

V Q F

Regulations

of the

**Self-regulatory Organisation pursuant to the Anti-Money
Laundering Act**

of the

VQF Financial Services Standards Association

regarding the

**Combating of Money Laundering
and the Prevention of the Financing of Terrorism**

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In accordance with Art. 24 Para. 1 letter a of the Federal Act of 10 October 1997 on the Combating of Money Laundering and the Prevention of the Financing of Terrorism in the Financial Sector (hereinafter "AMLA"), the VQF Financial Services Standards Association (hereinafter: "VQF") as an officially approved self-regulatory organisation pursuant to the AMLA (hereinafter: "SRO") is obliged to issue regulations in accordance with Art. 25 AMLA. The Management Board of the VQF SRO issues the present regulations¹ (hereinafter: "regulations") pursuant to Art. 25 AMLA:

1. General Provisions

Art. 1 Purpose

¹ These Regulations specify the duties of due diligence incumbent on affiliated members of the VQF SRO (hereinafter: "VQF SRO members") according to Chapter 2 AMLA and define how these duties of due diligence must be fulfilled. They also define:

- a. The procedure for the admission of members to the VQF SRO (Art. 4 of the Regulations) and the requirements for membership of the VQF SRO (Art. 5 of the regulations).
- b. How compliance with duties in accordance with Chapter 2 AMLA is controlled (Art. 61 et seq. of the regulations).
- c. The consequences of the violation of duties in accordance with Chapter 2 AMLA and the violation of membership requirements (sanctions and measures pursuant to Art. 63 et seq. of the regulations).

Art. 2 Personal Scope of Application

¹ The provisions of these VQF SRO regulations apply to all VQF SRO members under the terms of Art. 3 Para. 1 of the VQF by-laws (professional and non-professional financial intermediaries) who submitted an application for admission to the VQF SRO (VQF doc. no. 901.1) and were admitted into membership of the VQF SRO. Articles 4 and 5 of the regulations are applicable to applicants for membership of the VQF SRO.

² For VQF SRO members under the terms of Art. 3 Para. 1 of the VQF by-laws who were admitted into VQF "non professional financial intermediary" membership status, the special and exceptional provisions of the "Regulations for Non-Professional Financial Intermediaries" (VQF doc. no. 400.2) apply in addition to these regulations.

³ In addition to these regulations of the VQF SRO, the regulations referred to in this paragraph also apply to those VQF SRO members under the terms of Art. 3 Para. 1 of the VQF by-laws who also subjected themselves to the "Regulations for the Prac-

¹ Note with regard to the use of the masculine form: the masculine form used in these regulations incorporates the feminine form.

tice of Asset Management" (VQF doc no. 500.01) and the "Rules of Conduct for the Practice of Asset Management" (hereinafter: "Rules of Conduct" (VQF doc. no. 500.02) of the industry organisation for asset management of the VQF Financial Services Standards Association (hereinafter: "VQF BOVV") and who thus are members of the VQF BOVV.

⁴ The provisions of these regulations of the VQF SRO do not apply to those members who are exclusively members of the VQF BOVV under the terms of Art. 3 Para. 1 of the VQF by-laws.

⁵ The provisions of these regulations of the VQF SRO do not apply to members under the terms of Art. 3 Para. 3 of the VQF by-laws (passive members).

⁶ The term "member" as used in the other provisions of these regulations of the VQF SRO refers exclusively to VQF SRO members.

Art. 3 Terms

The definitions of the following terms used in these regulations are as follows:

a. Cash transactions:

Cash transactions are defined as all types of transactions in cash, especially money exchange, the buying and selling of precious metals, the sale of traveller's cheques, the payment in cash of bearer instruments, cash bonds, debt securities and the encashment of cheques, provided that they are not associated with a permanent business relationship.

b. Money and asset transfer:

The transfer of assets, excluding physical transportation, in exchange for cash, cheques or other payment instruments in Switzerland and the paying out abroad of a corresponding sum in cash or by means of cashless transfer, remittance or other use of a payment and accounting system.

c. Group:

A company which by means of voting majority or in other manner combines two or more companies under common direction and produces consolidated financial statements.

d. Control and participation relationships:

A company is controlled by those natural persons, legal entities or groups of persons which directly or indirectly hold more than half of the share capital or votes or exercise determinative influence on the company in any other identifiable manner.

e. Politically exposed persons:

- The following persons with prominent public functions abroad: heads of state and government, high level politicians at national level, high level functionaries in administration, justice, the armed forces and parties at national level and the top level management of state-run enterprises of national importance.

- Business enterprises and persons which have an identifiably close relationship with the stated persons for family, personal or business reasons.

f. Permanent business relationship:

A business relationship which does not end on the performance of a single activity subject to duties under the law.

g. Domiciliary companies:

Under the terms of the regulations, domiciliary companies are defined as organised bodies of persons and organised investment funds which do not carry on trading or manufacturing activity or any other trade or business managed on a commercial basis.

Evidence of the existence of a domiciliary company is also given when:

- The company does not have its own business premises (c/o address, registered office with a lawyer, trust company, bank etc.); or
- The company does not employ its own personnel or its personnel are engaged solely in administrative tasks.

Under the terms of the regulations, domiciliary companies are also legal entities and companies whose purpose is to protect the interests of their members or beneficiaries in mutual self interest or which pursue political, religious, scientific, artistic, charitable, social or similar objectives, unless the member establishes that the company does not exclusively pursue the stated statutory purposes.

The following, in particular, do not qualify as domiciliary companies: companies, institutions, foundations, trusts or trust companies which direct or hold majority shareholding in a trading or manufacturing activity or any other trade or business managed on a commercial basis and whose principal purpose is not the management of third party assets (holding companies, real estate companies etc.).

h. AMLA file:

Each individual mandate which is assigned to the member in the context of a business transaction subject to the AMLA.

i. Auxiliary persons (under the terms of Art. 101 OR) in the AMLA sector:

All natural persons and legal entities which perform duties pursuant to the AMLA (Art. 3 et seq. AMLA) or carry on financial intermediary activities (Art. 2 Para. 3 AMLA) on behalf of a member and with its consent. The nature of the legal relationship is not determinative, i.e. in principle an auxiliary person can be both an employee and independent representative. Persons who in their own right are likewise supervised and regulated in regard to the combating of money laundering and the prevention of the financing of terrorism do not qualify as auxiliary persons under the terms of these regulations.

j. Equivalent supervision and regulation in regard to the combating of money laundering and the prevention of the financing of terrorism:

Supervision and regulation in regard to the combating of money laundering and the prevention of the financing of terrorism which takes place in a member state of the Financial Action Task Force on Money Laundering (FATF) in accordance with the latter's recommendations and where there are no significant complaints (country reports).

- k. Equivalent prudential supervision:

Supervision and regulation which is equivalent to the supervision and regulation of financial intermediaries in Switzerland in accordance with Art. 2 Para. 2 AMLA.

2. Membership

2.1 Admission Procedure and Membership Requirements

Art. 4 Admission Procedure

¹ Persons wishing to join the VQF SRO under the terms of Art. 3 Para. 1 of the VQF by-laws must submit a written application to the VQF SRO duly provided with legally valid signature (VQF doc. no. 901.1) and enclose all the requested documents. The application is deemed to have been submitted on payment of the full amount of the admission fee and the complete submission of all necessary documents.

² On submitting the application, the applicant becomes subject to all terms and conditions of admission of the VQF SRO and any obligations and/or provisions of the Federal Financial Market Supervisory Authority (hereinafter: "FINMA") such as, for example, the handling of belated applications.

³ Following receipt of the admission fee, Administration - on behalf of the Supervisory Commission - checks the submitted application for formal completeness and in the case of incomplete applications requests any outstanding information and documents from the applicant in order to complete the application.

⁴ When the application is complete, or if the applicant fails to complete the application after a second request from Administration, the application is passed to the Supervisory Commission.

⁵ The Supervisory Commission checks the application and decides whether the applicant will be admitted into membership. In general, incomplete applications result in non-admission.

⁶ Before taking the decision as to whether to accept or decline the application, the Supervisory Commission may request additional information and documents from the applicant, which it considers to be necessary for its decision. It may also order a prior audit on the applicant's premises (admission audit). The ordering of such additional measures is not contestable.

⁷ The following applies with regard to the final decision by the Supervisory Commission on admission or non-admission to the VQF SRO:

- a. The decision is communicated to the applicant in writing.

- b. No justification needs to be provided with regard to decisions to decline admission (non-admission).
- c. As an exception, admission may be associated with conditions. The respective condition(s) must be explicitly stated and described in the decision on admission (and to FINMA). Proceedings on sanctions and/or measures can be opened against the culpable member on non-compliance with a condition.
- d. Arbitration is excluded in all cases (Art. 73 of the regulations).

⁸ The admission fee and payments made to the VQF against the cost of performing any admission audit on the applicant are not reimbursable either in the event of the withdrawal of an application or on a decision to decline admission (non-admission).

Art. 5 *Membership Requirements*

¹ The requirements apply in accordance with Art. 4 of the VQF by-laws. Members must refrain from any dealings which may expose them to a charge of money laundering or conspiracy thereto or the financing of terrorism as either perpetrator or participant.

² Members must ensure that they only employ bodies and auxiliary personnel (Art. 3 letter i of the regulations) who:

- a. Provide adequate guarantee of compliance with duties pursuant to the AMLA and the VQF by-laws and regulations, and
- b. Are committed to observing the requirements of a qualitatively high standard of business ethics in the exercising of their activity.

³ The guidelines of the respective professional organisations qualify among other facets as a measure of professional conduct. The rules of conduct of the VQF BOVV also apply to those VQF SRO members who are subject to them.

