The purpose of the ARIF directives is to help you to understand and comply with the anti-money laundering and terrorism financing preventive measures, as defined by the Swiss legislator and the competent authorities.

The ARIF directives 1 to 14 that can be consulted on the web site www.arif.ch are intended mainly to help you to draft your own internal directives.

Your internal directives must reflect your own areas of business and be aimed at preventing risky behaviour in the area of money laundering and terrorism financing.

Your internal directives must be examined by your AML auditor so that he/she can certify that they comply with those of ARIF.

The ARIF secretariat is here to help you and can be contacted by e-mail at: info@arif.ch, by post: ARIF – CP 3178 – Rue de Rive 8 - 1211 GENEVE 3, by telephone: 022 310 0735 or by appointment.

DIRECTIVE 2

RELATING TO THE VERIFICATION OF THE IDENTITY OF THE CONTRACTING PARTY AND TO THE ESTABLISHMENT OF THE IDENTITY OF ITS CONTROLLING OWNER

A. IN GENERAL

Lasting business relationships

1 The financial intermediary shall verify the identity of the contracting party of all his lasting business relationships which are subject to the MLA, that is, those which are not limited from the outset to the performance of one-off activities subject to the MLA, and shall do so as from the establishment of contractual links.

Information required

2 The financial intermediary must obtain the following information from the contracting party, in so far as it is available:

- for natural persons: name, first name, date of birth, complete address of permanent residence and nationality;
- for legal entities and partnerships: corporate name, date of incorporation, complete address of registered office and, if different, address of business establishment involved in the business relationship.

Documents required from natural persons

3 The identity of natural persons shall be verified upon the basis of an official document. Approved identity documents are:

- any official document issued by a Swiss authority and provided with a photograph;
- a foreign identity card or a foreign passport or any other travel document officially recognized for entry into Switzerland.

4 If the contracting party is unable to present one of the above-mentioned documents, his identity may, exceptionally, be verified upon the basis of other probating documents. A written explanation shall then be added to the file of the business relationship.

5 When the business relationship is established without the contracting party having been met physically, the address of permanent residence must be verified by an exchange of correspondence or by any other equivalent means.

Documents required from legal entities and partnerships

6 The identity of legal entities and partnerships, which are entered in an official Register of the State in which they are legally organised, shall be verified upon the basis of an up-to-date extract from this Register.

7 The identity of legal entities and partnerships which are not entered in an official Register shall be verified upon the basis of other probating documents, e.g. articles of association, deed or contract of foundation, official authorisation to exercise an activity, attestation issued by the firm's bodies, or an extract from a database kept by a trustworthy private company.

8 When a business relationship is established with a simple partnership, the contracting party is identified by verifying the identity of at least one partner.

9 The financial intermediary shall moreover verify and keep records on the identity of the natural persons establishing the business relationship on the contracting party's behalf as well as of the circle and the powers of the persons entitled to bind him.

Controlling owner

10 When the contracting party is a legal entity or a partnership engaged in an operational activity or a subsidiary majority controlled by such a partnership, the intermediary must obtain from the contracting party a written declaration indicating the surname, the first name and the address of permanent residence of the natural persons that control at least 25% of the voting rights or the capital of the partnership.

11 If the partnership is not controlled by these persons, the financial intermediary must obtain from the contracting party a written declaration indicating who the natural persons are who control the partnership in any other manner whatsoever, for example due to a predominant position, preferential voting rights, a shareholders' agreement, or a contract.

12 If it is not possible to identify such controlling owners, the intermediary must obtain from the contracting party a supporting document or a written declaration indicating the surname, the first name and the address of permanent residence of the person or persons responsible for operational general management of the legal entity or the partnership.

13 Identification of the controlling owner shall always apply in the case of lasting business relationships.

Exemptions from the obligation to identify and to verify the identity

14 The financial intermediary may renounce identifying the controlling owner and verifying the identity of the contracting party when the latter is:

- a legal entity or a partnership listed on an official stock exchange or vested with public authority;

- or a financial intermediary authorised in Switzerland within the meaning of article 2, para. 2 MLA and article 2, para. 4 b) MLA;

- or a financial intermediary legally engaged abroad in the activities mentioned in article 2, para. 2 MLA, and subject to regulation and supervision equivalent to those of the MLA.

Form and processing of documents

15 The financial intermediary shall obtain the presentation of originals or certified true copies of the documents used for the verification. The certification of the conformity of the copy of a document with the original shall be issued by an official authority, a notary, the Swiss Post Office, a Swiss attorney-at-law, or a Swiss or foreign financial intermediary who is subject to supervision equivalent to that of the MLA. A copy of the identity document kept in the database of a certification services provider recognized in accordance with the law of 19 December 2003 on the electronic signature, combined with a corresponding electronic authentication by the contracting party, is also deemed to be a certificate of authenticity.

16 The documents presented shall be valid or, if their validity is not defined, be dated within the past twelve months, unless they are documents which are not subject to renewal.

17 In the case of legal entities and partnerships: If the official Register subject to the supervision of a state authority, in which they are entered, is accessible by computer and continuously updated, the financial intermediary may also verify the identity by means of acceding himself to this official Register, and downloading and printing himself the extract from this Register.

18 The financial intermediary shall keep in the file of the business relationship photocopies of the documents presented to him or prints of those downloaded by him; these documents shall be dated and countersigned by him on the day of their receipt or download.

Failure of verification

19 If the contracting party eludes the verification of his identity, the financial intermediary shall refuse to establish a business relationship or, if necessary, immediately break it off.

B. TRANSFER ORDERS

Mention of the person giving the order [1]

20 For transfer orders, the financial intermediary of the person giving the order indicates the name, account number and the address of the person giving the order as well as the surname and account number of the beneficiary. In the absence of an account number, a reference number linked to the transaction must be provided. The order-giver's address may be replaced by the place and date of birth, the client number or the national identity number of the order-giver. The financial intermediary makes sure that the details relating to the order-giver are accurate and complete and that those relating to the beneficiary are complete.

21 For transfer orders in Switzerland, the financial intermediary may confine itself to indicating the account number or a reference number linked to the transaction, provided that it is able to provide the other details concerning the order-giver to the financial intermediary of the beneficiary and to the competent Swiss authorities, upon request and within a period of three bank working days.

22 For domestic transfer orders used to pay for goods and services, the financial intermediary may follow the procedure described in article 21 above if it is not possible, for technical reasons, to proceed according to article 20. The financial intermediary shall provide the order-giver with adequate information on the forwarding of its data in payment transactions.

23 The financial intermediary of the beneficiary shall determine the procedure to be followed in the case of transfer orders being received that contain incomplete information about the order-giver or the beneficiary. In this context it shall adopt a risk-based approach.

C. CASH TRANSACTIONS

24 A cash transaction is defined as: any transaction in cash, in particular foreign exchange, purchase and sale of precious metals, sale of travellers' cheques, paying up in cash of bearer shares, bank-issued medium-term notes and bond issues, and encashment of cheques, when no lasting business relationship is linked to these transactions.

25 The financial intermediary may only waive verification of the identity of the contracting party (and its controlling owner when it is a legal entity) if a cash transaction, or several apparently interconnected transactions, are below the following amounts:

a. CHF 1,000 for transactions with virtual currencies; [2]
b. CHF 5,000 in a foreign-exchange transaction with no virtual currencies;
c. CHF 15,000 [1] in any other cash transaction.

26 When other cash transactions are carried out with the same contracting party, if the financial intermediary is certain that it is the same person, he can waive verifying again the identity of the latter and of its controlling owner.

27 The financial intermediary must in all cases verify the identity of the contracting party, and of its controlling owner where legal entities are concerned, when there are indicia of money laundering, terrorism financing or the existence of a criminal organisation.

28 Regarding non-rechargeable data carriers in the area of electronic payment media, the financial intermediary can also waive verification of the contracting party's identity in the following cases:

a. if the funds accounted for electronically are used solely to allow the client to pay electronically for the goods and services purchased;
b. if the amount made available electronically does not exceed CHF 250 per data carrier and CHF 1,500 in total per transaction and per client.

28bis[3] In the case of consumer credit, copies of identification documents do not need to be authenticated in the case of business relationships opened by correspondence, provided that the amount of credit does not exceed CHF 25,000 and:

a. it is paid into an existing account of the borrower;
b. it is credited to such an account;
c. it takes the form of a bank overdraft on such an account; or
d. that, in the case of an assignment, it is transferred directly to a seller of goods on the basis of a payment order from the borrower.

D. TRANSFER OF FUNDS AND ASSETS

29 Transfer of funds and assets is defined as a transfer of assets which consists of accepting cash, precious metals, virtual currencies, cheques or other payment instruments in Switzerland, and then of paying abroad the equivalent sum in cash, precious metals, virtual or cryptographic currencies or on a cashless basis by means of a transfer, a bank transfer or any other use of a payment or clearing system, or vice versa, provided that no lasting business relationship is linked to these transactions.

30 In the case of transfers of funds or assets from abroad to Switzerland, the beneficiary of the payment must be identified if one or more apparently interconnected transactions exceed the amount of CHF 1,000, or if there are indicia of money laundering or terrorism financing.

31 In the case of transfers of funds or assets from Switzerland to abroad, the identity of the contracting party, and of the controlling owner where legal entities are concerned, must be verified in every instance.

32 When other transfers of funds or assets are made with the same contracting party, if the financial intermediary is certain that it is the same person, he can waive verifying again the identity of the latter and of its controlling owner.

33 The identity of the contracting party, and of the controlling owner where legal entities are concerned, must be verified, in the same way as for transfers of funds or assets to abroad, during cash transactions involving currencies that are not legal tender in Switzerland or abroad, such as cryptographic currencies (Bitcoin and similar), if the financial

intermediary is not certain that the transaction is limited to an exclusively bipartite relationship with his contracting party (cf. Directive 3C, article 6).

34 In the case of a transfer of funds or assets, the name and address of the financial intermediary used by the order-giver must appear on his payment receipt.

[1] In accordance with Committee resolution of 04 March 2019 and FINMA ratification of 20 February 2019
[2] In accordance with Committee resolution of 21 December 2020 and FINMA ratification of 28 January 2021
[3] In accordance with Committee resolution of 22 February 2021 and FINMA ratification of 31 March 2021

DIRECTIVE 3

RELATING TO THE IDENTIFICATION OF THE BENEFICIAL OWNER OF THE ASSETS WHICH ARE THE SUBJECT OF THE BUSINESS RELATIONSHIP

Beneficial owner

1 Any natural person who has the ability to benefit from or dispose of, for their own profit, the assets which are the subject of the business relationship shall be considered to be the beneficial owner.

2 If the financial intermediary is not certain that the contracting party is the beneficial owner of the assets which are the subject of the business relationship, or if he knows that they are different persons, and when there are indicia of money laundering or terrorism financing, the financial intermediary must obtain from the contracting party a written declaration attesting to the identity of the beneficial owner.

3 A doubt about whether the contracting party is the beneficial owner may arise in particular:

a. when a person who does not have any close links with the contracting party has a power of attorney that allows assets to be withdrawn;
b. when the assets that are remitted are clearly out of proportion to the financial situation of the contracting party;
c. when the contacts with the contracting party lead the financial intermediary to make other unusual observations;
d. when the business relationship is established without a meeting having taken place with the contracting party.

