



## Compliance Newsletter Switzerland

# Swiss Control Body on Combat of Money Laundering publishes new guideline on credit transactions

On March 30, 2006, the Swiss Control Body on Combat of Money Laundering passed a new guideline on Swiss Money Laundering Legislation. This guideline establishes a partly new practice on the treatment of credit relationships under the Swiss Money Laundering Act (MLA).

April 11, 2006

David Käzig

For further information, please contact:

David Käzig ([d.kaenzig@thouvenin.com](mailto:d.kaenzig@thouvenin.com))

The primary aim of the new practice is to authorise non-bank lenders to undertake small-scale credit transactions without having to join a self regulating organisation. In deviation from its former practice, the Control Body holds that a (small-scale) lender only needs to join a self regulating organisation if yearly income gained from credit transactions exceeds the amount of CHF 250'000 and, in addition, lender's volume of extended credits exceeds the amount of CHF 5 Mio. Non-bank lenders who do not meet these thresholds while engaging in credit transactions do not qualify as a financial intermediary within the meaning of the MLA and, therefore, do not need to join a self regulating organisation.

The new guideline also establishes a revised practice for some types of credit relationships. First of all, the new guideline changes the Control Body's former practice on credit relationships between shareholders and companies (stock corporations or limited liability companies). As a general rule, neither the shareholder nor his company do qualify as a financial intermediary while engaging in credit transactions if the shareholder owns 10% or more of the capital or voting rights in the company. Secondly, the guideline also establishes a new practice concerning credit relationships between employers and employees, as well as a new practice concerning credit relationships between associated persons such as relatives, husband and wife, etc. Thirdly, the guideline also sets out the Control Body's practice on securitized and non-securitized financial products.