

DESCRIPTION

KYC RECORDS

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This document describes KYC Records and is intended for customers and partners who use or want to use

- KYC Online (www.kyc.ch) and/or
- eCPM (eCompliance Process Management) from Eurospider (IT-Provider of KYC Spider)

together with KYC Records.

KYC Records contain the relevant sanctions lists, profiles of politically exposed persons (PEP) and other compliance-relevant information in accordance with the AMLA.

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1. BASICS FOR KYC RECORDS

- Message on the implementation of the 2012 revised recommendation of Groupe d'action financière (GAFI)
- Federal Act on Combating Money Laundering and Terrorist Financing in the Financial Sector [Money Laundering Act, AMLA; SR 955.0]; (effective as of 1 st January 2016)
- Ordinance on Combating Money Laundering and Terrorist Financing, [MLO; RS 955.01], (effective as of 1 st January 2016)
- Explanatory Report on the Money Laundering Ordinance (MLO) - Implementation of the FATF Recommendations of 11th November 2015
- Ordinance of the Swiss Financial Market Supervisory Authority on the Prevention of Money Laundering and Terrorist Financing [RO 2015 2083].
- Explanatory report on the total revision of the AMLCA-FINMA of 11th February 2015
- Agreement of 1 st June 2015 between the Swiss Bankers Association ("SBA") on the one hand and the undersigned banks ("Banks") on the other hand on the Swiss Banks' Code of Conduct with regard to the Duty of Due Diligence [CDB 16].
- International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation - the FATF Recommendations, February 2012
- Report of the FINMA "Due diligence obligations of Swiss banks in dealing with the assets of politically exposed persons" of 11th March 2011
- Sanctions SECO, available at: https://www.seco.admin.ch/seco/de/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionenembargos/sanktionsmassnahmen.html
- FINMA sanctions and measures, available at: http://www.finma.ch/archiv/gwg/d/dokumentationen/gesetze_und_regulierung/sanktionen/index.php
- FATF Guidance: Politically Exposed Persons (Recommendations 12 and 22), June 2013

2. KYC RECORDS BASIC PRINCIPLES

With the access/search in KYC Records, the extended identification obligations of the financial intermediary according to AMLA (as of 1st January 2016) are fulfilled. The financial intermediary recognises client relationships with sanctioned persons/organisations (i.e. data pursuant to Art. 22a AMLA) and PEP background (i.e. qualification characteristics pursuant to Art. 2a Para. 2 AMLA). In addition, KYC Records display references to further recognisable and clarificationrelevant information. In addition, KYC Records enable traceable documentation of the clarification.

KYC Records is based on the following specifications:

1. The financial intermediary shall intelligently and efficiently consult publicly accessible data sources and databases;
2. Entries in sanctions and terrorist lists (i.e. data and lists pursuant to Art. 22a Para. 2 AMLA) must be found (possibly with different spellings);
3. Foreign PEPs must be found (possibly with different spellings) (Art. 2a Para. 1 Section a AMLA);
4. Domestic PEPs, PEPs of intergovernmental organisations and PEPs of international sports federations must be found (possibly with different spellings) (Art. 2a Para. 1 Sections b and c AMLA);
5. Persons close to the PEPs (Art. 2a Para. 2 AMLA) must be found (possibly with different spellings);
6. Companies which are controlled by a PEP (Art. 2a Para. 3 AMLA) must be reported, if there are any indications;
7. PEPs are only reported as long as necessary (domestic PEPs are only reported up to 18 months after the function has been abandoned) (Art. 2a Para. 4 AMLA);
8. References to a connection with a criminal offence under Art. 260-ter Para. 1 CC or 305-bis Para. 1 and Para. 1-bis CC, with a crime, with a criminal organisation or terrorist financing (Art. 260-quinquies CC) must be reported.

3. KYC RECORDS METHODOLOGY

1. KYC Records continuously (24h) includes publicly accessible and compliance-relevant information. The data is prepared for the compliance check.
2. KYC Records optimises the prepared data for intelligent name matching for different spellings.
3. KYC Records visualises the result as a KYC Records profile and additionally as a KYC Search Result; both can be traced and documented.
4. For data protection reasons, KYC Records does not maintain its own so-called "black lists".
5. KYC Records can be extended with internal or external databases

4. KYC RECORDS SOURCES

1. **Sanction lists/terrorist lists (Art. 22a AMLA):** Sanctioned persons and organisations must be reliably identified. In Switzerland, a distinction must be made between economic sanctions and measures to combat the financing of terrorism, partly because of different reporting obligations. This data must be up-to-date on a daily basis and must be able to be matched with existing customers via intelligent name matching. Data sources: SECO (incl. UN lists) / Bush / EU / OFAC lists.
2. **PEP:** The recognition of politically exposed persons who fulfil the qualification criteria of Art. 2a AMLA must be guaranteed. Data sources: Wikipedia (Engl. / Ger. / Fr. / It. / Sp.) / rulers.org, media (print / online - Engl. / Ger. / Fr. / It. / Sp.), CIA Worldleaders and selected official websites. Data sources for companies controlled by politically exposed persons: Commercial register information and media (print / online - Engl. / Ger. / Fr. / It. / Sp.).
3. **Additional Compliance Relevant Information (CRIME):** Assignment to the KYC Records Profile Crime must be limited to membership of criminal and terrorist organisations pursuant to Art. 260-ter Para. 1 Swiss Criminal Code or Art. 260-quinquies Para. 1 Swiss Criminal Code as well as a current or reliable indication of a connection with a predicate offence/criminal act pursuant to Art. 305-bis CC relevant to money laundering crime. Data sources: Wikipedia (Engl. / Ger. / Fr. / It. / Sp.) / and media (print / online - Engl. / Ger. / Fr. / It. / Sp.).

5. KYC RECORDS PROFILE VS. KYC SEARCH RESULT

KYC Records consist of profiles of natural and legal persons for intelligent name matching. Especially for name matching, KYC Records contain data elements such as last name, first name(s), alternative spelling, date of birth, nationality and country of residence that are presented in a suitable format. This structured data is supplemented with unstructured additional information for the verification of hits.

With a KYC search result, the names are not available in a structured form. A specialised search is available, which includes compliance-relevant texts. The search with a name then leads to a search result with compliance-relevant texts that contain this name. A special analysis tool determines whether such a compliance-relevant text contains references to PEP status and/or references to crimes. Due to the large amount of data, the KYC Search Result is only available for online investigations.

6. STRUCTURE OF THE KYC RECORDS

A KYC Record is a profile of a natural or legal person that may contain the elements listed below. It should be noted that an element - such as the date of birth - can occur more than once:

- Date of birth (for a person) / date of foundation (for an organisation)
- Place of birth (for a person) / place of foundation (for an organisation)
- Date of death (for a person) / dissolution date (for an organisation)
- Citizenship (for a person)
- Residence (for a person) / seat (for an organisation)
- Pictures
- Address (maximum 6 lines each)
- Identification
- Additional information
- Collection
- Gender (only for a person)
- Name
- Role (only for a person)