⁴ Furthermore, members must have a suitable internal organisation in their business which assures the fulfilment and control of their duties under the AMLA and the present regulations. The member provides for the careful selection, regular training, instruction and control of its bodies and auxiliary personnel active in the AMLA sector (Art. 3 letter i of the regulations and VQF Circular 2011/2 – Implementation of the regulation on auxiliary personnel in accordance with the SRO regulations and VBF) concerning the important aspects pursuant to the combating of money laundering and the prevention of the financing of terrorism.

⁵ In addition, members are obliged to subject themselves to and cooperate with audits conducted by the VQF SRO at any time and – also external to the audits – to present all documents and provide all information requested of them during such audits or requested directly by the Supervisory Commission external to the audits.

⁶ The requirements for membership must be met on a permanent basis.

⁷ The VQF must be informed immediately of any changes to material facts and other information (of a personal or structural nature) in the content of the application for admission and such changes must be approved by the VQF SRO.

3. Duties of Due Diligence of VQF SRO Members pursuant to Chapter 2 AMLA

3.1 General Provisions

Art. 6 Prohibited Business Relationships

¹ Members may not carry on business relationships with banks which have no physical presence at their place of incorporation (notional banks) unless they are part of a bona fide, consolidated, supervised financial group.

² Members may not carry on business relationships with business enterprises and persons which it knows or must presume to be involved in the financing of terrorism or to be a criminal organisation or belong to or support such an organisation.

Art. 7 Acceptance of Business Relationships and the Execution of Transactions

¹ A business relationship is considered to be accepted on closure of the contract.

² All documents and information required for the identification of the customer (Art. 3 AMLA, Art. 8 et seq. of the regulations) and to establish the identity of the financial authorisee (Art. 4 AMLA, Art. 21 et seq. of the regulations) must be available in their entirety before transactions can be executed in the context of a business relationship.

Art. 7^{bis} Low Value Assets (Art. 7a AMLA)

¹ The member may waive compliance with duties of due diligence in permanent business relationships customers:

- a. For payment instruments that allow electronic storage of money if:
 1. The electronically stored money serves exclusively for the customer to pay electronically for goods and services acquired with the payment instrument;
 2. Not more than CHF 5,000.00 is made available per calendar year and per customer; and
 3. Repayments are made to the same account holder; on repayment to the same account the annual limit increases by the amount repaid;
- b. For credit card business if:
 1. The credit card can only be used by the owner for the purchase of goods and services within a specific network of service providers or merchandisers (department store cards); and
 2. The turnover per customer does not exceed CHF 5,000.00 per calendar month and CHF 25,000.00 per calendar year;

- c. In the field of financial leasing the total value of the leased items per customer does not exceed the amount of CHF 25,000.00.

² The member may only waive compliance with duties of due diligence if it also disposes of suitable technical facilities that allow it to detect the exceeding of the respective thresholds. In addition, the member must take precautions to prevent any accumulation of amount limits and violations of this provision.

Art. 7^{ter} Subsidiaries and Group Companies Abroad

¹ The member must ensure that its subsidiaries or group companies active in the financial or insurance sector abroad comply with the following principles of the AMLA and these regulations:

- a. The principles pursuant to Articles 6 and 7 of the regulations;
- b. Identification of the customer;
- c. Determination of the beneficial owner;
- d. Use of a risk-based approach;
- e. Special duties of clarification in cases of increased risk.

² This also applies, in particular, to subsidiaries and branch offices that are located in countries which, at the international level, are associated with increased risk.

³ The member must inform the VQF Supervisory Commission if local regulations conflict with the pursuit of the basic principles of the regulations or give rise to a serious competitive disadvantage.

⁴ The provisions of the host country apply to the reporting of suspicious transactions or business relationships and, if necessary, the freezing of assets.

Art. 7^{quater} Global Monitoring of Legal Risks and Risks to Reputation

¹ Members which own subsidiaries abroad or direct a financial group that includes foreign companies must, at the global level, identify, limit and monitor the legal risks and risks to reputation associated with money laundering and the financing of terrorism.

² The member must ensure that:

- a. The internal supervisory bodies and group audit company have access if necessary to information about individual business relationships in all group companies. Neither a central database of customers and beneficial owners at group level nor central access to local databases by group internal supervisory bodies is necessary;
- b. Group companies provide important information pertinent to the global monitoring of legal risks and risks to reputation to the competent bodies of the group.

³ If a member becomes aware that in certain countries, for legal or practical reasons, access to information about customers and beneficial owners is excluded or seriously impeded, it must inform the VQF Supervisory Commission without delay.

⁴ Members which are part of a national or international financial group must, when required, to the extent necessary for the global monitoring of legal risks and risks to reputation, grant access to information about certain business relationships to the group's internal supervisory bodies and audit company.

3.2 Identification of the Customer (Art. 3 AMLA)

Art. 8 Principle

¹ On entering into a business relationship, the member must (Art. 7 Para. 1 of the regulations):

- a. Identify its customer formally (Art. 9 et seq. of the regulations) and where appropriate materially (Art. 15 et seq. of the regulations).
- b. Verify the identity of the person opening the business relationship in the customer's name. Art. 9 Para. 1 – 7 of the regulations applies to the procedure for verifying the identity of these persons.
- c. Take note of and document the terms of authorisation given by the customer to the person opening the business relationship in the customer's name (e.g. by means of a copy of the written authority or memorandum on the verification of authority).

² If, during the term of an existing business relationship entered into in accordance with the regulations, the customer changes, the new customer must be identified formally (Art. 9 et seq. of the regulations) and where appropriate materially (Art. 15 et seq. of the regulations) at the time of the change.

³ If the performance of a transaction is refused in accordance with Art. 8 Para. 1 and 2 of the regulations or the member is unable to effect these transactions for other reasons, it refuses the transaction or cancels the business relationship under the terms of Art. 50 et seq. of the regulations.

⁴ If the member already verified the identity of a person (as customer, representative or authorised signatory) in accordance with the regulations by means of an identity document (first AMLA file) and if it were necessary due to entering into a second business relationship (second AMLA file) to verify the identity of this (same) person in the context of the second business relationship, verification of the identity of this person can be waived. However, the member must make a note in its files for the subsequently opened business relationship (the second AMLA file) of where (in the first AMLA file) the compliant identity documents of the person concerned can be found in the member's AMLA files and must also verify that the person to be verified in the context of the second business relationship is actually the same person whose identity was already verified (a memorandum is to be produced and filed in the AMLA file for this purpose). This waiver of the duty to verify identity does not apply in the cases referred to in Art. 31 of the regulations.

⁵ Art. 48 of the regulations applies to the implementation of transactions in accordance with Art. 8 Para. 1 and 2 of the regulations in the case of group relationships.

3.2.1 Formal Identification

Art. 9 Identification of Natural Persons and Sole Proprietors

¹ The member requires the following obligatory information from the customer (identification form, VQF doc. no. 902.1):

- a. Full name and, in the case of sole proprietors, company name.
- b. (Residential) address and, in the case of sole proprietors, business address.
- c. Date of birth.
- d. Nationality.

² This information is omitted if the customer originates from a country in which dates of birth or residential addresses are not used. This exceptional situation must be justified by means of a memorandum in the AMLA file.

³ If the business is accepted without the customer attending in person, the member inspects a customer identity document for the purpose of identification (Art. 9 Para. 5 of the regulations). The member arranges for the identity documents to be presented in the form of the original or authenticated copy (Art. 9 Para. 5 in conjunction with Art. 11 of the regulations). The member places the authenticated copy in its files or makes a copy of the document presented to it on which it confirms having sight of the original or authenticated copy and signs and dates the copy. All of the data contained in this document concerning the person, issuing authority, place and date of issue and validity period - in cases of restricted validity - must be identifiable from this copy.

⁴ If the business is accepted without the customer attending in person, the member identifies the customer by arranging for an authenticated copy of an identity document (Art. 9 Para. 5 in conjunction with Art. 11 of the regulations) and in addition validates the residential address by means of postal delivery or other equivalent method.

⁵ All identity documents which include a photograph and were issued by a Swiss or foreign authority are permitted as identity documents.

⁶ If the customer does not dispose of an identity document as specified above (Art. 9 Para. 5 of the regulations), by way of exception identity can be established by means of conclusive substitute documents. This exceptional situation must be justified by way of a memorandum in the AMLA file.

⁷ An additional document on the company is to be obtained in the case of individual companies recorded in the Commercial Register (Art. 10 Para. 2 – 6 of the regulations).

⁸ The regulation in accordance with Art. 8 Para. 1 letters b and c and Art. 8 Para. 2 letter b of the regulations applies with regard to representatives and authorised signatories appearing before the member.

Art. 10 Identification of Legal Entities and Partnerships

¹ The member requires the following obligatory information from the customer (identification form, VQF doc. no. 902.1):

- a. Company name
- b. Domicile address

² The member identifies the customer by inspecting an identity document (Art. 10 Para. 3 of the regulations). The member arranges for this identity document to be presented in the form of the original or authenticated copy (Art. 10 Para. 3 in conjunction with Art. 11 of the regulations). The member places the authenticated copy in its files or makes a copy of the document presented to it on which it confirms having sight of the original or authenticated copy and signs and dates the copy.

³ The following documents are permissible for identification purposes:

- a. For customers recorded in the Commercial Register:
 1. An extract from the Commercial Register issued by the administrator of the Commercial Register; or
 2. A written extract (procured by the member) from a database managed by the Commercial Register authority; or
 3. A written extract (procured by the member) from a reliable, privately managed directory or database.
- b. For customers not recorded in the Commercial Register:
 1. The by-laws, founding acts or agreements, auditor's certification, official authorisation to exercise the activity or equivalent documents; or
 2. A written extract (procured by the member) from a reliable, privately managed directory or database.

⁴ The extract from the Commercial Register, certification by the auditor and the directory or database extract must be no more than one year old at the time of identification and must reflect the current circumstances.

