

POLYREG GERERAL SELF-REGULATORY ORGANISATION
STATUTES

Name, registered office, object

§1 Name and registered office

¹ An association under the name "PolyReg General Self-Regulatory Organisation" is established in accordance with the provisions of Art. 60 ff. of the Swiss Civil Code.

² The Association is to be entered in the Register of Commerce.

³ The registered office of the Association is in Zurich.

§2 Object

¹ The Association is an independent self-regulatory organisation covering the whole of Switzerland. It is established in accordance with Article 24 of the Swiss Anti-Money Laundering Act ("AMLA") to carry out the tasks provided for in the Act. It shall discharge the statutory duties of monitoring and supervising the affiliated financial intermediaries and shall itself be subject to the supervision of the Swiss Financial Market Supervisory Authority, FINMA (Article 18 of the AMLA). Furthermore, the Association is a registration office in terms of Article 31 of the FinSA and ensures the maintenance of the register of advisors. The organization of the registration office and the duties assigned to registered client advisors are defined in separate organizational, entry/registration, and fees regulations.

² The Association requires its members to provide high quality financial services which are legally and ethically irreproachable. Through training, directives, audits and internal sanctions, it shall ensure that its members comply with the regulations of the AMLA at all times. With the approval of FINMA, it can issue Code of Professional Conduct for portfolio managers and enforce the compliance of the members, who have submitted to the Code, with those rules.

³ The Association shall collect and administer the legally required data concerning its members and its own activities, carry out inspections to check compliance with the legal regulations, and issue the reports required in accordance with the AMLA and the instructions of the FINMA.

Membership

§3 Eligibility for membership

¹ Membership of the Association shall be open to any natural or legal person, who has to affiliate with a self-regulatory organization as a financial intermediary according to Article 2 Paragraph 2 Letter b^{bis} or Paragraph 3 of the Anti-Money Laundering Act, and who fulfils the requirements pursuant to Article 14 Paragraph 2 of the AMLA.

² Natural and legal persons, who are not financial intermediaries pursuant to Article 2 Paragraph 3 of the AMLA, may voluntarily affiliate themselves as members, if they regularly conduct from Switzerland the delegated due diligence for domestic or foreign financial intermediaries, or provide evidence that they require the supervision for their commercial activity in the domain of financial services for other reasons. In regard to this activity they shall be treated in the same manner as the financial intermediaries which are subject to the supervision.

³ The Members of the Board and the Executive Director have to and may become members of the Association and submit to the Statutes and Regulations, even if they themselves are not financial intermediaries. They cannot be regulated by the SRO PolyReg. The establishment of separate working or contractual relationships remains subject to the additional provisions of civil law.

⁴ The members of the Arbitration Court and the inspection agency may not be members of the Association.

§4 Membership requirements

¹ Only natural persons and legal entities satisfying the following requirements may be accepted as members:

- a) The member itself, the persons it entrusts with the tasks of management and administration, and all employees working for it in the domain of financial intermediation must enjoy a good reputation with regard to their activity as financial intermediary and be able to guarantee fulfilment of their obligations under the AMLA and the Regulations.
- b) The member undertakes to conduct its activity at all times in accordance with the object laid down in the Statutes.
- c) The member undertakes to comply at all times with the obligations laid down in the AMLA, the directives issued by the FINMA, and the Regulations pursuant to Art. 25 of the AMLA.

² These requirements shall further apply correspondingly to the members of the Board and the special commission, the Executive Director, the arbitrators, the training officers, the independent investigators, the audit agencies, and the inspection agencies. Apart from evidencing their specialist knowledge, these parties must be able to guarantee the ability to conduct irreproachable examinations and must be independent of the management and administration of the financial intermediary to be inspected.

§5 Applications for membership

¹ Applications for membership have to be submitted to the Executive Director, who will forward them to the Board after checking the membership requirements and, where applicable, completing the documentation. The Executive Director may recommend the acceptance or rejection of the application.

² The application must contain a written declaration that the applicant agrees unreservedly to comply with the Statutes and the Regulations of the Association.

³ To demonstrate eligibility for membership, the applicant shall enclose documentation providing information on its organisational structure and business activity. This shall include by way of example not limitation:

- a)* a current Register of Commerce extract (where already registered or required to do so);
- b)* particulars of its corporate object and activities;
- c)* the applicant's surname, first name and business name or a copy of its memorandum and articles of association;
- d)* full contact details of places of business in Switzerland (address, telephone number, email address);
- e)* the name of the proprietor resp. beneficial owners or controlling persons, the members of the management and the authorised signatories, together with their respective shareholdings;
- f)* information on the numbers and qualifications of employees working in connection with financial services;
- g)* information on membership of trade associations;
- h)* information about former supervision by FINMA (DSFI), any previous membership in another SRO, or previous rejection of a membership application by another SRO;
- i)* evidence of good character (Register of Commerce extract, criminal record extract, declaration of any penal or administrative proceedings pending in connection with this business activity);
- j)* references.

