# Leaflet minimum content of organizational regulations for financial institutions according to Art. 17 FinIA

## General remarks

All financial institutions shall be appropriately organized in accordance with the Federal Act on Financial Institutions (FinIA). For legal entities, the organizational regulations contain detailed provisions based on the underlying articles of association on duties, competencies and responsibilities of governing bodies and employees.

*Note for sole proprietorships: instead of organizational regulations in the narrow sense, there must be at least one corresponding organizational document which includes the same minimal topics to be dealt with by means of organizational regulations. Such document may be enriched with other topics in order to reduce the number of documents. The following provisions of this leaflet may therefore be applied analogously.*

*In case of sole proprietorships/one-man businesses/financial institutions with only one qualified managing director etc. it must be particularly established how business continuity is guaranteed in the event of absenteeism of the only person or the only qualified managing director. Usually, this is regulated by means of a cooperation or delegation contract; this ensures seamless continuity of the approved business (or business continuity is granted by the contractual partner or, if only such is indicated, the potential business dissolution organized). The delegation / cooperation partner must be at least an equally regulated (and consequently approved) financial institution.*

The organizational regulations as well as any further regulations shall be adapted in accordance with the activity, size as well as organization of the respective financial institution. The internal regulations and directives shall be complete, appropriate and expedient and ensure implementation of the company's strategy and duties. In particular, these should regulate the internal responsibilities and competencies regarding implementation of due diligence obligations. Accordingly, the respective positions are to be filled with appropriately qualified personnel in order to ensure implementation and control of the individual obligations.

This leaflet is not exhaustive but lists all aspects which usually need to be laid down. OSFINcontrol Ltd reviews the organizational regulations on the occasion of the (preliminary) affiliation as well as in the context of the ongoing supervision. The organizational regulations also form a mandatory document for approval by the Swiss Financial Market Authority FINMA.

## Content of the organizational regulations

| | Subjects to be addressed | Remarks |
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| 1. | Scope | Description which governing bodies, functions and persons within the financial institution the organizational regulations shall apply to. |
| 2. | Activity description of the financial institution | Specific description with a list of activities carried out. Activities which are *not* carried out (but which would require a permit, e.g., no management of collective assets) shall be listed as well.<br><br>The activity shall be geographically classified or limited (specification |

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| | | of target markets) (cf. Art. 9 et. seq. FinIA as well as Art. 12 FinIO).<br><br>In addition, all relevant offered ancillary services (cf. FINMA authorization form) shall be listed and appropriately regulated (responsibilities of departments/divisions, supervisory bodies, etc.) |
| 3. | Organization: Provisions concerning board of directors | The organizational regulations shall specifically formulate and define the role of the board of directors:<br><br>- Provisions on the president and his duties<br>- Rhythm of meetings<br>- Constitution<br>- Provisions on passing of resolutions and quorums<br><br>In addition, further tasks assigned to the board of directors (and which go beyond the inalienable duties according to the articles of association) shall be listed. These particularly include:<br><br>- Company strategy and planning<br>- All duties concerning governance and management of the company or with regard to its organization<br>- Supervision of the company<br>- Finance and budget<br>- Decisions with regard to the appointment of key personnel within the respective business units<br><br>Such tasks shall be formulated and mapped unto the specific activity.<br><br>Potential management delegation must be listed under the provisions of the board of directors. Based on the scope of delegation, a number of aforementioned tasks are to be assigned to the management. |
| 4. | Organization: Provisions concerning management | The organizational regulations include information on<br><br>- Management composition (minimum number of members)<br>- Rhythm of meetings und resolutions<br>- Tasks and responsibilities of management. In case of delegated management these particularly include<br>a. Implementation of company strategy<br>b. Monitoring and compliance organization<br>c. Ensuring that the authorized activity (i.e., portfolio management and/or activity as trustee) is carried out correctly<br>d. Adherence to compliance requirements and other supervision, implementation of ICS<br>e. Personnel responsibility<br>f. Financial responsibility<br>g. Duty to report to the board of directors |
| 5. | Organization: Provisions on further business units | If the financial institution is organizationally divided into individual business units, the organizational regulations shall list each business unit's tasks and responsibilities. One could namely think of a separate "Risk & Compliance", „Portfolio/Wealth Management", „Finance" or |

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| | | similar business unit.<br><br>In such event, the responsible persons for each business unit shall be separately listed and their tasks and responsibilities within the unit regulated. Furthermore, reporting lines within the business unit as well as to the next supervisory body are to be outlined. Based on the size of the individual business unit, it may be advisable to further specify the duties and responsibilities of the respective employees by means of separate instructions and supplemental internal working papers (guidelines, etc.). |
| 6. | Further instructions | The financial institution must provide for collective signing authority for all authorized signatories (including its highest governing body). Exceptions may apply, in particular for one-man businesses (in such circumstances, it shall be appropriately regulated by means of a co-operation / delegation contract how business continuity takes place, cf. Leaflet business continuity)<br><br>Persons entrusted with the management must be residing in Switzerland. |
| | Organizational chart | *Individual, separate document*<br><br>Overview of the organizational structure of the financial institution. To show the allocation of duties/responsibilities/reporting lines, deputy positions as well as workloads of the people per position.<br><br>In addition, it shall outline the holding structure of the financial institution and in which form holding exists (direct, indirect, etc.) |