If the financial intermediary does not obtain a written declaration because it has no doubt that the contracting party is indeed the beneficial owner of the assets which are the subject of the business relationship, it must document the fact so as to be able to justify this lack of a written declaration. [3]

Exemptions from the obligation to identify [1]

4 The financial intermediary shall be exempted from obtaining information about the beneficial owner of the assets which are the subject of his business relationships, from his contracting parties if they legally exercise in Switzerland the activity of financial intermediaries within the meaning of Art. 2, subs. 2, MLA and Art. 2, subs. 4 letter b, MLA, or legally exercise abroad the activities mentioned in Art. 2, subs. 2, MLA, and are subject to regulations and supervision equivalent to those of the MLA.

5 A financial intermediary who carries out a cash transaction outside of any lasting business relationship may waive obtaining a written declaration by the contracting party attesting to the identity of the beneficial owner when one or more apparently interconnected transactions do not reach CHF 15,000 [2] for foreign exchange transactions this threshold

shall be set at CHF 5,000. For transactions with virtual currencies, this threshold is set at CHF 1,000. [4]

6 However, the financial intermediary must always obtain from the contracting party a written declaration indicating the identity of the beneficial owner:

- if there is any doubt that the contracting party, the controlling owner, where legal entities are concerned, and the beneficial owner of the assets are the same persons;
- if the contracting party is a domiciliary company;
- in the case of transfers of funds or assets to abroad;
- if a Swiss authority has warned against widespread abuse or against a particular contracting party or in general against the business establishments of the country in which the contracting party has its domicile or registered office;
- if there are indicia of money laundering or terrorism financing;
- when a business relationship is established by correspondence; [1]
- in the case of a simple partnership. [1]

Domiciliary company

7 A domiciliary company is a legal entity or a partnership whose active management bodies, activity exercised or assets owned are held principally in trust for the account of a third party beneficial owner.

The following in particular are indicia of the existence of a domiciliary company:

a. it does not have its own business establishments,
b. it does not have any personnel of its own,
c. it does not engage in a commercial or manufacturing activity or another commercially operated activity,
d. it does not exercise effective control over the assets which it holds.

If, despite the presence of one of these indicia, the contracting party is not a domiciliary company, the financial intermediary shall place an explanatory written note in the file.

Information required

8 The financial intermediary must obtain the following information from the contracting party about the beneficial owner, in so far as it is available: the surname, first names, date of birth, complete address of permanent residence and the nationality or nationalities;

Collective investments [1]

9 When the contracting party holds collective investments or is constituted as an unlisted holding company:

- if it is for the account of up to twenty beneficial owners, the financial intermediary must always obtain a declaration concerning the identity of all the beneficial owners;

- if it is for the account of more than twenty beneficial owners and if the forms of investment or holding company, or their promoter or sponsor, are not subject to adequate regulation and supervision with regard to the fight against money laundering and terrorism financing, the financial intermediary is required to obtain a declaration concerning the beneficial owners who hold more than 5% of the collective investments or the holding company.

Form of declaration

10 The written attestation of the identity of the beneficial owner must be dated and signed by the contracting party. If the latter is not a natural person, the attestation must be signed by its authorised bodies. If the contracting party is represented by an attorney, a power of attorney must be produced, signed by the contracting party or his authorised bodies.

11 The original of the attestation, and a photocopy of the possible power of attorney of its signatory, shall be kept in the file of the business relationship.

Failure of verification

12 No transaction may be carried out before the documents and information required to identify the beneficial owner of the assets that are the subject of the business relationship are obtained in full. If the contracting party eludes the duty to provide a written declaration attesting to the identity of the beneficial owner, or if a doubt persists, despite an attempt to clarify, as to the identity of the beneficial owner, the financial intermediary shall refuse to establish the business relationship or, if necessary, immediately break it off.

[1] In accordance with Committee resolution of 20 February 2017 and FINMA ratification of 7 December 2017
[2] In accordance with Committee resolution of 04 March 2019 and FINMA ratification of 20 February 2019
[3] In accordance with Committee resolution of 02 December 2019 and FINMA ratification of 23 January 2020
[4] In accordance with Committee resolution of 21 December 2020 and FINMA ratification of 28 January 2021

DIRECTIVE 3b

ON TRUSTS, ANSTALTEN, FOUNDATIONS AND SIMILAR ENTITIES

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1. General

This Directive in no way amends or diminishes the instructions, rights and obligations contained in the other Directives, particularly Directives 2 and 3 on the verification of the identity of contracting parties and the identification of beneficial owners. It is intended to set out solutions for implementing the Anti-Money Laundering Act (hereinafter "MLA") that are appropriate to situations involving trusts, foundations, Anstalten and, by analogy, to other entities whose contracting party and/or beneficial owner cannot always be determined in accordance with the usual rules.

A. SITUATIONS IN WHICH THE FINANCIAL INTERMEDIARY IS HIMSELF A TRUSTEE OR A BOARD MEMBER OF THE ANSTALT OR FOUNDATION

2. Identifying the contracting party

A financial intermediary acting as a trustee or a board member of an Anstalt or foundation must endeavour, whenever possible, to proceed to verify the identity of the contracting party, in accordance with the procedures of Directive 2. This verification applies to the settlor of a trust, the founder of an Anstalt or foundation and to each of the persons who has transferred the ownership of assets to the trust, Anstalt or foundation.

When a financial intermediary takes office as a trustee or board member of an existing trust, foundation or Anstalt in replacement of, or in addition to a trustee or a board member of a foundation or Anstalt and in respect of a trust, a foundation or an Anstalt already in existence, he may consider the person who has appointed him to such office as being his contracting party.

3. Identification of the beneficial owner by a trustee or a board member of an Anstalt or foundation

After assets have been contributed to a trust, Anstalt or foundation, in principle the financial intermediary acting as a trustee or a board member of an Anstalt or a foundation shall consider as being beneficial owners, within the meaning of the MLA, all persons who, irrespective of their capacity or title, as a result of the founding deeds and the provisions permitting them to be amended, supplemented or revoked, have the right or the possibility of using or disposing, for their benefit, of the assets that are the object of the trust, Anstalt or foundation.

In particular, in the case of revocable structures, the financial intermediary shall consider as being beneficial owners the persons having authority to revoke the structure for their benefit (Art. 53, subs. 2, FINMA Ordinance on the Prevention of Money Laundering and Terrorism Financing [MLO-FINMA]) and, if they are different, the person(s) for whose actual benefit the structure may be revoked.

4. Identification measures where no contracting party or beneficial owner can be determined; T form

When a financial intermediary acting as a trustee or a board member of an Anstalt or foundation is confronted with one or both of the following situations:

a) it is impossible for the financial intermediary to determine who his contracting party is, in particular when the establishment of the trust, Anstalt or foundation and/or the transfer of assets to such entities result from instruments that do not require an "exchange of concordant assent" between the financial intermediary and a third party, or result from death, or from non-consensual substitution of a previous trustee or board member of the Anstalt or foundation;

b) it is impossible for the financial intermediary to determine who all the beneficial owners of the trust, Anstalt or foundation are, in particular when the designation of the persons who, regardless of their capacity or title, as a result of the founding deeds and the provisions permitting them to be amended or supplemented, benefit from the right or the possibility of using or disposing, for their benefit, of the assets that are the object of the trust, Anstalt or foundation, is left to the discretion of the trustee or the board of the Anstalt or foundation, or because it is not possible for some reason;

the financial intermediary acting as trustee or board member of the Anstalt or foundation shall then obtain the identity information provided for in Directive 2 in respect of the following individuals or corporate entities, to the extent that they exist:

- the settlor/founder or his actual principal if such settlor/founder is acting on a fiduciary basis

- the persons who, regardless of their capacity or title (e.g. protectors, trustees or similar officers), may as a result of the founding deeds, amend, supplement or revoke these instruments and, in particular, designate beneficiaries

- the designated beneficiaries and persons eligible to become beneficiaries

as well as information relating to any non-individualised categories of persons eligible to be designated as beneficiaries.

The financial intermediary acting as trustee or board member of the Anstalt or foundation shall record this information in a written statement (T form), which he shall complete by using all available sources of information, and which one (or more, depending on the signing procedure applicable to the entity) of the trustees or board members of the Anstalt or foundation shall sign himself.

The information contained in such written statement must be kept up-to-date and recorded in the MLA register.

5. Clarification of the origin of the funds by the trustee, Anstalt or foundation

The financial intermediary acting as a trustee or a board member of the Anstalt or foundation must, as far as possible, ensure that each of the persons who has transferred the ownership of assets (except for small amounts paid solely to cover the formalities of setting up the entity) to the trust, Anstalt or foundation shall clarify the economic origin and provenance of the assets thus transferred.

When this transfer of assets results from instruments not requiring any "exchange of concordant assent" between the financial intermediary and a third party or from instruments arising from death or prior to his taking office, the financial intermediary acting as trustee or board member of the Anstalt or foundation shall clarify as far as possible the origin and provenance of the assets prior to their transfer, by means of all available sources of information.

The search for this information and the relevant findings must be documented and the documents kept in the business relationship file.

6. Documents

Trustees and board members of Anstalten and foundations exercising their activities as financial intermediaries in Switzerland must keep the original or a copy of all the founding deeds and the provisions permitting them to be amended, supplemented or revoked. These documents must be kept in Switzerland.

B. SITUATIONS WHERE THE FINANCIAL INTERMEDIARY IS OUTSIDE THE TRUST, ANSTALT OR FOUNDATION BUT HAS A BUSINESS RELATIONSHIP WITH SUCH ENTITY

7. Verification of the identity of the contracting party for trusts or entities with or without legal personality by a financial intermediary outside such entities:

When a financial intermediary outside a trust establishes a business relationship pertaining to the trust’s assets, he shall consider the trustee as being his contracting party and shall verify his identity in accordance with Directive 2. In the case of other entities with no legal personality, the financial intermediary may consider his contracting party as being any person having the capacity or power to act on behalf of the entity with which he establishes a business relationship. Entities endowed with legal personality, such as Anstalten and foundations, are themselves the contracting party of the financial intermediary who establishes a business relationship with them.

8. Identification of the beneficial owner in the case of trusts, Anstalten or foundations by a financial intermediary outside such entities

In the case of trusts, Anstalten and foundations, the financial intermediary outside these entities shall require the trustee or the board of the Anstalt or the foundation to proceed in accordance with the provisions of Directive 3, to identify the beneficial owners of the assets involved in the business relationship, as soon as it is possible to determine them, pursuant to Article 3 above.

If only a circle of beneficial owners is determined (for example "*all the settlor's descendants*"), then the identification must be carried out and if need be supplemented in relation to any person joining the circle.

However, when the number of beneficial owners is equal to or higher than twenty, the financial intermediary is required to identify only those whose rights or possibilities of use or disposal concern more than 5% of the assets being the object of the business relationship.

In all cases where all or part of the beneficial owners of the trust, Anstalt or foundation cannot, or cannot yet, be determined, the financial intermediary shall obtain from the trustee or the board of the Anstalt or the foundation a signed written statement in conformity with Article 4 of this Directive.

DIRECTIVE 3C

RELATING TO NEW PAYMENT METHODS

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1 This Directive applies restrictively to the activity of financial intermediaries operating in the area of payment media for cashless payment transactions or involving currencies that are not legal tender in Switzerland or abroad, such as cryptographic currencies (Bitcoin and similar).

2 If the issuer of payment media is informed that the payment medium has been transferred to a person who does not maintain any recognizable close relationship with the contracting party, it must again identify the contracting party and determine the beneficial owner of the payment medium.