⁴ The Board may lay down further regulations concerning the form and content of the application for membership and produce a new application form.

§6 Acceptance decision and appeal procedure

¹ The Board will decide to accept an application once it has satisfied itself that the applicant meets the legal and statutory requirements. Otherwise, the application will be rejected.

² The Board may delegate the decisions on applications, wholly or partially, to the Executive Committee and the administrative office.

³ If the Board rejects the application, the applicant may appeal to the Arbitration Court provided for under the Statutes.

§7 Acceptance of association officers

¹ Under these Statutes, the officers of the Association have to be members. Accordingly, before they are elected, it is necessary to check that they satisfy the membership requirements. The approval of the FINMA has to be obtained for all association officers and all employees who represent the Association externally.

² An officer becomes a member of the Association upon election. If the FINMA has reserved the right to approve the filling of the position, membership begins when such approval is granted.

³ The association officer must sign a membership form that makes reference to the Statutes of the Association.

§8 Conditions for remaining a member

¹ Members must at all times satisfy and comply with the conditions for membership.

² Members must notify the Executive Director of any change in the particulars contained in their original membership application without delay and of their own volition. The Executive Director will report the changes to the Board.

³ On the occasion of their ordinary audits, the audit agencies will check whether the obligations to notify the Association have been complied with and whether the membership conditions continue to apply.

⁴ The member shall ensure that notifications of the Association and its Arbitration Court are deliverable to the previously reported business address at all times. Violation of this obligation constitutes a reason for exclusion. Deliveries to the previously reported business address are considered valid and legally effective, even if the actual delivery fails, namely if a registered mail is returned to the sender with a note as not collected, the acceptance refused, or the addressee unknown.

⁵ The Executive Director will periodically check the information available from public sources (e.g. the Swiss Trade Gazette), to ascertain whether members continue to satisfy the conditions for membership and have reported the changes. He will then report to the Board.

§9 Withdrawal

¹ Members may withdraw from the Association at any time by giving notice in writing to the Executive Director. In the event of withdrawal, the member remains liable for the fee for the current period. The same applies to any association fees or fines already incurred, as well as subsequent fines resulting from an inspection procedure already scheduled at the time of withdrawal.

² If a member withdraws after the Board has ordered an inspection, whether by the independent investigator or by the auditor, the inspection must proceed until completed. The withdrawal shall become effective only after the completion of the inspection and any ensuing sanction procedure.

³ From the date of its notice of withdrawal, the member shall no longer have the right to operate as a financial intermediary, unless it joins another self-regulatory organization, or is in possession of an authorisation from the FINMA.

⁴ The association officers shall withdraw from the Association automatically from the effective date of their resignation or dismissal, or of their being voted out of office or not re-elected.

§10 Expulsion of members

¹ The Board may expel members on its own authority, or upon the proposal of the Executive Director or an investigator:

- ◇ if they are in repeated breach of their obligations to report to the Association;
- ◇ if the conditions for continued membership (§ 8 of the Statutes) are no longer satisfied, or in the case of a breach of duties towards the Association;
- ◇ if they have not duly fulfilled their obligations under the Anti-Money Laundering Act, the Statutes, the Regulations, or other financial market laws;
- ◇ if they no longer guarantee that business will be conducted irreproachably, whether personally or as an organisation;

² As a rule, in the case of repairable deficiencies, a member will be given a warning and a grace period of up to three months to restore the statutory and legal status that has given rise to the threat of expulsion. This does not apply to cases where immediate expulsion is necessary.

³ A member has to be expelled if it has wilfully or through gross negligence contravened the important provisions of the AMLA and particularly the obligation to notify. In the event of a plurality of persons, proceedings will be instituted in accordance with the special provisions of the Regulations.

⁴ A member who does not meet his financial obligations towards the Association in due time is denied from the appeal to the Arbitration Court given the withdrawal of the suspension effect, if at least one registered reminder with a threat of exclusion has been sent to the member after the initially issued invoice.

⁵ The Regulations elaborate details.

§11 Financial Consequences

In the event of a withdrawal or expulsion, the membership fee for the current calendar year must be paid in full, even if, at the time of a withdrawal or expulsion, it had not yet been invoiced.

§12 Appeals to the Arbitration Court

¹ Expulsion and sanction decisions of the Board shall be briefly justified and communicated in writing.

² A member who is expelled may file an appeal to the Arbitration Court provided for under these Statutes.

³ The arbitration officer shall notify the Board of appeals received and shall initiate the constitution of the Arbitration Court.

⁴ The appeal has a suspension effect. In urgent cases, the Board may lift the suspension effect of the appeal and take precautionary measures. In the event of objection, such orders of the Board shall be subject to review by an individual arbitrator, specially appointed for this purpose.

§13 Formation of the sections

The Board will subdivide the members into sections on the basis of geographical and functional criteria (e.g. business line, language). In any event, the members subject to a duty of professional secrecy will form a separate section. The sections do not constitute independent legal entities, but are simply organisational units.