⁵ The member can waive identification of a legal entity if this legal entity is quoted on a national or foreign stock exchange and the member obtained proof of such quotation. The member produces a memorandum on this matter which it places in the AM-LA file.

⁶ Legal entities organised under public law must be validated in an appropriate alternative manner whereby the member inspects conclusive documents or obtains corresponding certification from public authorities.

⁷ The regulation in accordance with Art. 8 Para. 1 letters b and c and Art. 8 Para. 2 letter b of the regulations applies with regard to representatives and authorised signatories appearing before the member.

Art. 11 Authentication

¹ Certification of the authenticity of the copy of the identity document may be issued by:

- a. A commissioner for oaths (notary) or public official authorised to issue such certification. In cases of doubt, secondary certification or an apostille must be requested.
- b. A financial intermediary as defined by Art. 2 Para. 2 or 3 AMLA with domicile or registered office in Switzerland.
- c. A financial intermediary with domicile or registered office abroad which carries on activity in accordance with Art. 2 Para. 2 or 3 AMLA, provided that it is subject to equivalent supervision and regulation in relation to the combating of money laundering and the prevention of the financing of terrorism.

² The member can waive certification of authenticity (i.e. simple, non-authenticated copies of identity documents suffice) if it takes other measures which allow it to verify the customer's identity and address. The measures taken must be documented and recorded in the AMLA file by way of memorandum.

³ Such a measure exists in accordance with Art. 11 Para. 2 of the regulations if in the case of mail sent by the member to its customer (e.g. mailing of the contract concerning acceptance of the transaction) personal delivery is guaranteed to be made exclusively to the addressee (customer) (personal delivery of mail only against identification of the addressee by means of an identity document). The corresponding certification (e.g. receipt, advice of delivery or similar) must be filed in the AMLA file.

Art. 12 Cash Transactions and Money and Security Transfer Transactions with Occasional Customers

¹ Cash transactions (including money transfer transactions) and money and security transactions qualify in principle as transactions with occasional customers (subject to Art. 17 of the regulations).

² In the case of cash transactions the member must identify the customer if a single transaction, or several transactions which appear to be connected, reaches or exceeds the amount of CHF 25,000.00. In the case of money transfer, the customer must be identified if a single transaction, or several transactions which appear to be connected, reaches or exceeds the amount of CHF 5,000.00.

³ The identity of the ordering customer must always be verified in the case of cash and security transfer transactions, for which the member's name and address must be visible on the payment receipt.

⁴ If further transactions are carried out for the same customer under the terms of Art. 12 Para. 2 and 3 of the regulations, the member can waive re-identification of the customer if it has assured itself that the customer is the person who was identified on the occasion of the first transaction. The member produces a memorandum to this end which it places in the AMLA file.

^{4bis} The member may also waive identification for non-reloadable data media in relation to electronic payment instruments if:

- a. The electronically stored money serves exclusively for the customer to pay electronically for goods and services acquired with the payment instrument;
- b. Not more than CHF 250.00 is made available electronically per data medium;
- c. Not more than CHF 1,500.00 is made available per transaction and per customer.

⁵ Identification is also required in the case of transactions below the minimum thresholds in accordance with Art. 12 Para. 2 of the regulations if:

- a. There are grounds to suspect possible money laundering or the financing of terrorism.
- b. A blatant attempt is made to avoid identification by distributing an amount over several transactions (so-called smurfing).

⁶ A complete AMLA file must be produced for each individual transaction (without material identification under the terms of Art. 15 et seq. of the regulations) in the case of cash transactions (including money exchange transactions) with occasional customers subject to duty of identification and money and security transfer transactions with occasional customers.

Art. 13 Customer Data in the case of Payment Orders

¹ The member states the name, account number and address of the ordering customer in the case of payment orders. It must specify a customer-related identification number if there is no account number for the customer. The address can be replaced by the customer's date and place of birth, customer number or national identity number.

² In the case of domestic payment orders the member can limit the information to the account number and an identification number provided that it can deliver the other information to the beneficiary's financial intermediary on the latter's request within three working days.

³ The member regulates the procedure followed on receipt of payment orders which contain incomplete customer data under the terms of clause 1. In doing so it acts in accordance with the risk involved.

⁴ The member informs its customers in an appropriate manner of the disclosure of information about the customer in payment transactions.

Art. 14 Formal Identification of the Customer in Trust Relationships

¹ The following documents must be obtained if the member is active as a trustee or protector and subject to the AMLA with regard to this activity:

- a. Trust deed or declaration of trust and/or
- b. Any other applicable additional documents (supplemental deeds or supplemental declarations of trust in connection with changes to the trustee, protector and beneficiaries and changes in jurisdiction or the forum of administration etc.).

² In general, in the case of member activity as a trustee or protector subject to the AMLA, it is necessary to identify, in accordance with the general provisions for formal identification (Art. 9 et seq. of the regulations):

- a. The member's customer, and
- b. The customer's representatives and authorised signatories appearing before the member.

³ No identification of the customer (Art. 9 et seq. of the regulations) can take place if the member has no customer. The member suitably records this circumstance in the AMLA file.

Art. 14^{bis} Formal identification of the customer for activity as a stock exchange listed investment company

As a member of the VQF, the stock exchange listed investment company must identify the acquirer of shares if by such acquisition the latter reaches the disclosure threshold of three percent pursuant to the Stock Exchange Act of 24 March 1995. Obtaining a certificate of authenticity (Art. 11 of the regulations) may be waived.

3.2.2 Material Identification (Customer Profile)

Art. 15 Principle

On acceptance of business relationships intended to be operated on a long term basis, the member creates an individual customer profile (VQF doc. no. 902.5) which allows it to understand the customer's financial background, the origin of the assets involved and the purpose of the transactions and business relationship as well as to check their plausibility in terms of legitimacy or identify circumstances which require particular duty of clarification (Art. 33 et seq. of the regulations).

Art. 16 Scope and Documentation (Customer Profile)

¹ The member requests from the customer all information necessary for the creation of the customer profile (VQF doc. no. 902.5) such as, for example, the nature, purpose and date of the transaction or initiation of the transaction, the amount and currency of the assets involved, information about income, assets (origin), professional or business activities and associations, bank accounts involved (including regulation of signature authorisations and any credit cards involved), relationships to the benefi-

cial owner, authorised representative or beneficiary as well as any family situation etc. Depending on the business relationship and circumstances, this information may relate to both customer and beneficial owner.

² As far as is possible and reasonable, the member arranges for the requested information to be presented in the form of appropriate documents. If the member decides not to make copies of these documents for its AMLA files, on entering this information in the customer profile it makes a note of the documents which it personally inspected.

Art. 17 Cash Transactions and Money and Security Transfer Transactions with Regular Customers

¹ If a customer regularly appears before the member for the purpose of carrying out cash transactions (including money exchange transactions) or money and security transfer transactions, at variance from Art. 12 Para. 1 of the regulations the member can also treat the customer concerned as a regular customer in the case of cash transactions (including money exchange transactions) and money and security transfer transactions.

² The customer profile to be created must provide information, in particular, on the usual business volume of such transactions (for the purpose of validating the transactions made during the period of the business relationship) and on the beneficiary in the case of money and security transfer transactions (full name, address and bank details).

³ Art. 12 Para. 2 – 5 of the regulations for transactions with occasional customers also applies accordingly to cash transactions (including money exchange transactions) with regular customers and to money and security transfer transactions with regular customers.

⁴ One AMLA file must be created for each customer in the case of cash transactions (including money exchange transactions) and money and security transfer transactions with regular customers.

Art. 17^{bis} Customer Profile in Trust Relationships

¹ If the member is active as a trustee (or protector) or the member's customer is a trustee (or protector), the member must obtain the following information on the trust - which it must document in its files - with regard to the material duty of identification of the customer (customer profile in trust relationships, VQF doc. no. 902.6):

- a. Date of establishment, type and purpose of the trust.
- b. Type, purpose and date of acceptance of transaction by the member.
- c. Amount and currency of the assets involved.
- d. Information on income (amount and origin), assets (amount and origin), liabilities and associated bank accounts of the effective (non-discretionary) founder of the trust and/or the persons assigning assets to the trust after its establishment.

- e. Professional or business operations or activities and business associations of the effective (non-discretionary) founder of the trust and/or the persons assigning assets to the trust after its establishment.
- f. Information on whether the customer is acting on its own account and/or on behalf of a third party or parties.
- g. Associated bank accounts of the trust or trustee in its capacity as trustee of the trust in question (including regulation of signatory authorisation and any credit cards involved).
- h. Relevant family situation of the effective (non-discretionary) founder of the trust and/or the persons assigning assets to the trust after its establishment.
- i. Unless already contained in VQF doc. no. 902.10: relationships of the effective (non-discretionary) founder of the trust and/or the persons assigning assets to the trust after its establishment and the (current or former) trustee or (current or former) protector to the financial authorisee, representative or beneficiary.
- j. Unless it is necessary to complete VQF doc. no. 902.10: information in accordance with Art. 28 Para. 1 letters a - d of the regulations.

² As an alternative to obtaining the information pursuant to Art. 17^{bis} Para. 1 of the regulations from the customer, the member can also obtain this information from the following sources:

- a. The actual (non-discretionary) founder of the trust, or
- b. The current or former trustee, or
- c. The current protector, or
- d. The principal beneficiaries, or
- e. A director or underlying company of a trust.

The member records on file the reason for which the data, information and documents were not obtained from the customer and justifies the reason for which there is no case in accordance with Art. 8 Para. 3 of the regulations (refusal or cancellation of the business relationship) or Art. 9 Para. 1 AMLA (reporting incidences).

3.2.3 Special Provisions for Formal and Material Identification

Art. 18 Simple Partnership and Joint Accounts

¹ In the case of contract relationships between the member and simple partnerships under the terms of Art. 530 of the Federal Act of 30 March 1911 concerning the supplement to the Swiss Civil Code (Section Five: Code of Obligations), each partner is considered to be a customer. The member maintains a single AMLA file on the simple partnership in which the documentation required in accordance with these regulations is kept on each partner of the simple partnership (Art. 8 – 42 of the regulations).

