

Explanatory notes of the audit items for compliance with anti-money laundering rules – banks

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1 Structure of the audit items for compliance with anti-money laundering rules

The specific requirements of the audit items for compliance with anti-money laundering rules take precedence over the requirements of EXPERTsuisse's Statement 70 "Regulatory Audit" (PH 70). However, PH 70 remains applicable.

1.1 Audit areas

The audit items for compliance with anti-money laundering rules cover the following audit areas:

- Compliance with anti-money laundering rules;
- Group-wide measures to combat money laundering.

1.2 Modular audit items

The audit items for compliance with the anti-money laundering rules have a modular structure and are organised as follows:

- Basic audit items – organisational measures (Art. 23 ff. AMLO-FINMA);
- Basic audit items – business relationships with increased risks (incl. PEP) (Art. 13 ff. AMLO-FINMA and Art. 7 para. 1bis AMLA);
- Basic audit items – transactions with increased risks (Art. 14 ff. AMLO-FINMA);
- Basic audit items – reporting obligation and freezing of assets (Art. 9 ff. AMLA);
- Audit item A: Global monitoring of legal and reputational risks – branch offices and group companies abroad or management of a financial group (Art. 5 f. AMLO-FINMA);
- Audit item B: Verification of the contracting parties' identity, establishing the identity of the beneficial owners of operating legal entities or partnerships (controlling person) and establishing the identity of the beneficial owner of the assets (at the start of and during the business relationship) incl. repeating establishing the identity of the contracting party or beneficial owners and regular reviewing and updating of documentation (Art. 3 – 5, Art. 4 – 46 CDB 20);
- Audit item C: Complex structures (within the meaning of Art. 13 para. 2 let. h AMLO-FINMA);
- Audit item D: In-depth PEP;
- Audit item E: Legal and reputational risks in sanctions;
- Audit item F: Virtual assets (VAs) / Virtual asset service provider (VASP).

While the basic audit items must be audited for every intervention, the additional audit items must be selected by the audit firm on a risk-oriented basis. More detailed explanations of the additional audit items can be found in section 3.

2 General information

2.1 Explanation of terms

- The term “**internal guidelines**” refers to all written internal instructions.
- Every client’s master account comprises a “**file**” or a “business relationship”.
- **Shortcomings** are defined in accordance with EXPERTsuisse’s Statement 70 (PH 70) margin no. 125 ff, in particular margin no. 127. If shortcomings are identified, complaints or recommendations must be made in accordance with margin no. 126 PH 70.
- **Wealth management banks** are banks for which wealth management accounts for a significant part of their business activities.
- **Trade finance** includes the following services in connection with international business for companies: letters of credit, documentary collection, bank guarantees, export financing (supplier credits, buyer credits, manufacturing credits, etc.) and import financing. Overinvoicing, underinvoicing or phantom shipping, for example, can occur in connection with trade finance.
- **Commercial banking** refers in particular to the deposit and lending business as well as payment transactions.

2.2 Explanations and comments

For each audit item:

- the audit procedures performed are to be summarised;
- if applicable, the questions answered with “n.a.” are to be explained;
- if necessary or helpful in the opinion of the audit firm, additional factual explanations should be provided. However, the explanations are not intended to meet the audit firm’s documentation obligations, e.g. to the FAOA. These must be included in the audit firm’s working papers. In addition, recommendations and objections must not be relativised or even “hidden” in the explanations.

In the comments field for “Possible findings from other areas”, the audit firm can record any additional facts that it has identified in the course of its audit.

2.3 Regulatory basics

The regulatory basics are listed under the main title of the respective audit area and in the individual confirmations.

2.4 Audit procedure

2.4.1 IT audits

The audit items for compliance with anti-money laundering rules do not require IT audits. The audit firm may, if it considers this helpful, include the applications used in the AMLA area in its audit

procedures. However, the specified audit procedures cannot be replaced by IT audits. In addition, the documentation of IT audits is not provided for in the audit items for compliance with anti-money laundering rules. The documentation must be included in the audit firm's working papers.

2.4.2 Audit objectives

In the audit items for compliance with anti-money laundering rules, a distinction is made between two types of audit objectives within the various audit items:

- Obtain an overview and review the appropriate organisation and design of regulations, guidelines and processes (including controls);
- Audit the effectiveness of controls and compliance with the provisions of financial market law and the regulations and guidelines

The audit confirmations listed in the audit items for compliance with anti-money laundering rules under the audit objective are to be understood and submitted in the respective context of the audit objectives.

