Travel Rule Regulations: Switzerland 🇨🇭

Switzerland's Implementation of the Travel Rule
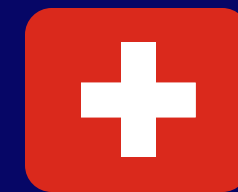
Threshold:

CHF 0

When to comply:

Immediately

Self-hosted wallets:

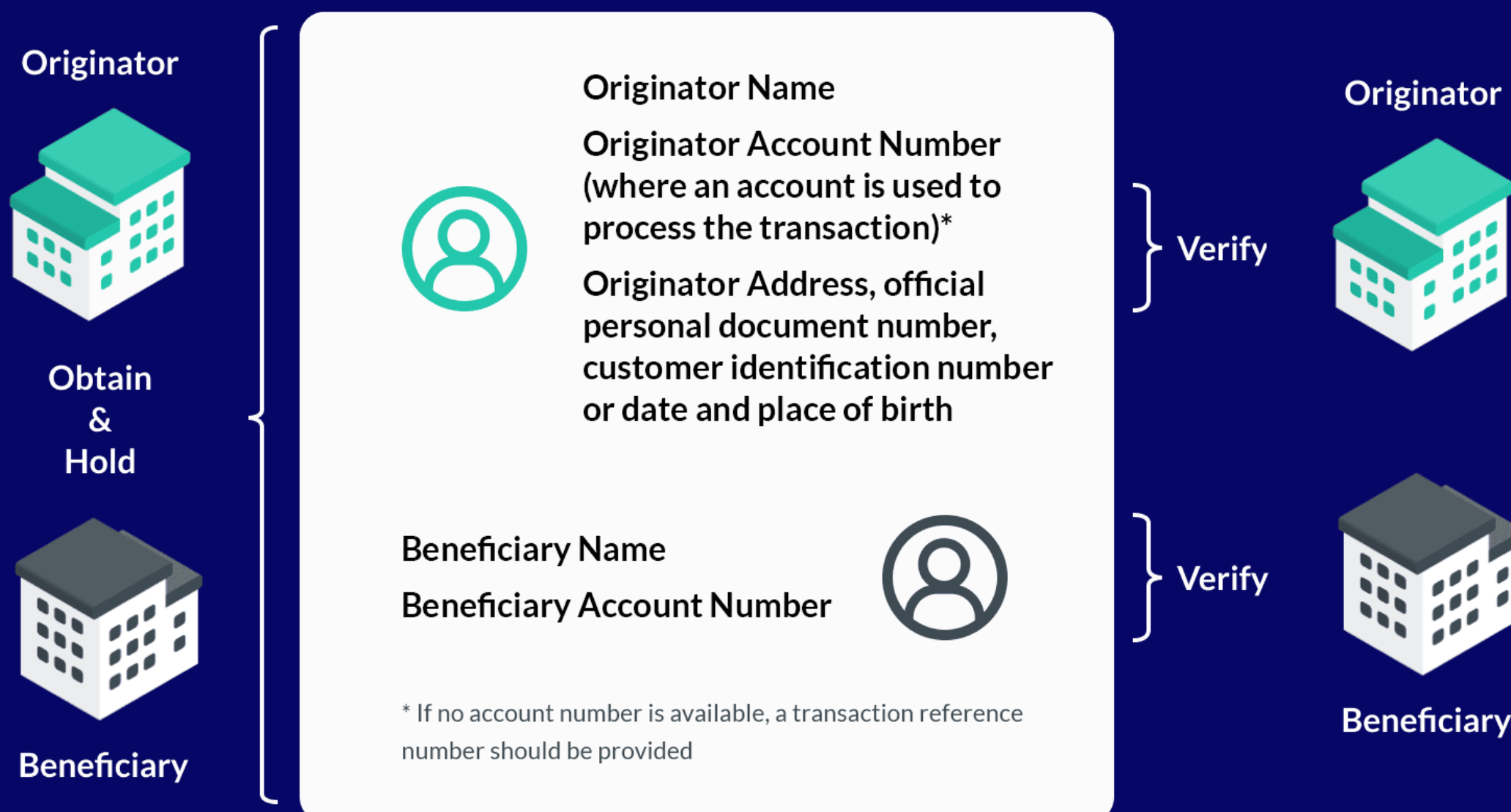Are in scope - ownership proofs are required for VASP transfers

Supervisory body:

Swiss Financial Market Supervisory Authority (FINMA) and Self Regulatory Organisations (SROs)

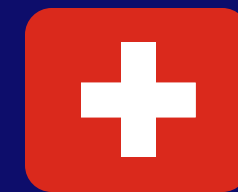# Travel Rule Regulations: Switzerland

Information Required

VASPs are mandated by FINMA to obtain and hold the required originator and beneficiary information for all crypto asset transfers, irrespective of the value.