² The provisions for the simple partnership apply in the case of joint accounts (Art. 18 Para. 1 of the regulations).

Art. 19 Contract Relationships with Minors, Persons under Judicial Disability and Advised or Assisted Customers

¹ In the case of contract relationships between the member and minors, persons under judicial disability and advised or assisted persons, in addition to the formal and material identification of the customer under the terms of Art. 8 Para. 1 letter a of the regulations the member must also verify the identity of the legal representative (underage customer) or the representative appointed by the custodial authorities (persons under judicial disability or advised or assisted customers) under the terms of Art. 8 Para. 1 letter b of the regulations.

² The member must, in addition, take note of the terms of the mandate held by the representative opening the business relationship in the name of the customer and document this information as follows (Art. 8 Para. 1 letter c of the regulations):

- a. In the case of representatives nominated by custodial authorities (customers under judicial disability, advised or assisted customers), the member inspects the resolution of the custodial authority and makes a copy thereof (signed and dated by the member) for its files or makes note in the AMLA file of its inspection of the resolution.
- b. In the case of legal representatives (underage customers), the member inspects the family identity document (or other appropriate official document which confirms legal representation) and makes a copy thereof (signed and dated by the member) for its files or makes note in the AMLA files of its inspection of the family identity document.
- c. Subject to Art. 11 of the regulations the member can also arrange for an authenticated copy of the resolution or family identity document to be sent to it.

³ If the customer does not dispose of an identity document under the terms of Art. 9 Para. 5 of the regulations (e.g. underage customer), as an exception identity can be verified by means of conclusive substitute documents (e.g. documents in accordance with Art. 19 Para. 2 of the regulations). This exceptional situation must be justified by means of a memorandum in the AMLA file.

Art. 20 Death of a Customer

¹ In the event of the death of a member's customer, as the latter's legal successor the community of heirs becomes the member's customer (change of customer).

² The community of heirs is to be identified as follows:

- a. The member inspects an extract from an official schedule of heirs (certificate of inheritance or similar) of which it takes either the original or a copy (signed or dated by the member or authenticated in accordance with Art. 11 of the regulations) for its files. This official document serves concurrently as adequate identification of the financial authorisees (Art. 21 et seq. of the regulations).
- b. The individual successors must be formally identified under the terms of Art. 9 – 11 and Art. 14 of the regulations if a new business relationship is opened with the member. If the previous business relationship between the member and the bequeather is merely to be continued, the formal identification of the

successors can also take place at the time when the successors appear before the member (e.g. when issuing instructions to or requesting information from the member etc.). Identification must take place under the terms of Art. 9 – 11 and Art. 14 of the regulations no later than at the time of the distribution of the estate.

- c. Representatives of the community of heirs (executors etc.) appearing before the member must also be verified in accordance with Art. 8 Para. 1 letters b and c of the regulations.

³ Material identification (Art. 15 et seq. of the regulations) of the individual successors can be waived in cases in accordance with Art. 20 Para. 1 of the regulations provided that the member does not conclude contracts subject to the AMLA with individual successors with regard to assets external to the legal estate in succession. If individual successors charge the member with the administration of assets external to the legal estate in succession, a complete new AMLA file must be opened for each of these successors (including material identification in accordance with Art. 15 et seq. of the regulations).

⁴ The member can continue the AMLA file previously created on behalf of the bequeather before his death as the new AMLA file for the community of heirs.

⁵ If following distribution of the estate the member continues the activity subject to the AMLA on behalf of individual successors, a separate, complete AMLA file must be maintained on each individual successor on whose behalf this activity is continued (including material identification in accordance with Art. 15 et seq. of the regulations).

3.3 *Establishing the Identity of the Beneficial owner (Art. 4 AMLA)*

3.3.1 *General Provisions*

Art. 21 Principle

¹ On entering into a business relationship which requires verification of the customer's identity, the member must also obtain details and where appropriate verify the identity of the beneficial owner (Art. 24 of the regulations). Failure to do so may render the member liable to prosecution under Article 305^{ter} Para 1 of the Swiss Criminal Code (StGB).

² If the customer declares that it is the sole beneficial owner or does so through a representative (authorised representative, authorised signatory etc.) and the member considers this declaration to be plausible, it records this appropriately in writing. In doing so, subject to the provisions detailed below (Art. 22 et seq. of the regulations), the member is free to decide whether to ask the customer to confirm this declaration in writing (against signature).

Art. 22 Written Declaration on the Beneficial Owner

¹ The member must obtain a written declaration from the customer indicating the identity of the beneficial owner if one of the following conditions is given:

- a. The customer and the beneficial owner are not one and the same.

- b. The customer is a domiciliary company.
- c. There are grounds to suspect possible money laundering or the financing of terrorism.
- d. A cash or money transfer transaction exists under the terms of Art. 3 letter a of the regulations:
 - 1. If the amounts stipulated in Art. 12 Para. 2 of the regulations are reached.
 - 2. If there are grounds to suspect possible money laundering or the financing of terrorism (even if the amounts specified in Art. 12 Para. 2 of the regulations are not reached).
- e. A money and security transfer transaction exists under the terms of Art. 3 letter b of the regulations.
- f. If there is doubt as to whether the customer is actually the beneficial owner, namely:
 - 1. If a mandate allowing the withdrawal and/or transfer of assets to third parties is granted to a person not identifiably in suitable close relation to the customer.
 - 2. If the assets introduced or prospective assets are clearly in excess of the customer's financial profile.
 - 3. If contact with the customer gives rise to other, unusual conclusions.
 - 4. If the business relationship was not opened on the basis of a personal interview.

² If the (potential) customer or its representative (authorised representative, authorised signatory etc.) refuses to provide such a written statement despite the member's request, or if considerable doubt remains as to the correctness of the written statement and these doubts can not be eliminated by means of further clarification, the member rejects the transaction or cancels the business relationship under the terms of Art. 50 et seq. of the regulations.

³ The member can waive identification of the beneficial owner in the case of stock exchange quoted companies if the company is quoted on a national or international stock exchange and the member obtained evidence of such quotation. The member produces a memorandum to this effect which it places in the AMLA file.

⁴ Easing of restrictions applies in accordance with Art. 48 of the regulations with regard to identification of the beneficial owner in a group.

Art. 23 Content and Form of the Written Declaration

¹ The customer's written declaration must contain the following minimum information on the beneficial owner:

- a. For natural persons and sole proprietors: full name, date of birth, address and nationality.
- b. For legal entities and partnerships: company name and address of domicile.

² This data does not apply if a beneficial owner originates from a country in which dates of birth or residential addresses are not used. This exceptional situation must be justified by means of a memorandum in the AMLA file.

³ The (dated) declaration can be signed by the customer or its authorised representative. In the case of legal entities, the declaration must be signed by a person authorised to do so in accordance with company documentation.

⁴ In addition, the declaration must contain reference to the fact that the deliberate provision of false information is liable to prosecution under the terms of Art. 251 StGB (falsification of documents). The declaration must generally be made on a separate form (VQF doc. no. 902.9).

⁵ If the member uses standard contracts suitable for standardised transactions and wishes to include the declaration on the beneficial owner in such a contract, the member must ensure that this declaration is separated and detached from the remaining text of the contract in such a way as to be easily identifiable.

Art. 24 Formal and Material Identification of the Financial Authorisee

¹ The beneficial owner must be materially identified (Art. 15 et seq. of the regulations) in the case of long-term business relationships which require a customer profile under the terms of Art. 15 of the regulations, i.e. included in the customer profile, if the purpose of Art. 15 of the regulations so requires.

² Formal identification of the beneficial owner must also be made in the case of domiciliary companies (Art. 8 – 11 of the regulations).

3.3.2 Special Provisions

Art. 25 Collective Deposits and Collective Accounts

¹ In the case of collective deposits and collective accounts, the member requests the customer to provide a complete list of beneficial owners (including information in accordance with Art. 23 Para. 1 letters a and b of the regulations) and to advise the member immediately of any change to this list.

² Accounts of operating companies through which transactions are made in connection with professional services such as debt collection, real estate management, factoring etc. do not qualify as collective accounts. Accounts of regulated money transfer and money transportation companies likewise do not qualify as collective accounts.

The member must justify the corresponding exceptional situation by means of a memorandum in the AMLA file.

Art. 26 Collective Types of Investment or Associated Companies as Customers

¹ If a collective type of investment or investment company has 20 or less investors, the member must obtain a customer declaration for these investors under the terms of Art. 22 et seq. of the regulations. If there are more than 20 investors, a broad circle of addressees can be assumed and identification of the beneficial owner can be waived.

² In the case of collective types of investment and associated companies which are quoted on the stock exchange, the member can waive identification of the beneficial owner if evidence of such quotation was obtained. The member produces a memorandum to this effect which it places in the AMLA file.

Art. 27 Financial Authorisation in the Case of Domiciliary Companies

¹ The member must obtain a written declaration from the customer under the terms of Art. 22 et seq. of the regulations concerning the identity of the beneficial owner if the customer is a domiciliary company (Art. 22 Para. 1 letter b of the regulations). A domiciliary company can not be the beneficial owner.

² The beneficial owner of a domiciliary company can be a natural person or legal entity which operates a trading, manufacturing or other business on a commercial basis.

³ In the case of a domiciliary company which is controlled by another domiciliary company, under the terms of Art. 8 et seq. of the regulations the member must formally and materially identify the persons which control this domiciliary company (Art. 24 of the regulations) and obtain a suitable written declaration from the customer for these persons under the terms of Art. 22 et seq. of the regulations.

