

Information leaflet for issuing internal directives

1. General

According to Art. 82 of the SRO Regulations, a member with more than ten persons working in the AMLA sector must issue internal directives on combating money laundering and terrorist financing.

The internal directives must be in line with the member's activity as a financial intermediary and with its size and organisation. The content of the internal directives is based on Art. 82 of the SRO Regulations. The internal directives must be complete, appropriate and expedient, and ensure the implementation of due diligence obligations in the company. In particular, they must regulate internal responsibilities and lines of authority for the implementation of due diligence obligations. A member must consider, therefore, which internal unit / person is best suited to fulfil or control the individual obligations pursuant to the SRO Regulations.

This information leaflet is intended to assist the member in issuing internal directives. The VQF validates the internal directives during the AMLA audit. A member may also arrange for the internal directives to be pre-validated by the VQF (subject to a charge).

2. Content of internal directives

	Topics to be regulated	Comments
1.	Purpose / basic principles of the internal directives	<p>It is recommended to write a brief introduction which defines money laundering and sets out the purpose of the internal directives.</p> <p>In addition, it should be stated that the Anti-Money Laundering Act (AMLA) and the SRO Regulations of the VQF are the basis and an integral part of the directives.</p>
2.	Scope of the internal directives	<p>Description of the business units to which the internal directives apply.</p> <p>Especially when not the entire business activity of the member is subject to the AMLA, it is advisable to clearly specify the activities / departments / persons to which the AMLA Regulations and the internal directives apply.</p>
3.	Due diligence obligations pursuant to the AMLA and SRO Regulations	<p>In principle, the following due diligence obligations in the narrow sense exist:</p> <ul style="list-style-type: none"> • Identification of the customer (Arts. 15 - 30 SRO Regulations)

		<ul style="list-style-type: none"> • Establishment of the identity of the controlling person and beneficial owners of the assets (Arts. 31 – 51 SRO Regulations) • Creation of a customer profile (Arts. 52 – 54 SRO Regulations) • Monitoring of business relationships and transactions as well as special clarification obligations (Arts. 55 – 61 SRO Regulations) • reporting requirements, freezing of assets and ban on information (Arts. 66 – 72 SRO Regulations) • Cancellation and rejection of business relationships (Arts. 73 – 77 SRO Regulations) • Duty of documentation and retention (Arts. 62 – 65 SRO Regulations) <p>The details of the individual due diligence obligations (e.g. which identification documents are permitted, which declaration must be obtained regarding beneficial ownership, etc.) can either be stated directly in the internal directives or reference can be made to the corresponding provisions in the SRO Regulations.</p> <p>In addition, the internal directives can specify which forms (VQF standard forms or member's own forms) must be completed.</p>
4.	Identification, limitation and monitoring of increased risks	In particular, the process of how increased risk business relationships and transactions are identified and recorded must be defined (e.g. by means of a risk profile VQF doc. no. 902.4, or equivalent own form).
5.	Increased risk business relationships	<p>Each member which has more than 20 permanent business relationships must define its own criteria for identifying increased risk business relationships.</p> <p>These criteria can be set out directly in the internal directives for all business relationships, or the internal directives can stipulate that these criteria are determined individually for each business relationship by means of a risk profile (VQF doc. no. 902.4, or equivalent own form).</p>
6.	Business policy regarding politically exposed persons (PEPs)	<p>Business relationships with foreign PEPs are increased risk business relationships in all cases; business relationships with domestic PEPs or PEPs of international organisations are considered increased risk if another risk criterion exists (Art. 58 para.s 1 and 2 SRO Regulations).</p> <p>A member may decide, for example, that it will not enter into any business relationships with PEPs.</p> <p>If the member accepts such customers, it must determine how it documents (e.g. by means of the risk profile VQF doc. no. 902.4, or equivalent own form) and monitors these business relationships.</p>
7.	Increased risk transactions	For each business relationship, in addition to the mandatory criteria pursuant to Art. 58 para. 3 SRO Regulations, each member must establish at least one criterion for identifying increased risk transactions.

		<p>These additional criteria can be set out directly in the internal directives, for all business relationships or for certain groups of business relationships, or the internal directives can stipulate that these are individually defined in the risk profile (VQF doc. no. 902.4, or equivalent own form) for each business relationship.</p> <p>Possible criteria are (Art. 59 para. 2 SRO Regulations):</p> <ul style="list-style-type: none"> - Amount of inflowing or outflowing assets; - Amount, type or frequency of transactions usual to the business relationship (considerable variance would be unusual) - Amount, type or frequency of transactions usual to comparable business relationships (considerable variance would be unusual); - Other description of expected transaction patterns, which the customers notify the member of (considerable variance would be unusual). <p>If threshold amounts are chosen as criteria, they must be appropriate for the risk of the business relationships and the amount of the assets involved.</p>
8.	Principles of transaction monitoring	In particular, definition of the process for monitoring transactions (e.g. is a manual check performed by means of bank statements, or does a computer-based system exist?).
9.	Basic and advanced training of the persons working in the AMLA sector	Description of which persons are subject to training and how this training is to be completed (by attending VQF seminars, internal training where permitted, etc.)
10.	Responsibilities	<p>The central point of the internal directives is the definition of responsibilities and lines of authority: who fulfils which obligations, who is to be informed in which cases, when is (additional) approval required and from whom?</p> <p>The person responsible for each duty of due diligence must be defined, for example: who identifies the customer (e.g. takes copy of passport), who completes the VQF forms (or own forms) etc.? What are the responsibilities of the customer advisers, AMLA Special Department etc.?</p> <p>It should be noted that, according to the SRO Regulations, certain tasks must be assigned to a specific body:</p> <ul style="list-style-type: none"> • AMLA Special Department: see Art. 81 SRO Regulations • Management / senior body: see Art. 61 para. 1 SRO Regulations • Senior executive body (Board of Directors): see Art. 61 para. 2, Art. 81 para. 3 and Art. 82 para. 1 SRO Regulations
11.	Especially: responsibility for reporting to MROS	Specifically, it is necessary to specify who notifies MROS in a suspected case, arranges any freezing of assets and ensures observance of the ban on information (see Art. 66 et seq. SRO Regulations).

		As a rule, this is the responsibility of the AMLA Officer, possibly with the involvement of / reference to the management or the Board of Directors.
12.	Engagement of external auxiliary persons	<p>If no external persons (third parties) are engaged for the fulfilment of due diligence obligations, this can be indicated accordingly in the internal directives.</p> <p>However, if a member engages external persons, it must be determined how they are selected, trained and supervised (see also Information leaflet for the engagement of third parties, VQF doc. no. 912.1).</p>

3. Approval and distribution of internal directives

The internal directives must be approved by the Management Board or the senior executive body (Art. 82 para. 1 SRO Regulations). They must also be communicated, in a suitable form, to the persons to whom they apply.