

Politically exposed persons and illicit assets

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Politically exposed persons, persons who hold or have held prominent public functions, and their family members and close associates are exposed to particular risks of corruption. The Anti-Money Laundering Act requires financial intermediaries to treat business relationships with foreign politically exposed persons as presenting higher risks in all cases. Relationships with domestic politically exposed persons and persons in international organisations present higher risks only if other risk factors are present. Higher-risk relationships require enhanced due diligence, including the clarification of the origin of the assets and the approval of the relationship by senior management.¹

Switzerland has developed a particular policy of freezing and restituting the illicit assets of foreign politically exposed persons. After the Arab Spring of 2011, the Federal Council froze the assets of Zine El Abidine Ben Ali of Tunisia, Hosni Mubarak of Egypt and their associates. After the Ukrainian revolution of 2014, it froze the assets of Viktor Yanukovich and his associates. The Federal Act on the Freezing and Restitution of Illicit Assets held by Foreign Politically Exposed Persons, in force since 2016, codified this practice. It allows the Federal Council to freeze assets when the government of the country of origin has fallen or a change of power is imminent, when corruption is notorious and when Swiss interests are at stake. It also provides a procedure for the confiscation and restitution of assets that the country of origin cannot recover through mutual legal assistance because of the failure of its state structures.²

The restitution of illicit assets has become a field of expertise in which Switzerland and Basel play a role. Through its International Centre for Asset Recovery, the Basel Institute on Governance supports states in tracing and recovering stolen assets, trains investigators and prosecutors, and advises on the legal frameworks. Swiss restitutions have returned billions of francs to countries such as the Philippines, Nigeria, Peru,

Kazakhstan and Uzbekistan, often under agreements that provide for the monitoring of the use of the funds to prevent their return to corruption.³

1 Notes

1. On the treatment of politically exposed persons under the AMLA (definitions in Art. 2a; higher risk in Art. 6 para. 3) and the AMLO-FINMA (Art. 13 ff.), see the relevant provisions. To be verified. ↩
2. Federal Act of 18 December 2015 on the Freezing and Restitution of Illicit Assets held by Foreign Politically Exposed Persons (FIAA, SR 196.1), in force since 1 July 2016; freezes concerning Tunisia, Egypt (2011) and Ukraine (2014). To be verified. ↩
3. On Swiss asset restitutions (including to the Philippines, Nigeria, Peru, Kazakhstan and Uzbekistan) and the role of the International Centre for Asset Recovery of the Basel Institute on Governance, see the publications of the FDFA and the Basel Institute on Governance. To be verified. ↩

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