⁴ In the case of domiciliary companies which are quoted on the stock exchange, the member can waive identification of the beneficial owner if evidence was obtained of such quotation. The member produces a memorandum to this effect which it places in the AMLA file.

⁵ If the member is active as an organ of a domiciliary company, this domiciliary company qualifies as the customer under the terms of these regulations.

Art. 28 Trusts, Foundations, Associations and other Investment Funds without Designated Financial Authorisees

¹ In the case of trusts, foundations, associations and other investment funds in which no specific person is the beneficial owner, a written declaration (VQF doc. no. 902.10) must be requested from the customer which confirms this fact and contains information in accordance with Art. 23 Para. 1 of the regulations on the following:

- a. The effective (non-discretionary) founder.
- b. The persons who can issue instructions to the customer or its organs.

- c. The circle of persons broken down by category which may come into consideration as beneficiaries or principal beneficiaries.
- d. Curators, protectors and similar office holders.

² In the case of revocable structures (e.g. revocable trusts and some foreign foundations) the persons authorised to order revocation must be identified as beneficial owners (VQF doc. no. 902.9, Art. 22 et seq. of the regulations).

³ The declaration in accordance with Art. 28 Para. 1 of the regulations can be obtained from and signed by the following in place of the customer:

- a. The effective (non-discretionary) founder, or
- b. The trustee, or
- c. The protector, or
- d. A member of the foundation board, or
- e. A member of the management board of an underlying company, or
- f. The principal beneficiaries

of the trust, association or other investment fund in which financial authorisation is not assigned to a specific person. The member records the reason for which the declaration was not obtained from or signed by the customer on file and justifies why no case exists in accordance with Art. 8 Para. 3 of the regulations (refusal or cancellation of the business relationship) or Art. 9 Para. 1 AMLA (reporting incidence). Each person who signs the declaration in accordance with Art. 28 Para. 1 of the regulations certifies in this declaration that it is authorised to make this declaration on behalf of the customer or that it made this declaration to the best of its knowledge and belief.

⁴ In the case of persons in accordance with Art. 28 Para. 1 letter c of the regulations, either the circle (i.e. connecting characteristic of the members of a circle) is described and the collection of data in accordance with Art. 23 Para. 1 of the regulations in relation to the individual persons belonging to a specific circle can be waived (subject to Art. 28 Para. 5 of the regulations) or the information on the principal beneficiaries is stated in accordance with Art. 23 Para. 1 of the regulations.

⁵ The member collects information on the beneficiaries of the association or trust (or other investment fund in which there is no specific beneficial owner) in accordance with Art. 23 Para. 1 of the regulations by no later than the time at which the beneficiary is actually benefited and documents the corresponding assigned benefit. The identification of the beneficiary in question also takes place by no later than this time by means of personal identity documents under the terms of Art. 9 – 11 of the regulations.

⁶ The declaration in accordance with Art. 28 Para. 1 of the regulations contains the notice that the provision of false information is punishable under the terms of Art. 251 StGB (falsification of documents). In general, the declaration must be submitted on a separate form (VQF doc. no. 902.10) which must be dated and signed by the customer or person in accordance with Art. 28 Para. 3 of the regulations.

⁷ If the member uses appropriate standard contracts for standardised transactions and wishes to incorporate the declaration in accordance with Art. 28 Para. 1 of the regula-

tions therein, it must ensure that this declaration is separated and highlighted from the other contract text in suitably identifiable manner.

Art. 29 Financial Intermediaries subject to Special Statutory Supervision or Tax Exempt Pension Funds as Customer

¹ No declaration must be obtained on the beneficial owner if the customer:

- a. Is a financial intermediary under the terms of Art. 2 Para. 2 AMLA with domicile or registered office in Switzerland;
- b. Is a financial intermediary with domicile or registered office abroad which carries on an activity in accordance with Art. 2 Para. 2 AMLA and (in relation to Art. 2 Para. 2 AMLA) is subject to equivalent (prudential) supervision and regulation;
- c. Is a tax exempt pension fund in accordance with Art. 2 Para. 4 letter b AMLA.

² A customer declaration on the beneficial owner must always be demanded if:

- a. There is reason to suspect possible money laundering or the financing of terrorism;
- b. FINMA issues a warning about the customer;
- c. The customer's domicile or registered office is in a country against whose institutions FINMA has issued a general warning.

Art. 30 Swiss Authorities as Customer

Swiss authorities as customers are not required to submit a declaration on the beneficial owner.

3.4 Repetition of the Verification of the Identity of the Customer or the Establishment of the Identity of the Beneficial owner (Art. 5 AMLA)

Art. 31 Requirements, Consequences and Exceptions

¹ The (formal and material) identification of the customer (Art. 9 et seq. and 15 et seq. of the regulations) or the identification of the beneficial owner (Art. 21 et seq. of the regulations) must be repeated during the course of the business relationship if doubt arises as to whether:

- a. The information on the identity of the customer is accurate; or
- b. The customer and beneficial owner are one and the same; or
- c. The customer's explanation about the beneficial owner is accurate;

and these doubts can not be eliminated by means of further clarification.

² The member must cancel the business relationship as quickly as possible under the terms of Art. 50 of the regulations if:

- a. Doubts concerning the information on the customer persist after the procedure in accordance with Art. 31 Para. 1 of the regulations has been carried out; or
- b. The member suspects that it was knowingly misled about the identity of the customer or beneficial owner; or
- c. The customer refuses to repeat the identification process or identify the beneficial owner despite being requested to do so by the member without stating a particular reason.

3.5 Duty to Clarify (Art. 6 AMLA)

Art. 32 General Duty to Clarify

¹ The member identifies the nature and purpose of the business relationship desired by the customer and records the result in a memorandum which it places in the AMLA file. The scope of the information to be obtained is in accordance with the risk which the customer represents.

Art. 33 Special Duty to Clarify

¹ The member must clarify the financial background and purpose of a transaction or business relationship (Art. 37 and 38 of the regulations) if:

- a. The business relationship or transaction appears unusual – especially compared to the documents in the AMLA file (namely: customer profile, Art. 15 et seq. of the regulations) – unless their legitimacy is clearly evident, or
- b. Evidence exists that assets are the proceeds of a felony, subject to the disposition of a criminal organisation (Art. 260^{ter} numeral 1 StGB) or serve the financing of terrorism (Art. 260^{quinquies} Para. 1 StGB), or
- c. An increased risk business relationship exists in accordance with Art. 34 of the regulations, or
- d. An increased risk transaction exists in accordance with Art. 35 of the regulations.

² Appropriate evidence of unusual or suspicious circumstances under the terms of Art. 33 Para. 1 letters a and b of the regulations can be found in the typology list (VQF doc. no. 905.1), which forms an integral part of these regulations. However, this list is not exhaustive.

Art. 34 Increased Risk Business Relationships

¹ All business relationships with politically exposed persons (PEP, Art. 3 letter e of the regulations) are classified as increased risk business relationships.

² Members maintaining more than 20 permanent business relationships define additional criteria which point to increased risk business relationships. Depending on the member's business activity, the following criteria, in particular, come into question:

- a. The registered office or domicile of the customer and / or beneficial owner or their nationality; or
- b. The nature and location of the business activity of the customer and / or beneficial owner; or
- c. The lack of personal contact with the customer or beneficial owner; or
- d. The nature of the desired services or products (in particular: complexity of structures, e.g. use of domiciliary companies); or
- e. The verifiability and plausibility of the financial origin of the assets; or
- f. The country of origin or target country of frequent payments; or
- g. In the case of business relationships with financial intermediaries with domicile or registered office abroad: the legislation concerning money laundering and the financing of terrorism to which they are subject.

³ The member identifies increased risk business relationships by means of the risk profile (VQF doc. no. 902.4) in accordance with Art. 34 Para. 1 and 2 of the regulations and flags these business relationships (e.g. by means of information on the identification form, VQF doc. no. 902.1).

⁴ The acceptance of an increased risk business relationship requires the approval of a manager or director.

⁵ Top management, or at least one of its members, decides on:

- a. The acceptance and, annually, continuation of an increased risk business relationship with a politically exposed person.
- b. The arrangement of regular internal controls on all increased risk business relationships and the monitoring and evaluation of those relationships.

⁶ Members with very extensive financial intermediary activity and / or multi-level hierarchical structures may transfer this responsibility to the management of a business unit in accordance with Art. 34 Para. 5 of the regulations.

Art. 35 Increased Risk Transactions

¹ The member defines criteria for the identification of increased risk transactions and documents these criteria in appropriate manner (risk profile, VQF doc. no. 902.4).

² Depending on the member's business activity, the following criteria, in particular, come into question:

- a. The value of inflowing and outflowing assets;
- b. Considerable variance from the type, volume and frequency of transaction usual to the business relationship;
- c. Considerable variance from the type, volume and frequency of transaction usual to comparable business relationships.

³The following are classified as increased risk transactions:

- a. Transactions in which cash, bearer instruments or precious metals to a value of CHF 100,000.00 or more are physically introduced or withdrawn at once or in stages;
- b. Money and security transfers under the terms of Art. 3 letter b of the regulations whereby a single transaction, or multiple transactions which appear to be related, reach or exceed the amount of CHF 5,000.00.

Art. 36 Supervision of Business Relationships and Transactions

¹ The member provides for effective supervision of business relationships and transactions which it assures, in particular, when processing transactions with no personal contact to the customer.

Art. 37 Content of Special Clarifications

¹ The member immediately initiates work on cases requiring special clarification in accordance with Art. 33 of the regulations. The member must make all relevant clarifications and obtain all necessary information from the customer which, in particular, enables it to form a conclusive view of whether or not an obligatory duty to report exists under the terms of Art. 9 Para. 1 AMLA.

