up and Management

¹ The property management company shall draw up and organize its documentation in such a way so that the management of the SRO, its authorized enquiry officer, the audit society certified by the supervisory agency or FINMA could any time reliably assess fulfillment of the obligations under anti-money laundering and counter-terrorism financing.

² In particular, the property management company shall keep the following documents:

- a. copies of the documents identifying the Counterparty;
- b. in cases under section 2, a written explanation of the Counterparty of the person controlling the property;
- c. in cases under section 2, a written explanation of the Counterparty about the identity of the Beneficiary for property values;
- d. in cases under Article 29, a record of the form and objectives of the business relationship;
- e. a record of the results of the used criteria in accordance with Article 31;
- f. a record or documentation on the results of the information investigation in accordance with Article 32;
- g. documentation on the executed transactions;
- h. a copy of applications under Article 9 Paragraph 1 of the GwG;
- i. list of business relationship of the property management company subject to the GwG.

³ Documentation must make it possible to trace any transaction.

Article 41 Documents Storage

¹ The property management company shall keep the documents and information in such a way to be able to process within a proportionate period of time requests of the management of the Swiss companies SRO on property management or demands of law enforcement agencies and other authorized bodies related to provision of information and attachment of property.

² Documents and certificates shall be kept in a safe, accessible place, at any time, in Switzerland.

³ Electronic storage of documents must conform to the requirements of the Regulation on business records (Geschäftsbücherverordnung) dated April 24, 2002 (SR 221.431). Used storage media must be located on the territory of Switzerland. Otherwise, the property management company shall have valid natural or electronic copies of the relevant documents on Swiss territory. In its turn, such documents must conform to the requirements of the Regulation on business records (Geschäftsbücherverordnung).

Chapter 3

Organizational Arrangements

Article 42 Integration and Education

¹ The property management company shall faithfully select employees, whose activities are subject to the anti-money laundering and counter-terrorism financing act (GwG).

² Further, the property management company shall ensure that employees whose activity falls within the scope of the anti-money laundering and counter-terrorism financing act (GwG), had education and always participated in the advanced training in the field of anti-money laundering and counter-terrorism financing. In particular, it ensures

- a. that employees whose activities fall within the scope of the anti-money laundering and counter-terrorism financing act (GwG), know the contents of Chapter 2 of the Act and the present regulation, and are able to apply duties of careful investigation of the information during their operation;
- b. that employees of the special department of anti-money laundering and counter-terrorism financing have necessary knowledge for their operation;

c. that a person responsible for anti-money laundering and counter-terrorism financing, as well as his Deputy, have knowledge of the current situation in the field of anti-money laundering and counter-terrorism financing and participate in the relevant advanced training in this field;

d. that the risks related with anti-money laundering and counter-terrorism financing arising from the development of new products or business practices, as well as from the use of new or advanced technology are assessed in advance and are handled, limited and controlled accordingly in the fields relevant to the work of the property management company.

³ Newly established property management companies subject to this Regulation, shall, within six months after establishment, ensure appropriate training for their employees. Newly hired employees, whose activities are subject to the anti-money laundering and counter-terrorism financing act (GwG), shall get the appropriate education within six months upon commencement of their employment. Newly appointed persons responsible for anti-money laundering and counter-terrorism financing and their deputies shall have necessary education by the beginning of their employment.

Article 43 Internal Regulations

¹ The property management company employing more than 10 persons performing their duties under the GwG, shall make directive for internal use concerning duties on anti-money laundering and counter-terrorism financing.

² In particular, they govern:

- a. internal allocation of tasks and areas of responsibility;
- b. identification of the Counterparty;
- c. determination of the person authorized to conduct business, or the controller;
- d. new identification or new determination of a person authorized to conduct business, or a controller;
- e. special responsibilities concerning collection of information;
- f. responsibilities concerning records management;
- g. criteria for identifying high-risk business relationships;

h. criteria for identifying high-risk transactions;

i. business policy in respect of politically exposed persons;

i. responsibility for informing the anti-money laundering authority;

k. fundamentals of the transactions supervision;

j. the criteria under which any Third parties may be involved in accordance with Article 37 Paragraph 2.

³ Internal directives must be approved by the supreme governing body.

⁴ Internal directives shall be reported to the respective persons in an accessible form.

⁵ SRO Management of property management companies have the right to demand from the property management company employing up to ten persons engaged in the activities under the GwG, to issue directives for internal use, if this is necessary for proper organization of its activities.

Article 44 Specialized Department of Anti-Money Laundering and Counter-terrorism Financing

¹ The property management company shall designate qualified personnel as a specialized department of anti-money laundering and counter-terrorism financing.