3 In the case of lasting business relationships with contracting parties in the area of payment media for cashless payment transactions that are used solely for cashless payment of goods and services, the financial intermediary may waive identification of the contracting party:

a. if payments cannot exceed CHF 1,000 per transaction and CHF 5,000 per calendar year and per contracting party; any reimbursements of the payment medium are paid only onto accounts held with banks authorized in Switzerland or with banks subject to equivalent supervision abroad and held in the name of the contracting party and may not exceed CHF 1,000 per reimbursement;

b. if payments made to merchants in Switzerland cannot exceed CHF 5,000 per month and CHF 25,000 per calendar year and per contracting party, with debit payments being charged exclusively to, and any reimbursements of payment media being credited exclusively to, an account held in the name of the contracting party with a bank authorized in Switzerland;

c. if the payment media can only be used within a specific network of suppliers or providers and if the turnover does not exceed CHF 5,000 per month and CHF 25,000 per calendar year and per contracting party; or

d. if it is a financial leasing and if the charges due each year, including value-added tax, do not exceed CHF 5,000.

4 In the case of lasting business relations with contracting parties in the area of payment media for cashless payment transactions that are not used exclusively for cashless payment of goods and services, the financial intermediary may waive compliance with the due diligence duties if the amount that can be made available per payment medium does not exceed CHF 200 per month and if the payments are charged exclusively to, and any reimbursements of the payment medium are credited exclusively to, an account held in the name of the contracting party with a bank authorised in Switzerland.

5 The financial intermediary may only waive identification of the contracting party if he has sufficient technical and computing equipment to detect an overshoot of the applicable thresholds or the presence of indicia of money laundering or terrorism financing or increased risks. He must, in addition, take measures to prevent any aggregation of the limits on the amount.

6 Regarding cash transactions involving currencies that are not legal tender in Switzerland or abroad, such as cryptographic currencies (Bitcoin and similar), the financial intermediary must have sufficient technical and computing equipment to be certain that such transactions are limited to an exclusively bipartite relationship with his contracting party (cf. Directive 2 Article 33), failing which such transactions are in all cases deemed to be transfers of funds or assets;

7 Without prejudice to the forms of delegation laid down by ARIF Directive 10, the issuer of payment media is released from the obligation to hold, in his own file, the documents used to identify the contracting party and to identify the controlling owner and the beneficial owner of the assets, to the extent that he has entered into a delegation agreement with a bank authorised in Switzerland according to which:

a. the bank communicates to the issuer of the payment medium the information about the identity of the contracting party, the controlling owner and the beneficial owner of the assets;

b. the bank informs the issuer of the payment medium whether the contracting party, the controlling owner or the beneficial owner of the assets is a politically exposed person;

c. the bank immediately informs the issuer of the payment medium of the changes made to the information referred to in letters a) and b) of this article;

d. the issuer of payment media replies to the requests for information from the competent Swiss authority and refers to the correspondent bank for any remittal of documents.

8 For business relationships entered into directly and those opened by correspondence, the issuer of payment media can waive the requirement to obtain a certificate of authenticity for the copies of identity documents:

a. if it is not possible to make cash withdrawals or payments in excess of CHF 10,000 per month and per contracting party through payment media used for cashless payment of goods and services and for cash withdrawals, for which an electronically recorded credit balance is the condition for the transactions;

b. if the limit for cashless payment of goods and services and for cash withdrawals does not exceed CHF 25,000 per month and per contracting party for payment media for which transactions are invoiced a posteriori;

c. if the funds received by individuals or paid to individuals do not exceed CHF 1,000 per month and CHF 5,000 per calendar year and per contracting party for payment

media authorising cashless payment transactions between individuals domiciled in Switzerland; or

d. if the funds received by individuals or paid to individuals do not exceed CHF 500 per month and CHF 3,000 per calendar year and per contracting party for payment media authorising cashless payment transactions between individuals without any domicile restriction.

If it decides to waive requesting a certificate of authenticity, the issuer of payment media shall check whether the copies of the identity documents contain indicia of the use of a false or forged identity document. If such indicia exist, the eased requirements provided for in this article shall not be applicable. [1]

9 For business relationships initiated by correspondence, ARIF, after having consulted and obtained prior permission from FINMA, can also authorize the financial intermediary generally or specifically to use methods other than those laid down in Directive 2 in order to verify the identity and address of contracting parties who are natural persons and to authenticate the documents used for this purpose.

The use of such methods should make it possible to verify the identity of the contracting party with a degree of both technical and legal certainty equivalent to that obtained by applying Directive 2.

10 Upon prior request, ARIF can, after having consulted and obtained prior permission from FINMA, authorize other exemptions from compliance with the due diligence obligations under the MLA for lasting business relationships if a low risk of money laundering within the meaning of Art. 7a MLA is proven.

11 At the time of admission and in connection with the process of supervising members active in the new payment methods or involving currencies that are not legal tender in Switzerland or abroad, such as cryptographic currencies (Bitcoin and similar), ARIF can set additional conditions suited to the special characteristics of the business conducted, and in particular with regard to:

- the operating budget of the company;
- the competency of the persons involved in the development of the company;
- the accounting audit under the MLA and to the competencies of the auditing firms used;
- cash flow management when the financial intermediary holds assets for the account of clients without being subject to banking legislation;
- the effectiveness of the computing and human mechanisms put in place to detect suspicions of money laundering or terrorism financing linked to business relationships and transactions;
- the effectiveness of the computing and human mechanisms and resources put in place to be certain that cash transactions involving currencies that are not legal tender in Switzerland or abroad, such as cryptographic currencies

(Bitcoin and similar), are limited to an exclusively bipartite relationship between the financial intermediary and his contracting party (cf. Directive 2 article 33);

- the effectiveness of the provision of goods and services acquired by means of payment platforms and with regard to the fact that it does not constitute a disguised transfer of funds or assets;
- compliance with the limits on amounts and duration that allow the financial intermediary not to be subject to banking legislation in Switzerland;
- the attention paid to regulatory and cross-border risks, in particular on the Internet.

[1] In accordance with Committee resolution of 04 March 2019 and FINMA ratification of 20 February 2019

DIRECTIVE 4

RELATING TO THE RENEWAL OF VERIFICATIONS

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1 The verification of the identity of the contracting party or the identification of the controlling owner and the beneficial owner must be renewed by the financial intermediary when a doubt arises in the course of the business relationship concerning: [1]

- the permanence of the accuracy of the information relating to the identity of the contracting party or the controlling owner;
- the fact that the contracting party or the controlling owner is itself the beneficial owner;
- the permanence of the accuracy of the declaration made by the contracting party in respect of the controlling owner or the beneficial owner.

2 A further verification is not necessary when the verification of the identity of the contracting party and the identification of the controlling owner and the beneficial owner have already been repeated in an equivalent manner in the group to which the financial intermediary belongs.

3 The financial intermediary must immediately put an end to the business relationship if he notices or has a justified suspicion that he has been deceived in respect of the identity of the contracting party, the controlling owner or the beneficial owner, or if the contracting party refuses these verifications or their renewal.

4 The financial intermediary shall conduct this termination in accordance with the rules laid down by ARIF Directive 13.

[1] In accordance with Committee resolution of 22 May 2017 and FINMA ratification of 7 December 2017

DIRECTIVE 5

RELATING TO THE RISK-BASED APPROACH, AND THE CLARIFICATION AND VIGILANCE MEASURES

Principle

1 The financial intermediary puts into practice a risk-based approach, taking into account inherent risks, risk indicia and consistent risks that persist after clarification and increased-vigilance measures have been taken.

Business relationships involving increased risks [1]

2 A financial intermediary who has more than 20 lasting business relationships draws up criteria and puts in place effective surveillance of the business relationships involving inherent increased risks.

3 The following criteria generally come into consideration, depending on the business sector of the financial intermediary:

a. the registered office or the domicile of the contracting party, the controlling owner or the beneficial owner of the assets, in particular if it is established in a country deemed by the Financial Action Task Force (FATF) to be high risk or uncooperative, as well as the nationality of the contracting party or the beneficial owner of the assets;

b. the nature and place of business of the contracting party or the beneficial owner of the assets, in particular when a business activity is carried out in a country which the FATF deems to be high risk or uncooperative;

c. the lack of any meeting with the contracting party and the beneficial owner;

d. the type of services or products requested;

e. the amount of the assets remitted;

f. the amount of the incoming and outgoing assets;

g. the country of origin or destination of frequent payments, in particular for payments made to or from a country that the FATF deems high risk or uncooperative;

h. the complexity of the structures, in particular if several domiciliary companies are used or a domiciliary company with fiduciary shareholders is used in a non-transparent jurisdiction, without any clearly-understandable reason or for the purpose of investing assets on a short-term basis;

i. frequent transactions involving increased risks.

Based on its risk analysis, the financial intermediary determines for each of these criteria whether it is relevant to its business activity. It specifically defines the relevant criteria in internal directives and takes them into account to identify its business relationships involving increased risks.

Business relationships involving persons established in a country which the FATF deems to be high risk or uncooperative and for which it calls for increased diligence to be exercised, in particular if they are acting in the capacity of a contracting party or controlling owner or beneficial owner of assets, or as an agent, body, representative or holder of power of attorney, must be deemed in all cases to be business relationships involving increased risks.

Politically exposed persons

4 Business relationships involving politically exposed persons abroad within the meaning of Article 2a subsection 1 letter a MLA or persons related to them within the meaning of Article 2a subsection 2 MLA must always be deemed to be business relationships involving inherent increased risks and be subject to increased vigilance.

5 When they comprise one or more additional risk criteria, the following business relationships must also be considered to involve increased risks: those involving:

a) politically exposed persons in Switzerland;
b) persons who are politically exposed due to the fact that they hold senior executive positions in international or inter-governmental organisations;
c) persons who are politically exposed due to the fact that they hold senior executive positions in international sports federations;
d) related persons, within the meaning of Article 2a subsection 2 MLA, persons according to letters a to c above.

6 Business relationships involving increased risks according to Articles 4 and 5 above, whatever the capacity in which politically exposed persons or related persons are involved, in particular if they have the status of contracting party, or controlling owner, or beneficial owner of the assets, or of an agent, organ, representative or holder of a power of attorney.

Transactions involving increased risks

7 The financial intermediary sets criteria and establishes means of detecting transactions involving inherent increased risks.

8 The following criteria generally come into consideration, depending on the business sector of the financial intermediary:

a. the amount of the incoming and outgoing assets;

b. the country of origin or destination of payments, in particular for payments made to or from a country which the FATF deems to be high risk or uncooperative [1];

c. the existence of significant divergences in relation to the nature, volume or frequency of the transactions usually conducted in the context of the business relationship;

d. the existence of significant divergences in respect of the nature, volume or frequency of the transactions usually conducted in the context of the business relationship or comparable business relationships.

9 The following transactions are in all cases deemed to involve increased risks:

a) those that are initiated by politically exposed persons;

b) in the context of which, at the beginning of a business relationship, assets with an equivalent value of more than CHF 100,000 are contributed physically in a single transaction or staggered over time [1];

c) those that involve domiciliary companies or complex structures.

d) those that involve payments made to or from a country which the FATF deems to be high risk or uncooperative and for which it calls for increased diligence to be exercised [1].

Transfer of funds and assets

10 Transfers of funds and assets are in all cases deemed to be transactions involving increased risks when one or more apparently interconnected transactions reach or exceed the amount of CHF 5,000.

Indicia of money laundering or terrorism financing

11 The financial intermediary shall draw up an internal list concerning detection of business relationships, whether lasting or not, and of transactions presenting indicia of a felony, money laundering, terrorism financing or belonging to a criminal organization.

12 This list will be drawn up by the financial intermediary on the basis of his experience and will be continually adapted to take account of the changes in circumstances, the special characteristics of the company and the new money laundering and terrorism financing methods. Its use must not lead to routine behaviour patterns. The financial intermediary may also base himself on the list of indicia annexed to the FINMA Anti Money Laundering Ordinance, and on the reports of the Money Laundering Reporting Office (MROS) and the Financial Action Task Force on Money Laundering (FATF).