Obligations relating to information

§14 Supervisory and disclosure duties of association bodies

¹ Within the scope of Art. 18 of the AMLA and in accordance with the provisions of Art. 26 and 27 of the AMLA, all bodies of the Association are required to supply information to the FINMA without restriction.

² This condition shall not apply to the suspicions of members subject to a duty of professional secrecy in fields protected by professional secrecy legislation according to Art. 321 of the Swiss Criminal Code, where such suspicions were noted in the capacity of the Board Delegation, investigating officer, or auditor of persons subject to professional secrecy, or in cooperation with such audit agencies.

³ All bodies has to inform the Executive Director of any particular suspicions relating to their function, insofar as they have not already been reported to the Board. As far as possible, reports shall be made in writing or by e-mail. Verbal reports have to be documented by the Executive Director immediately.

⁴ The Executive Director will report to the Chairman for the attention of the Board. Reports will be presented individually and immediately in urgent cases and otherwise in the form of monthly summaries.

⁵ The bodies of the Association have to inform, of their own volition, the Executive Director of any changes in their circumstances which affect the performance of their duties.

§15 Disclosure duty of financial intermediaries

¹ Unless prevented from doing so by a statutory duty of secrecy, financial intermediaries are required to disclose in full to the Association all facts and occurrences relevant to the AMLA.

² Persons with a duty of professional secrecy are obliged to disclose information relating to facts subject to this duty only to special control officers (the special audit agency, an independent investigator, the Board Delegation) who are themselves subject to the same duty of professional secrecy and are further required to keep the information within the Association.

³ Members have to inform, of their own volition, the Executive Director of any change in the particulars given in their application for membership.

⁴ If a member files a report to the [Money Laundering] Reporting Office (Art. 9 of the AMLA or Art. 305^{ter} of the Swiss Criminal Code), the Executive Direct has to be immediately informed by a copy of the report. Persons with a duty of professional secrecy anonymize the copy of the report to the degree that the professional confidentiality is evident from the report pursuant to Art. 321 of the Swiss Criminal Code.

§16 Reporting to the FINMA

¹ All reports to the FINMA must be made in accordance with its directives, based on Art. 27 of the AMLA. Reports shall include, in particular, the acceptance, withdrawal, expulsion or rejection of financial intermediaries and, unless otherwise instructed, a quarterly statement of the current membership and any changes in the members' managers and authorised signatories.

² The FINMA must further be informed of any proceedings instituted to expel or discipline a member, the appointment of an independent investigator, the outcome of the investigation and any disciplinary decisions.

³ The direct contact for the FINMA is the Executive Director or, in his absence, the Chairman.

§17 Data collection and administration

¹ The Association shall hold all relevant data on members, supervisory activities, and occurrences in electronic form on a central database.

² The Association will treat this data as confidential unless legal obligations require disclosure. In particular, one member may not be given any information on the data of other members.

Organisation of the Association

§18 Governing bodies and officers

The Associations shall act through the following governing bodies and officers:

- a)* the general meeting of the Association or a ballot of all the members;
- b)* the Board / the Executive Committee / the Board Delegation;
- c)* the Executive Director;
- d)* the inspection agencies.

§19 Organisational units

¹ The Board shall appoint or approve, direct, instruct and supervise the following organisational units:

- a)* the special commission on money-laundering / the chairman of the special commission;
- b)* the training committee / the training officer;
- c)* the Arbitration Court / the arbitration officer;
- d)* independent investigators;
- e)* the audit agencies;
- f)* the registration office / responsible officer RegFix.

² The special commission, the training committee, and the Arbitration Court will be chaired by a member of the Board. The other members of these bodies need not be members of the Board.

³ The arbitration officer shall oversee the proceedings and act as secretary of an Arbitration Court to be established in an individual case. He must not be a member of the Executive Committee.

⁴ The person in charge of RegFix is a member of the Board and is responsible for overseeing the registration office and its Executive Director.

§20 Board

¹ The Board shall consist of the Chairman, his deputy, and at least two other members. A member of the Board may carry out more than one function under the Statutes concurrently.

² The Board shall replace outgoing members by the election of new members. It shall fix the number of Board members itself on the basis of the workload. In the event of an expansion of the Board, new members will be elected. This remains subject to the legal power of the general meeting of the Association or a ballot of all the members to confirm or dismiss members of the Board in accordance with Art. 65 para. 3 of the Swiss Civil Code.

³ The Board shall be responsible for establishing its own organisation.

⁴ The term of office is four years. The Board members may be re-elected.

§21 Meetings of the Board

¹ Meetings of the Board shall be convened by the Chairman as often as may be required.

² Any member of the Board may call for a meeting to be convened, stating the matter to be discussed.

³ The Board shall have a quorum if at least half of all the members are present. Resolutions are passed by a simple majority. In the event of a tie, the Chairman has the casting vote.

⁴ Members are elected by an absolute majority of the votes cast. In each subsequent round of voting, the candidate with the fewest votes is eliminated. With effect from the second round, only candidates who obtained one or more votes in the first round may be elected.