² Such specialized department of anti-money laundering and counter-terrorism financing shall have at least one responsible person for anti-money laundering and counter-terrorism financing and his Deputy.

³ Property management companies with only one employee whose activity falls within the scope of the anti-money laundering and counter-terrorism financing act (GwG), shall designate such employee as a person responsible for anti-money laundering and counter-terrorism financing. They appoint an outside natural or a legal persons as his Deputy. Its function is limited to the provision of access to documents. This function can also be transferred to the Audit Commission of the member organization.

⁴ Specialized Department of anti-money laundering and counter-terrorism financing:

- a. shall prepare internal directives on anti-money laundering and counter-terrorism financing and monitor their application;
- b. shall plan and supervise training within the enterprise;
- c. shall advise on all matters related to anti-money laundering and counter-terrorism financing.

⁵ In property management companies employing more than twenty full-time workers, a specialized department of anti-money laundering shall also make risk analysis taking into account the aspects of anti-money laundering and counter-terrorism financing, while paying particular attention to the location or place of residence of the customer, the customer's field of activity, as well as the goods and services offered by such customer. Risk analysis must be approved by the Board of directors or the supreme governing body. Risk analysis shall be continually updated.

Article 45 Internal Control

¹ The property management company employing more than 20 people on a full-time basis, working under the GwG, shall appoint one or more experts monitoring compliance with the obligations regarding anti-money laundering and counter-terrorism financing.

² Specialist of the company engaged in internal control

- a. has no right to supervise business relationship conducted by itself.
- b. is not entitled to be a member of the specialized department of anti-money laundering and counter-terrorism financing.

³ SRO Management has the right to demand from the property management company employing one or more employees, whose activities are subject to the GwG, but not subject to Paragraph 1, to appoint one or more supervisors, if this proves to be necessary to control the fulfillment of a duty of anti-money laundering and counter-terrorism financing.

Article 46 Involvement of the Third Parties

¹ The property management company may engage external experts for the performance of the duties provided for in Article 44 Paragraphs 4 and 5 and Article 45.

² The property management company in any case shall bear personal responsibility for the respective execution of the transferred orders.

Chapter 4 Continuation of Business Relationship and Obligation to Provide Information

Article 47 Termination of Business Relationship

The property management company shall terminate business relationships as soon as possible if:

- a. even after the procedure of repeated identification and determination of actual beneficiaries or a person having control over property, there are doubts regarding the information submitted by the Counterparty;
- b. the company suspects that incorrect information regarding the identity of the Counterparty or a person in control of the property was intentionally presented.

Article 48 Unacceptable Termination of Business Relationship

¹ If there are grounds for compulsory provision of the information under article 9 of the GwG, termination of business relationship with the Counterparty is not allowed.

² The property management company is not entitled to terminate business relationship, transfer significant property values if there is good reason to suppose that attachment or other formal detention of property is in prospect.

Article 49 Course of Action after Filing

¹ The property management company has the right to decide on the continuation of business relationship, in its sole discretion, if:

a. Anti-money laundering agency within twenty business days after submission of the application in accordance with Article 9 Paragraph 1 letter a of the GwG:

1. does not provide an answer to the property management company;

2. reports that application will not be passed to law enforcement agencies;

3. reports that application will be passed to law enforcement agencies, and the property management company doesn't receive any orders from law enforcement agencies within five business days upon receipt of such message.

b. the property management company does not receive any orders from law enforcement agencies within five business days upon submission of the application in accordance with Article 9 Paragraph 1 letter c of the GwG;

c. after filing an application in accordance with Article 2 Paragraph 305 of the Penal Code, the property management company receives a message from the Anti-money laundering agency that the application will not be passed to law enforcement agencies; or

d. the property management company receives information about cancellation of blocking prescribed by law enforcement agencies on the basis of an application in accordance with Article 9 GwG or Article 2 Paragraph 305 of the Penal Code, herewith, law enforcement authorities reserve the right to provide other information.

² The property management company not wishing to continue business relationship has the right to return significant property values only in a form that allows law enforcement authorities to trace their fate ("paper trail").

Article 50 Execution of Clients' Applications

After submitting an application in accordance with Article 9 Paragraph 1 letter a of the GwG or in accordance with Article 2 Paragraph 305 of the Penal Code, the property management company shall execute clients' orders relating to the claimed property, only in the form that allows to trace a transaction ("paper trail").

Article 51 Right to Submit an Application

If the property management company has no reasonable suspicion under Article 9 Paragraph 1 of the GwG, but suspects that property values are the result of a crime or an act qualified as violation of the tax code, or financing of terrorism, it has the right to apply to the law enforcement agencies and the anti-money laundering agency on the basis of the right to submit an application in accordance with Article 2 Paragraph 305 of the Penal Code.

