

Anti-Money Laundering Ordinance-FINMA (AMLO- FINMA) - partial revision

Key points

4 September 2017

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In 2015 and 2016, the Financial Action Task Force (FATF) carried out its fourth mutual evaluation of the Swiss system for combating money laundering and the financing of terrorism. To address the shortcomings which came to light, Switzerland has entered the FATF's "enhanced follow-up" procedure. If the issues highlighted are not resolved, the risk in the long term is that Switzerland could be blacklisted by the FATF as a country with strategic failings in this area. This would have negative consequences for the Swiss financial services industry.

The purpose of the planned amendment to the FINMA Anti-Money Laundering Ordinance (AMLO-FINMA) is to instigate remedial measures to ensure that Switzerland can successfully exit the enhanced follow-up procedure. In addition, the amendment will incorporate findings by FINMA in the performance of its supervisory and enforcement duties.

The proposed changes are part of a wider package of follow-up measures, coordinated by the State Secretariat for International Financial Matters SIF, responding to the points raised in the FATF's country report. On 28 June 2017, the Federal Council issued a media release that announced the thrust of this set of measures and emphasised the need to amend the FINMA Anti-Money Laundering Ordinance.¹

Amending AMLO-FINMA will entail the following substantial changes:

- Financial intermediaries will have to verify information supplied on beneficial ownership.
- Updating client information for all types of business relationship will become mandatory.
- The list of criteria designating high-risk business relationships will be expanded and made more specific, especially where complex structures are involved. In cases where domiciliary companies are used, the reasons for doing so must be clarified. When establishing risk criteria denoting a possible high-risk business relationship, financial intermediaries will have an actual obligation to apply those that are most relevant to their business operations.
- Requirements for group-wide compliance with the basic rules in the Anti-Money Laundering Act and AMLO-FINMA will be defined more clearly. The obligations for financial intermediaries with branches

¹ See Federal Council media release of 28 June 2017 (<https://www.admin.ch/gov/en/start/documentation/media-releases/media-releases-federal-council.msg-id-67338.html>).

outside Switzerland or that operate a financial group with foreign subsidiaries to monitor legal and reputational risks on a worldwide basis will be specified in more detail.

- Other remedial measures include lowering the threshold for cash transactions with walk-in clients and the subscription of unlisted collective investment schemes, from CHF 25,000 to the FATF's recommended CHF 15,000. The obligation to check information on originators and beneficiaries in wire transfers will be set in stone. Specific reference to countries considered by the FATF to be high risk or uncooperative will be adopted into the criteria used for classifying risks arising from business relationships and transactions. Conditions under which issuers of payment instruments can benefit from fast-track due diligence procedures will also be clarified.