2.4.2.1 Obtain an overview and review the appropriate organisation and design of regulations, guidelines and processes (including controls);

2.4.2.1.1 Auditing techniques

- Inspection / visual inspection
- Observation (for initial audit or changes)
- Interview/Questioning

2.4.2.1.2 Example

The auditor examines the process description, interviews the responsible employee and is guided through the process for initial audits or changes. In doing so, he or she identifies the relevant controls.

2.4.2.2 Audit the effectiveness of controls and compliance with the provisions of financial market law and the regulations and guidelines

2.4.2.2.1 Audit procedures

The following audit procedures must be carried out:

- Tests of controls
 - As a basis for the tests of controls, the audit firm records the processes corresponding to the audit items for compliance with anti-money laundering rules. It then determines the controls to be audited and the associated populations, which are based on the sampling requirements of the audit items for compliance with anti-money laundering rules (see section 4). It documents

this in its own working papers in such a way that it is understandable and comprehensible to knowledgeable third parties (e.g. the FAOA) (see margin no. 39 FINMA Circular 2013/3).

- According to PH 70 (margin no. 67a), tests of controls are designed to assess the effectiveness of controls to prevent, detect and correct violations of the provisions of financial market law and the regulations and guidelines or significant risk-increasing transactions.
- A test of controls must be carried out if
 - a. material changes have been made to the guidelines, processes and controls since the last audit;
 - b. no test of controls for the corresponding control has been carried out in the last 3 years;
 - c. shortcomings were identified in the corresponding control during the last test of controls.
- The tests of controls should be carried out based on the sampling requirements of the audit items for compliance with the anti-money laundering rules (see section 4) (usually during the “verification” in accordance with margin no. 68 let. e PH 70). The maximum number of tests of controls is based on margin no. 88 of PH 70. If the sample size taken for the substantive tests of details is smaller than the requirements of margin no. 88 of PH 70, no additional samples need to be taken for the tests of controls.
- Furthermore, no additional tests of controls (e.g. for higher-level controls that are not mapped in a file) are required outside of the random samples (files) taken.
- The field “Summary of the audit procedures performed” must indicate whether tests of controls were performed for the audit items covered.
- No IT audits are currently required. For this reason, automated controls cannot be audited in accordance with margin nos. 90 and 91 of PH 70. They must be covered as part of the tests of controls listed above.
- Sample audits (substantive tests of details – see section 4)
 - The selection of the sample should always be risk-oriented, so that a risk-oriented selection of elements increases the probability that any serious AMLA violations will be detected.
 - The sampling requirements of the audit items for compliance with anti-money laundering rules apply. As previously, PH 70 does not apply.
 - If the supervised institution is unable to provide the information required for the sample with the necessary granularity, FINMA must be informed. FINMA expects the requirements to be applied.
- Supplementary substantive analytical audit procedures

2.4.2.2.2 Auditing techniques

- Inspection / visual inspection
- Observation
- External confirmations
- Recalculation
- Verification
- Analytical audit procedures

- Interview/Questioning

2.4.2.2.3 Example

The auditor verifies the effective implementation of the relevant controls on the basis of random samples.

2.5 Completeness check of populations

The regulatory auditor can determine the completeness of the population by making a critical judgement exercising a critical attitude and due discretion (see no. 93, PH 70). FINMA does not expect any further audit procedures with regard to the completeness of populations or lists.

2.6 Audit date of the populations

Unless otherwise defined, refer to no. 85 PH 70 with regard to the audit date of the populations.

2.7 Objections and recommendations

The provisions on handling objections and recommendations are defined in Article 11 FINMA-PV. The classification of findings is carried out in accordance with margin no. 75.1 f. of Circ. 13/3 and margin nos. 122 – 124 of PH 70.

When addressing an objection with a “high” or “medium” rating, the corresponding audit confirmation in the audit items for compliance with anti-money laundering rules must always be answered with “No”, following the logic for regulatory reporting.

2.8 Interaction with regulatory reporting

The audit items for compliance with anti-money laundering rules serve to cover the audit requirements with reference to the AMLA, AMLO-FINMA and CDB. They form part of the regulatory audit report. There is one confirmation per audit item in the regulatory audit report. In the audit items on compliance with anti-money laundering rules, audit items not covered should be answered with “n.a.”. The audit items on compliance with anti-money laundering rules must be submitted to FINMA together with the regulatory reporting.

Objections and recommendations are to be mentioned briefly in the section “Summary of audit results / objections and recommendations” of the regulatory audit report. The findings must be explained in detail in the audit items on compliance with anti-money laundering rules. In no. 4.1 or 4.2 of the audit report, the audit firm need only provide a brief summary and a reference to the corresponding number in the audit items on compliance with anti-money laundering rules. The irregularities and recommendations must be classified in accordance with margin no. 75.2ff of FINMA Circular 13/3 “Auditing”.