“Cross border” risk

13 A financial intermediary who controls business establishments or companies abroad, or who is engaged in a foreign-oriented business activity, must determine, limit and control on a global basis the risks relating to money laundering and terrorism financing to which he is exposed.

Clarifications in the event of increased risks or indicia of money laundering [2]

14 In the case of business relationships or transactions involving increased risks or indicia of illicit activities, money laundering or terrorism financing, the financial intermediary shall be obligated to undertake additional clarifications to the extent necessary to judge the legali-

ty of the economic background and the purpose of the business relationship or the transaction and the origin of the assets involved. It shall check or verify again in particular:

a. whether the contracting party is indeed the beneficial owner of the assets remitted;
b. the origin and source of the assets remitted;
c. in the case of transfers of funds or assets: the identity of the recipient of the transfer;
d. the purpose for which the assets withdrawn are used;
e. the economic background of the transactions;
f. the origin of the wealth of the contracting party and the beneficial owner of the assets;
g. the professional or commercial activity engaged in by the contracting party and the beneficial owner of the assets;
h. whether the contracting party, the controlling owner or the beneficial owner of the assets are politically exposed persons.

Means of clarification

15 Depending on the circumstances, the clarifications are based in particular on:

a. the information about the client gathered since the initiation of the business relationship;
b. collecting written or oral information from the contracting parties, their controlling owners or the beneficial owners of the assets that are the subject of the business relationship;
c. visits to the places where the contracting parties, controlling owners or beneficial owners of the assets conduct their business;
d. consultation of the sources and databases accessible to the public;
e. information obtained from trustworthy persons.

16 The financial intermediary checks whether the results of the clarifications are plausible and documents them. The financial intermediary who carries out transfers of funds and assets must use an effective computer system to detect and monitor transactions involving increased risks. The transactions detected by the computerized monitoring system must be examined and processed within a reasonable period.

Time of the clarifications [2]

17 A financial intermediary who observes indicia of illicit acts, money laundering or terrorism financing or the presence of increased risks in a business relationship or transaction shall conduct the additional clarifications as quickly as possible.

Failure of clarification [2]

18 When the financial intermediary does not exercise its right to report even though, in spite of the clarification, it still has doubts about the business relationship, it shall document the reasons for its doubts so as to be able to justify the lack of a report.

Increased vigilance

19 Increased vigilance shall be exercised through closer monitoring and more frequent controls of the business relationship, for a renewable determined period of time, by the MLA Officer and every member of the financial intermediary's staff participating in the business relationship.

Organizational measures

20 The internal directives that set the criteria for increased risks and the indicia for money laundering must be circulated to all the persons participating in the business relationships subject to the MLA. The knowledge of the persons concerned must be updated regularly.

In order to be able to determine whether a transaction or a business relationship requires clarification or increased vigilance, it is essential that the financial intermediary's staff have a good knowledge of the clients and their activities from the start of the business relationship, and carefully monitor the transactions conducted throughout it.

Procedure

21 If a member of the financial intermediary's staff detects a business relationship or a transaction involving an increased risk, or has doubts about an illicit activity, money laundering, terrorism financing or the truthfulness of the information obtained concerning the identity of the contracting party or the identification of the controlling owner or the beneficial owner, he must immediately inform the MLA Officer thereof.

22 The MLA Officer shall decide whether it is necessary to carry out clarification and/or to exercise increased vigilance.

23 In case of clarification, his reasons, modalities, results and conclusions, particularly as to the existence of a founded suspicion or as to the appropriateness of entering into or continuing the business relationship, shall be the subject of a written report from the MLA Officer to the management, a dated and signed copy of which shall be placed in the file concerning the business relationship.

24 If it is necessary to subject the business relationship to increased vigilance, its processing shall be the subject of distinctive signs which will allow its systematic location by the staff concerned, and an adequate note shall be recorded in the MLA Register. During the MLA audit the MLA Officer shall spontaneously inform the Auditor on the cases which are the subject of clarifications and those which are subject to increased vigilance and transmit to him copies of the reports drawn up in the course of the financial year.

25 All the cases that required clarification are recorded, together with the documents that they comprise, and are subject to the periodical MLA audit. [2]

Classification of consistent risks

26 The intermediary shall draw up a classification of the consistent risks of all his business relationships, taking into account the inherent normal and increased risks, the money laundering indicia and the result of the clarifications and vigilance measures. It involves at least two degrees.

This classification is applied to each business relationship from its initiation and throughout its existence and is updated periodically by the MLA Officer. The financial intermediary shall take the organizational, vigilance and follow-up measures specific to each degree of the classification.

[1] In accordance with a Committee resolution of 04 March 2019 and a FINMA ratification of 20 February 2019
[2] In accordance with Committee resolution of 02 December 2019 and FINMA ratification of 23 January 2020

Annex: list of money laundering indicia

INDICIA OF MONEY LAUNDERING

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1 Importance of the indicia

1.1 Financial intermediaries must observe the money-laundering indicia signalling business relationships or transactions involving increased risks that are listed below.

Taken separately, the indicia do not, in general, make it possible to justify a sufficient suspicion of the existence of a money-laundering transaction. However, a combination of several of these elements may indicate their presence.

1.2 The plausibility of the client's explanations of the economic background of such transactions must be verified. In this respect, it is important that the client's explanations should not be accepted without being examined.

2 General indicia

2.1 Transactions involve particular risks of money laundering:

2.1.1 when the manner in which they are constructed indicates an illicit purpose, when their economic purpose is not recognizable or when they even appear absurd from an economic viewpoint;

2.1.2 when the assets are withdrawn shortly after having been credited to the account (transit account), unless the client's business activity makes such an immediate withdrawal plausible;

2.1.3 when one does not manage to understand the reasons why the client has specifically chosen this bank or this branch for his business;

2.1.4 when they result in an account which had previously remained largely inactive becoming very active without one being able to detect a plausible reason;

2.1.5 when they are not compatible with the information and experience of the financial intermediary concerning the client or the purpose of the business relationship.

2.2 Furthermore, any client must be deemed suspicious if he/she provides the financial intermediary with false or fallacious information or if, without any plausible reason, he/she refuses to give it the necessary information and documents, which are accepted by the practices of the business concerned.

2.3 The fact that a client regularly receives bank transfers from a bank established in one of the countries deemed "high risk" or uncooperative by the "Financial Action Task Force (FATF)" or that a client repeatedly makes transfers to such a country, may constitute a ground for suspicion.

2.4 It may also be a ground for suspicion if a client repeatedly proceeds to make bank transfers to regions situated geographically near areas in which terrorist organizations operate.

3 Special indicia

3.1 Cash transactions

3.1.1 Exchanging a substantial amount of (Swiss or foreign) banknotes in small denominations for large denominations.

3.1.2 Substantial foreign-exchange transactions which are not recorded on a client's account.

3.1.3 Cashing cheques, including traveller's cheques, for substantial amounts.

3.1.4 Purchase or sale of large quantities of precious metals by occasional clients.

3.1.5 Purchase of bank-certified cheques for large amounts by occasional clients.

3.1.6 Orders for transfers abroad by occasional clients without any apparent legitimate reason.

3.1.7 Frequently conducting cash transactions involving amounts just below the limit above which client identification is required.

3.1.8 Acquisition of bearer shares with physical delivery.

3.2 Account or securities account transactions

3.2.1 Frequent withdrawals of large amounts in cash, even though the client's business activity does not justify such operations.

3.2.2 Use of financing means commonly employed in international trade, whereas the use of such instruments is not consistent with the client's known business activity.

3.2.3 Accounts used intensively for payments whereas said accounts usually receive no, or few, payments.

3.2.4 An economically absurd structure of the business relationship between a client and the bank (a large number of accounts held with the same bank, frequent transfers between different accounts, excessive liquidity, etc.).

3.2.5 Provision of guarantees (pledges, sureties, etc.) by third parties unknown to the bank who do not appear to be closely related to the client or to have a plausible reason to provide such guarantees.

3.2.6 Transfers to another bank without indicating the beneficiary.

3.2.7 Acceptance of funds transfers from other banks without any indication of the name or account number of the beneficiary or the contracting party giving the order.

3.2.8 Repeated transfers of large amounts abroad with the instruction to pay the beneficiary in cash.

3.2.9 Substantial and repeated bank transfers to or from drug-producing countries.

3.2.10 Provision of bank sureties or guarantees as collateral for loans between third parties that are not in line with market conditions.

3.2.11 Cash payments by a large number of different persons on one and the same account.

3.2.12 Unexpected reimbursement without any convincing explanation of a non-performing loan.

3.2.13 Use of pseudonym or numbered accounts in the execution of commercial transactions by craft, commercial or industrial businesses.

3.2.14 Withdrawal of assets shortly after they have been credited to an account (transit account).

3.3 Fiduciary transactions

3.3.1 Fiduciary loans (back-to-back loans) without any recognizable lawful purpose.

3.3.2 Fiduciary holding of stakes in unlisted companies whose business activity cannot be determined by the financial intermediary.

3.4 Others

3.4.1 Client's attempts to avoid personal contact with the financial intermediary.

3.4.2 Client's refusal to collaborate with a clarification when there is already an indicium of money laundering.

3.4.3 Request for publication of information under Art. 11a, para. 2 MLA by the Money Laundering Reporting Office.

4 Serious indicia

4.1 Client's wish to close an account and to open new accounts in his/her name or in the name of certain members of his/her family without there being any trace in the bank's documentation (paper trail).

4.2 Client's wish to obtain a receipt for cash withdrawals or deliveries of securities which have not actually been made or which have been immediately re-deposited with the same bank.

4.3 Client's wish to make payment orders indicating an incorrect principal.

4.4 Client's wish that certain payments be made not directly from his/her own account, but through a Nostro account of the financial intermediary or through the "Miscellaneous" accounts.

4.5 Client's wish to accept or have documented loan guarantees that do not correspond to economic reality, or to grant loans in a fiduciary capacity on the basis of a fictitious guarantee.

4.6 Criminal proceedings instituted against a client of the financial intermediary for crime, corruption, embezzlement of public funds or for a serious tax offence.

DIRECTIVE 6

RELATING TO DOCUMENT RETENTION

Documents relating to business relationships

1 For each business relationship subject to the MLA, the financial intermediary must keep during the entire period of the contractual relationship, and thereafter for ten years from its termination, all the documents established in relation with its MLA diligence duties, and in particular:

- the form completed when entering into the business relationship;
- the documents used to verify the identity of the contracting party;
- the documents relating to the identification of the controlling and the beneficial owners;
- the extract of the MLA Register;
- the reports drawn up concerning clarifications;
- the reports to the Money Laundering Reporting Office;
- the decisions regarding criminal matters or the MLA notified by the Authorities in respect of business relationships.

Documents relating to transactions

2 The financial intermediary must also keep documents relating to transactions in which it has participated within the framework of a business relationship subject to the MLA, for 10 years from their completion. When several transactions form a whole, the period of 10 years shall run from completion of the last one.

3 The documents must make it possible to retrace as far as possible the development of the transaction, its participants, as well as the origin and destination of the assets involved.

MLA Register [1]

4 An annual edition of the MLA register is kept in the archives.

Method of retention

5 The documents must be kept in Switzerland, in their original form or on a reliable computer device that complies with the requirements laid down in Arts. 9 and 10 of the ordinance of April 24, 2002 on the keeping and retention of accounting books, and be

organised and kept available in a safe place that is rapidly accessible, so that they can be easily consulted by the Authorities responsible for criminal prosecution and MLA supervision, as well as by ARIF's special auditors and the financial intermediary's MLA Auditor.