⁵ Except in the case of elections, the Board may arrive at decisions by circular letter, unless a member calls for discussion.

⁶ The meetings and decisions of the Board will be recorded in minutes.

§22 The powers and tasks of the Board

¹ The Board shall decide on all matters which are not reserved or transferred to the general meeting of the Association or to other governing bodies by law or the Statutes. The Board may delegate its powers to the Executive Committee.

² The Board shall, where necessary, issue regulations laying down the powers of the other governing bodies and organisational units.

³ The duties of the Board include, in particular:

- ◇ laying down, coordinating and supervising the various functions;

- ◇ issuing and amending the Regulations in accordance with Art. 25 of the AMLA, subject to the approval of the FINMA;
- ◇ formulating training and development plans in accordance with the proposals of the special commission and implementing them in co-operation with the administrative office;
- ◇ sending notices to the Reporting Office in accordance with Art. 27 para. 4 of the AMLA;
- ◇ deciding on the appointment of an audit agency for the purpose of inspecting financial intermediaries in cases where there are suspicious facts or in other special circumstances;
- ◇ taking decisions to impose sanctions;
- ◇ implementing training and development plans;
- ◇ taking decisions to accept or to expel member;
- ◇ appointing the Executive Director and the staff of the administrative office;
- ◇ selecting the members of the special money-laundering commission;
- ◇ selecting and appointing the independent investigators;
- ◇ approval of the auditors to work on behalf of the Association;
- ◇ managing the assets of the Association;
- ◇ drawing up the annual budget at the proposal of the Executive Director and fixing the membership fee;
- ◇ preparing and presenting motions to be put to the general meeting or to a ballot of the membership.

The Board shall also determine which persons are authorised to represent the Association and the manner in which the legally binding signature of the Association is to be exercised.

§23 Executive Committee

¹ The Executive Committee shall consist of the Chairman, the Deputy Chairman and the Executive Director.

² Any member of the Committee may call a meeting at any time.

³ Decisions shall be taken by a simple majority.

⁴ Decisions may be adopted by circular letter.

⁵ The Executive Committee shall decide upon:

- a) Expulsions and sanctions, except for:
 - ◇ expulsions due to unsuccessful delivery in terms of §8 para. 4 of the Statutes;
 - ◇ exclusions related to financial obligations in terms of §10 para. 4 of the Statutes;
 - ◇ sanction proceedings due to nonfulfillment of training obligation.
- b) Refusal of admission applications;
- c) Restitution of the reports to the Reporting Office;
- d) Selection and the appointment of an autonomous investigator;

as well as any other business delegated by the Board pursuant to §22 para. 1, the last clause.

⁶ In external relations, the Executive Committee shall act in the name and on behalf of the entire Board. For businesses of considerable importance to the Association, the Executive Committee shall inform the Board promptly and voluntarily.

§24 The Board Delegation

¹ The Board shall appoint a Delegation consisting of at least two of its members, all of whom must be subject to the statutory professional secrecy rules applying to lawyers and notaries.

² The Board Delegation shall carry out all the Board functions which require note to be taken of protected secrets vis-à-vis financial intermediaries subject to the obligations of professional secrecy.

³ The Board Delegation shall keep this documentation separate and maintain complete professional secrecy.

§25 General meeting of the Association

¹ The ordinary general meeting shall be held annually. Extraordinary general meetings shall be held if the Board so decides or if requested by at least a fifth of the membership.

² The general meeting shall be convened by the Chairman. As a rule, members will be notified of the items on the agenda twenty days before the meeting. In urgent cases, the Chairman may reduce this period to three days.

³ In the general meeting, each member, whether a natural person, a legal entity or a partnership, shall have a single vote.

⁴ Motions proposed by members must be submitted to the Board in writing, for the attention of the general meeting, within seven days of receipt of the invitation to the meeting.

§26 Ballot of the whole membership

By order of the Board, the general meeting may be replaced by a written ballot of the whole membership.

§27 Powers of the general meeting

The general meeting has the following powers:

- ◇ to elect the inspection agencies;
- ◇ to approve the annual report of the Board and the annual accounts, and to grant discharge to the Board, the administrative office, and the inspection agencies;

- ◇ to confirm the new members appointed by the Board on the occasion of the next general meeting;
- ◇ to remove arbitrators from the panel;
- ◇ to amend and add to the Statutes;
- ◇ to dissolve the Association.

§28 Quorum

¹ Unless otherwise provided by law or the Statutes, the adoption of the resolutions and elections of the general meeting requires a simple majority of all votes present or represented.

² In the case of a ballot of the membership, the adoption of a resolution requires a simple majority of all the members.

³ In the event of a tie, the Chairman shall have the casting vote.

⁴ Proxy voting for absent members is prohibited. Legal entities and partnerships must be represented by an authorised signatory.

⁵ A majority of two-thirds of all members is required for amendments of the Statutes concerning the organisational form of the Association or voting rights.

§29 Inspection agencies

¹ The general meeting shall elect an inspection agency. The inspection agency shall remain in power until a new agency is elected.