3 Additional audit items

In addition to the basic audit items, additional audit items must be audited based on the audit firm's risk assessment (risk analysis).

3.1 Audit area "Compliance with anti-money laundering rules"

For the audit area "Compliance with anti-money laundering rules" at the "individual" survey level, the audit firm selects from the additional audit items B – F and audits:

- for a high or very high net risk and annual audit 2 additional audit items;
- for a medium net risk and audit every two years 1 additional audit item;
- for a low net risk and audit every three years 1 additional audit item;

The additional audit items are selected at the discretion of the audit firm. The auditor selects the additional audit items depending on the effective business activities and risk assessment. The following points apply:

- Audit item B must be selected at least every 4 years for an annual and biennial audit frequency and every 6 years for a three-year audit frequency.
- Audit item C must be selected at least every 2 years (if applicable) for wealth management banks with a high or very high net risk. The audit item can only be selected if the client population contains business relationships with complex structures in accordance with Article 13 para. 2 let. h AMLO-FINMA.
- Audit item D must be selected at least every 2 years (if applicable) for wealth management banks with a high or very high net risk.
- Audit item F can only be selected if the supervised institution offers at least one VASP service¹ (see question "F2").

3.2 Audit area "Group-wide measures to combat money laundering"

For the audit area "Group-wide measures to combat money laundering" at the "consolidated" reporting level, audit item A is only and always applied if an audit is to be carried out for this audit area at group level. The module can be used to submit the audit confirmations in relation to foreign group entities in

¹ FATF definition: A virtual asset is a digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes. Virtual assets do not include digital representations of fiat currencies, securities and other financial assets that are already covered elsewhere in the FATF Recommendations.

VASP means any natural or legal person who is not covered elsewhere under the Recommendations, and as a business conducts one or more of the following activities or operations for or on behalf of another natural or legal person: i. exchange between virtual assets and fiat currencies; ii. exchange between one or more forms of virtual assets; iii. transfer of virtual assets [in this context of virtual assets, transfer means to conduct a transaction on behalf of another natural or legal person that moves a virtual asset from one virtual asset address or account to another]; iv. safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; and v. participation in and provision of financial services related to an issuer's offer and/or sale of virtual asset. <https://fatf-gafi.org/en/publications/Fatfrecommendations/Fatf-recommendations.html> => P.138

the sample audit report. For those institutions for which group-wide measures to combat money laundering are only to be taken in the audit area at group level, the basic audit items do not need to be completed.

Audit item A relates exclusively to foreign group companies. There are no predefined audit items for domestic/Swiss group companies. This means that the audit firms must develop their own audit procedures for the submission of the audit confirmation for group companies domiciled in Switzerland in order to be able to submit the corresponding audit confirmation in the audit report.

4 Samples

4.1 General principle

An overall sampling approach is used for the substantive tests of details within the scope of the basic audit items and additional audit items C – F. This approach provides for a random sample to be selected that essentially passes through all applicable audit items, except for audit items A and B. Audit items A and B are not covered by the overall sampling approach. Separate requirements apply to them. The risk-based sampling approach and not a representative approach is used for all audit items. Accordingly, no statistical principles are complied with.

4.1.1 Overall sampling approach for basic audit items and audit items C – F

Quantitative requirements are made at the overall sample level (see section 4.2.1). In addition, the populations and the qualitative and quantitative criteria for sample selection are recorded for each audit item (cf. 4.2.2 ff.). This ensures that the individual applicable audit items are adequately represented in the overall sample selection. Individual samples can fulfil several criteria from the same or other audit items. These samples are to be listed multiple times (double counting).

The first tab of the annex presents this overall sampling approach (including requirements for populations and samples) for the basic audit items and audit items C-F and can assist in sample selection. At the same time, the diagram also shows how the sample selection is influenced by any tests of controls that are applied (see 2.4.2.2).

4.1.2 Separate samples for audit items A and B

Audit items A and B are not covered by the overall sampling approach. Separate requirements for sample selection and auditing apply to each of these (see sections 4.3 and 4.4).

The second and third tabs of the annex each represent the separate sampling approach (including requirements for populations and samples) for audit items A and B. Here too, the diagram shows how the sample selection is influenced by any tests of controls that are applied.

4.1.3 Risk-based sampling approach for all audit items

4.1.3.1 Compilation of populations

In order to increase the probability of identifying potentially unidentified business relationships and transactions with increased risks, business relationships and transactions without increased risks are now also included in the samples.