6 In the event of a merger or liquidation of the member, the latter must ensure that its archives still remain accessible for 10 years. They may be deposited either with the company buying it out or with the liquidator or with another financial intermediary subject to the MLA in Switzerland. If the member should go bankrupt, retention of the archives is governed by Art. 15 Ordinance on the Administration of Bankruptcy Offices (OAOF) (RS 281.32).

[1] In accordance with Committee resolution of 20 February 2017 and FINMA ratification of 7 December 2017

DIRECTIVE 7

RELATING TO ORGANISATION AND INTERNAL CONTROL

A. INTERNAL DIRECTIVES

1 As from the time of his affiliation, the financial intermediary must have internal directives regulating the implementation (who does what, how, when and where) of the provisions relating to the combat against the laundering of money of criminal origin and the financing of terrorism within the firm. These directives must be adopted by the board of directors or by the management at its highest level.

2 In particular, these directives shall determine the behaviour to be observed by:

a) the MLA Officer, concerning among others:

- the tasks assigned to him;
- his permanent training;
- the powers conferred to him;

b) the individuals in contact with clients, concerning in particular:

- the procedure for establishing a business relationship;
- the criteria applicable to the determination of business relationships involving increased risks and the company's policy on politically exposed persons;
- the permanent monitoring of business relationships and the classification of their consistent risk;
- the principles applicable to the transactions monitoring system;
- the cases and the clarification procedure [1];
- the steps to be taken in case of doubts and founded suspicions;
- the relations with the MLA Officer;
- the principles governing employee training;

c) the Management, concerning among others:

- the tasks assigned to it in MLA matters, in particular for notifications to the Money Laundering Reporting Office;
- the appropriate measures in the case of MLA offences within the firm;
- its relations with the MLA Officer;
- any powers delegated to the one or the other member of the Management in MLA matters.

B. MLA OFFICER'S PROFILE

3 The financial intermediary shall appoint an MLA Officer from among his staff and, in so far as the internal organisation permits, his deputy. Both of them shall usually be present at the office of the main business establishment of the financial intermediary in Switzerland.

4 The MLA Officer shall have the powers which are necessary to act effectively for the purposes of putting in place the combat against money laundering and terrorism financing within the firm. In particular, he shall be a member of the Management or directly subordinated to it, and have the right to fully examine the activities of the firm subject to the MLA.

5 The MLA Officer must have a good level of education in MLA matters, and maintain it by regular attendance of the training programmes given or approved by ARIF, and by constant research and study of new practices and regulations with respect to the combat against money laundering and terrorism financing.

6 The MLA Officer must be able to call on the services of specialists outside the firm when he is faced with complex situations beyond his level of competence.

C. MLA OFFICER'S DUTIES

7 The MLA Officer shall be the ordinary contact in MLA matters, for the firm's staff and its MLA Auditor, as well as for ARIF and the MLA supervisory or criminal prosecution authorities. He shall ensure that he is easily and rapidly contactable during working hours and days, and replaced if he is temporarily unavailable.

8 The MLA Officer shall have the task of establishing and permanently updating the firm's internal directives in MLA matters, and informing and advising the staff on this subject.

9 The MLA Officer shall ensure that the MLA, the Articles of Association, Rules and Directives of ARIF, and the firm's internal directives in MLA matters are complied with within the firm.

10 The MLA Officer shall in particular ensure that the procedures for establishing and clarifying a business relationship, risk classification and keeping the MLA Register are complied with. He shall carry out periodic checks, at least once a year, of the contents of the basic files of the business relationships, especially as far as knowledge of the client is concerned.

11 The MLA Officer shall ensure that appropriate measures are executed in case of doubt and founded suspicions of money laundering or terrorism financing, particularly as far as the notification of the Money Laundering Reporting Office and the freezing of assets are concerned.

12 The MLA Officer shall define the parameters of the transactions monitoring system and ensure that the notifications generated by this system are processed.

13 The MLA Officer shall ensure the keeping and archiving of the files of business relationships subject to the MLA.

14 The MLA Officer shall establish the planning and ensure compliance with the training obligations by the firm's staff members and managers. In particular he shall ensure that all the persons concerned be regularly informed about indicia of money laundering and terrorism financing, and shall check their knowledge on this subject.

15 The MLA Officer shall propose to the Management the internal investigations to be effected in MLA matters, carry out with diligence those entrusted to him, and report to the Management any breach of the MLA rules by staff members.

16 If certain functions of the MLA Officer (e.g. training manager, contact with the Authorities and ARIF, Special Internal Auditor) are assigned to distinct persons, the MLA Officer shall coordinate their actions.

17 The MLA Officer shall periodically conduct a risk analysis in order to combat money laundering and terrorism financing and shall take account in particular of the clients' domiciles and segments and of the products and services offered. The risk analysis procedure must be adopted by the board of directors or by the management at its highest level, and be updated periodically.

18 The MLA Officer shall ensure that the risks of money laundering and terrorism financing involved in the development of new products and commercial practices or in the use of new technologies or those developed for new or existing products are assessed in advance and, if applicable, identified, limited and adequately monitored in the context of risk management.

19 To the extent that the size of the company so permits, the MLA Officer must not monitor the risks of the business relationships of which he is himself operationally in charge.

D. MANAGEMENT'S DUTIES

20 The Management shall retain the supreme control and responsibility for combating against money laundering and terrorism financing within the firm.

21 In particular the Management shall be bound to carefully select, instruct and supervise the MLA Officer, and to give him the necessary means to perform his duty.

22 The Management shall decide on implementation, risk monitoring and assessment and conduct regular checks on business relationships involving increased risks.

23 The Management shall take the necessary decisions in the case of founded suspicions of money laundering or terrorism financing.

24 The Management shall order investigating measures and appropriate steps in the case of non-compliance with the rules concerning the combat against money laundering and terrorism financing by members of the firm's staff.

E Group of companies and business establishments abroad

25 The financial intermediary shall ensure that the companies and business establishments operating in the financial sector, and which it controls in Switzerland or abroad, comply with the following principles, particularly in the countries deemed to involve increased risks of money laundering or terrorism financing, and to the full extent allowed by the legislation applicable at the location where the activity is carried out:

a. the principles laid down in articles 7 (duty to draw up and keep records of the business relationship and transactions) and 8 MLA (adequate internal organisation);
b. verification of the identity of the contracting party, and identification of the controlling owner of the contracting party when they are legal entities or partnerships engaged in an operational activity;
c. identification of the beneficial owner of the assets that are the subject of the business relationship;
d. the use of a risk-based approach;
e. the special clarification duties in the event of increased risks.

The financial intermediary informs ARIF when local regulations preclude application of the above-mentioned fundamental principles, or when they result in a serious competitive disadvantage for the intermediary.

Notification to the competent authorities of transactions or business relationships suspected of money laundering or terrorism financing and, if applicable, freezing of assets, are governed by the legislation applicable at the location where the activity is carried out.

26 A financial intermediary that heads a financial group comprising foreign branches or companies must determine, limit and control on a global basis the legal and reputational risks related to money laundering and terrorism financing to which it is exposed. To this end, it shall allow the group's internal or external auditing bodies to have access to the information on given business relationships, to the extent allowed by the legislation applicable at the location where the activity is carried out.

[1] In accordance with Committee resolution of 02 December 2019 and FINMA ratification of 23 January 2020

DIRECTIVE 8

RELATING TO THE MLA REGISTER

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1 The financial intermediary must keep an MLA Register which contains the complete list of all his business relationships subject to the MLA.

2 An annual edition of the MLA Register is kept in the archives.

3 For each business relationship the MLA Register must contain a written or electronic record including at least the following identity data:

- for natural persons: the surname, first name, date of birth, complete address of permanent residence and the nationality of the contracting party and the beneficial owner of the assets which are the subject of the business relationship;
- for legal entities and partnerships: the corporate name, date of incorporation, complete address of the registered office and, if different, the complete address of the business establishment involved in the business relationship, and the surname, first name, date of birth, complete address of permanent residence and the nationality of the controlling owners of the contracting party and of the beneficial owners of the assets which are the subject of the business relationship.

This record must be updated regularly (at least annually) and by keeping the history of the modifications made.

4 The MLA Register shall include a section updated by the MLA Officer, which contains the following data:

- the status of the verifications of the identity of the contracting party and the identification of the beneficial owner;
- the clarifications carried out concerning the business relationship or specific transactions, with indication of the dates, conclusions, recommendations and deadlines for regularising matters [1];
- any possible judicial or administrative proceedings which have concerned the business relationship in MLA matters (reports to the authorities, requests for information or freeze by the Authorities etc.);
- the business relationships requiring increased vigilance;
- the degree of consistent risk applicable to the business relationship;
- the periodic checks that the register is kept correctly, carried out by the MLA Officer at least annually.

5 If it is required by confidentiality, the MLA Register may be split into two documents or files allowing an immediate reconciliation of the data to the authorized persons.

6 When the financial intermediary is in a business relationship with a structure comprising several entities such as domiciliary companies, trusts, Anstalts or foundations, which are interrelated or which comprise at least one common beneficial owner, the MLA Register and the file on each of the entities concerned must include an up-to-date section clearly describing the relationship that each of these entities has with all of the others, as well as the beneficial owner of each of them. In complex cases, an organisational overview must be drawn up.

[1] In accordance with Committee resolution of 02 September 2019 and FINMA ratification of 23 January 2020

DIRECTIVE 9

RELATING TO THE PROCEDURE FOR ENTERING INTO A BUSINESS RELATIONSHIP

A. PROCEDURE FOR ACCEPTANCE OR REFUSAL OF A BUSINESS RELATIONSHIP

1 The procedure for acceptance or refusal of a business relationship must be implemented for each business relationship which is subject to the MLA.

2 Regarding new business relationships, the procedure must be completed before any transaction is carried out.

3 The notion of “client” within the meaning of the present Directive means the contracting party and the beneficial owner.

First level: the person in direct contact with the client

4 Preparation of the file for entering into a business relationship shall be the responsibility of the person in direct contact with the client (first level of control), who must make sure that all the documents and information required by the MLA and Rules and Directives of ARIF, as well as the financial intermediary’s internal directives, are gathered.

5 The person in direct contact with the client must in particular:

- identify the contracting party and obtain the required identity documents concerning him;
- identify the natural person or persons who control the contracting party where it is a legal entity or a partnership engaged in an operational activity, and obtain the written declaration from the contracting party about these persons;
- write a note justifying his assessment when he is certain that the beneficial owner of the assets which are the subject of the business relationship is the contracting party;
- obtain the written declaration from the contracting party about the identity of the beneficial owner when he is not certain that the beneficial owner of the assets which are the subject of the business relationship is the contracting party, as well as when he knows that they are different persons;
- obtain an in-depth description of the activity of the contracting party and the beneficial owner and of the origin of the assets which are the subject of the business relationship;
- identify the nature and purpose of the business relationship wanted by the contracting party;

- search for possible links (professional, family, group etc.) between the client and other business relationships of the financial intermediary;

- complete the form for entering into a business relationship;

- attach to the file any exchange of correspondence with the client (letters, faxes, e-mails, special instructions etc.) as well as reports of visits and records of telephone calls;

- attach to the file any organisation charts, brochures, balance sheets, management reports, press cuttings, and all information or documents suitable for clarifying the economic background of the business relationship and of the assets which are the subject thereof;

- detect business relationships and transactions which require clarification or increased vigilance, or show indicia of money laundering or illicit or terrorism-financing activities, and in this case, collect the information and documents expedient for a clarification. [1]

6 As from the first contact, the financial intermediary shall endeavour to acquire a good knowledge of his client. As far as possible, each client must be met by at least two staff members of the financial intermediary.