Swiss VASPs, called "blockchain service providers" by FINMA, are subject to AML Regulations, which include, for example, "to verify the identity of their customers, to establish the identity of the beneficial owner, to take a risk-based approach to monitor business relationships and to file a report with the Money Laundering Reporting Office Switzerland (MROS) if there are reasonable grounds to suspect money laundering".

Originator

Obtain
&
Hold

Beneficiary

Originator Name

Originator Account Number (where an account is used to process the transaction)*

Originator Address, official personal document number, customer identification number or date and place of birth

Beneficiary Name
Beneficiary Account Number

* If no account number is available, a transaction reference number should be provided

Originator

Verify

Verify

Beneficiary

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Self-Hosted Wallets

FINMA, responsible for financial regulation, was one of the first regulators to issue its guidance on the application of the [Travel Rule](#) to VASPs in August 2019, with a strict interpretation of the [FATF](#) Recommendations.

As per FINMA (FINMA Guidance 02/2019):
Payments on the blockchain:

> *"A transfer from or to an external wallet belonging to a third party is only possible if, as for a client relationship, the supervised institution has first verified the identity of the third party, established the identity of the beneficial owner and proven the third party's ownership of the external wallet using suitable technical means."*

> *"If the customer is conducting an exchange (fiat-to-virtual currency, virtual-to-fiat currency, or virtual-to-virtual currency) and an external wallet is involved in the transaction, the customer's ownership of the external wallet must also be proven using suitable technical means."*
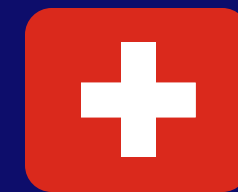
Self-Hosted Wallets

This regulation means that any transaction involving a Swiss-regulated entity (e.g. VASP, financial institution, bank) and a non-regulated entity (e.g. a self-hosted wallet) will demand at least an ownership proof of the wallet.

VASPs that fall directly under FINMA's supervision - such as banks - and members of a self-regulatory organisation (SRO) have to follow the regulation. This is especially relevant considering that most Swiss VASPs are members of an SRO, particularly the Financial Services Standards Association (VQF). As per the VQF (Art. 14, Paragraph 1) Regulations:

> *"Payment transactions to and from external wallets are only permitted where the wallets are owned by a member's own customer. The customer's authority over the external wallet must be verified using suitable technical measures. Transactions between customers of the same member are permitted."*

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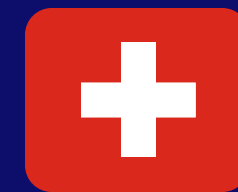
Who Must Comply?

Article 2 of the Anti-Money Laundering Act (AMLA) outlines the entities and activities that fall under its scope. It is important to consider the relevant FINMA circulars and guidance articles, particularly when applying the Travel Rule, as discussed in FINMA guidance 02/2019 on "payments on the blockchain".

This guidance notes that Switzerland has always applied the Anti-Money Laundering Act to blockchain service providers, with a specific focus on Article 10 AMLO-FINMA and the required information in payment transactions.

As per Article 7 of the Anti Money Laundering Ordinance (AMLO), a VASP is considered to be practising its activity professionally if it satisfies any of the following criteria:

- achieves a gross revenue of more than CHF 50,000 per calendar year;
- established business relationships with more than 20 contractual parties per calendar year;
- has unlimited control of third-party funds over CHF 5 million, or
- performs transactions at a volume of more than CHF 2 million per year
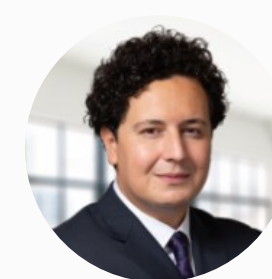
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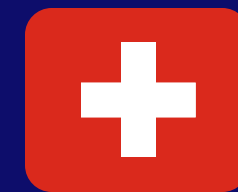
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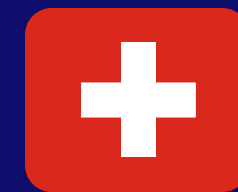*Partner*
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