For this purpose, the transaction behaviour of the 12 months preceding the audit date is critically assessed for all elements of the overall sample (business relationships) with regard to the disclosures in the KYC and the detection and identification of transactions with increased risks (see explanations in 4.2.3.1) and the populations of certain audit items are expanded as follows:

Population	Audit item	Procedure
Risk-oriented selection from permanent business relationships that are not flagged as business relationships with increased risks.	<i>Basic audit items – business relationships with increased risks (incl. PEP in each case)</i>	The auditor defines risk criteria based on his or her professional judgement (taking into account the FI's business activity, risk profile and guidelines and the criteria listed under 4.1.3.2) that potentially indicate a lack of business relationships with increased risks classification. Based on these defined risk criteria, he or she selects a number of permanent business relationships and enters this number of business relationships as the population to be considered in the EHP form. The selection made must be explained in the corresponding field "Explanation of the selection made by the audit firm" of the EHP form.
Risk-oriented selection from permanent business relationships of the selected foreign entity that are not flagged as business relationships with increased risks.	<i>Audit item A</i>	
All business relationships in connection with open alerts in accordance with question 2.15.	<i>Basic audit items – business relationships with increased risks (incl. PEP in each case)</i>	The auditor defines which alerts (business relationships with increased risks alerts, name matching alerts, etc.) to consider for question 2.15, taking into account the FI's processes and the increased probability of an AMLA offence. The number of business relationships associated with such alerts is specified in the EHP form as the population to be considered. The procedure for obtaining this population must be explained in the corresponding field "Explanation of the selection made by the audit firm" of the EHP form.

Population	Audit item	Procedure
<p>All business relationships that meet certain criteria set by the FI that indicate increased risks in connection with aggravated tax misdemeanour.</p>	<p><i>Basic audit items – business relationships with increased risks (incl. PEP in each case)</i></p>	<p>Based on his or her professional judgement, the auditor defines criteria (in particular taking into account the guidelines of the FI) that indicate increased risks in connection with aggravated tax misdemeanour (e.g. temporary custody of assets, securities, etc. in a safe or issuance of cheques towards the end of the year, short-term mortgage increase or other increases in customer obligations). Based on these defined risk criteria, the business relationships are then selected that are used for this population and specified in the EHP form. The procedure for obtaining this population must be explained in the corresponding field “Explanation of the selection made by the audit firm” of the EHP form.</p>
<p>Risk-oriented selection of transactions that are not flagged as transactions with increased risks (see notes, no. 4.1.3)</p>	<p><i>Basic audit items – transactions with increased risks</i></p>	<p>The auditor defines risk criteria based on his or her professional judgement (taking into account the FI’s business activity, risk profile and guidelines and the criteria listed under 4.1.3.2 regarding transactions) that potentially indicate a lack of classification as transactions with increased risks. Based on these defined risk criteria, he or she selects a number of transactions and enters this number of transactions as the population to be considered in the EHP form. The selection made must be explained in the corresponding field “Explanation of the selection made by the audit firm” of the EHP form.</p>

Population	Audit item	Procedure
<p>Risk-oriented selection from permanent business relationships with any indications of doubt regarding the identified contracting party or the identified beneficial owner or controlling person (e.g. re-identification).</p>	<p><i>Audit item B</i></p>	<p>The auditor defines criteria based on his or her professional judgement (in particular considering the FI's guidelines) that potentially represent indications of doubt with regard to the identified contracting party or the identified beneficial owner or controlling person (e.g. change of power of attorney, change of domicile of a domiciliary company to another country, change of shareholder in a non-operating company). Based on these defined criteria, he or she selects a number of permanent business relationships and enters this number of business relationships as the population to be considered in the EHP form. The selection made must be explained in the corresponding field "Explanation of the selection made by the audit firm" of the EHP form.</p>
<p>All permanent business relationships with companies active in the production or trade of goods and merchandise affected by Swiss sanctions (if applicable).</p>	<p><i>Audit item E</i></p>	<p>The auditor defines criteria based on his or her professional judgement (e.g. taking into account the FI's guidelines and the red flags published by SECO on the sanctions in connection with the situation in Ukraine²) in order to identify all permanent business relationships with companies involved in the production or trade of goods and merchandise affected by Swiss sanctions.</p> <p>Based on these defined criteria, the business relationships are then selected that are used for this population and specified in the EHP form. The procedure for obtaining this population must be explained in the corresponding field "Explanation of the selection made by the audit company" of the EHP form.</p>

