Leaflet minimum content of directives for combating money laundering and terrorist financing for financial institutions according to Art. 17 FinIA

1. General

Financial institutions within the meaning of Art. 17 of the Federal Act on Financial Institutions ("FinIA") are subject to the Federal Anti-Money Laundering Act ("AMLA") and must therefore take organizational measures to combat money laundering and terrorist financing. In particular, they must comply with all AMLA due diligence requirements, designate a qualified AMLA unit and implement controls and monitoring measures to ensure compliance with AMLA requirements. The supervisory organizations as well as the Swiss Financial Market Supervisory Authority (FINMA) check that the financial institution set up comprehensive and appropriate directives concerning its planned and performed activities which comprise all possible risks and duties within the meaning of the AMLA.

This leaflet is not exhaustive but lists all aspects which usually need to be defined within the internal AML directives of financial institutions and which OSFINcontrol AG Ltd considers to be the minimum content. The form in which the due diligence obligations under the AMLA are regulated may vary. OSFINcontrol AG Ltd reviews compliance with the herein mentioned aspects on the occasion of the (preliminary) affiliation as well as in the course of ongoing supervision. AMLA due diligence obligations also form a mandatory document for approval by the Swiss Financial Market Supervisory Authority FINMA.

2. Content of directives

	Subjects to be addressed	Remarks
1.	Objective / principles / target group	The directive shall initially describe its subject area and goals: - Understanding of risks in the area of money laundering and terrorist financing - Instructions regarding implementation of and compliance with due diligence requirements in the field of combatting money laundering and terrorist financing - Definition of the scope of application, responsibilities and controls within the organization of the financial institution to ensure compliance with the relevant obligations. Particularly, if not all of a financial institution's business activities are subject to the AMLA, it is advisable to clearly specify which activities/departments/persons are subject to AMLA regulations and internal AML directives. Furthermore, the directives shall reference the relevant underlying principles (including AMLA, AMLO, AMLO-FINMA). The directive must be tailored to the financial intermediary activity of the financial institution and its size and organization.

2.	Organizational duties	The directive shall be complete and appropriate to ensure implementation of the due diligence obligations within the organization of the financial institution. The AMLA directive must therefore address all organizational duties specified in the AMLA regulation and associated ordinances. In particular, the following duties/topics shall be addressed: - Definition of procedures to ensure compliance with AMLA requirements - Regulation of the duties of employees - Designation of the unit or person responsible for monitoring AMLA requirements (the money laundering unit/AML officer) and, if applicable, its deputy - Determination in which cases the internal money laundering unit must be called in and the highest governing body informed - Determination of other internal task and competency setup between the money laundering unit and the other business units responsible for due diligence
3.	Due diligence	The directive shall describe the implementation of the AMLA (incl. all corresponding ordinances) due diligence obligations and particularly the following procedures: - Verification of the identity and setup of a customer profile of the contracting party at the start of the business relationship (and the duty to repeat this procedure) - Establishment of the beneficial owner/controlling party (and the duty to repeat this procedure) - The duty to carry out special clarifications (investigations) - Implementation of the documentation obligation, an AMLA-compliant structure and composition of the customer files (AMLA files), as well as the type and form of storage and storage location The directive shall enable employees to independently implement the due diligence requirements within the scope of their business activities.

4.	Risk management, monitoring and controls	The financial institution shall define how to identify, track and monitor prohibited business relationships as well as business relationships and transactions associated with increased
		risks. This includes in particular
		the following obligations:
		- Determination of prohibited assets and prohibited business relations in terms of AMLA legislation
		- Establishment of criteria for identifying business relationships with increased risks
		- Establishment of criteria for identifying transactions with increased risks (transaction monitoring). Possible criteria may be:
		  - Value of inflows or outflows
		  - Value, transaction types or frequencies of inflows and outflows usually occurring within the business relationship (significant deviations qualify as unusual)

		- Value, transaction types or frequencies of asset inflows or outflows customary for comparable business relationships (significant deviations qualify as unusual) - Description of other to be expected transactions (significant deviations qualify as unusual) communicated by the customers to the financial institution at the start of business relationship - Establishment of a business policy regarding politically exposed persons (PEP) - Determination and conduct of periodic risk analyses in consideration of the domicile/residence of the customer, the customer segment and the products and services offered.
5.	Engagement of third parties	Any person neither being an executive body nor employee of the financial institution qualifies as an external person (third party). The directive must set out the conditions under which the involvement of an external person is permissible. This also includes the definition of criteria for the careful selection, instruction and supervision of the external person. The directives shall include a corresponding statement in case no external persons (third parties) are called in for the fulfillment of due diligence obligations.
6.	Reporting, asset freeze and termination of business relationships	- Definition of procedures and responsibilities regarding reporting obligation/right to report and execution of (possible) asset freezing - Definition of criteria and procedures for the termination of business relationships
7.	AMLA training of persons working in the AMLA field	Definition of the persons required to undergo training and the way the training is to be completed (e.g. participation in continuing education seminars, internal training, if permitted, etc.).
8.	Approval, circulation	The directive must be approved by the board of directors or the highest governing body of the financial institution. In addition, the directive must be circulated to the relevant individuals in an appropriate form.