² The inspection agency shall examine the annual financial statements and the bookkeeping and present a written report to the Board for the attention of the general meeting. A representative of the inspection agency shall be present at the general meeting if the report contains qualifications or if the Board so requests.

§30 Special money-laundering commission

¹ The special commission is an expert advisory body. It shall consist of at least three experts in this field who shall be chosen by the Board. The chairman of the commission will be determined by the Board. The chairman will be or will become a member of the Executive Committee.

² The special commission will advise the Board, the administrative office and the training officers on all money-laundering issues. It will ensure that the advice and training given to financial intermediaries are in line with the latest developments by:

- ◇ monitoring the relevant developments in money-laundering legislation;
- ◇ producing organisational and specialist instruction leaflets;

- ◇ proposing a training and development plan for members and advising the Board and the training committee.

³ The special commission may be involved in the substantive assessment of legally complex admission requests. In the course of ongoing supervision the special commission may be consulted for legal clarification of business models, where it cannot be ruled out that there is an activity requiring authorization under a financial market act, which goes beyond the scope of the SRO regulation pursuant to the AMLA.

§31 Administrative office

¹ The Board will assign the management of the routine business of the Association business to an administrative office, insofar as it has not been delegated to the Executive Committee. The administrative office shall be under the authority of the Executive Director and shall serve as the point of contact with the FINMA. The Executive Director shall regularly inform the Chairman about the ongoing, day-to-day business and the steering of the administrative office. The supervisory role of the Board shall be performed by the Chairman.

² The manager of the administrative office (the Executive Director) will represent the Association in external dealings in accordance with the orders and instructions of the Board. The manager, if not a member of the Board, will attend the Board meetings in an advisory capacity.

³ The tasks of the administrative office include particularly:

- ◇ administering the Association;
- ◇ collecting and administering all current data on members and reporting any changes to the FINMA in accordance with the instructions of the latter;
- ◇ supporting the special commission and the Board in specification and planning of the primary and further training concepts;
- ◇ archiving documentation concerning inspections and sanction proceedings for a period of ten years;
- ◇ providing members with advice and assistance on matters of internal organisation;
- ◇ evaluating the requirements for obtaining the membership and verifying constant compliance with these requirements;
- ◇ deciding upon the admission of members;
- ◇ expulsions and sanction proceedings that do not fall under competency of the Executive Committee;
- ◇ issuing questionnaires and directives on implementation of the AMLA, for the attention of the members;
- ◇ structuring the form and content of audit reports;
- ◇ accrediting and discharging the auditors.

For businesses of considerable importance to the Association, the Executive Director shall inform the Board promptly and voluntarily.

§32 Independent investigator

¹ The Executive Committee may appoint an *ad hoc* independent investigator to conduct special inquiries in cases where financial intermediaries are suspected of a breach of the provisions of the AMLA, the Regulations or the Statutes, or where further inquiries are needed in sanction proceedings.

² The investigator must be independent of the Association and the financial intermediary under investigation. The investigator must satisfy the same requirements as an audit agency and must further demonstrate expert knowledge both of the AMLA and the line of business of the financial intermediary under investigation.

³ If the financial intermediary under investigation is subject to a legal duty of professional secrecy, the independent investigator appointed must be subject to the same legal duty and report to the Board Delegation.

⁴ The investigator will seek to determine, within his terms of reference, whether any breach has occurred which would justify the opening of a sanction procedure and, where applicable, will establish the factual basis for sanction proceedings.

⁵ If the investigator comes to the conclusion that proceedings should be instituted against the financial intermediary, he will provide the Executive Committee or Board Delegation with a report to this effect. Otherwise, he will terminate his investigations and so inform the Executive Committee.

§33 Audit agencies

¹ To conduct the inspection of financial intermediaries which forms part of its supervisory function, the Association may approve audit agencies, whether for an indeterminate period or for a fixed term.

² The audit agencies have to be persons or companies which:

- ◇ enjoy a good reputation;
- ◇ can demonstrate sound specialist knowledge;
- ◇ can guarantee irreproachable inspections, and
- ◇ meet legal requirement. The audit agencies which are the Association members themselves may not inspect one other.

³ The audit agency or the persons acting on its behalf will be trained and instructed in their duties by the Association.

⁴ To deal with the inspection of persons subject to professional secrecy, the Association must appoint the necessary number of special audit agencies similarly subject to professional secrecy. These special agencies will report exclusively to the Board Delegation, provided that their report contains the facts subjected to professional secrecy.

⁵ The Executive Committee or the Executive Director will use the audit agencies to conduct periodical examinations to determine whether members comply with their obligations under the AMLA, the Regulations and the Statutes, as well as to clarify, in case of ambiguous circumstances, the conditions for obtaining or maintaining the membership.

⁶ In the event of a breach of the internal duty of notification, as well as a related breach of the internal duties of disclosure and co-operation, the Board is authorized to call for an inspection by an audit agency at the expense of the defaulting member.