² <https://www.seco.admin.ch/dam/seco/de/dokumente/Aussenwirtschaft/Wirtschaftsbeziehungen/Exportkontrollen/Industrie-produkte/Formulare%20und%20Merkbl%C3%A4tter/redflags-russland.pdf.download.pdf/Red%20Flags%20zu%20den%20Sanktionen%20im%20Zusammenhang%20mit%20der%20Situation%20in%20der%20Ukraine.pdf>

4.1.3.2 Risk-orientated sample selection

When selecting the sample from the population, a risk-oriented approach should be taken in order to increase the probability that any serious AMLA violations will be detected. For this, one or more of the following criteria could be applied when selecting the random samples, depending on the institution:

- business relationships that are managed at different locations or by different entities (shared relationships);
- business relationships of those RMs with the largest revenues;
- business relationships of RMs with very large bonuses;
- business relationships with high AuM and high transaction volumes;
- business relationships with unusual transaction behaviour (e.g. pass-through transactions, high number of transactions with increased risks, payments to high-risk countries etc.);
- business relationships that repeatedly initiate transfers to areas geographically close to terrorist organisations' areas of operation;
- business relationships that involve repeated transfers of substantial amounts abroad with the instruction that the amount is to be paid out in cash to the recipient;
- business relationships in high-risk markets from an AMLA perspective, in which the FI is pursuing a growth strategy;
- business relationships from atypical markets for the FI and business relationships that do not correspond to the FI's business model;
- business relationships in which a member of the executive board or the board of directors or the owner of the bank or institution is significantly involved (e.g. through co-ownership, mediation, supervision etc.)
- business relationships with beneficial owners with a number of domicile companies as well as accounts in the name of the beneficial owner;
- business relationships of operating companies where the owner and/or the members of the company's executive board also have private business relationships with the FI;
- business relationships which involve state-affiliated customers;
- business relationships which were taken over from or referred by other FI;
- if the FI offers video/online identification, such disclosures must also be considered on a risk-oriented basis when selecting the random sample.

Reasons for the selection of the random sample must be provided in the field labelled "Reasons for the selection of the random sample by the audit firm" in each case. The justification includes a qualitative assessment of the population of the sample selection due to the particular risks of the business model. FINMA expects the requirements to be applied; if this is not possible in exceptional cases, FINMA must be informed immediately.

4.2 Overall sampling approach for basic audit items and audit items C – F

4.2.1 Overall sample – quantitative requirements

Net risk	Minimum sample size in % of the population	Maximum sample size		
		Supervisory category		
		1	2	3 – 5
Low	1 % + 5	20	15	10
Medium	1 % + 10	30	20	15
High / Very high	1 % + 15	40	30	20

To determine the minimum sample size of the total sample size, the following must be considered:

- All permanent business relationships flagged as business relationships with increased risks (incl. PEP and complex structures, if applicable).
- Risk-oriented selection from permanent business relationships that are not flagged as business relationships with increased risks (see notes, section 4.1.3)

4.2.2 Basic audit items – business relationships with increased risks (incl. PEP in each case)

4.2.2.1 Population

The population consists of:

- All permanent business relationships flagged as business relationships with increased risks (incl. PEP and complex structures, if applicable).
- Risk-oriented selection from permanent business relationships that are not flagged as business relationships with increased risks (see explanations, no. 4.1.3)
- All business relationships in connection with open alerts in accordance with question 2.15 (see explanations, no. 4.1.3)
- All business relationships that meet certain criteria set by the FI that indicate increased risks in connection with aggravated tax misdemeanour.

4.2.2.2 Qualitative criteria for risk-based sample selection

The criteria for risk-based selection are as follows:

- Business relationships newly flagged as business relationships with increased risks since the last intervention (incl. PEP and complex structures, if applicable).
- Existing business relationships flagged as business relationships with increased risks (incl. PEP and complex structures, if applicable) that had to be reviewed at least once in accordance with legal requirements (see question 2.12 and 2.13).
- Permanent business relationships not flagged as business relationships with increased risks
- Business relationships in connection with open alerts in accordance with question 2.15

- Business relationships that meet certain criteria set by the FI that indicate increased risks in connection with aggravated tax misdemeanour.

4.2.2.3 Quantitative criteria for sample selection

There are no specific additional quantitative criteria for the audit of business relationships with increased risks. Corresponding business relationships are to be considered in an appropriate manner in the overall sample.

4.2.3 Basic audit items – transactions with increased risks

In this basic audit item, in addition to the audit of at least two transactions with increased risks for each selected sample (business relationship) (see 4.2.3.2), their respective transaction behaviour is also critically assessed (see 4.2.3.1). The latter serves in particular to increase the probability of finding potentially unidentified transactions with increased risks.