² Depending on the circumstances, the following must be clarified:

- a. The previous information which is already available to the member.
- b. The origin (including the amount and currency) of the assets introduced.
- c. The intended use of withdrawn assets.
- d. The background (including purpose and date) of incoming payments.
- e. The source of the assets of the customer and beneficial owner.
- f. The professional or business activity of the customer and financial beneficiary.
- g. The financial situation of the customer and financial beneficiary.
- h. In the case of legal entities: who controls them.
- i. In the case of money and security transactions: the beneficiary's full name and address.

Art. 38 Procedure and Consequences

¹ Depending on the circumstances, the clarifications include the following:

- a. Gathering written or verbal information on the customer or beneficial owner.
- b. Visits to the places where the customer and beneficial owner carry on their business activity.

- c. Consultation of generally accessible sources and databases.
- d. Enquiries on third parties.

² The member checks the plausibility of the results of clarification. The results must be recorded by way of a memorandum in the AMLA file.

³ Clarifications can be closed as soon as the member is in a position to reliably assess whether the reporting requirements are in accordance with Art. 9 Para. 1 AMLA.

⁴ If the requirements for duty of reporting are not given even though all grounds for suspicion of money laundering or the financing of terrorism were not eliminated and the member continues the business relationship, it must:

- a. Monitor this business relationship very closely, and also
- b. Record the reasons for which there were inadequate grounds for suspicion of money laundering or the financing of terrorism in a memorandum and file this in the AMLA file.

⁵ If despite repeated requests from the member the (potential / actual) customer refuses to provide additional information or blatantly obstructs the member's efforts to carry out the special clarifications:

- a. The member refuses the transaction (if the business relationship was not already entered into), or
- b. The member cancels the business relationship under the terms of Art. 50 of the regulations.

3.6 Documentation and Duty to Keep Records (Art. 7 AMLA)

Art. 39 General Requirements on Documentation

¹ The member compiles and organises its documentation (especially the documents and records on customer relationships and executed transactions) in such a way as to allow a competent third party – especially the auditors appointed by the Supervisory Commission to perform the AMLA audit – to be able to form a reliable picture through the member at any time of compliance with the (legal and regulatory) duties for the combating of money laundering and the prevention of the financing of terrorism.

² The documents and records must be compiled and kept (in Switzerland) in such a way that the affiliated VQF SRO member is able to comply with the information and seizure demands of the criminal prosecution authorities within the required period of time. The documents and records must make it possible to reconstruct the individual transactions.

³ The member must keep an AMLA file for each customer (exceptions: Art. 12 Para. 6, Art. 18 and Art. 20 Para. 4 of the regulations) and in addition a list (VQF doc. no. 902.8) containing details of the inflow and outflow of information with regard to contract relationships subject to the Anti-Money Laundering Act (AMLA).

⁴ The AMLA files must be kept permanently up to date (VQF doc. no. 902.7). The member must dispose of actual physical or electronic copies of relevant documents in Switzerland.

⁵ The VQF provides suitable forms for basic documentation and updating, which can be downloaded from the VQF website (www.vqf.ch). If the member decides not to use the VQF forms, it must ensure that its own forms contain the data demanded by the VQF forms for the purpose of a minimum standard.

⁶ The documents and records must be kept in a safe place in Switzerland (not accessible to unauthorised third parties).

⁷ Documents which are of fundamental importance to determining the material facts of an AMLA-relevant contractual relationship must be filed in the AMLA file. Documents of fundamental importance are classified as all documents which are required in order to comprehend a specific transaction or verify compliance with (legal and regulatory) duties for the combating of money laundering and the prevention of the financing of terrorism:

- a. All documents referred to in these regulations and especially the following: AMLA Standard forms (VQF doc. nos. 902.1, 902.4, 902.5, 902.7, 902.8, 902.9, 902.10 or own forms), identity documents, memoranda to be compiled in specific cases in accordance with these regulations and copies of reports in accordance with Art. 9 Para. 1 AMLA.
- b. All other documents in the AMLA file which are necessary for the purpose of comprehension or in order to verify the information in the AMLA standard forms or which give rise to or form part of special clarification, especially: documents on executed transactions (bank documents, mandates, receipts etc.), contracts, correspondence, telephone and other memoranda, invoices, accounting etc.

⁸ The filing of transaction records (account extracts), accounting documents and statements in the AMLA file can be waived if a written record (memorandum/reference) is made in the AMLA file of where these documents are located and the documents not kept in the AMLA file are managed and kept in such a way as to comply with duty of documentation and retention in accordance with Art. 39 et seq. of the regulations.

⁹ Documents which are of significance in determining the facts of an AMLA-relevant mandate (Art. 39 Para. 7 of the regulations) and are not written in a national language of Switzerland or in English must be translated into English or a national language of Switzerland by a suitably qualified, approved translator.

Art. 40 Additional Requirements on Electronic Documentation

¹ In case of electronic document storage the following must be assured in addition to the requirements according to Art. 39 of the regulations:

- a. The necessary information can be printed out in paper form on request.
- b. The requirements of Art. 9 and 10 of the Ordinance on Accounting Records of 24 April 2002 are met.

- c. The server used is located in Switzerland (otherwise the member must dispose of actual physical or electronic copies of relevant documents in Switzerland).

Art. 41 Retention Period

¹ The retention period by the member is at least 10 years following completion of the business relationship or transaction in accordance with Art. 39 et seq. of the regulations.

Art. 42 Transfer of Contract Relationships subject to the AMLA

¹ If a member (or its customer) transfers contract relationships subject to the AMLA to another member or financial intermediary, the previously responsible member (transferring financial intermediary) must document this termination in its AMLA file in accordance with regulations (notice in VQF doc. no. 902.7, filing of notification letter and other documents associated with termination) and must retain all (original) documents or authenticated copies thereof found in the AMLA file for a period of 10 years (Art. 41 of the regulations).

² With the customer's consent, the transferring financial intermediary can transfer authenticated copies of its AMLA file to the financial intermediary newly responsible for the former customer (single certification for each AMLA file). If the transferring financial intermediary retains authenticated copies of the documents in its AMLA file in accordance with the regulations, with the customer's consent the original documents can also be transferred to the accepting financial intermediary.

³ The newly responsible financial intermediary (accepting member) which accepts the customer relationship subject to the AMLA must ensure that the formal identification of the customer (Art. 10 Para. 4 of the regulations) and beneficial owner (Art. 24 in conjunction with Art. 10 Para. 4 of the regulations) are compliant with the regulations at the time of closure of the new contract (i.e. on acceptance of the business relationship) and must therefore, where necessary, repeat the formal identification of the new customer or beneficial owner. The material identification of the customer (customer profile, Art. 15 et seq. of the regulations) and the identification of the beneficial owner (Art. 21 et seq. of the regulations) must not be repeated; however, the newly responsible financial intermediary (accepting member) must verify and document the plausibility and currentness of the information received from the transferring financial intermediary.

⁴ Re-identification in accordance with Art. 42 Para. 3 of the regulations can be waived if the former customer adviser (natural person) takes the customers (contract parties) with him (change of employer or initiation of new independent activity). Re-identification in accordance with Art. 42 Para. 3 of the regulations can also be waived if customer relationships within a group of companies are transferred from one affiliated company to another (Art. 48 of the regulations).

3.7 Duty of Organisation and Training (Art. 8 AMLA)

3.7.1 General Provisions

Art. 43 Principle

The member takes the necessary measures for combating money laundering and the prevention of the financing of terrorism within its own sphere of influence. It ensures careful selection and regular training of bodies and auxiliary personnel employed in the AMLA sector under the terms of Art. 3 letter i of the regulations and regular audits.

Art. 44 Internal Organisation

¹ The following minimum organisational requirements apply for small operations with a maximum number of five persons (bodies and auxiliary personnel under the terms of Art. 3 letter i of the regulations) employed in the AMLA sector:

- a. An internal person must be appointed to be responsible for internal compliance with all obligations (AMLA Officer) in accordance with VQF doc. nos. 907.1 and 910.1.
- b. Either an AMLA Deputy (VQF doc. No. 907.1) must be appointed, or at least a person who allows access to AMLA-relevant documents in the absence of the AMLA Officer (so-called authorised access person, VQF doc. no. 908.1).

² The following minimum organisational requirements apply for operations with a minimum number of six persons (bodies and auxiliary personnel under the terms of Art. 3 letter i of the regulations) employed in the AMLA sector:

- a. An internal person must be appointed to be responsible for internal compliance with all obligations (AMLA Officer) in accordance with VQF doc. nos. 907.1 and 910.1).
- b. Moreover, an AMLA Deputy and a Training Officer (VQF doc. no. 907.1) must be appointed. The Training Officer can also be the AMLA Officer or AMLA Deputy.

In addition, written internal guidelines must be issued which regulate compliance with and control of legal and regulatory duties in the entire section of the business concerned with financial intermediary activities.

³ The VQF SRO can also demand that members who employ less than six persons (bodies and auxiliary personnel under the terms of Art. 3 letter i of the regulations) in the AMLA field issue internal guidelines for their business if this is necessary for an appropriate operating organisation.

⁴ The internal Special Department consists of the persons referred to specifically in VQF doc. no. 907.1, i.e.:

- a. AMLA Officer;
- b. AMLA Deputy; and

- c. Training Officer.

Art. 45 *Internal Guidelines*

¹ The member can use the sample guidelines of the VQF SRO (VQF doc. no. 1108.2). If the member compiles its own internal guidelines, these guidelines must include the information contained in the VQF SRO sample guidelines in the form of a minimum standard.

² The internal guidelines must be approved by the member's top management organ.

³ Persons (bodies and auxiliary personnel under the terms of Art. 3 lit. i of the regulations) employed in the AMLA field must be suitably informed of the internal guidelines (before each respective auxiliary person initiates activity relevant to the AMLA).

