

Politically exposed persons

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Politically exposed persons form the category of clients to which the regulations attach the highest degree of vigilance. The Anti-Money Laundering Act defines them by distinguishing between foreign politically exposed persons — heads of state or government, ministers, senior judges, senior party officials, executives of state-owned enterprises of national importance —, domestic politically exposed persons, politically exposed persons in international organisations and persons close to them by reason of family, personal or business ties.¹

Relationships with foreign politically exposed persons are in all cases regarded as relationships carrying increased risk. They require enhanced due diligence measures: approval of the opening and continuation of the relationship by senior management, in-depth clarification of the origin of the funds and of the wealth, enhanced transaction monitoring, periodic review.² These requirements respond to the risk that the wealth of an exposed person derives from corruption, the misappropriation of public funds or the abuse of office.

For the Geneva financial centre, this category of clients is particularly important. Part E recalled that the centre's clientele comes in particular from the Middle East, Latin America and Eastern Europe, while Part I will show the importance of relationships with Africa. In these regions the economic and political elites overlap to a large extent, and many great fortunes are linked to the holding of public office or to proximity to power. Distinguishing between wealth legitimately acquired by an exposed person and wealth derived from corruption is one of the most delicate exercises in compliance.

The cases concerning the assets of deposed leaders, which Part E mentioned in connection with Ferdinand Marcos, led Switzerland to develop a specific system for freezing, confiscating and returning assets. This system is codified in the Federal Act on the Freezing and Restitution

of Illicit Assets held by Foreign Politically Exposed Persons, which came into force in 2016.³ This Act, which Part I will present in detail in connection with the African cases, allows the Federal Council to freeze assets as a precautionary measure where the country of origin is unable to conduct proceedings. It also allows it to initiate confiscation and restitution.

1 Notes

1. Art. 2a para. 1 of the Anti-Money Laundering Act (AMLA; SR 955.0; lexfind.ch): politically exposed persons are “persons who are or have been entrusted with prominent public functions abroad” (let. a), “persons who are or have been entrusted with prominent public functions at national level in Switzerland” (let. b) and “persons who are or have been entrusted with prominent functions in intergovernmental organisations” (let. c); para. 2: “Persons closely associated with politically exposed persons are natural persons who are recognisably close to the persons” referred to in para. 1, for family, personal or business reasons. ↩
2. FINMA Anti-Money Laundering Ordinance (AMLO-FINMA; SR 955.033.0; lexfind.ch), Art. 13 para. 3: “The following must in all cases be regarded as business relationships with increased risks: a. business relationships with foreign politically exposed persons”; Art. 13 para. 4 let. a: relationships with domestic politically exposed persons regarded as carrying increased risks where one or more additional risk criteria are present; Art. 15 (additional clarifications); Art. 19 para. 1 let. a: “The management at its highest level or at least one of its members decides: a. on the admission of business relationships with increased risks under Art. 13 paras. 3 and 4”. ↩
3. Federal Act of 18 December 2015 on the Freezing and Restitution of Illicit Assets held by Foreign Politically Exposed Persons (Foreign Illicit Assets Act, FIAA; SR 196.1), in force since 1 July 2016; “Foreign Illicit Assets Act”, en.wikipedia.org (accessed September 2026); see Part I, Chapter IV. ↩

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