4.2.3.1 Critical assessment of transaction behaviour

For all elements of the overall sample (business relationships), the transaction behaviour of the 12 months preceding the audit date must be critically assessed with regard to the information in the KYC and the detection and identification of transactions with increased risks (see questions 2.11, 3.5, 3.6 and 3.8 in the audit items on compliance with anti-money laundering rules). It is not expected that every transaction in the 12 months preceding the audit date will be reviewed in detail.

Based on an overview of the transactions carried out in a business relationship (e.g. from account statements) and the information in the KYC (in particular the expected transaction behaviour), a critical assessment should be made as to whether the transactions carried out correspond to the expected transaction behaviour (see in particular questions 2.11 and 3.8). Transactions that stand out, i.e. in particular do not correspond to the expected transaction behaviour or were selected from the population “Risk-oriented selection of transactions that are not flagged as transactions with increased risks” (see 4.1.3.1), should be followed up to determine whether they should have been identified as transactions with increased risks. At the same time, it can also be critically assessed whether these transactions have been recognised by the transaction monitoring system as a transaction with increased risks. For this purpose, in addition to the account statement, a list should also be viewed for each element of the overall sample (business relationship) showing which transactions in this business relationship were recognised as transactions with increased risks within the audit period (see in particular question 3.5 and 3.6).

4.2.3.2 Auditing of transactions with increased risks for each sample

Furthermore, the audit firm must review a selection of transactions with increased risks.

4.2.3.2.1 Population

The population consists of:

- All transactions with increased risks identified using the criteria developed by the FI since the last audit.
- Risk-oriented selection of transactions that are not flagged as transactions with increased risks (see explanations, no. 4.1.3)

4.2.3.2.2 Qualitative criteria for risk-based sample selection

The criteria for the risk-based sample selection are intended to ensure the broadest possible coverage of all criteria for transactions with increased risks and are as follows:

- Transactions with increased risks from business relationships with increased risks (incl. PEP and complex structures, if applicable);
- Transactions with increased risks from business relationships without increased risks;
- Transactions for which there were open alerts that should have already been processed according to the internal deadline.
- Transactions that fulfil criteria 2.4 and/or 3.2.8 of the AMLO-FINMA annex

4.2.3.2.3 Quantitative criteria for sample selection

The following quantitative requirements apply to the selection of transactions with increased risks. For each element of the overall sample (audited business relationship), at least two transactions with increased risks or more must be audited so that the minimum sample size – according to the table below – is achieved for the corresponding FI.

Net risk	Minimum sample size of transactions with increased risks		
	Supervisory category		
	1	2 – 3	4 - 5
Low	50	25	10
Medium	75	40	20
High / Very high	100	50	30

If the total number of transactions with increased risks for an FI is smaller than the minimum sample size, all existing transactions with increased risks must be reviewed.

4.2.4 Basic audit items – reporting obligations and asset freeze

For all elements of the overall sample (business relationships), it must be determined whether the auditor has come across indications that a breach of the reporting obligations has occurred, regardless of whether a report was actually submitted or a non-MROS report (Art. 22a para. 2 AMLO-FINMA) was documented.

4.2.4.1 Population

The population consists of:

- All MROS reports submitted since the last audit (in accordance with Article 9 AMLA and Article 305ter para. 2 SCC).
- All MROS reports not submitted since the last audit that had to be documented in accordance with Article 22a para. 2 AMLO-FINMA.

4.2.4.2 Qualitative criteria for risk-oriented sample selection

The criteria for the random sample selection should ensure that MROS reports or non-MROS reports (Art. 22a para. 2 AMLO-FINMA) are also covered in the overall sample. They are as follows:

- MROS reports (in accordance with Art. 9 AMLA and Art. 305ter para. 2 SCC) that have been submitted since the last audit.
- Non-MROS reports (Art. 22a para. 2 AMLO-FINMA) that have been documented since the last audit.

4.2.4.3 Quantitative criteria for sample selection

There are no specific additional quantitative criteria for the audit of reporting obligations and asset freezes. Corresponding business relationships are to be considered in an appropriate manner in the overall sample.

4.2.5 Audit item C

The samples taken for audit item C must at least pass through all basic audit items and other audit items if these are applicable to them. For example, a complex structure could also be a business relationship with a PEP, in which case this sample can be used not only for the basic audit items, but also for audit item D (if applicable).

4.2.5.1 Population

The population consists of:

- All permanent business relationships flagged by the FI as complex structures.
- All permanent business relationships flagged by the FI as domiciliary companies that are not considered complex structures.

