

VQF Typology List

[based on: Appendix to the FINMA Money Laundering Ordinance]

I. Relevance of Indications

- 1.1 The members must be guided by the indications listed below, which provide pointers regarding increased risk business relationships or transactions. As a general rule, the individual indications do not in their own right provide sufficient grounds to suspect the existence of an indictable money laundering transaction; however the concurrence of several of these elements may point to money laundering.
- 1.2 The plausibility of customer explanations on the background to such transactions should be verified. The fundamental point here is that not every customer explanation can be accepted indiscriminately.

2. General Indications

- 2.1 Transactions which contain heightened risks with regard to money laundering:
 - 2.1.1 Transactions which structures indicate an illegal purpose, the financial purpose of which is not identifiable or which do not appear to make sense from an economic point of view.
 - 2.1.2 Transactions in which assets are withdrawn shortly after receipt by the member or depositary bank (transitory accounts), unless there is a plausible reason for this immediate withdrawal as a result of the customer's business activity.
 - 2.1.3 Transactions for which it is inexplicable why the customer has chosen precisely this member or this office for its transactions.
 - 2.1.4 Transactions which cause a previously inactive account to become very active with no apparent plausible reason.
 - 2.1.5 Transactions which do not tie up with the knowledge and experience that the member has of the customer or the purpose of the business relationship.
- 2.2 In addition, any customer is suspicious who provides the member with false or misleading information or refuses to provide him with information necessary for the business relationship or the usual information and documents for the transaction in question without a plausible reason.

- 2.3 Grounds for suspicion may arise if a customer regularly receives transfers issued by a bank located in a country classified as high risk or as non-cooperative by the «Financial Action Task Force (FATF)» or if a customer repeatedly arranges transfers to such a country.
- 2.4 Grounds for suspicion may arise if a customer repeatedly arranges transfers to regions in geographic proximity to areas of operation of terrorist organisations.

3. Specific Indications

3.1 Cash transactions

- 3.1.1 Changing a large amount of small denomination (foreign or domestic) bank notes into large denomination bank notes.
- 3.1.2 Money exchange on a significant scale without booking to a customer account.
- 3.1.3 Encashment of large amounts by way of cheques including travellers' cheques.
- 3.1.4 Buying or selling of large amounts of precious metals by occasional customers¹.
- 3.1.5 Buying of bank cheques on a significant scale by occasional customers.
- 3.1.6 Transfer orders abroad by occasional customers with no apparent legitimate reason.
- 3.1.7 Multiple cash transactions marginally below the identification limits (smurfing).
- 3.1.8 Acquisition of bearer instruments by way of physical delivery.

3.2 Bank accounts and deposits

- 3.2.1 Frequent withdrawals of large amounts of cash with no justifiable reason in relation to the customer's business activity.
- 3.2.2. Use of financing instruments which, although usual in international trade, do not correspond to the customer's known activity.
- 3.2.3 Accounts which are not normally used, or used only little, showing heavy movement.
- 3.2.4 Financially unreasonable structure of a customer's business relationship with the member or depositary bank (large number of accounts with the

¹ An occasional customer is a customer which does not maintain a permanent business relationship with the financial intermediary (e.g. mandate relationship, account or deposit relationship etc.).

same institution, frequent transfers between different accounts, excess liquidity etc.).

- 3.2.5 Granting of security (collateral, sureties) by third parties unknown to the member, which have no apparent close relationship to the customer and where there is no apparent plausible reason for such deposit.
 - 3.2.6 Transfers to another bank with no indication of the recipient.
 - 3.2.7 Acceptance of money transfers from other banks with no indication of the name or number of the account of the beneficiary or ordering customer.
 - 3.2.8 Repeated transfers of significant amounts of money abroad with instruction to pay the recipient in cash.
 - 3.2.9 Frequent, large transfers from and to drugs producing countries.
 - 3.2.10 Granting sureties or bank guarantees to secure loans between third parties not conform to market conditions.
 - 3.2.11 Cash payments received from a large number of different persons into a single account.
 - 3.2.12 Unexpected repayment of a defaulted loan without a credible explanation.
 - 3.2.13 The use of pseudonym or numbered accounts for processing commercial transactions of trading, commercial or industrial businesses.
 - 3.2.14 Withdrawal of assets shortly after they were credited to the account (transitory account).
- 3.3 Fiduciary transactions
- 3.3.1 Loans on a trust basis (back-to-back loans) with no identifiable, legally permissible purpose.
 - 3.3.2 Holding in trust of shares in companies which are not quoted on the stock exchange and whose activity the member is unable to inspect.
- 3.4 Others
- 3.4.1 Attempts by the customer to avoid personal contact sought by the member.
 - 3.4.2 Request by the Money Laundering Reporting Office (MROS) to release information pursuant to Art. 11a Para. 2 AMLA.

4. Particularly Suspicious Indications

- 4.1 Customer request to close accounts and open new accounts in his own name or in the name of his family members with no paper trail.
- 4.2 Customer request for receipts concerning cash withdrawals or the delivery of securities which did not actually take place or where the assets were immediately deposited with the same institution.
- 4.3 Customer request to execute payment orders while incorrectly quoting the name of the ordering party.
- 4.4 Customer request for certain payments not to pass through his own accounts but rather through nostro / trust accounts of the member or depositary bank or through "for diverse" accounts.
- 4.5 Customer request to accept or disclose credit coverage which does not correspond to the financial reality or to guarantee fiduciary loans under disclosure of fictitious coverage.
- 4.6 Criminal proceedings against the member's customer due to a felony, corruption, the misuse of public funds or a qualified tax offence.