Article 52 Return of Property Values

If the property management company terminates business relationships on the grounds provided for in Articles 17, 27, 47, either on the basis of the information gathered in accordance with Article 30, or if it refuses to enter into business relationship, it has the right to return the property values in excess of 25,000 francs, only in a form that will allow competent authorities to track their fate ("paper trail").

Article 53 Blocking of Property Values by Third Parties

If the property management company cannot block the property values itself, it informs the financial intermediary who is entitled to such actions and is subject to the GwG.

Chapter 5 Final Provisions

Article 54 Transitional Provisions

New regulations on the determination of the Beneficiary of the economic activities of legal persons and companies with personal participation apply to business relationship arising from January 1, 2016. As to the business relationship concluded before January 1, 2016, new orders apply to them only if, in the course of business relationships new identification of the Counterparty or new determination of the Beneficiary for property values is required. In respect of existing business relationship, new regulations can be applied at any time if they are more profitable.

Annex Non-Typical and Auxiliary Transactions

The following provisions apply in respect of the auxiliary activities, which the property management company has the right to carry out in addition to property management activities.

1. Cash Transactions

a. Definition

Cash transactions are all cash transactions, in particular, money exchange, purchase of traveller's cheques, acceptance of securities to bearer, as well as purchase and sale of precious metals, if such transactions are not associated with long-term business relationships;

b. Identification of the Counterparty

¹ When making cash transactions, the property management company shall not identify the Counterparty, except for the cases when the amount of one or more transactions exceeds:

1. 5,000 Swiss francs - in case of cash exchange operations;
2. 25,000 Swiss francs - in all other cases of cash transactions.

² In case of any transactions in relation of the Counterparty within the meaning of Paragraph 1, the property management company shall ensure that identity of the Counterparty giving orders is identical to the person whose identification documents were provided during primary transaction. The property management company shall make a corresponding mark in the case.

³ In case of any suspicions that property values come from the sources listed in Article 9 Paragraph 1 of the GwG, the Counterparty shall be subject to identification, regardless of the amount.

c. Determination of the Beneficiaries of the Economic Activity of Legal Entities and Companies with Personal Participation

When making cash transactions, at the latest - immediately after transaction, the property management company shall demand a written statement concerning the persons controlling the property, in accordance with Article 19 Paragraph 1-4 hereof, if one or several interrelated transactions exceed the amount of 25,000 Swiss francs.

d. Determination of Beneficiaries for Property Values.

¹ When making cash transactions, the property management company shall demand a written statement about the beneficiary of property values, if one or several interrelated transactions exceed the amount of 25,000 Swiss francs.

² Such statement shall be demanded in any case, if there are any doubts that the Counterparty, the person controlling property or the beneficiary for property values are one and the same person, or if there are any suspicions of possible money laundering or terrorism financing.

2. Transfer of Monetary Assets and Property Values

a. Definition

Transfer of monetary assets and valuables shall be understood as transfer of property values by receiving cash, precious metals, virtual currencies, cheques or other means of payment in Switzerland, as well as payment of respective amounts in cash, precious metals, virtual currencies or in cashless payments, transferring funds or other use of payment or settlement systems abroad or return payments, if such transactions are not continuing business relationships.

b. Identification of the Counterparty

¹ When transferring funds and property values from Switzerland abroad, the Counterparty shall be subject to identification in any case.

² When transferring funds and property values from abroad to Switzerland, the payee shall be subject to identification if one or several interrelated transactions exceed the amount equal to 1,000 Swiss francs. If there are any suspicions of money laundering or terrorism financing, the recipient of payments is subject to identification in any case.

c. Determination of the Beneficiaries of the Economic Activity of Legal Entities and Companies with Personal Participation

When transferring funds or assets from Switzerland abroad, the property management company shall require a written statement concerning beneficiaries and persons who control the property, in accordance with Article 19 par. 1-4 hereof.

d. High-Risk Transactions

¹ Transaction concerning transfer of property values and cash in any case are considered as high-risk transactions, if one or several interrelated transactions reach or exceed the amount equal to 5,000 Swiss francs.

² In the cases provided for by Paragraph 1, the property management company shall determine surname, name and address of the Beneficiary.

3. Information Indicated When Submitting Payment Orders

¹ In case of filing payment requests, the managing company of the payer shall indicate surname, account number and address of the payee, as well as surname and account number of the Beneficiary. If there is no account number, transaction number shall be specified. Address information of the payer can be replaced with information on his date and place of birth, client number or national identification number.

² In case of payments inside of Switzerland, the management company may be limited to account number or identification number of the transaction if it is able to pass to the financial intermediary of the Beneficiary and to Swiss law enforcement authorities, at their request, the rest of the information within three business days.