Art. 46 *Duty of Training / Training Concept*

¹ The member is obliged to provide the following persons with basic training and regular advanced training:

- a. All bodies and auxiliary personnel under the terms of Art. 3 letter i of the regulations who are active in the AMLA field.
- b. All members of the internal Special Department announced to the VQF SRO (VQF doc. no 907.1, Art. 44 Para. 4 of the regulations).

² Advanced training for members or their respective persons (bodies and auxiliary personnel under the terms of Art. 3 lit. i of the regulations) employed in the AMLA sector is aimed at the fundamental aspects of the combating of money laundering and the prevention of the financing of terrorism and ensures that members or their respective persons subject to training are and remain in a position to fully comply with the duties arising from the AMLA and these regulations.

³ Duty of training is in accordance with the relevant VQF SRO training concept (VQF doc. no. 610.1), the provisions of which are an integral component of these regulations.

3.7.2 *Special Provisions: Delegation of Duties of Due Diligence*

Art. 47 *Principle*

¹ In principle, the member must organise its business in such a way as to guarantee that all obligations with regard to due diligence are fulfilled by the company's own personnel (employees or bodies).

² The member can bring in another financial intermediary for the identification of the customer, for the identification of the beneficial owner, for the repeated identification or establishment of the identity of the beneficial owner and the performance of clarifications, provided that this financial intermediary is subject to equivalent supervision and regulation in relation to the combating of money laundering and the prevention of the financing of terrorism (Art. 3 letter j of the regulations).

³ The member can, by means of a written agreement, bring in another third party (subject to Art. 47 Para. 4 of the regulations) for the fulfilment of duties in accordance with Art. 47 Para. 2 of the regulations provided that it:

- a. Carefully selects the third party;
- b. Carefully instructs the third party on its responsibilities; and
- c. Carefully controls third party compliance with duties.

⁴ However, the following types of delegation of duties of due diligence must first be submitted to the Supervisory Commission for approval:

- a. Delegation to external persons (representatives etc.) who have no working relationship with the member (unless concerned with delegation in accordance with Art. 47 Para. 2 of the regulations).
- b. Delegation to another financial intermediary with regard to content extending beyond Art. 47 Para. 2 of the regulations.

⁵ No right exists to approval of an application for exception under the terms of Art. 47 Para. 4 of the regulations. The Supervisory Commission can make any approval of an application for exception subject to requirements or conditions. No right exists to contest a negative decision or the imposition of requirements or conditions in connection with the approval of an exception.

⁶ Duty of reporting in accordance with Art. 9 Para. 1 AMLA and duty to freeze assets in accordance with Art. 10 AMLA can not be delegated.

Art. 48 Identification of the Customer and Establishment of the Identity of the Financial Authorisee in the Group

¹ No need for re-identification exists if in the context of the group to which the member belongs the customer was already formally and materially identified in a manner equivalent to the provisions of these regulations (Art. 9 and seq. and Art. 15 et seq. of the regulations).

² The same applies if in the context of the group:

- a. A declaration on the beneficial owner was already obtained (Art. 22 et seq. of the regulations), or
- b. Formal/material identification of the beneficial owner already took place (Art. 24 of the regulations), or
- c. The customer's representative or authorised signatory was already verified in accordance with Art. 8 Para. 1 letters b and c or Art. 8 Para. 2 letter b of the regulations (Art. 8 Para. 5 of the regulations).

Art. 49 Modalities

¹ The member remains personally responsible for compliance with the transferred duties in all cases.

² The member must take a copy of the documents which served to fulfil compliance with duties relating to the combating of money laundering and the prevention of the financing of terrorism for its files and arrange for written certification that the documents given to it correspond to the original documents.

³ Further delegation by the representative is excluded.

4. Cancellation and Rejection of Business Relationships and Duties in the event of Suspected Money Laundering or the Financing of Terrorism (Art. 9 - 10a AMLA)

4.1 Cancellation and Rejection of Business Relationships

Art. 50 Cancellation of Business Relationships

¹ The member must cancel a business relationship as quickly as possible if:

- a. A case exists in accordance with Art. 8 Para. 3, Art. 22 Para. 2, Art. 31 Para. 2 or Art. 38 Para. 5 of the regulations, or
- b. The member has reason to suspect that it was knowingly misled with regard to the identity of the customer or beneficial owner.

² If the member cancels the business relationship it must document this fact.

Art. 51 Return of Assets on Cancellation or Refusal of a Business Relationship

¹ If the member cancels a business relationship in a case in accordance with Art. 50 Para. 1 of the regulations, or refuses to accept a business relationship, it may only return assets in the amount of CHF 25,000.00 and over in a form which allows the authorities to follow the trail («paper trail»). In the case of cash transactions, repayment in cash may only be made to the person who introduced the assets, against receipt.

Art. 52 Unlawful Cancellation of the Business Relationship

¹ The business relationship must not be cancelled if requirements are met in relation to the duty to report in accordance with Art. 9 Para. 1 AMLA.

4.2 Duty to Report

Art. 53 Duty to Report in accordance with Art. 9 Para. 1 AMLA

¹ A member must immediately file a report with the Money Laundering Reporting Office as defined in Art. 23 AMLA (hereinafter: "Reporting Office") – and with the VQF SRO – if it:

- a. Knows or has reasonable grounds to suspect that assets involved in the business relationship:
 - 1. Are connected to a punishable offence in accordance with Art. 260^{ter} numeral 1 or Art. 305^{bis} StGB, or
 - 2. Are the proceeds of a felony, or
 - 3. Are subject to the power of disposal of a criminal organisation, or
 - 4. Serve the financing of terrorism (Art. 260^{quinquies} Para. 1 StGB).
- b. Breaks off negotiations for the acceptance of a business relationship due to justifiable suspicion in accordance with Art. 53 Abs. 1 letter a of the regulations.

² In cases where a member exercises its right to notify (Art. 305^{ter} Para. 2 StGB), it is not necessary to immediately inform the VQF SRO but only on submission of the next self-declaration (Art. 61 Para. 3 letter b of the regulations).

Art. 54 Limitation of Duty to Report (Art. 9 Para. 2 AMLA)

¹ Lawyers and notaries are not subject to duty to report provided that their activity is subject to professional secrecy under Art. 321 StGB.

² Accounts and deposits which are subject to professional secrecy under the law must be identified accordingly and serve exclusively:

- a. For the processing and, if feasible, associated short term placement of advanced payment of legal costs, bail bonds, charges governed by public law etc. as well as payments to or from parties, third parties or authorities (designation "Client Funds Processing Account/Deposit");
- b. The deposit and, if feasible, associated placement of assets from a pending distribution of estate or execution of a will (designation e.g. "Inheritance" or "Distribution of Estate");
- c. The deposit and, if feasible, associated placement of a pending division of assets in the context of a divorce or separation (designation e.g. "Division of Assets - Divorce");
- d. The guarantee deposit and, if feasible, associated placement of assets in matters of civil or public law (designation e.g. "Escrow Account/Deposit", "Blocked Equity Purchase Deposit", "Guarantee Deposit Contract Bond", "Guarantee Deposit Capital Gains Tax" etc.);
- e. The deposit and, if feasible, associated placement of assets in matters of civil or public law before ordinary courts or arbitrators and in compulsory enforcement proceedings (designation e.g. "Advanced payments", "Court Bond Guarantee", "Bankruptcy Assets", "Arbitration Proceedings" etc.).

Art. 55 Form and Content of Reporting

¹ Reporting to the Reporting Office must be in writing. Reports are submitted by fax or by first class registered post (Swiss A-Post) if a fax is not available. In doing so, the Reporting Office report form² must generally be used.

² The member's name must be identifiable on the report in accordance with Art. 55 Para. 1 of the regulations. The member's personnel involved in the case can remain anonymous, provided that the possibility of immediate contact remains open to the Reporting Office and responsible criminal prosecution authorities.

³ Reports to the VQF SRO must be anonymous.

Art. 56 Documentation

¹ The member records all information associated with a reporting incident as well as the documents concerned (including a copy of the report and the notifications/dispositions of the authorities) in the AMLA file.

4.3 Freezing of Assets and Ban on Information

Art. 57 Freezing of Assets (Art. 10 AMLA)

¹ A member must immediately freeze assets entrusted to it which are related to the report in accordance with Art. 9 Para. 1 AMLA. The member must continue to freeze the assets until it receives an order from the competent prosecution authority, but at the most five working days from the time at which it filed the report with the Reporting Office.

² Art. 58 Para. 2 of the regulations if the member is unable to impose the freezing of assets.

Art. 58 Ban on Information (Art. 10a AMLA)

¹ During the period of the freezing of assets imposed by the member, the member may inform neither the persons concerned nor third parties about the fact of the report in accordance with Art. 9 AMLA.

² If the member is unable to impose the freezing of assets, it may inform a financial intermediary subject to the AMLA who is in a position to do so. The member records this fact in a memorandum which it places in the AMLA file.

³ The member may likewise inform another financial intermediary subject to the AMLA about the fact of the report in accordance with Art. 9 AMLA provided that this is necessary in order to comply with duties pursuant to the AMLA and that both financial intermediaries:

² Available via the link on the VQF SRO website (www.vqf.ch).

VQF doc. no. 400.1.2

Version of 20 November 2012

Please note that only the German version is legally binding.

- a. Provide common services to a customer in connection with the management of the customer's assets on the basis of a contractual cooperation agreement, or
- b. Belong to the same group of companies.

⁴ The member who was informed by another financial intermediary on the basis of Art. 10a Para. 2 or 3 AMLA is subject to the ban on information in accordance with Art. 58 Para. 1 of the regulations.

Art. 59 *Absence of an Order concerning the Freezing of Assets and the Ban on Information*

¹ If the member does not receive an order from the prosecution authority upholding the freezing of assets within the legal period of five working days, it may decide at its own discretion if and in what way it wishes to continue the business relationship.

² The ban on information ceases to apply if the order from the prosecution authority for the freezing of assets does not include a ban on information, or if the member does not receive a separate order from the prosecution authority upholding the ban on information within the legal period of five working days.