7 If a lasting business relationship or a cash transaction exceeding CHF 25'000.-- is involved, or if clarification or increased vigilance are required, or if there are indicia of money laundering or terrorism financing, the file opened when entering into the business relationship, duly completed, shall be forwarded to the MLA Officer.

Second level: the MLA Officer

8 The MLA Officer shall examine the form for entering into the business relationship and the documents gathered by the person in direct contact with the client, upon the basis of which he shall issue a recommendation to the Management to accept or refuse the business relationship, with an indication of the reasons. If required, he shall request confirmation of the information received and carry out a clarification, particularly in case of business relationships requiring increased vigilance. He shall in particular verify that the extent of the information collected is adequate in accordance with the risk of the business relationship.

Third level: the Management

9 The acceptance or refusal to enter into a business relationship shall be the responsibility of the financial intermediary's Management. This latter can delegate this competence in writing to staff members having the capacity to exercise it, with the exception of business relationships with politically exposed persons.

10 If the refusal to enter into a business relationship is the result of reasons or circumstances to which Art. 9 or 9a MLA is applicable, the Management and the MLA Officer shall

proceed in accordance with ARIF Directive 13 relating to the obligations to report, freeze the assets and maintain secrecy.

B. FORM FOR ENTERING INTO A BUSINESS RELATIONSHIP

11 The form for entering into a business relationship shall comprise information which the person in direct contact with the client must collect prior to acceptance of a business relationship by the Management. This information shall subsequently be completed and updated throughout the entire business relationship.

12 This information work must be carried out by seeking information as far as possible at its source and should not content itself with reproducing the result of research carried out by other financial intermediaries.

13 The following headings call for special comments:

- financial situation (assets, revenue): as far as possible, it is proper to determine the size of the client's assets and revenues upon the basis of his declarations and other elements known to the financial intermediary, in order to detect any possible discrepancy between the resources of a person and the financial flows recorded in the context of the business relationship;

- tracing of funds: this consists in describing from which bank, town, country the transfer of funds is made and in what form (cash payment, cheques, bank transfer, set off etc.);

- economic origin of the funds: it is proper to indicate the economic activity which made it possible to generate them. It is insufficient to take the information from the Commercial Register or to give a vague and general description of the economic origin (such as "*assets*", "*inheritance*" or "*savings*"). The declarations of the client concerning the economic background of his activities must be documented as far as possible and prove to be plausible, independently of the diligence work done by other financial intermediaries;

- Clarifications: a written note must be issued on all business relationships that are the subject of clarifications, stating the reasons, the content and the conclusions of the clarification, with all the documents that it comprises. [1]

14 In the annex to the present Directive, ARIF proposes a model of a form for entering into a business relationship, which the financial intermediary will adapt as faithfully as possible to the particularities of his activity.

[1] In accordance with Committee resolution of 02 December 2019 and FINMA ratification of 23 January 2020

OPENING OF RELATIONSHIP FORM

Date:…… File reference: ……..……..

Filled in by: ……..… Type: ……

IDENTIFICATION OF THE CONTRACTING PARTY

Surname, First name(s), Company name:

……..……..……..……

Profession/company

purpose:……..……..……

Employer: ……..……..……..……..……..

Date of birth/date of founding: ……..……..……..……..……..……..…

Permanent address:……..……..……..……

……..

Head office/ address of the business involved: ……..……..……..……..…

……..

Nationalities / Country of the Head office…..……..……..

Identity document number:……..……

(make a photocopy)

*Work phone n°: ……..… *Private phone n°: ……..……*Mobile phone n°:..……..……

*Work fax n°: ……..…… *Private fax n°: ……*E-mail:…..……..……...

(*if possible, at least one rapid means of communication)

THE FINANCIAL INTERMEDIARY (mark with a cross which is applicable):

❑ IS CERTAIN THAT THE CONTRACTING PARTY IS THE BENEFICIAL OWNER OF THE ASSETS WHICH ARE THE SUBJECT OF THE BUSINESS RELATIONSHIP

❑ IS NOT CERTAIN THAT THE CONTRACTING PARTY IS THE BENEFICIAL OWNER OF THE ASSETS WHICH ARE THE SUBJECT OF THE BUSINESS RELATIONSHIP (in this case, the contracting party must identify in writing the beneficial owner of the assets)

IDENTIFICATION OF THE CONTROLLING OWNER

(when the contracting party is a legal entity or a partnership engaged in an operating activity)

Corporate name of the contracting party: ……

The undersigned contracting party hereby declares that the following natural person(s) has/have control over it, due to the fact that they control at least 25% of the voting rights or of the company's capital, or in any other manner, for example due to a predominant position, preferential voting rights, a shareholders' agreement, or a contract, or if such controlling parties do not exist or cannot be identified, due to the fact that the following natural person(s) conduct(s) the operational General Management thereof.

(repeat these headings for each controlling owner)

Surnames, first names:

……..

Date of birth:

……

Complete address of permanent residence:

……

Nationalities:

……

The contracting party undertakes to communicate spontaneously and without delay any modification concerning the its controlling owner or owners. The contracting party has been made aware that intentionally completing this form erroneously constitutes creating a false document within the meaning of Article 251 of the Swiss Penal Code.

Place and date: ……

Signature of the contracting party:

……

IDENTIFICATION OF THE BENEFICIAL OWNER OF THE ASSETS WHICH ARE THE SUBJECT OF THE BUSINESS RELATIONSHIP

Name and first name(s) or company name of the contracting party:

……..

The contracting party hereby declares (mark with a cross which is applicable)

☐ to be the only beneficial owner of the assets being involved in his business relationship with [Name of the financial intermediary]

☐ that the following natural person(s) is/are the beneficial owner(s) of the assets involved in his business relationship with [Name of the financial Intermediary]

(repeat these headings for each beneficial owner)

(Surname and first name:

……..

Date of birth:

……

Complete address of permanent residence:

……

Nationalities:

……

The contracting party undertakes to communicate spontaneously and without delay any modification concerning the beneficial owner(s). The contracting party has been made aware that intentionally completing this form erroneously constitutes creating a false document within the meaning of Article 251 of the Swiss Penal Code.

Place and date: ……

Signature of the contracting party:

……

KNOW YOUR CUSTOMER FORM

Notice: this form must be completed for each beneficial owner, regardless of whether or not he is the contracting party.

INTRODUCTION:

Introduced by……..……..

Place, date, circumstances under which the business relationship was initiated ..…….……

……..……

……..……

CONNECTIONS WITH OTHER CLIENTS:

……..……

……..……

PERSONAL DETAILS:

Marital status: ……..……....

Surname, first names and birth date of spouse: ……..……

……...

Surnames, first names and birth dates of parents: ……..…….……

……...

Surnames, first names and birth dates of children: ……..……..……..…

……...

……...

::..……..…

FINANCIAL SITUATION:

Wealth: ……..…….…

……..……..……

……..……..……

Income:..……..……..……

……..……

……..……..……

PURPOSE OF THE BUSINESS RELATIONSHIP:

……..……..……

……..……

……..……

TRACING OF THE ASSETS:

……

……

……

ECONOMIC ORIGIN OF THE ASSETS:

……

……

……

REASONS FOR INCREASED VIGILANCE:

……

……

……

CLARIFICATIONS WHEN OPENING THE BUSINESS RELATIONSHIP: (grounds, content and result)

……

……

……

……

……

……

……

……

……

SUPPORTING DOCUMENTS:

……

……

MEANS OF COMMUNICATION

*Work phone nº.: …… *Private phone nº: ……*.Mobile phone nº: ……

*Work fax nº: …… *Private fax nº: ……*E-mail: ……

(*if possible at least one rapid means of communication)

IDENTIFICATION OF OTHER PERSONS

(for example person holding power of attorney, external manager, protector, etc.)

Surnames, first names/company

name:……..……..……

Profession/company

purpose:……..……..……..……

Employer: ……..……..……..……

Date of birth/date of founding: ……..……..……..……..…

Permanent address:……..……..……..……

……..

Head office/address of the business involved: ……..……..……..…

……..

Nationalities/country of the Head office……:

…….……

*Work phone nº.: …… *Private phone nº: ……*.Mobile phone nº: ……..……..…

*Work fax nº: …… *Private fax nº: ……*E-mail: ……..……...

(*if possible, at least one rapid means of communication)

DIRECTIVE 10

RELATING TO THE DELEGATION OF THE DUTIES OF DILIGENCE

Delegation between financial intermediaries

1 When several financial intermediaries, who are subject in Switzerland to the MLA, or subject abroad to regulation and supervision equivalent to that of the MLA, intervene within the scope of the same business relationship, or are part of a group of firms placed under a common management, they can charge one of them to carry out the verification of the identity of the contracting parties, the identification of the controlling owners and beneficial owners, the renewal of these formalities, as well as the clarification of business relationships and transactions.

2 The financial intermediary to whom one or more of these tasks have been delegated, must forward to each of the others involved in the business relationship a copy certified true by himself of the documents which have been used for the verifications, identifications and clarifications.

Delegation of duties of diligence to auxiliaries

3 The financial intermediary may delegate durably, and for an indefinite number of cases, the verification of the identity of the contracting parties, the identification of the controlling owners and beneficial owners, the renewal of these formalities and the clarification of business relationships and transactions, to one or more auxiliaries in Switzerland or abroad, provided the following conditions are met:

- the person so delegated must possess the competences sufficient for this activity and provide every guarantee of irreproachable conduct;
- the person so delegated is not authorised to sub-delegate his mandate;
- in the field of funds' and assets' transfer, the person so delegated accomplishes this task for one sole financial intermediary only;
- the person so delegated must undertake to the financial intermediary, by a written agreement subject to Swiss law and the jurisdiction of the Swiss courts, to comply with all the duties in respect of the combat against money laundering and terrorism financing and of the protection of data incumbent on the financial intermediary member of ARIF, and to submit to the controls applicable to him;
- a copy of the delegation agreement, duly signed by the parties, must immediately be provided to ARIF;
- the financial intermediary must define in writing the duties of the person so delegated, adequately instruct him about them and make sure that he has had a training equivalent to that required from a financial intermediary member of ARIF;

- the person so delegated and his activity at the service of the financial intermediary must be included within the ambit of this latter's internal controls and MLA audit;
- the original documents, or their copies certified true by the person so delegated, having served for the verification of the identity of the contracting parties of the financial intermediary or for the identification of their beneficial owner or resulting from the clarification of business relationship or transactions, must be deposited at the financial intermediary in Switzerland as quickly as possible.

4 The financial intermediary shall keep an up-to-date record of the auxiliaries which it uses.

5 If an auxiliary of the financial intermediary takes commercially part in the subjected business relationships, namely by executing them on behalf and for the account of the financial intermediary, such auxiliary and its staff shall be entirely and directly subject to ARIF's directives, in particular as far as the supply of a complete file, the internal organisation, the training obligations and the extent of the audit are concerned.

6 The person taking part in subjected business relationships on his own behalf or for his own account and thereby exercising an activity as an autonomous financial intermediary may not be considered as an auxiliary within the meaning of the present Directive and shall independently become affiliated to a self-regulating organisation accredited by FINMA or obtain from it the authorisation to exercise.

Responsibility

7 The financial intermediary shall remain responsible, towards the Swiss authorities and ARIF, for the activity of the persons so delegated in the same way as for his own activity.

DIRECTIVE 11

RELATING TO TRAINING

A. Generalities

Persons subject to the training obligation

1 Financial intermediaries shall be bound to cause all persons, for whom a complete personal file must be provided in accordance with Directive 1, to attend the training courses referred to in the present Directive.