⁷ The Board may further decide to call in an audit agency outside the framework of regular periodical inspections if other special circumstances apply.

⁸ By accepting its mandate, the audit agency becomes subject to the same duties of disclosure and co-operation vis-à-vis the Association as the member under inspection. The inspection itself will be carried out on the instructions of the Association and for its attention.

§34 Member-specific audit agencies

¹ At the request of a member, the Board may authorise the inspection agency who has examined the member's financial statements to act also as the audit agency for the member in regard to the AMLA, provided that it is familiar with all the requirements of the AMLA and fulfils the requirements applicable to the audit agency.

² The Board may exceptionally waive the requirement that the member-specific audit agency is also the member's inspection agency, based on sufficient reasons, in particular for the purpose of retaining an audit agency.

³ The Association shall be authorised to direct and instruct such a member-specific audit agency its inspection. The member-specific agency will report in the same way as the Association's own audit agencies.

Arbitration Court

§35 Arbitration Court

¹ The seat of the Arbitration Court shall be in Zurich.

² The decisions of the Arbitration Court shall be final, conditional to the appeal to the Federal Supreme Court pursuant to Art.389 of the Civil Procedure Code (CPC).

§36 Composition and selection

¹ The Arbitration Court shall consist of the arbitration officer and at least six member. The members of the Arbitration Court have to be independent of the Association.

² The Arbitration Court shall consist of three arbitrators drawn by lot by the arbitration officer. The first arbitrator drawn shall act as chairman. If one of the parties involved is subject to professional secrecy obligations, the arbitrators and the secretary of the Court must be subject to the same obligations.

³ An arbitrator drawn by lot must stay to the end of the relevant procedure, regardless of his remaining time in office.

⁴ If the regular panel of arbitrators is exhausted before the Court has been fully constituted, the member and the Association shall alternately designate two arbitrators independent of them for each remaining nomination, of which the adverse party will select one.

⁵ A sole arbitrator, also drawn by lot, is responsible for the following cases:

- ◇ Appeals of a member who was expelled due to not paying outstanding bills of the Association. In such cases, the restoration of the revoked suspension effect is not possible. However, if the member provides the evidence that the amounts in question have been settled in full by the deadline for filing the appeal, the Executive Committee may reconsider the expulsion and reverse the decision. The Arbitration Court will not take into consideration the payment of the outstanding bills of the Association made after the deadline set in a registered reminder with a threat of exclusion.
- ◇ Appeals of a member regarding a fine imposed due to noncompliance with the training obligation.
- ◇ Appeals regarding the calculation and imposition of fees only.
- ◇ Appeals regarding the expulsion from the Association, if justified pursuant to §8 para. 4 of the Statutes, or appeals regarding the refusal of the admission, if the admission fee was not settled.
- ◇ Legal actions of the Association against a member, a former member, or a rejected applicant in the adjudication of the unsettled fees and costs. If the default judgement is triggered in such cases, the disposition may be made without a statement of the rationale. Parties have a right to request the justification within 10 days.
- ◇ In objections to precautionary measures by the Board and to ordered withdrawal of the suspension effect. These objections are examined by an additional sole arbitrator to be drawn forthwith, the arbitrator who may not hold his office in the key matters.
- ◇ In decisions to reject applications. An additional arbitrator to be drawn decides upon such decisions. A rejected arbitrator will be replaced by another arbitrator, also drawn by lot.
- ◇ If the parties agree on a single arbitrator, instead of three. In cases of sanctions of lesser significance, a person in charge may offer a suitable recommendation to the parties.

⁶ The drawing of lots shall be so organised that the arbitration officer first excludes arbitrators who are unavailable, or who are not fluent in the language of the proceedings, or who may be biased. In addition, the member may exclude a maximum of two arbitrators from the list of names to be drawn without giving reasons.

⁷ Arbitrators shall be elected for a period of three years and may be re-elected for further periods. They must inform the Association of their interlocking interests.

§37 Jurisdiction of the Arbitration Court

¹ Appeal may be made to the Arbitration Court against decisions to reject membership applications, to expel or to sanction members, as well as decisions of the Board, the audit agencies and the independent investigators concerning the calculation and levying of fines and fees.

² Furthermore, any member may appeal to the Arbitration Court against a decision of the governing bodies of the Association which is in the nature of a specific and individual order establishing, ascertaining, or removing the obligations of the member.

³ Appeals may not be made to the Arbitration Court against the appointment of an audit agency or an independent investigator, or against procedural orders issued by the governing bodies of the Association, particularly with regard to simple warnings and the setting of time limits.

⁴ The Arbitration Court shall further be competent to resolve all legal disputes between the Association and the members, or between the members themselves, insofar as the dispute concerns association matters.

§38 Procedure of the Arbitration Court

¹ To have recourse to the Arbitration Court, application must be made in writing to the arbitration officer or to the administrative office. In the event of an appeal against a decision of a governing body of the Association in accordance with §37 Paragraphs 1 and 2 of the Statutes, the application must be made within 10 days of notification of the disputed decision (as evidenced by the postmark). The provisions on court holidays (Art. 145 para. 1 of the CPC) do not apply to filing an appeal. The appeal notification does not need to be justified.

