

REINFORCEMENT OF OBLIGATIONS RELATING TO TRANSACTION JUSTIFICATION

For many years the Swiss financial industry has aimed at reinforcing its security and efficiency. This intention is notably materialised through its legislation and regulatory framework relating to the fight against money laundering. The Swiss Federal Act on Combating Money Laundering and Terrorist Financing, its Ordinances and the regulatory framework therefrom deriving are fundamental basis in this matter.

In conformity with these norms, and for several years now, financial intermediaries, such as our Firm, are under the obligation to monitor the transactions made by their clients. In this respect, our supervisory authorities have reinforced and increased the obligations required from financial intermediaries. New, more restrictive obligations have increasingly appeared and naturally compel us to greater vigilance in terms of clients' transactions monitoring.

These norms imply, amongst other obligations, the necessity to analyse all outgoing and incoming transactions and to clarify those transactions where, notably but not exclusively, the circumstances surrounding the transaction are not immediately recognisable for the financial intermediary (e.g. if it is out of scope from the usual type of transactions operated by the client), where the amount is particularly high or where the transaction is made in cash.

The analysis of these verifications in practice and as requested by our surveillance authority FINMA is also increasingly restrictive. Indeed, the obligation to clarify in more detail the transactions and the necessity to provide corroborating elements, is noted through more frequent communications on this subject by our authorities as well as by our auditor's observations upon each visit.

The reinforcement of such practice in its application and the necessity for all financial intermediaries to conform, is upheld by the Swiss legislation to combat money laundering which establishes a criminal liability for the financial intermediaries as well as a criminal liability for the compliance officers personally for lack of due diligence – including by negligence – in their communication obligations to our authorities. More specifically, such liability can ensue in case of incomplete or unsatisfactory analysis of a transaction that would be considered by the authority as having necessitated further clarification or even communication. The current practice demonstrates that our criminal authorities do not hesitate anymore to prosecute the financial intermediaries and their compliance officers, personally, for such lack of due diligence.

As always, SELVI & CIE SA wishes to maintain a high degree of conformity with the industry's requirements, while remaining respectful of our clients' operations. Consequently, and even though we regret this regulatory inflation, we draw your attention to the fact that, in the future, we may be brought to require more frequently from you more detailed explanations with respect to certain transactions and, where necessary, request that you provide us with corroborating documents.

We apologise in advance for any inconvenience these further clarifications could cause but remain certain that you will understand that these are henceforth unavoidable and required within the framework of our compulsory due diligence.