2 On reasoned request, ARIF may exempt from the training obligation the members of partnerships or of limited liability companies and members of boards of directors or of foundation boards or of association committees if these persons' management powers have been entirely and lawfully delegated by organisational rules, a copy of which must be delivered to ARIF.

3 If it ascertains serious training deficiencies among the staff of a financial intermediary, ARIF may request the reiteration of basic or continued training by all or part of the staff subject to the training obligation.

Certificate

4 ARIF shall deliver a certificate of attendance to the persons who have followed the training courses of ARIF.

Members not subjected

5 Members not subjected (MNS) are exempted from the training obligation. When subject again to the MLA, they must accomplish the training provided for by the present Directive starting from the business year in the course of which the new subjection has become effective.

B. MLA training

Knowledge of MLA matters

6 Persons subject to the training obligation must have a knowledge of the following edicts:

- the provisions of the Swiss Criminal Code relating to the combat against money laundering and terrorism financing;
- the MLA;
- the Articles of Association, Rules and Directives of ARIF;
- the Ordinances, circulars and information letters of FINMA.

7 They must acquire a good knowledge of the duties of financial intermediaries as provided for in these edicts and in particular of those concerning:

- the verification of the identity of the contracting party and identification of the controlling owner;
- the identification of the beneficial owner;
- the indicia of money laundering;
- the risk-based approach;
- the clarification of business relationships and transactions;
- the retention of documents;
- the reporting of founded suspicions and freezing of assets.

MLA training courses

8 Each year, ARIF shall organise both basic and continued training courses. The programme of the basic training courses shall cover in a general way the duties of financial intermediaries in MLA matters. Continued training courses shall be specific to a particular financial intermediary activity (asset management, foreign exchange etc.) or to a particular subject.

Frequency of attendance

9 The persons referred to in Art. 1 of the present Directive must attend one full day of basic training within six months following affiliation to ARIF and, for new management bodies, employees or subordinated auxiliaries, within six months of their being hired.

10 During each reference period following the period of their basic training the persons subject to training must attend half a day of continued training. The reference period for attendance of continued training courses shall run from January 1st of each odd year to December 31st of the following even year. Exceptionally, the reference period runs from July 1st, 2019 to December 31st, 2020

Checks

11 At least once a year, the MLA Manager shall carry out, within the firm, periodic checks of the level of knowledge of the persons subject to training. A selective evaluation of the knowledge of participants may be carried out by ARIF on the occasion of the training courses. Compliance with the training obligations shall be the subject of a check during the MLA audit.

Internal training

12 Members who have more than 20 staff members subject to training may organise continued training courses for them, whereas basic training must be accomplished at the seminars organised by ARIF.

13 In order for these courses to be recognised by ARIF, their contents must be endorsed by it. Such endorsement shall be given on the following conditions:

- the seminar must be announced to ARIF at least 60 days in advance, with an indication of the number of participants, the names and qualifications of the speakers and the subjects of their presentations;
- at ARIF's request the contents of the presentations will be adapted;
- a member of ARIF's committee or a Special Auditor of ARIF attends the course to attest to the satisfactory quality of its contents and the presence of the participants.

14 A fee shall be charged by ARIF for such endorsement and for such participation.

Equivalence

15 After receipt of the participation certificates, ARIF may, in respect of participation both in a basic training course and in in-service MLA training provided for by the present Directive, recognise MLA training courses given by other self-regulating organisations or official academic institutions, which courses it will deem equivalent.

C. Training relating to the Code of Deontology concerning the exercise of the profession of an independent asset manager

Training courses

16 ARIF shall organize seminars for the presentation of the rules of the Code of Deontology (CoD) applicable to ARIF members subject thereto.

Persons subject to the training obligation and time limit for participation

17 The persons concerned by Art. 1 of the present Directive, who exercise their activity at the service of an ARIF member subject to the Code of Deontology shall be bound to attend such seminar of presentation of the Code of Deontology within twelve months following adherence to the Code of Deontology and, for new management bodies, employees or subordinated auxiliaries, within twelve months of their being hired.

D. Training relating to ARIF-accredited lead auditors

18 The lead auditors are required to attend at least four hours of effective in-service training on the MLA during each of ARIF's statutory financial years (January 1 to December 31), by attending the seminars organised by ARIF, by other self-regulatory bodies or the Swiss Financial Market Supervisory Authority, or by attending a specific course endorsed beforehand by ARIF.

E. Special cases

19 In specific cases, ARIF may propose special training programs.

DIRECTIVE 12 A

RELATING TO THE CERTIFICATION AND ACTIVITY OF AUDITING FIRMS AND LEAD AUDITORS

MLA auditing firms

1 Upon joining ARIF, all financial intermediaries must appoint an ARIF-certified auditing firm, at their own expense, and promptly provide for a replacement auditing firm in the case of unforeseen events, particularly a long-term interruption of the auditing firm's mandate or the withdrawal of ARIF certification.

ARIF certification

2 ARIF provides a list of documents that must be submitted by the auditing firm in support of its application for certification.

3 To obtain and maintain ARIF certification, the auditing firm must satisfy the following conditions at all times:

a. the auditing firm must provide the assurance of irreproachable business conduct, both with regard to its own conduct and that of each of its officers, employees and agents involved in the auditing of ARIF members;

b. The auditing firm must hold an auditor’s certification issued by the Swiss Federal Audit Oversight Authority (FAOA). If it is appointed to carry out audits relating to the ARIF Code of Deontology, the auditing firm must also hold a certification as an audit expert;

c. The auditing firm must have insurance cover against third-party liability risks covering financial damage; such insurance must be taken out and kept up throughout the entire duration of certification for a coverage amount of at least CHF 250,000.-; this is subject to higher requirements imposed by ARIF according to the risk, in particular owing to the number or scale of the assignments of the auditing firm serving the ARIF members;

d. The auditing firm must be sufficiently well organized to conduct audits. It must in particular:

- have at least two lead auditors who are certified to audit financial intermediaries within the meaning of Article 2 paragraph 3 MLA;

- have, by no later than three years after the granting of certification, at least two assignments to audit financial intermediaries within the meaning of Article 2 paragraph 3 MLA;

- respect the provisions relating to documentation and retention of documents in accordance with Art. 730 c CO, irrespective of its legal form.

e. The auditing firm must not conduct any other activity subject to authorisation under the laws governing the financial markets.

f. The auditing firm must require and maintain a high level of training for its auditing staff and a perfect knowledge of the ARIF Articles of Association, Rules and Directives and their amendments. Its employees must undertake the periodic professional training prescribed by ARIF.

4 To obtain ARIF certification, a lead auditor must meet the following conditions at all times:

a. The lead auditor must hold an auditor's certification issued by the Audit Oversight Authority (FAOA). If he is appointed to conduct audits relating to the ARIF Code of Deontology, the lead auditor must hold a certification as an audit expert;

b. The lead auditor must have the technical knowledge and experience necessary to conduct an audit in accordance with the laws governing the financial markets. To this end, he must prove:

- he has five years' professional experience in providing auditing services;

- he has completed 200 hours of auditing on financial intermediaries within the meaning of Article 2 paragraph 3 MLA;

- he has four hours of in-service training in MLA, completed during the year preceding the filing of the certification application.

5 To keep his ARIF certification, a lead auditor must continue to have the technical knowledge and experience necessary to conduct an audit in accordance with the laws governing the financial markets. To this end, he must prove he has:

- completed 100 hours of auditing on financial intermediaries within the meaning of Article 2 paragraph 3 MLA during the last four years;

- four hours of in-service training in MLA, completed during each of ARIF's statutory financial years.

Obligations of the auditing firm

6 In order for the audit report to comply fully with this Directive and satisfy the member's obligations towards ARIF, the auditing firm must meet the following conditions:

a. the auditing firm must be independent of the management, the board of directors and the shareholders of the financial intermediaries whose activities it audits;

b. the auditing firm must perform the audit in accordance with generally accepted auditing practices, and devote the necessary time and resources in keeping with the nature and extent of the activities of the audited member. To this end, the auditing firm must use the most recent working documents and guidelines provided by ARIF for the audit, and prepare its report to ARIF in the form and within the time limits specified;

c. the auditing firm must accurately, exhaustively and honestly report any misstatements or inconsistencies that it identifies in the course of its audit; it must fully cooperate with ARIF and not withhold any material information. It must promptly forward to ARIF any additional information and documents that ARIF may require regarding the performance and results of its audit, particularly its working notes;

d. the auditing firm must immediately inform ARIF if it has any reasonable grounds to suspect money laundering as a result of knowledge acquired in connection with its audit, if such suspicion has not already been reported by the member concerned in accordance with Section 9 of the MLA.

7 The auditing firm must immediately notify ARIF if the audit is delayed or is prevented from being carried out, and promptly inform ARIF when its auditing mandate for an ARIF member ends. It shall refrain from ending such a mandate on its own initiative at an inopportune time.

8 ARIF certification is granted to the auditing firm at the sole discretion of ARIF and does not infer any contractual relationship between ARIF and the auditing firm. ARIF may, at its sole discretion, temporarily suspend or permanently withdraw its certification of an auditing firm or any members of its staff if they no longer fulfil the conditions set out in this Directive or if they fail to fulfil the obligations imposed by this Directive.

Special auditing firm

9 Whenever it deems necessary, or on a random basis, ARIF may replace the auditing firm chosen by the financial intermediary by another auditing firm chosen and commissioned by ARIF, at the member's expense, to carry out the ordinary audit or for a special audit. At the request of ARIF or the auditing firm, a member must promptly pay to the auditing firm such funds on account as the auditing firm deems necessary to apply against fees and expenses incurred for its work.

Remuneration

10 Under no circumstances shall ARIF be responsible for the payment of the auditing firm’s fees owed by the member, even in the case of audits requested by ARIF.

Procedure for loss of withdrawal of certification [1]

11 An auditing firm or a lead auditor which/who no longer satisfies the formal or material conditions for certification shall be obliged to notify ARIF immediately.

When ARIF is informed that an auditing firm or a lead auditor no longer satisfies the formal or material conditions for certification, it shall set them an appropriate time-limit for meeting these conditions again; certification is deemed lost automatically when the time-limit expires, unless the conditions are met again.

ARIF may, in addition, withdraw its certification from an auditing firm or a lead auditor which/who, after a warning, has seriously, or repeatedly breached its obligations towards ARIF or its members.

The loss or withdrawal of certification from an auditing firm or a lead auditor may not be appealed against by the entity/person concerned or by the members.

If certification is lost by, or withdrawn from, an auditing firm, ARIF shall set an appropriate time-limit for the members who had appointed it so that they can appoint a new auditing firm.

[1] In accordance with Committee resolution of 20 February 2017 and FINMA ratification of 7 December 2017

DIRECTIVE 12 B

RELATING TO AUDITING

Purpose of the audit

1 The purpose of the audit is to verify that the financial intermediary has fulfilled its obligations under the applicable Rules and Directives of ARIF and has consistently complied with ARIF membership conditions. It must also carry out any specific verifications requested by ARIF.

Sample

2 The audit must include the in-depth examination**,** by the auditing firm, of a sufficient sample of business relationships subjected or likely to be subjected. In principle, the sample shall cover at least 10% of all business relationships subjected, including all the business relationships and transactions that have given rise to a clarification or a report to the MLRO as well as a number of business relationships deemed not subjected and left to the auditing firm's discretion. [1]

3 In MLA matters, the auditing firm may content himself with a smaller sample when it appears sufficient to him to formulate an assessment and when at least one of the following conditions is met, which the auditing firm must accurately state in his audit report:

- the risks of money laundering are minor, due to the type of activity or the internal organization of the financial intermediary;
- the operations subjected are of a large number, similar in nature and form, and in general involve amounts of less than CHF 25'000.--.