² The arbitration officer shall be responsible for directing the course of the proceedings up to the point at which the written grounds of appeal and the response to the appeal have been presented. He may obtain additional legal briefs and narrow them to the opinions about the new averments. In particular, he must set the relevant time limits and warn the parties of the consequences of failing to meet them, as well as to collect the registration fee. The arbitration officer may dismiss or adjourn appeal proceedings for procedural reasons where the relevant grounds arise prior to the constitution of the Arbitration Court (for example, failure to present the grounds of appeal within the time limit, failure to pay the registration fee, withdrawal of the appeal, decision not to proceed with the appeal, review and simultaneous lifting of the disputed decision by the Executive Committee, bankruptcy of an appellant member, purposelessness, etc.). In such cases, the fees for the appeal proceedings and the adjudication of the process reimbursement may be waived or decided upon by a person in charge.

³ Once the written grounds of appeal and the reply as well as the necessary additional legal briefs according to the Paragraph 2 have been presented, the Arbitration Court shall be constituted in accordance with §36 of the Statutes. The subsequent conduct of the proceedings

shall then be determined by the Court. After the constitution of the Arbitration Court, the person in charge acts as the court secretary, however without an advisory vote.

⁴ The appeal proceedings shall be conducted in one of the three official languages, the choice being determined by the official language in use at the complainant's registered office or the language in which the appeal application was lodged.

⁵ The Arbitration Court shall have full freedom to examine contested decisions and shall not be tied to the effective findings of the lower jurisdiction. The new facts and evidence may be brought forward until the end of pleadings. If the appeals regarding the decision on the fees or sanction fines in terms of §45 are entirely or partly denied, the Arbitration Court may decide to grant the corresponding amounts to the Association.

⁶ The Arbitration Court shall meet in closed session. It may come to its decision by circular letter, provided that all the arbitrators agree on the rapporteur and no-one calls for oral deliberations.

⁷ The Arbitration Court shall render a judgement for the application of the Swiss public and private law, the Statutes and the Regulations of the Association. Unless the Statutes stipulate differently, the Swiss Civil Procedure Code (CPC) dated the 19th of December, 2008 analogously applies as a rule of arbitration, however with following variations:

- ◇ The simplified procedure according to the Art. 243 ff. of the CPC applies in principle, with the pleadings in writing of at least one party, however, without entitlement to a written replication and rejoinder, respectively (oral) hearings; subject to the varying orders of the Arbitration Court, nonetheless. No arbitration proceeding takes place, however, at any time the person in charge or the Arbitration Court may offer the settlement to the parties, or work towards to reach the settlement. For this purpose the person in charge may draw [by lot] at first only one arbitrator as referee, who offers such recommendations to the parties.
- ◇ In the sanction ruling, the cost and compensation consequences follow principles of criminal procedure.
- ◇ Remuneration for validation of fees is not adjudicated.
- ◇ Documents of proof and testimonies in English are accepted, even without translation.
- ◇ The calculation of the arbitration fee is based on the actual effort of the incumbent arbitrator.

A member bringing an appeal shall, at the request of the arbitration officer, pay the following registration fee:

- ◇ CHF 500, where only a fee is at issue;
- ◇ CHF 1 000, where a sanction is at issue;
- ◇ CHF 2 000, where refusal of membership or expulsion from the Association is at issue.

After the Arbitration Court has been constituted, it may impose onto the member bringing the appeal to pay additional security deposit and may decide not to consider the appeal in the event of failure. The amount of the collateral is defined based on presumed costs of the

Arbitration Court and any outstanding, disputed costs of the Association. No grace period is offered in the case of delay in payment of the registration fee or additional security deposit.

⁸ The parties to arbitration proceedings under the Statutes shall waive the requirement of the deposit of the arbitral award with the competent authority (Art. 386 of the CPC). The files of the arbitration proceedings shall be kept on the member's file.

Initial and further training

§39 Education and training

¹ The Association shall organise training events for all member financial intermediaries, for independent investigators and for audit agencies and shall determine their content and objectives.

² All member financial intermediaries shall be required to take a basic training course and to take part in further training events at least once a year thereafter. The training shall be designed to meet specific needs. Firms which fail to comply with this requirement will be inspected by the audit agency and will be sanctioned.

³ The employees of member financial intermediaries shall be required to take part in the training if they have decision-making powers and are involved in activities in accordance with Art. 2 para. 3 of the AMLA.

⁴ The Executive Director may, on receipt of a reasoned request from a member financial intermediary, recognise the equivalence of its in-house training and excuse it from the training courses held by the Association, provided that the financial intermediary has its own training officer and submits a training programme satisfying the requirements of Art. 8 of the AMLA. In such an eventuality, the Association will monitor the training programme and its implementation.

⁵ The financial intermediary shall bear the costs of the training events, which may be invoiced directly by the training-provider.