4.4 Exclusion of Criminal and Civil Liability (Art. 11 AMLA)

Art. 60 *Exclusion of Criminal and Civil Liability (Art. 11 AMLA)*

¹ The member can not be prosecuted for a breach of official, professional or trade secrecy or held liable for breach of contract if it filed a report in accordance with Art. 10 AMLA or imposed a freeze on assets in good faith.

² This exclusion of criminal and civil liability also applies to members who file a report in accordance with Art. 305^{ter} Para. 2 StGB and to self-regulatory organisations which file a report in accordance with Art. 27 Para. 4 AMLA.

5. Supervision and Auditing

Art. 61 *Principles / Audit Concept*

¹ The Supervisory Commission supervises all VQF SRO members in accordance with Art. 3 Para. 1 of the VQF by-laws (professional and non-professional financial intermediaries) for compliance with their duties consistent with the VQF by-laws, the AMLA and these regulations. The Supervisory Commission is authorised to demand the information and documents required for the purposes of supervision from the member at any time.

² The specific form of this supervision and the audits are regulated by the "Audit Concept of the VQF SRO regarding the Combating of Money Laundering and the Prevention of the Financing of Terrorism" (VQF doc. no. 700.3; hereinafter: "Audit Concept"). The provisions of this audit concept form an integral part of these regulations.

³ The member is obliged, in particular:

- a. To subject itself to and cooperate with such audits at any time and – also external to the audits - to present all documents and provide all information that may be demanded of the member during the course of such audits or directly requested by the Supervisory Commission external to the audits;
- b. To annually submit a self-declaration without being requested to do so (see the Audit Concept for details including the time limit).

Art. 62 Procedure on Suspicion of Violation of Art. 9, 10 or 10a AMLA

¹ The Chairman of the Supervisory Commission and the Executive Director must be informed immediately in the event that auditors or members of the Supervisory Commission charged with performing an audit report encounter grounds for suspicion of the violation of Art. 9 and 10 of the AMLA during an audit on a VQF SRO member. The VQF SRO must take all the necessary actions and verify whether it is obliged to report to the Reporting Office (Art. 27 Para. 4 AMLA). The VQF SRO may order additional advance clarification if there is doubt concerning the reporting of suspicion.

6. Measures and Sanctions

6.1 General Provisions

Art. 63 Responsibility for Measures and Sanctions

¹ The Supervisory Commission is responsible for clarifying, investigating and imposing sanctions with regard to the violation of the by-laws and regulations and for ordering all measures for the restoration and maintenance of compliance with the by-laws and regulations.

² The Supervisory Commission determines the procedure and cost implications for measures and sanctions and regulates the principles for this in its rules of procedure (VQF doc. no. 607.01).

³ Termination by the member of its VQF SRO membership has no effect on the existence of the Supervisory Commission's authority to impose sanctions for the violation of duties in accordance with the by-laws or these regulations committed during the period of membership. The decision to impose sanctions is also binding on former VQF SRO members provided that the former member was notified in writing of the decision to impose sanctions by no later than the end of a period of six months following termination of its VQF SRO membership.

⁴ In the event of a change of membership category Art. 63 Para. 3 of the regulations applies correspondingly.

6.2 Measures

Art. 64 Measures

¹ In the context of its duty to supervise, the Supervisory Commission may:

- a. Impose a time limit on members for the restoration of compliance with the by-laws and regulations (generally no more than three months from notification of this measure);
- b. Impose conditions on members of a personal or organisational nature;
- c. Impose a time limit on members for regular reporting on specific events or facts.

² Measures of this type are not contestable unless they are associated with a sanction under the terms of Art. 65 et seq. of the regulations.

6.3 Sanctions

Art. 65 Types of Sanction

¹ The Supervisory Commission may impose the following types of sanction on members:

- a. Censure.
- b. Penalty of up to CHF 250,000.00.
- c. Exclusion from the Association.

² Sanctions in accordance with Art. 65 Para. 1 letters a and b may be combined with measures in accordance with Art. 64 of the regulations and exclusion from the Association may be combined with a financial penalty of up to CHF 250,000.00.

³ The amount of the financial penalty is measured in accordance with the severity of the violation and the degree of liability. The financial capacity of the member, if known, is also taken into consideration.

Art. 66 Violation of the Regulations (basic facts)

¹ A penalty of up to CHF 250,000.00 is payable on violation of the provisions of these regulations.

Art. 67 Minor Infringements against the Regulations (privileged facts)

¹ A censure or financial penalty of up to CHF 25,000 may be pronounced in the case of minor as well as negligent (de minimis) infringements.

² Sanctions may also be waived in the case of de minimis infringements if the member fully complies with a request to restore compliance within the set period of time - generally no more than three months from notification of the request.

Art. 68 *Violation of Membership Requirements (qualified facts)*

¹ The Supervisory Commission excludes members which no longer fulfil the requirements for membership in accordance with Art. 4 of the VQF by-laws and Art. 5 of the regulations.

² A violation of the terms of membership exists, specifically:

- a. If despite two written reminders and before the Supervisory Commission issues a sanctions resolution the member fails to observe a demand for compliance or restore a state in accordance with regulations (violation of the duty to cooperate pursuant to Art. 5 Para. 5 of the regulations); or
- b. In the case of deliberate or grossly negligent violation of elementary provisions of the regulations (violation of the duty of responsibility pursuant to Art. 4 Para. 1 letter b of the by-laws and/or Art. 5 Para. 1 - 4 of the regulations), or
- c. In the case of the systematic violation (e.g. failure to keep full documentation) in regard to one or more duties of due diligence (violation of the duty of responsibility pursuant to Art. 4 Para. 1 letter b of the by-laws and/or Art. 5 Para. 1 - 4 of the regulations); or
- d. If due to violation of the regulations (Art. 66, basic facts) or due to violation of the membership conditions (Art. 68 Para. 3 of the regulations, qualified facts) it was already necessary to impose a valid financial penalty on the member and within five years from the legal effect of this sanction further violations are identified which as a minimum are qualified as a violation of the regulations (Art. 66 of the regulations, basic facts) (violation of the duty of responsibility pursuant to Art. 4 Para. 1 letter b of the by-laws and/or Art. 5 Para. 1 - 4 of the regulations); or
- e. If despite two written reminders a member fails to pay due demands for payment from the Association (e.g. membership contributions and other fees pursuant to the regulation on fees, valid financial penalties or procedural costs arising from internal sanctions or external appeal proceedings).

³ Exclusion may be waived and in its place a financial penalty of up to CHF 250,000.00 imposed:

- a. If the culpable person was excluded from the member's organisation; and / or
- b. The member subject to sanctions proceedings restores a state in accordance with regulations and provides a guarantee of compliance with regulatory obligations.

⁴ The member must demonstrate compliance with the requirements pursuant to Art. 68 Para. 3 of the regulations within the comment period in the association's internal sanctions proceedings.

⁵ Exclusion from the Association can be combined with a financial penalty of up to CHF 250,000.00.

Art. 69 Combination of Sanctions Proceedings

¹ If by certain conduct an SRO / BOVV member violates not only the regulations of the VQF SRO but also the regulations and rules of conduct of the VQF BOVV, the Supervisory Commission may combine the two sanctions proceedings.

Art. 70 Confirmation of Sanctions (Extract) and Statutory Limitation Period

¹ The current or former member may request written confirmation from the VQF SRO in respect of the SRO sanctions proceedings concerning the member. This confirmation of sanctions is chargeable and only relates to the last five years since its issuance.

² The prosecution of violations of the AMLA, by-laws, regulations, training or audit policy of the VQF SRO lapses after seven years from perpetration. The statutory period of limitation is interrupted by any act of the VQF SRO (or its appointed auditor) due to the breach of duty in question. The statutory period of limitation is suspended during the course of sanctions or arbitration proceedings relating to the breach of duty in question. The longer statutory period of limitation under criminal law applies if the member is subject to criminal prosecution in respect of a violation.

6.4 Reporting of Sanctions to FINMA, Arbitration Request and Arbitration Procedure

Art. 71 Reporting to FINMA

¹ FINMA must be informed in the event that proceedings which may result in financial penalty or exclusion are opened against a member. In addition, FINMA must be informed of the outcome of the proceedings on their completion.

Art. 72 Request for Arbitration regarding Sanctions Resolutions and Legal Effect of Sanctions Resolutions

¹ Art. 32 of the VQF by-laws and the VQF arbitration regulations apply to arbitration requests.

² If no arbitration request regarding a decision to impose sanctions is made within the period for objection pursuant to Art. 32 Para. 1 of the by-laws, the sanctions resolution is deemed to be accepted without reservation by the current (or former) member and the Association's internal sanctions proceedings are deemed to be legally complete. The legal validity of the sanctions resolution is backdated to the date of written notification of the sanctions resolution on expiry of the period of grace for requesting arbitration or the withdrawal of such request.

Art. 73 Arbitration Procedure

¹ The arbitration proceedings are governed by Art. 32 of the VQF by-laws and the VQF arbitration regulations.

7. Final Provisions

Art. 74 Severability Clause

¹ If individual provisions of these regulations are ineffective or unworkable or become ineffective or unworkable during the period of membership or the validity period of the regulations, the effectiveness of the regulations remains otherwise unaffected. The ineffective or unworkable provision is replaced by an effective and workable regulation the effects of which come closest (primarily) to the Association's purpose and (secondarily) to the purpose of the ineffective or unworkable provision.

Art. 75 Entry into Force and Transitional Provision

¹ Following approval by FINMA, these Regulations enter into force on 1 January 2013.

² These regulations also apply to sanctions proceedings already opened by the Supervisory Commission but not yet resolved.

Zug, 20 November 2012

For the Association

Chairman of the Management Board:



Member of the Management Board:

