



# **The 2019 Risk Evaluation Questionnaires**

## **Investment Services**

14 February 2020

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Financial Intelligence Analysis Unit

# Agenda



- Statistics in relation to the 2019 REQs
- Common Mistakes, General Observations and Lessons to be Learnt
- Enforcement process and administrative penalties



# Statistics in relation to the 2019 Risk Evaluation Questionnaires

# REQ 2019: Investments



Collective  
Investment  
Schemes

Investment  
Services

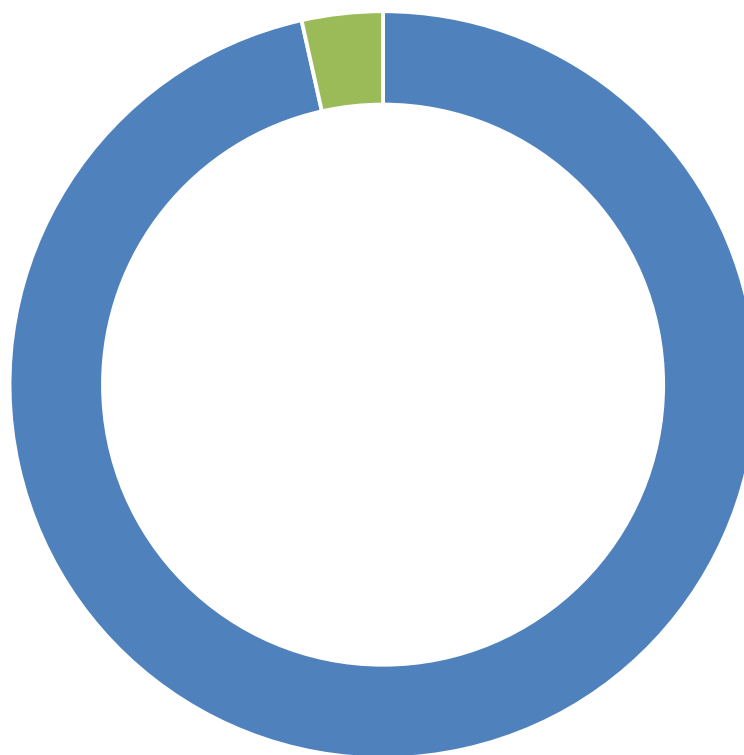
Recognised Fund  
Administrators

Regulated  
Markets/Central  
Securities  
Depository

# REQ 2019: Statistics – Non-Submitters



REQ Submitters vs. REQ Non-Submitters

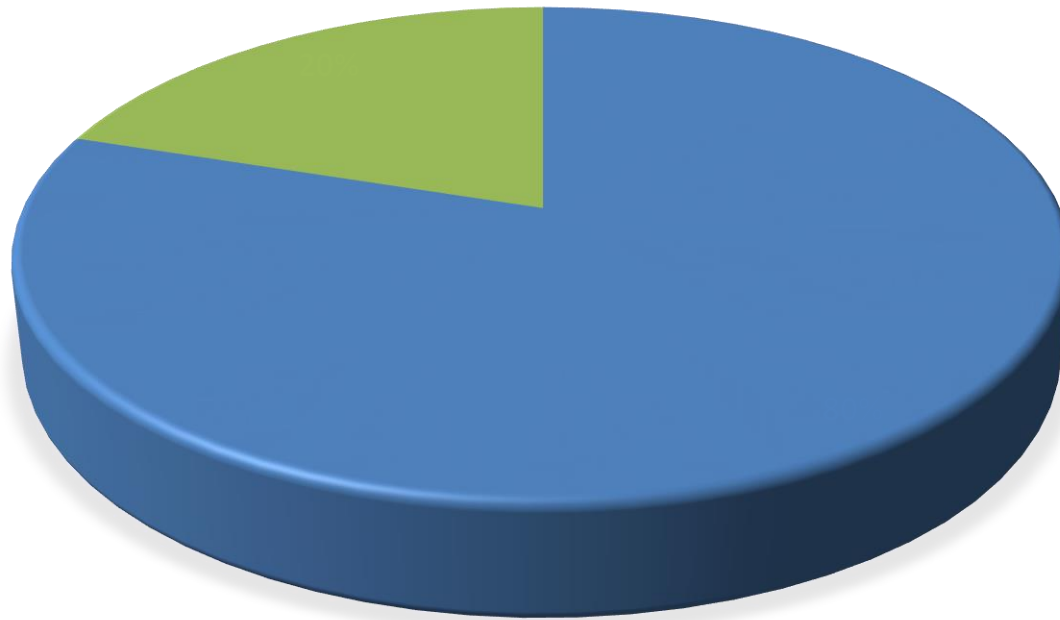


■ REQ Submitters	■ REQ Non-Submitters
96.49%	3.51%

# REQ 2019: Business Risk Assessment



Did your institution have a Business Risk Assessment in place?

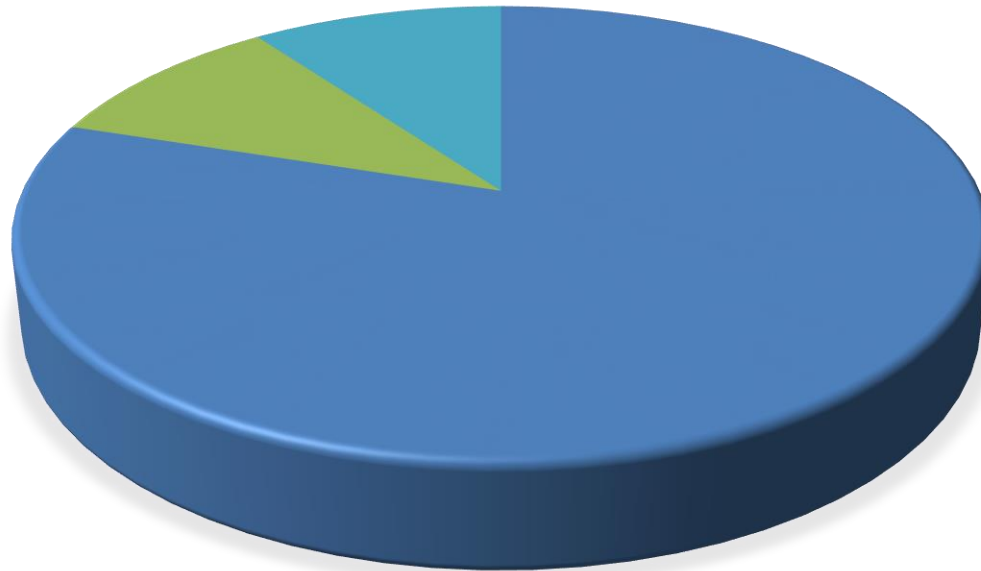


■ Yes ■ No  
80% 20%

# REQ 2019: Business Risk Assessment



Do your / your institution's internal procedures provide for a regular update of the Business Risk Assessment, or for a periodic assessment verifying that the risk assessment is still complete and up to date?

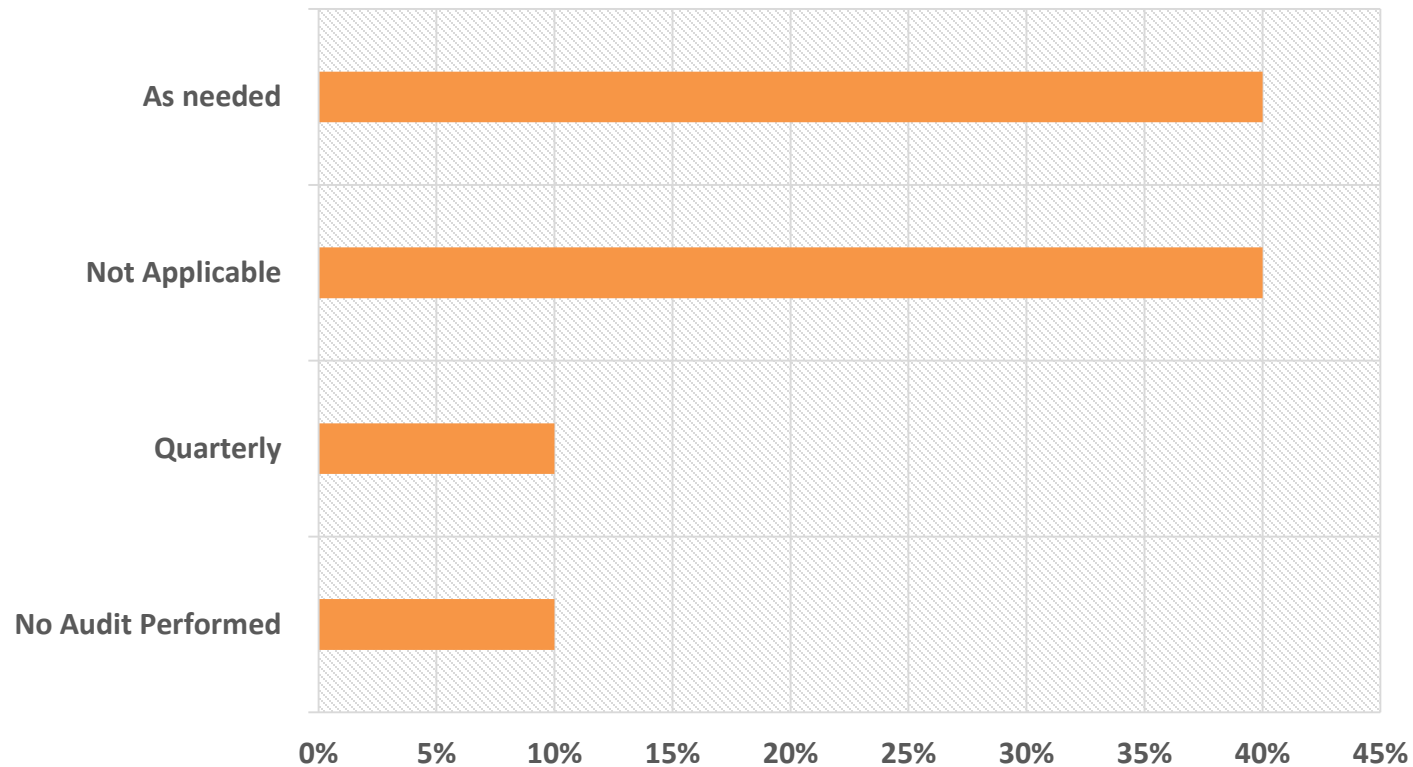


■ Yes 80%   ■ No 10%   ■ Not Applicable 10%

# REQ 2019: Schedule/Frequency of Audits



What is the schedule/frequency for performing audits with regard to proper compliance with the Maltese AML/CFT regulations?

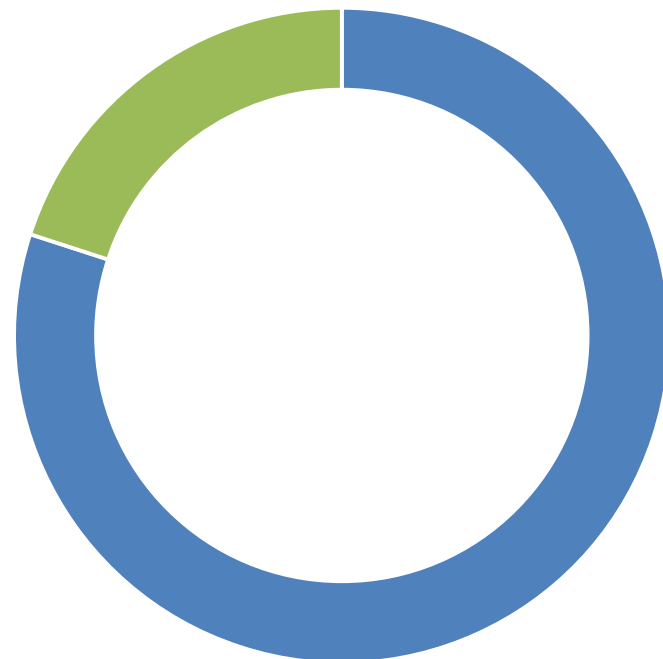




# REQ 2019: FIAU Requests & Recordkeeping

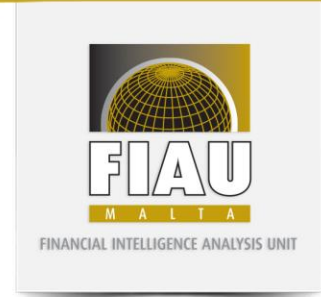


If the FIAU requests specific customer or alert investigation records, are you / is your institution in a position to retrieve such records immediately?

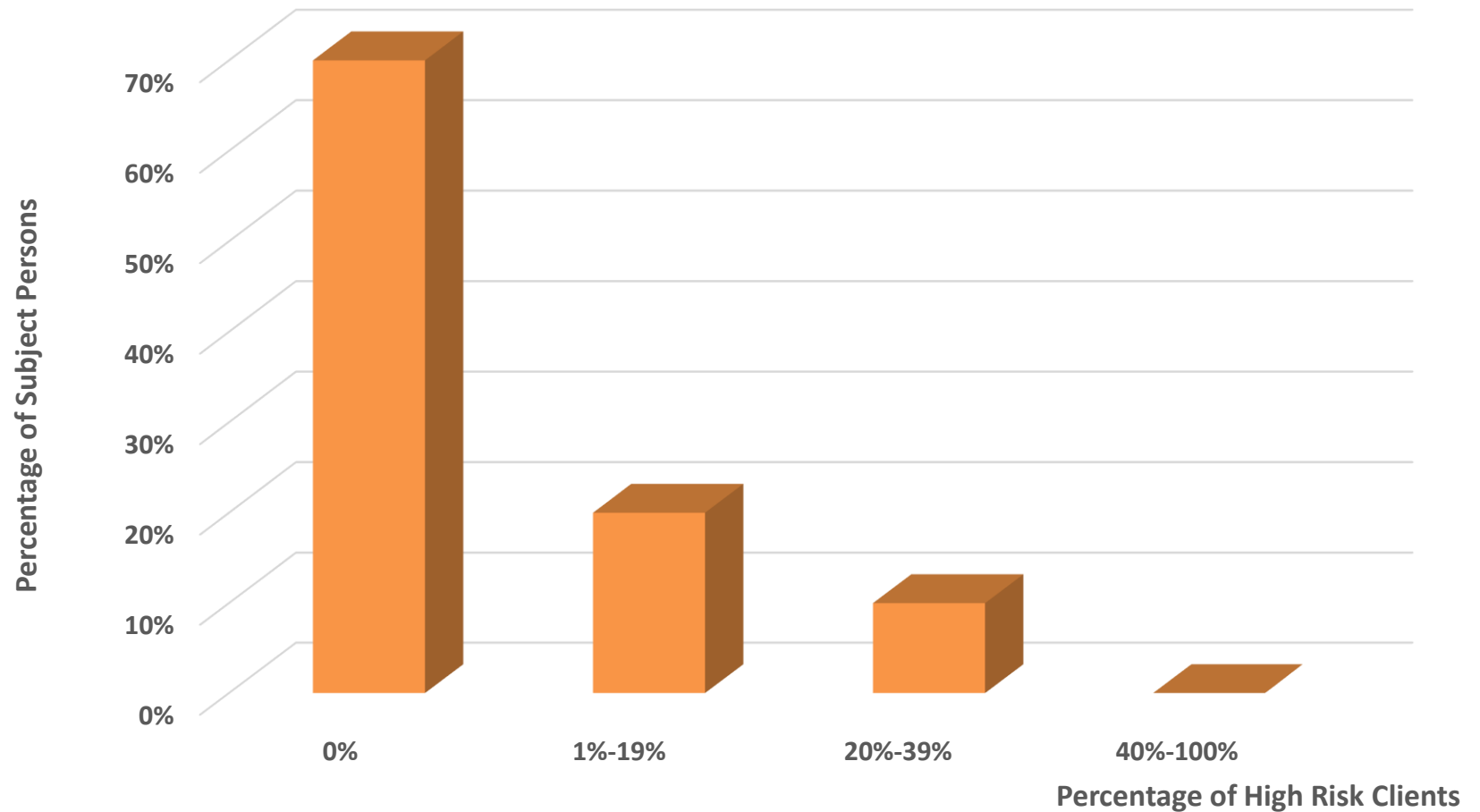


■ Yes, always 80%    ■ Yes, most of the time 20%

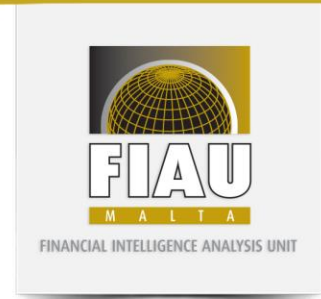
# REQ 2019: Number of High Risk Customers



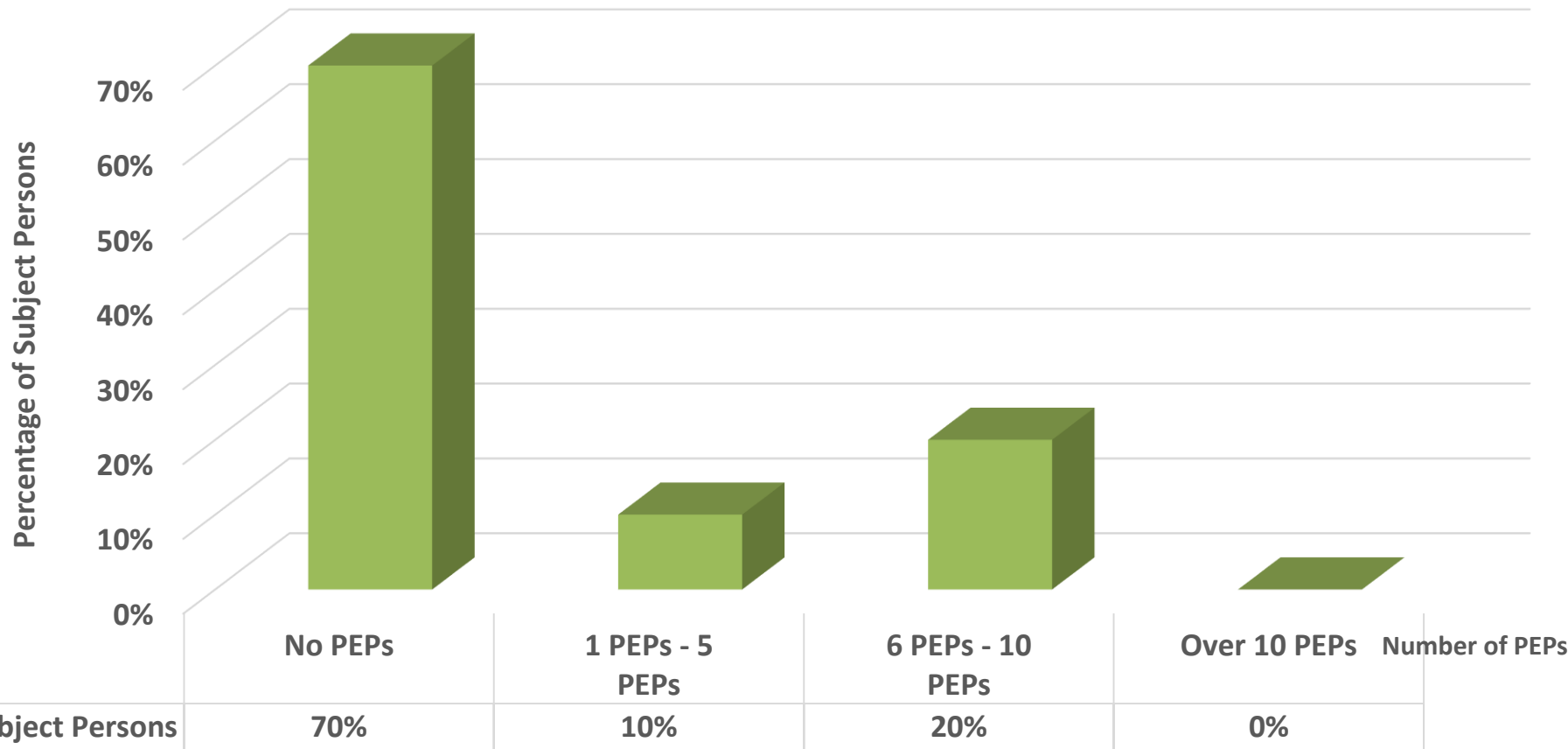
Breakdown of total customers identified: Please list % of “high risk” customers



# REQ 2019: Politically Exposed Persons



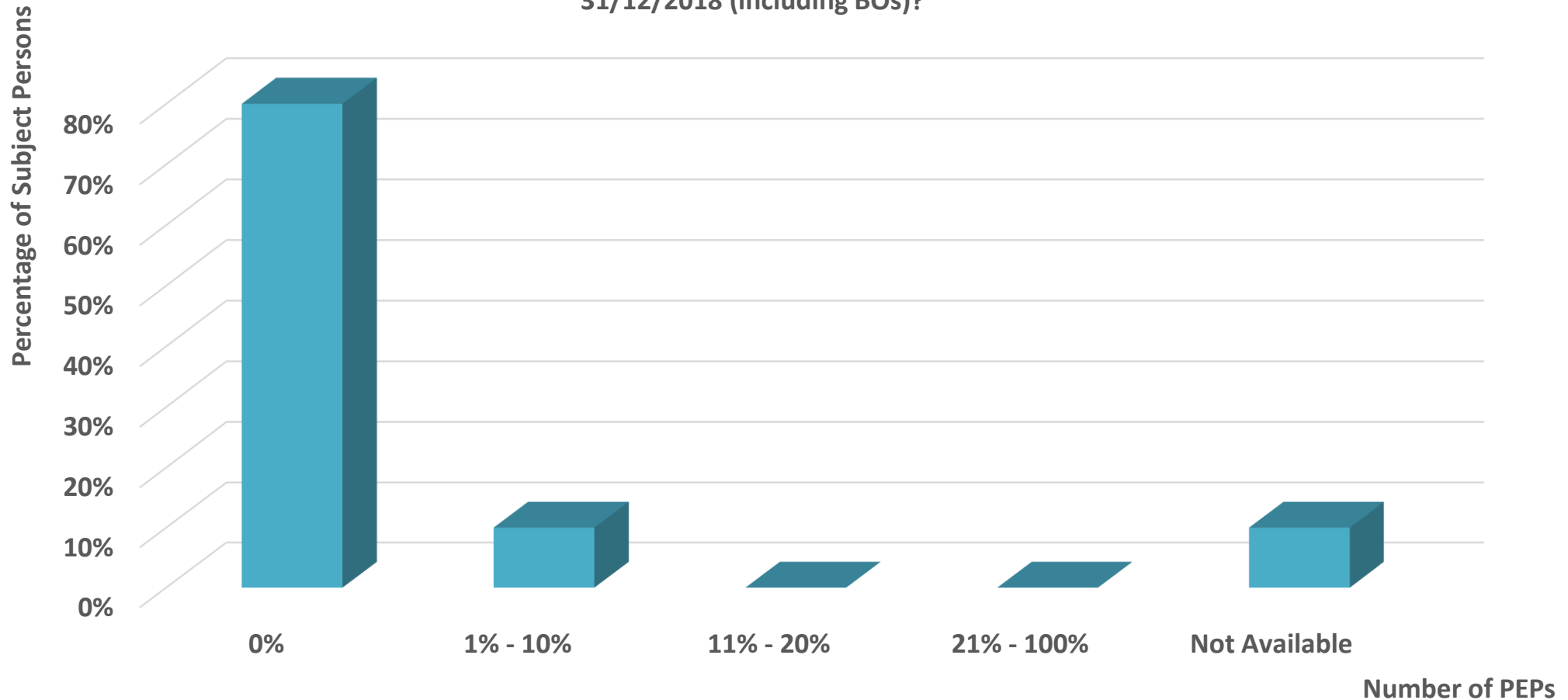
Of the total number of customers, how many PEPs and/or close associates and family members (collectively referred to as PEPs) are in your/your institution's customer base (including BOs)?



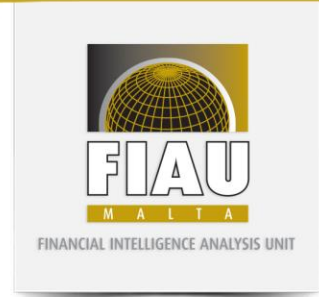
# REQ 2019: Politically Exposed Persons



Of the total number of PEPs (if applicable), what percentage are foreign (non-EU or non-EEA) PEPs as at 31/12/2018 (including BOs)?



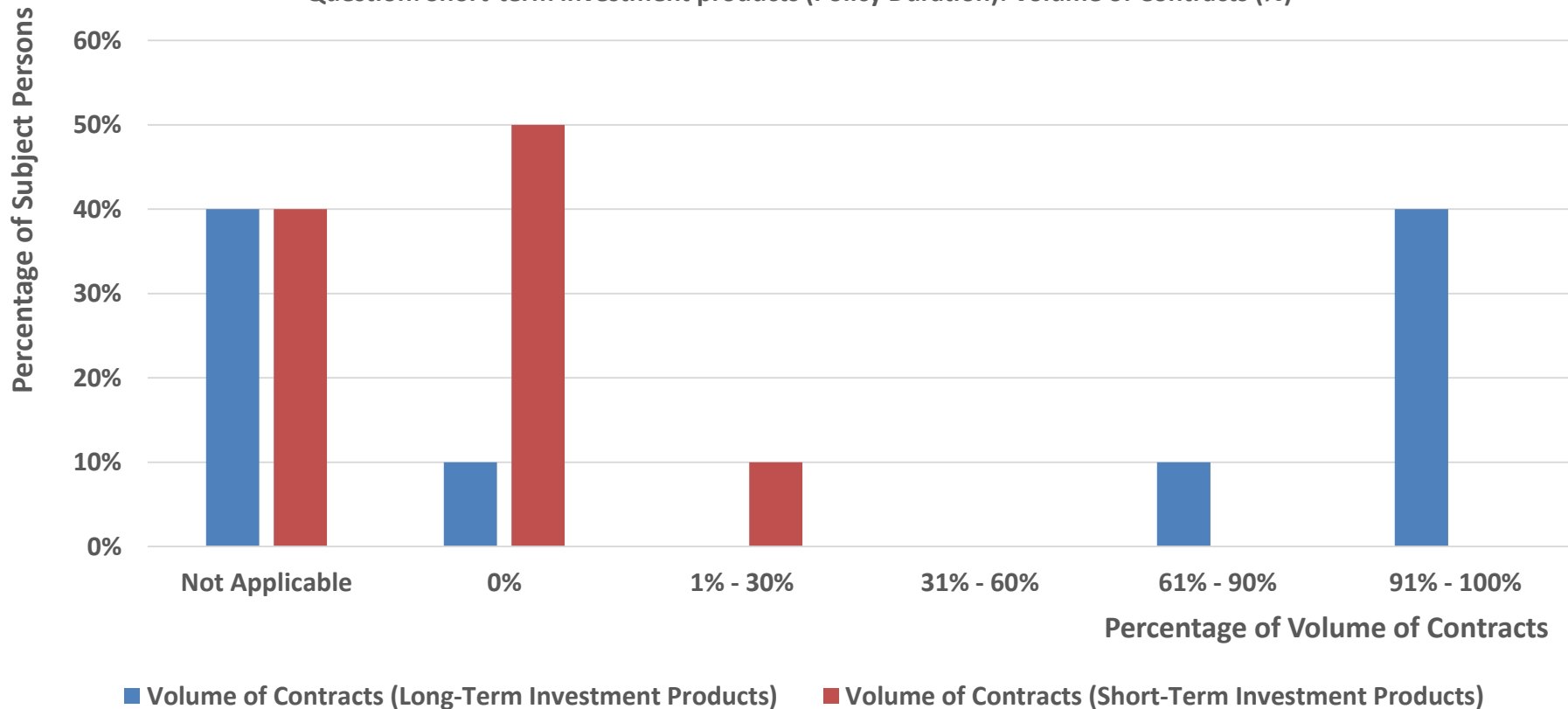
# REQ Statistics: Products and Services



Please indicate the percentage of the total volume (#) and value (%) of products offered with the given maturity durations as at 31/12/2018

Question: Long-term investment products (Policy Duration): Volume of Contracts (%)

Question: Short-term investment products (Policy Duration): Volume of Contracts (%)





# Common Mistakes, General Observations and Lessons to be Learnt

# REQ 2019: Common Mistakes



**Question:** *Of the total number of customers, what **percentage** were on-boarded on a non-face-to-face basis.*

**Answer: 35563**

**Question:** *Have you / your institution performed a Business Risk Assessment?*

**Answer: No**

**Question:** *Did the Business Risk Assessment conducted take into account: the risks and controls related to your / your institution's customers?*

**Answer: Yes**

# REQ 2019: General Observations and Lessons to be Learnt



## Accurate Information

- Percentage amounts should tally and add up to 100%

**Question:** Breakdown of total customers identified: Please list % of "high risk" customers

**Answer:** 0

**Question:** Breakdown of total customers identified: Please list % of "medium risk" customers.

**Answer:** 0

**Question:** Breakdown of total customers identified: Please list % of "low risk" customers.

**Answer:** 66

**Question:** Does a percentage of your customer base have a risk rating outside of the "high", "medium" and "low" categories?

**Answer:** No



# REQ 2019: General Observations and Lessons to be Learnt



## Accurate Information

- Answering “Not Applicable” / “Not Available” to the majority of the questions

***Question:** Please indicate the total number of employees (including partners or staff), expressed in full time equivalents ("FTEs"), working for you / your institution.*

**Answer: Not Applicable**

***Question:** Were any suspicions not reported due to lack of information received from the customer during 2018?*

**Answer: Not Applicable**

# REQ 2019: General Observations and Lessons to be Learnt



## Customer Risk Assessment

**(5) Every subject person shall: – (a) have in place and implement the following measures, policies, controls and procedures, proportionate to the nature and size of its business [...]**

**(ii) risk management measures including customer acceptance policies, customer risk assessment procedures [...]**

# REQ 2019: General Observations and Lessons to be Learnt



## Submission of Internal Reports and Suspicious Transaction Reports (“STRs”)

***Question: Please indicate total annual turnover according to the latest available audited financial statements and/or tax declaration.***

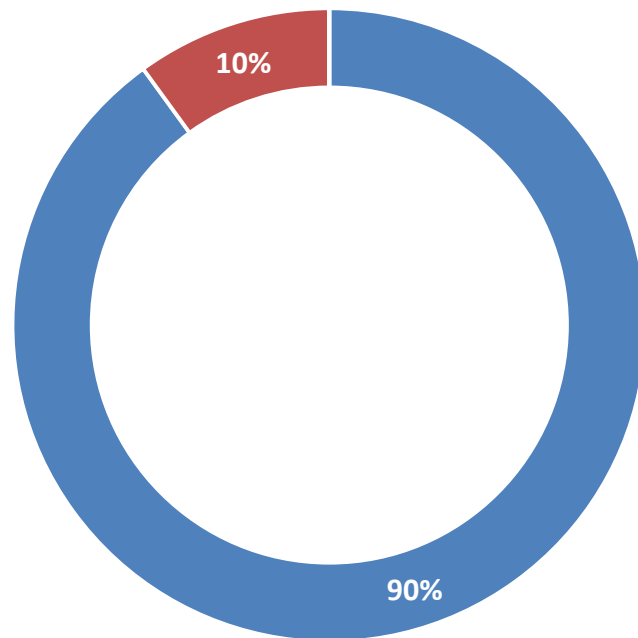
***Question: For decisions not to submit an STR, are the reasons documented and analysis retained on file?***

***Question: How many STRs were submitted to the FIAU during 2018?***

# REQ 2019: General Observations and Lessons to be Learnt



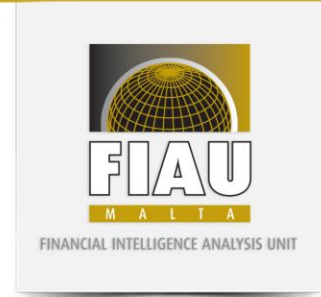
## Submission of Internal Reports and Suspicious Transaction Reports (“STRs”)



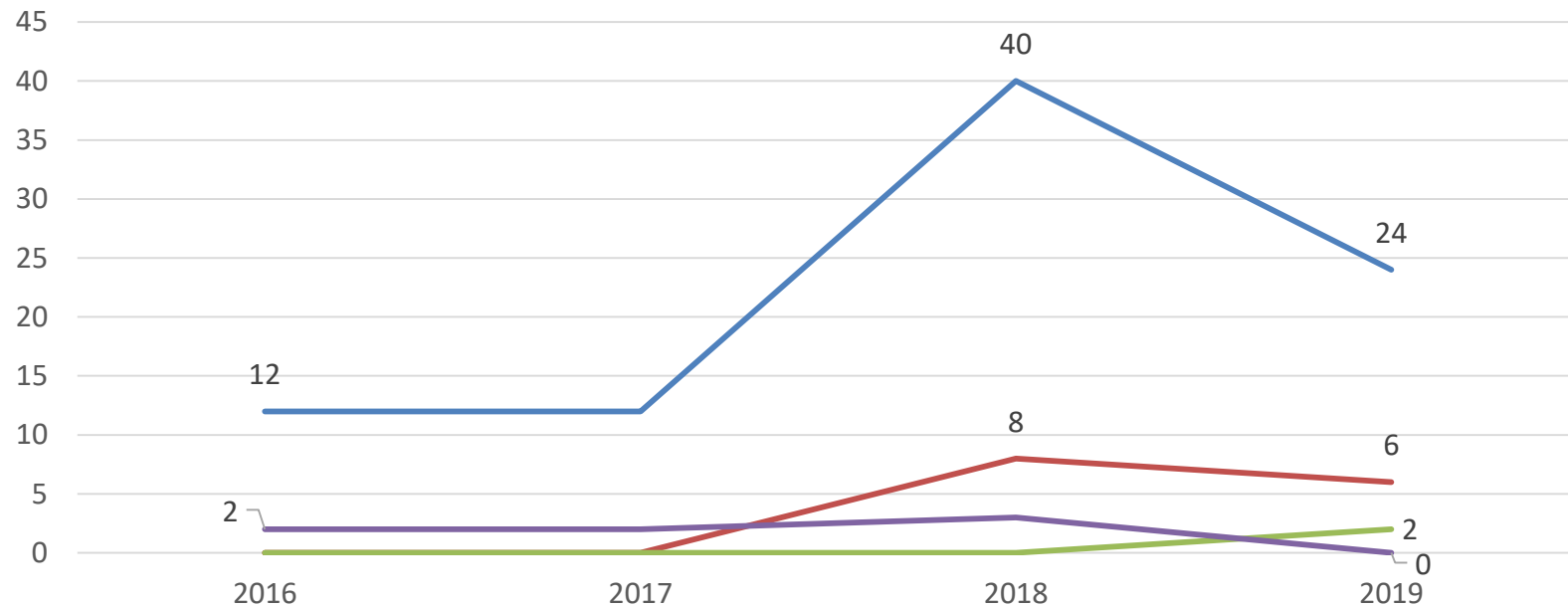
■ Did not submit an STR ■ Submitted 1 - 3 STRs ■ Submitted more than 3 STRs