Requirements for the officials

§40 Qualifications

¹ Persons elected by the governing bodies of the Association have to have the necessary professional training and experience for their function, as well as being of good reputation and

independent of the member financial intermediaries (Art. 24 para. 1 letter c. of the AMLA). They are subject to the recognised grounds for rejection by analogy with Art. 47 of the CPC.

² Arbitrators must hold a current licence to practise as lawyers or notaries and have at least five years' experience in their field. Alternatively, they must hold a federal licence to practise as an accountant or bookkeeper, or have above average qualifications and long lasting professional experience in finance.

³ All arbitrators and governing bodies of the Association are subject to the recognised grounds for rejection by analogy with Art. 47 para 1 ff. of the CPC.

Financial provisions

§41 Liability

Any liabilities of the Association shall be met exclusively from its assets. Individual members shall bear no liability over and above the last annual membership fee due.

§42 Admission fee and annual premium

¹ The Association will charge each financial intermediary affiliated as a member a one-off admission fee and an annual premium. The admission fee is charged as an evaluation fee and is due with the submission of the admission application. Moreover, it is not refunded in the case of the rejection of the application. The amount of the fee will depend on the number of authorised signatories and staff engaged in work relevant to the AMLA, as well as the economic significance of the member's activities in the financial sector. For this reason the Board shall issue a flat-rate fee schedule. The annual premium is calculated per calendar year and it is not charged *pro rata* for those memberships that start or end during the year.

² The Board will decide, on the basis of the budget, the amount of the annual premium payable by affiliated financial intermediaries. The fee must be sufficient to permit due execution of the duties laid down by law. Appropriate reserves must be built up to meet foreseeable duties and expenditure.

³ The Board may impose a flat charge for the calculation of the clerical and court fees and other special services of the Associations towards its members.

⁴ The Association will charge members inspected pursuant to §34 of the Statutes by their member-specific auditor a percentage of the total audit costs to cover the expenses associated with monitoring and overseeing this process. The percentage is defined by the Board in the list of tariffs.

⁵ Governing body members will not pay fees and will not be liable for the financial liabilities of the Association.

⁶ The costs of mandates of audit agencies and independent investigators shall be borne by the evaluated financial intermediaries. They are invoiced by the Association.

⁷ The costs of individual case-related clarifications by the special commission shall be borne by the affected member and are invoiced by the Association. The hourly rate is defined by the Board in the list of tariffs.

§43 Compensation

¹ The Board will conclude agreements with its appointed persons and audit agencies concerning the assessment of their compensation.

² The governing bodies of the Association will be remunerated for their work on the basis of their time and responsibilities.

Self-regulatory proceedings and sanctions

§44 Proceedings and monitoring

¹ In order to document implementation of and compliance with the due diligence duties stipulated under the AMLA, financial intermediaries are required to maintain a standardised and centrally managed register (the "AMLA register") containing, for each customer, all the data and documentation relevant to the AMLA. In addition, customer profiles shall be produced and used to help in monitoring current transactions. The Board will issue a checklist laying down the minimum compulsory contents of the AMLA register to be kept by the financial intermediaries.

² The Association acting through its appointed audit agencies, will conduct on-site inspections from time to time to verify compliance with the legal and regulatory requirements. The checks must comply with the provisions of the Regulations based on Art. 25 of the AMLA. The audit agencies will prepare written reports of their findings.

³ The member's AMLA register and the underlying customer files shall be open for an inspection at any time by the audit agency entrusted with the task of checking compliance with the due diligence duties and by the independent investigator.

§45 Sanctions

¹ Sanctions will be applied for established breaches of the obligations laid down by the Association or of the obligations under the AMLA and the Regulations, namely, due diligence

duties (Art. 3 to 8 of the AMLA), duty to report (Art. 9 of the AMLA) and training requirement (Art. 8 of the AMLA).

² The Board may impose the following sanctions on affiliated financial intermediaries:

- ◇ warning;
- ◇ a fine from CHF 300 to CHF 1'000'000;
- ◇ threat of expulsion;
- ◇ expulsion pursuant to §10.

³ The upper limit of the fine range under para. 2 increases to a higher of 10% of the share capital or 10% of the annual revenue of the financial intermediary, if any of these two amounts exceed the abovementioned upper limit.

⁴ All cases of wilful breaches shall further be punishable by fines. The amount of the fine will be determined on the basis of the seriousness of the breach, the degree of fault, and the financial position of the financial intermediary concerned. The Regulations elaborate the details of the sanction procedure.

⁵ The investigation costs and the expenses for rulings and copying may also be charged together with the sanctions.

⁶ The fines paid shall be allocated to the Association funds.

Transitional provisions

§46 Entry into force

¹ These Statutes shall come into force on the 1st of July 2022, after the approval by the FINMA.

² For the transfer of members into the Supervisory Organization OSFIN, the Board may stipulate exceptions to the last sentence of §42 Paragraph 1. This transitional provision is valid until the 31st of December 2022.

PolyReg: Zurich, the 10th of March 2022