³ When making payments domestically, if they are used for payment of goods and services, the management company may act in accordance with Paragraph 2, if compliance with Paragraph 1 is not possible due to technical reasons.

⁴ The property management company shall inform the payer in a reasonable volume about transfer of the information about it in payment.

⁵ Financial intermediary of the beneficiary independently determines its course of action, in case of receipt of payment orders, which do not contain sufficient information on the payer or the Beneficiary. Herewith, he is focused on the respective risks.

4. Refusal to Comply with the Requirements of Thorough Information Investigation

¹ In case of continuing activity with a Counterparty in the field of cashless means of payment solely for goods and services, the property management company has the right to refuse to collect information granting one of the following situations:

a. the amount is not more than 1,000 Swiss francs per one transaction and not more than 5,000 Swiss francs per year for each of the Counterparties; means of payment shall be transferred only on the accounts of the Counterparty with Swiss banks or foreign banks subject to the similar supervision, and the amount of one payment may not exceed 1,000 Swiss francs.

b. payments cannot be done to wholesalers in Switzerland to the amount of more than 5,000 Swiss francs per month and 25,000 Swiss francs per year, herewith, payment of shipments shall be carried out exclusively from the Counterparty's bank account with a Swiss Bank, and any return shall be done on the same account.

c. Payment funds may be used only by a certain range of providers of goods or services, and trade turnover is not more than 5,000 Swiss francs per month and 25,000 Swiss francs per calendar year for each Counterparty.

d. it is referred to financial leasing, and annual leasing fees including value added tax are not more than 5,000 Swiss francs per month.

² In case of continuing activity with a Counterparty in the field of cashless means of payment only for goods and services, the property management company has the right to waive the collection of information, if means of payment gives the right to dispose of the amount not exceeding 200 Swiss francs per month, payment of shipments shall be carried out exclusively from the Counterparty's bank account with a Swiss Bank, and any return of means of payment shall be done on the same account.

³ In case of non-renewable means of payment, the property management company has the right to waive the collection of information, if:

a. funds deposited in accounts serve exclusively the purpose of the Counterparty to pay for acquired goods and services electronically;

b. at every data carrier no more than 250 Swiss francs are available; and

c. for each transaction and each Counterparty no more than 1,500 Swiss francs are available.

⁴ The property management company has the right to waive the collection of information only if it has technical means to determine excess of the relevant limits. In addition, it shall take measures to prevent any accumulation of limits, as well as breach of these regulations. Given the opportunity, it is allowed to apply the provisions concerning high-risk transactions, supervision of the transactions and business relationships, as well as information concerning payment orders.

5. Simplified Information Gathering Obligations for Those Issuing Means of Payment

¹ The person issuing means of payment shall be exempt from responsibility to collect and to store copies of the documents identifying the Counterparty, as well as to identify the persons controlling the property and the beneficiaries, if it has concluded an authority delegation agreement with the Swiss Bank providing for the following:

a. the bank shall transfer to the person issuing the means of payment the information on the identity of the Counterparty, persons controlling the property, and Beneficiaries.

b. the Bank shall inform the person issuing means of payment, whether the Counterparty, the person who controls the property, or the Beneficiary is a politically exposed person.

c. the Bank shall immediately notify the person issuing means of payment, about changes in the information referred to in clauses a) and b).

d. if Swiss law enforcement authorities request information from the person issuing means of payment, such person shall respond to the requests and send law enforcement authorities to the Bank issuing necessary documents.

² The person issuing means of payment shall not request certification of copies of the identity documents in the event of conclusion of the contract directly through correspondence, if:

a. it is allowed to pay or to withdraw cash amount not exceeding 10,000 Swiss francs per month for each Counterparty using means of payment for cashless payment of goods and services, as well as to withdraw cash, in respect of which the amount kept electronically will be a prerequisite for transaction;

b. payment and withdrawal limits do not exceed 25,000 Swiss francs per month for each Counterparty using means of payment for cashless payment of goods and services, as well as to withdraw cash, which provides for withdrawal after transaction;

c. any private person cannot pay or receive the amount of more than 1,000 Swiss francs per month or 5,000 Swiss francs per calendar year for each Counterparty using means of payment for cashless payments between individuals having a domicile in Switzerland; or

d. any private person cannot pay or receive the amount of more than 500 Swiss francs per month or 3,000 Swiss francs per calendar year for each Counterparty using means of payment for cashless payments between individuals having a domicile not only in Switzerland.

³ If the person issuing means of payment specified in Paragraphs 1 and 2, in the course of transaction finds out that means of payment was transferred to the person, whose close connection with a Counterparty cannot be established, it shall identify the Counterparty again and specify the Beneficiary by the means of payment.



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