**Regulation 15(3)** Where a subject person knows, suspects or has reasonable grounds to suspect that funds, regardless of the amount involved, are the proceeds of criminal activity or are related to funding of terrorism, or that a person may have been, is or may be connected with money laundering or the funding of terrorism, that subject person shall, as soon as is reasonably practicable, but not later than five working days from when the knowledge or suspicion first arose, disclose that information, supported by the relevant identification and other documentation, to the Financial Intelligence Analysis Unit.

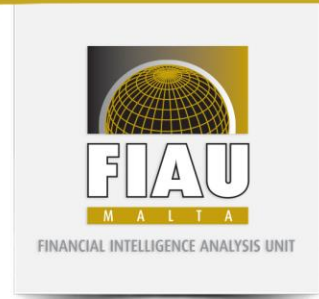
# REQ 2019: General Observations and Lessons to be Learnt



STR Submissions  
2016 – 2019



- Investment Service Licensees
- Collective Investment Schemes
- Fund Administrators (of Collective Investment Schemes)
- Retirement Scheme Administrators



# Enforcement Process and Administrative Penalties

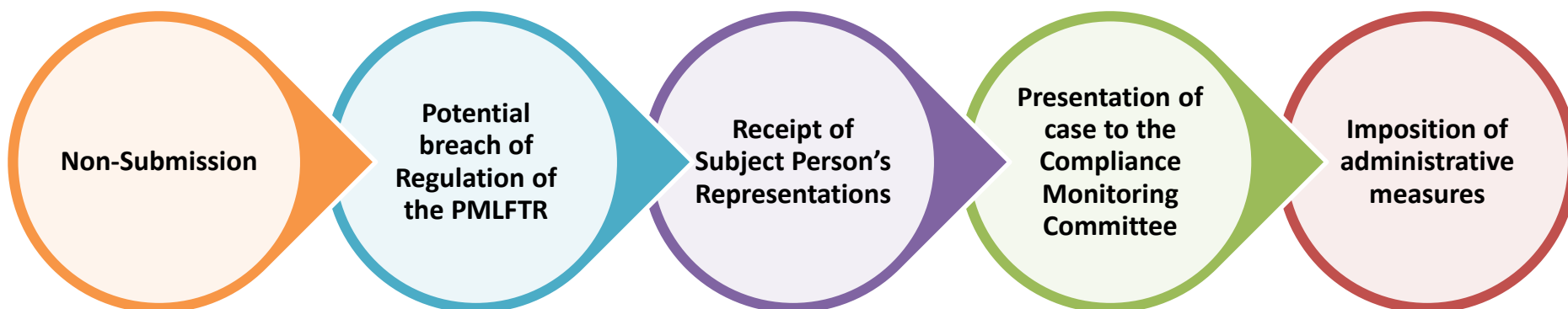
# REQ 2019: Investments



## The imposition of administrative penalties and the enforcement process

### **Periodical Reporting**

*Regulation 19 of the PMLFTR - In fulfilment of its supervisory functions under the Act, the Financial Intelligence Analysis Unit may require subject persons to submit periodical reports on the measures and procedures they maintain and apply pursuant to regulation 5 and any other information or documents as the Financial Intelligence Analysis Unit may consider necessary.*



# REQ 2019: Investments



The imposition of administrative penalties and the enforcement process

Imposition of administrative measures

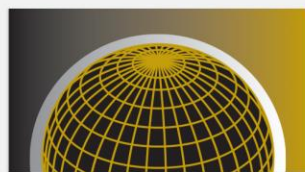
*Failure to submit the REQ 2019 or not submit the REQ in a timely manner has led to the issuance of a potential breaches letter on a total of 207 subject persons.*

*Potential breaches letters issued: 207*



*Currently:  
Ongoing process of receiving representations, presentation to the CMC and issuance of letters reflecting the administrative measure to be taken*





**FIAU**

M A L T A

FINANCIAL INTELLIGENCE ANALYSIS UNIT



Sli.do event code: J782

**Wifi**

User: IC Meeting

Password: meeting247

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