However, all the business relationships and transactions that have given rise to a clarification or a report to the MLRO must be the subject of the audit. [1]

Audit documents

4 The audit shall result in the auditing firm delivering to ARIF, within the time limits fixed by the latter, the following original documents:

a. the Declaration of Compliance with the requirements of the MLA and the Articles of Association, Rules and Directives of ARIF, issued by the financial intermediary in accordance with the model established by ARIF, duly completed, dated and signed by the member, delivered to his auditing firm so that he can take note

thereof and forward it to ARIF, and including in particular the following information:

- the period covered by the Declaration;
- the number of business relationships subject to the MLA at the end of the period;
- the number of business relationships subject to the Code of Deontology at the end of the period;

and the attestation that:

1. in MLA matters:

- the organisation and internal controls;
- the risk-based approach and taking increased risks into account;
- the training and information;
- the diligence when entering into and monitoring business relationships;
- the verification of the identity of all contracting parties;
- the identification of the beneficial owners;
- the renewal of verifications and identifications if necessary;
- the establishing and retaining of documents required in MLA matters;
- the keeping of the MLA Register;
- the fulfilment of the obligations to clarify [1], report, to freeze the assets and to maintain secrecy;

2. in the asset management activity of the members subject to the Code of Deontology:

- the existence, form and content of the asset management contract;
- the organizational measures intended to prevent conflicts of interests to the client's prejudice;
- the modalities of remuneration for the persons in charge of the asset management;
- the prevention of transactions lacking any economic interest for the client or exploiting the knowledge of client orders in contradiction to market integrity;
- the organization's adequacy to the volume and type of clients, business and products;
- the compliance with the client's investment objectives;
- the absence of any unlawful deposits;
- the adequate spreading of risks;
- the delegation of tasks within the asset management's scope;
- the information of the client concerning the asset manager's firm, the products and the performance;
- the reporting, both periodic and at the client's request;
- the nature, modalities and elements of the asset manager's remuneration;

- the information concerning the performances received from third parties and their attribution;

3. in general:

- the communication of changes in the management bodies and the staff;
- the accomplishment of other statutory, regulatory and in particular financial obligations, in relation to ARIF;

have satisfied all the requirements of the MLA and the Articles of Association, Rules and Directives of ARIF or, failing that, the precise indication of the known defaults of the financial intermediary;

b. the report of the auditing firm, conforming to the model established by ARIF, duly completed and signed by the lead auditor, including in particular the following information:

- the period covered by the report;
- the number and percentage of business relationships subject to the MLA which have been checked;

and the attestation that:

- the lead auditor possesses the required technical knowledge and work experience;
- the auditing firm and the lead auditor are independent of the management and the administration or the shareholders of the financial intermediary audited;
- the auditing firm and the lead auditor undertake to cooperate with ARIF and forward to it all useful information about the execution and result of his audit;
- the auditing firm and the lead auditor have carried out their audit in accordance with Swiss auditing standards;
- the findings of the auditing firm and the lead auditor are not inconsistent with the Declaration of Compliance made by the financial intermediary ; should this not be the case, specific details must be provided of any failure to comply with the MLA and the ARIF Articles of Association, Rules and Directives identified by the auditing firm and the lead auditor.

c. the extract of ARIF’s database sent by it to every member at the end of each audit period and containing the data concerning the member, which must be duly verified, completed and signed by the member and delivered together with the Declaration of Compliance to the auditing firm, so that he can take note thereof and forward it to ARIF;

Audit periodicity

5 The audit shall be carried out for the first time at the end of the audit period during which the financial intermediary has become a member of ARIF, provided there are at least three months to run until the end of such period, otherwise the first audit takes place at the end of the following period.

6 In MLA matters, the first audit shall take into account the full period of possible activity subjected, subsequent to April 1st, 2000, which preceded the admission. It is reminded that in the event the financial intermediary's activity subject to the MLA was started illegally, it must imperatively cease before his membership application can be examined.

7 The audit shall subsequently be carried out at the end of each audit period, which runs from January 1st of each year to December 31st of the same year, and take into account the entire activity exercised since the preceding audit.

However, after the third consecutive annual audit of a member's MLA-related activities, ARIF may, but shall not be obligated to, authorize the member in future to submit an audit report by an ARIF-certified auditing firm at the end of one audit period out of two or three. The multi-annual report must cover all of the preceding audit periods since the previous report.

The member shall nonetheless be responsible for completing and returning to ARIF, via its auditing firm, within the prescribed time limit, the annual extract of its particulars listed in the ARIF database.

Authorization for a multi-annual audit report can only be granted at the written request of a member and shall enter into effect only after the audit period following that in which the request for a multi-annual audit was accepted by ARIF.

In order for the requests to be examined before the end of an audit period, they must be addressed to the ARIF Secretariat at the latest three months before the end of this period.

The authorization for the transition to a multi-annual audit shall be subject to the following minimal conditions:

- that both MLA audits preceding the request as well as the investigations or visits effected by ARIF at the member during the last two audit periods did not reveal any substantial, systematic or repeated delays or failures;
- that the money laundering risks in connection with the member's activity are considered by ARIF as not involving a degree of increased risk, namely in view of the kind of activity, the clients' structure, the transactions' extent and volume and with regard to the member's concrete organisation in the prevention of money laundering.

ARIF shall decide freely, in accordance with its internal concept of risk-based supervision, whether the frequency of a multi-annual audit that has been granted will be two-yearly or three-yearly. [1]

ARIF may, at its complete discretion, subject the authorization to additional conditions specific to the member's situation.

The restoring of a future annual audit frequency may be imposed by ARIF at any time if the conditions for the authorization of a multi-annual frequency are not met any longer, and in the cases where ARIF, at its complete discretion and without indicating any grounds, considers it necessary.

The audit of a non-subject member is always annual. [1]

In house companies

8 In the case of financial intermediaries which are in-house companies controlled by the same persons as a financial intermediary that is a member of ARIF, and which participate in the business of the member subject to the MLA or provide its clientele with services related to financial intermediation, ARIF may authorize the audit report of the member to attest to compliance with the MLA by the in-house company provided that, cumulatively, its bodies are also bodies of the member, that it does not have any operational business establishment outside of the member's own business establishments, and that all of its business relationships are also business relationships of the financial intermediary on which it is dependent.

Members not subjected

9 Members affiliated to ARIF in view of exercising an activity of financial intermediary, who have not carried out any activity subject to the MLA during a complete audit period or since their affiliation, shall be exempted from furnishing a Declaration of Compliance and an audit report, provided that at the end of the audit period considered they submit a formal declaration that they are not subjected, and the attestation of an auditing firm concerning the continued absence of activity subject to the MLA, in conformity with the models established by ARIF.

Members benefiting from this exemption must immediately communicate to ARIF, in writing, any change in their activity subjecting them to the MLA.

[1] In accordance with Committee resolution of 02 December 2019 and FINMA ratification of 23 January 2020

DIRECTIVE 13

RELATING TO THE OBLIGATIONS TO REPORT, FREEZE THE ASSETS AND MAINTAIN SECRECY

Reporting procedure

1 If from the outset or following a clarification, there is a founded suspicion of money laundering of the assets involved or of terrorism financing within the meaning of Art. 9 MLA, the MLA Officer shall immediately inform the Management.

2 The MLA Officer shall complete without delay the reporting form intended for the Money Laundering Reporting Office, enclose his report and the possible documents making the report explicit, and ask the Management to forward them by fax or fast courier to the Reporting Office.

3 The form shall mention the name of the financial intermediary, the contact person – in principle the MLA Officer or a member of the Management – whom the Authorities can address themselves to concerning the reporting. This person must be rapidly reachable, including outside working days and hours, throughout the whole period of the freezes provided for by Art. 10 MLA. The names of the employees in charge of the file can be made anonymous, insofar as the Authorities have the possibility to get rapidly in contact with them.

Freezing of assets

4 The MLA Officer shall remind the Management of the obligations and modalities of freezing the assets which are the subject of the business relationship, in compliance with Art. 10 MLA.

Secrecy

5 The MLA Officer shall also remind the Management, as well as all staff members likely to be in contact with the business relationship, of the obligation of secrecy towards the contracting party and any third parties, excluding ARIF and FINMA, as to the existence of the founded suspicion, their reporting and the freezing resulting therefrom, throughout the period of the freeze, unless special authorisation is given by the competent authority.

6 If a freeze of the assets which are the subject of the business relationship is impossible without the cooperation of third parties, their help can be requested on the condition that they are financial intermediaries subject to the MLA duties, and that there is no known risk of a breach of the obligation of secrecy on their part. The MLA Officer shall then draft a note stating the reasons for and the addressees of this collaboration.

7 The financial intermediary may also inform another financial intermediary subject to the MLA that a report has been submitted under Art. 9 MLA provided this is required in order

to comply with the obligations resulting from the MLA and provided both financial intermediaries meet one of the following conditions:

a. provide joint services for one client in connection with the management of that client's assets upon the basis of a contractual agreement to cooperate; or
b. are part of the same corporate group.

8 When he informs so a third party financial intermediary, the ARIF member shall explicitly draw his attention to the fact that the one and the other are subject to the obligation of secrecy imposed by Art. 10a MLA.

9 The MLA Officer shall ensure the application of the measures ordered by the competent Authorities, for the period prescribed.

10 A copy of the reports made by the financial intermediary shall be addressed spontaneously and without delay to ARIF. [1]

Conduct after reporting

11 The financial intermediary can decide on its own initiative to continue the business relationship:

1 If, within a period of twenty working days following a report under Art. 9 para. 1 letter a MLA, the Money Laundering Reporting Office does not inform it, or informs it that the report will not be forwarded to the criminal prosecution authorities, or informs it that the report will be forwarded to a criminal prosecution authority and if from such time on it does not receive any decision from the criminal prosecution authority within a time-limit of five working days;

b. if, after a report under Art. 9 para. 1 letter c MLA, the financial intermediary does not receive any decision from the criminal prosecution authority within a time-limit of five working days;

c. if, after a report under Art. 305 ter, para. 2, Penal Code 6, the financial intermediary receives a report from the Money Laundering Reporting Office stating that the report will not be forwarded to a criminal prosecution authority, or

d. if, after a freeze ordered by the criminal prosecution authority on the basis of a report under Art. 9 MLA or, as applicable, on the basis of Art. 305 ter, para. 2 Penal Code, the financial intermediary is informed of its lifting, subject to other reports from the criminal prosecution authority.

Doubts concerning the business relationship and the right to report [1]

12 When the financial intermediary does not exercise its right to report, it documents the reasons so as to be able to justify the lack of a report.

13 If it decides to continue a dubious business relationship, it is required to keep it under strict surveillance and to examine it in the light of the indicia of illicit activities, money laundering and terrorism financing. The financial intermediary shall only execute the client's orders that concern substantial assets in a form that makes it possible to keep track of the transaction (paper trail).

Severance of the business relationship

14 The financial intermediary may not sever a dubious business relationship or authorise the withdrawal of substantial amounts when there are specific signs of imminent security measures to be taken by an authority, or when the conditions for a report under Art. 9 MLA to the Money Laundering Reporting Office are met, or when the financial intermediary exercises its right to report under Art. 305 ter, para. 2 Penal Code.

15 When the financial intermediary terminates a business relationship that has been the subject of a report, or a dubious business relationship without having filed a report for want of justified suspicions of money laundering or terrorism financing, it may only authorise the withdrawal of substantial assets in a form which allows the criminal prosecution authorities, if applicable, to keep a track of the transaction (paper trail).

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