4.2.5.2 Qualitative criteria for risk-oriented sample selection

The criteria for risk-oriented sample selection are as follows:

- permanent business relationships flagged by the FI as complex structures.
- permanent business relationships flagged by the FI as domiciliary companies that were not flagged as complex structures.

It must be ensured that domiciliary companies that are not flagged as complex structures are also adequately included in the overall sample.

4.2.5.3 Quantitative criteria for sample selection

Net risk	Minimum proportion of complex structures in % of the total sample	Exception
Low	20 %	If the total number of business relationships flagged by the FI as a complex structure is smaller than the corresponding percentage of the total sample, all complex structures must be reviewed.
Medium	25 %	
High / Very high	33 %	

4.2.6 Audit item D

The samples taken for audit item D must at least pass through all basic audit items and all other applicable audit items. For example, a business relationship with a PEP could also be a complex structure, in which case this sample can be used not only for the basic audit items, but also for audit item C (if applicable).

4.2.6.1 Population

The population consists of:

- All permanent business relationships with foreign PEPs as the contractual party, controlling person, beneficial owner of assets or power of attorney.
- All permanent business relationships with other PEPs as the contractual party, controlling person, beneficial owner of assets or power of attorney.
- All permanent business relationships of foreign PEPs declassified since the last audit.
- All permanent business relationships of PEPs with related individuals.

4.2.6.2 Qualitative criteria for risk-oriented sample selection

The criteria for risk-oriented sample selection are as follows:

- Business relationships of foreign PEPs that exhibit further increased risk criteria (e.g. from jurisdictions with a high corruption index or high AuM).
- Business relationships of other PEPs.
- Business relationships of declassified foreign PEPs that exhibit further increased risk criteria (e.g. from jurisdictions with a high corruption index or high AuM).
- Business relationships of individuals related to PEPs that exhibit further increased risk criteria (e.g. from jurisdictions with a high corruption index or high AuM).
- If there are exceptions to the policy, these must also be considered in the sample selection.

4.2.6.3 Quantitative criteria for sample selection

Net risk	Minimum proportion of PEP in % of the total sample	Exception
Low	20 %	If the total number of PEPs is smaller than the corresponding percentage of the total sample, all PEPs must be reviewed.
Medium	25 %	
High / Very high	33 %	

4.2.7 Audit item E

The samples taken for audit item E must at least pass through all basic audit items and all other applicable audit items. For example, a business relationship based or domiciled in a country affected by sanctions under the Embargo Act could also be a business relationship of a PEP, in which case this sample would have to pass through audit item D in addition to the basic audit items, if applicable.

4.2.7.1 Population

The population consists of:

- All permanent business relationships based or domiciled in a country affected by sanctions under the Embargo Act or whose beneficial owner or controlling person is domiciled in a country affected by sanctions under the Embargo Act.
- All permanent business relationships that are no longer considered sanctioned since the last audit by the FI.
- All permanent business relationships with customers active in trade finance (if applicable).
- All permanent business relationships with companies active in the production or trade of goods and merchandise affected by Swiss sanctions, if applicable (see explanations, no. 4.1.3).

4.2.7.2 Qualitative criteria for risk-oriented sample selection

The criteria for risk-oriented sample selection are as follows:

- Business relationships of PEPs from countries affected by sanctions under the Embargo Act.
- Business relationships with customers active in trade finance.

- Business relationships with companies with a connection (registered office, controlling person, group company) to countries sanctioned by Switzerland that are active in the production or trade of goods and merchandise covered by Swiss sanctions (in particular dual-use goods).
- Business relationships of individuals related to PEPs that exhibit further increased risk criteria (e.g. from jurisdictions with a high corruption index or high AuM).

4.2.7.3 Quantitative criteria for sample selection

There are no specific additional quantitative criteria for the audit of legal and reputational risks in sanctions. Corresponding business relationships are to be considered in an appropriate manner in the overall sample.

4.2.8 Audit item F

The samples taken for audit item F must at least pass through all basic audit items and all other applicable audit items. For example, a business relationship under which virtual assets are booked could also be a complex structure, in which case this sample would also have to pass through audit item C in addition to the basic audit items, if this were applicable.

4.2.8.1 Population

The population consists of:

- All permanent business relationships under which virtual assets are booked and/or ASP services were utilised at the time of the audit, both business relationships with increased risks and such business relationships with no increased risks for which corresponding payment transactions have also taken place.

4.2.8.2 Qualitative criteria for risk-oriented sample selection

The criteria for sample selection are as follows:

- Business relationships under which virtual assets are booked and/or ASP services were utilised at the time of the audit, for which corresponding payment transactions have also taken place.

4.2.8.3 Quantitative criteria for sample selection

There are no specific additional quantitative criteria for auditing virtual assets (VA) / virtual asset service providers (VASP). Corresponding business relationships are to be considered in an appropriate manner in the overall sample.

4.3 Samples for audit item A

The audit firm determines a foreign entity for the sample audit on a risk-oriented basis. The selection must be justified in the audit items on compliance with anti-money laundering rules in the

corresponding field “Reasons for the selection made by the audit firm”. The following requirements apply to the audit for the selected entity.

4.3.1 Population

The population consists of:

- *All permanent business relationships flagged as business relationships with increased risks (incl. PEP and complex structures, if applicable) of the selected foreign entity.
- *Risk-oriented selection from permanent business relationships of the selected foreign unit that are not flagged as business relationships with increased risks (see notes, no. 4.1.3).

4.3.2 Qualitative criteria for risk-oriented sample selection

The criteria for the risk-orientated sample selection are as follows:

- Business relationships of the selected foreign entity newly flagged as business relationships with increased risks since the last intervention³ (incl. PEP and complex structures, if applicable).
- Existing business relationships (incl. PEP and complex structures, if applicable) of the selected foreign entity that have to be reviewed at least once in accordance with the legal requirements (Art. 19 AMLO-FINMA).
- Permanent business relationships of the selected foreign entity not flagged as business relationships with increased risks
- Newly established permanent business relationships since the last intervention⁴ (incl. business relationships that have since been closed).

4.3.3 Quantitative criteria for sample selection

Basic procedure in percent of the population	Minimum	Maximum
1% + 5	5 or number of business relationships if < 5	20

To determine the sample size, the populations of audit item A marked with an asterisk* must be considered.

³ If an intervention of audit item A takes place for the first time at the selected foreign entity, the business relationships newly classified as business relationships with increased risks since the audit date 36 months previously are deemed to be the population.

⁴ If an intervention of audit item A takes place for the first time at the selected foreign entity, the permanent business relationships newly opened since the audit date 36 months previously (including business relationships that have since been closed) are deemed to be the population.

4.3.4 Further information on the sampling procedure

In audit item A12, the audit firm must confirm compliance with the relevant principles of the AMLA and the AMLO-FINMA for the business relationships of the audited foreign entity (Art. 5 AMLO-FINMA).

To confirm this audit item, several sample audits must be carried out for the foreign entity, considering local circumstances if necessary. These samples are to be carried out in the same way as in other modules (basic audit items and module B) for the Swiss entity and can be summarised as follows:

Type of sample audit	Affected samples of audit item A
Sample audit according to B7 – B10	Newly established permanent business relationships since the last intervention (incl. business relationships that have since been closed).
Sample audit according to 2.7, 2.10-2.15 and 4.8	All
Sample audit according to 3.7 – 3.9 and 4.8	Two transactions with increased risks (if any) must be checked for each business relationship reviewed under audit item A and the transaction behaviour must be critically assessed as described in no. 4.2.3.1.

4.4 Samples for audit item B

4.4.1 Population

The population consists of:

- Newly established permanent business relationships since the last application of audit item B (incl. business relationships that have since been closed).
- Risk-oriented selection from permanent business relationships with any indications of doubt regarding the identified contracting partner or the identified beneficial owner or controlling person (e.g. re-identification) (see explanations, no. 4.1.3)

4.4.2 Qualitative criteria for risk-oriented sample selection

The criteria for risk-orientated sample selection are as follows:

- New business relationships (incl. FI video/online identification (if applicable) and those that have since been closed)
- Existing business relationships with any indications of doubt regarding the identified contracting party or the identified beneficial owner or controlling person (e.g. re-identification).

4.4.3 Quantitative criteria for sample selection

Basic procedure in percent of the population	Minimum	Maximum			
		1	2	3	4 / 5
1 % + 25	5 or number of business relationships if < 5	100	75	50	30

To determine the sample size, the populations of audit item B marked with two asterisks** must be considered.

5 Annex: Overviews of the sampling approach

The annex consists of an Excel file with three tabs.

The first tab presents the overall sampling approach (including requirements for populations and samples) for the basic audit items and audit items C-F and can assist in sample selection. At the same time, the diagram also shows how the sample selection is influenced by any tests of controls that are applied.

The second and third tabs each represent the independent sampling approach (including requirements for populations and samples) for audit items A and B. Here too, the diagram shows how the sample selection is influenced by any tests of controls that are applied.