Guidance – Tax Advisors (Legal Persons) REQ

In terms of the Regulation 19 of the PMLFTR, the Financial Intelligence Analysis Unit ("FIAU") can require subject persons to submit periodical reports on the AML/CFT measures, policies, procedures and controls they are implementing. This is being done through the annual Risk Evaluation Questionnaire ("REQ"). Unless otherwise stated, all subject persons, including those that were licensed in 2019 and are still licensed as of 28 February 2020, are bound to complete and submit the REQ through the CASPAR system by the deadline communicated to subject persons by the FIAU against payment of the applicable administrative fee. Failure to do so may result in the imposition of administrative sanctions by the FIAU.

This document clarifies the interpretation of specific questions and provides more information on the data being requested in particular sections within the REQ. Please go through this document prior to the completion and submission of the REQ. Subject Persons are invited to call the FIAU at any time during office hours on 21231333 or send an e-mail to: caspar@fiumalta.org

This REQ covers the period 01 January 2019 to 31 December 2019. Reference to prior calendar year throughouth the REQ should be taken to refer to 01 January 2019 to 31 December 2019.

Subject persons are required to complete the questionnaire in respect of the activity that falls within the definition of "relevant activity" and "relevant financial business" in accordance with Regulation 2 (1) of the PMLFTR.

Various questions in this REQ have also been applied across other different sectors. As a result, generic terminology such as "you / your entity" and "entity" has been applied and should therefore be taken to refer to the subject person completing this REQ.

Unless otherwise stated, reference to monitoring system throughout the REQ should be interpreted to refer to both manual and automated systems.

Abbreviations

AML/CFT	Anti Money Laundering / Combatting the Funding of Terrorism
BO	Beneficial owner
BRA	Business Risk Assessment
CASPAR	Compliance and Supervision Platform for Assessing Risk
CDD	Customer Due Diligence
CRA	Customer Risk Assessment
ECB	European Central Bank
EDD	Enhanced Due Diligence
EEA	European Economic Area
EU	European Union
FATF	Financial Action Task Force
FIAU	Financial Intelligence Analysis Unit
FTE	Full-time equivalent
ICO	Initial Coin Offering
IPs	The Implementing Procedures issued in terms of Regulation 17 of the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR)
MFSA	Malta Financial Services Authority
ML/FT	Money Laundering / Funding of Terrorism
MLRO	Money Laundering Reporting Officer
NRA	National Risk Assessment
PEP	Political Exposed Person
PMLFTR	Subsidiary Legislation 373.01 Prevention of Money Laundering and Funding of Terrorism Regulations
SCO	Securitised coin offering
SDD	Simplified due diligence
SNRA	Supranational Risk Assessment
SP	Subject person
STR	Suspicious transactions report

FAQs

If a subject person was previously registered in CASPAR, should the subject person register again or can the previous credentials be used?	Subject persons do not need to register again and can use the same credentials
I am the MLRO of an entity that obtained its licensed in 2020. What should we do now?	Once the appointment of the MLROs is duly approved by the relevant supervisory authority, where applicable, the appointment and any subsequent changes thereto must be notified to the FIAU through CASPAR. The MLRO should register on CASPAR and create a Subject Person. Guidance on the registration process is available on the FIAU website. The first REQ in this case will be due in 2021 and will cover the period 1st January 2020 to 31st December 2020.
We are a partnership / firm which is not registered as a company / legal entity. All professionals are personally employed by the main partner who is acting as a sole practitioner. Shall we register the user on CASPAR as a Legal Person or as a Sole Practitioner?	Reference should be made to FIAU's interpretative note on the obligations of professionals and professional firms which highlights the difference between the two. In terms of Regulation 5(8) of the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR), professionals who carry out any of the activities listed under paragraphs (a) or (c) of the definition of 'relevant activity' in Regulation 2 of the PMLFTR as employees of a professional firm are not themselves considered Subject Persons. A civil partnership or other form of partnership, association or similar arrangement between two or more professionals who decide to jointly conduct their profession, provided that this is constituted in writing, constitutes a 'professional firm', even if not endowed with legal personality. Therefore any professional who is a partner, associate, or who is employed by a professional firm shall not be personally considered as a Subject Person (when that professional exercises any of the activities mentioned above for or on behalf of that professional firm or as part of that firm). In these instances the Partnership / Firm is required to complete the REQ. On the other hand, if that professional exercises any relevant activity defined under paragraphs (a) or (c) of the definition of 'relevant activity' in Regulation 2 of the PMLFTR in their personal capacity, then that same professional is personally considered to be a Subject Person in terms of the PMLFTR - irrespective of whether or not the professional is employed by or provides professional services as part of a professional firm. In these circumstances, each individual professional would have to complete the REQ. Furthermore, any professionals who share an office but provide their services independently from each other do not fall within the definition of a 'professional firm'.
If there was a change in MLRO in 2020, is it correct to assume that the current MLRO has to submit the REQ for 2019?	Yes, the current MLRO has to submit the REQ.

If the MLRO resigned some time ago and an interim MLRO has been appointed quite recently, can the designated employee submit REQ instead?	The REQ can only be submitted by the MLRO.
Does a REQ need to be completed even if operations have just started?	The 2020 REQ covers the operating period January – December 2019, therefore subject persons who obtained their license in or prior to 2019 have to complete the 2020 REQ. Subject persons who do not require to be licensed have to complete the REQ depending on the day when they commenced operations. Registration on CASPAR is compulsory.
Does an entity which was liquidated in 2019 or is currently in the process of liquidation need to complete and submit a REQ?	As long as the entity is still licensed, it is still required to submit the REQ for the year 2020.
The activity that I / my entity undertakes cuts across various REQs (e.g. an advocate also undertaking activities relating to a CSP and tax advisor). Which REQ should I complete?	The CASPAR System will amalgamate questions covering all the licences / services offered by the subject person into one REQ. Questions that apply equally will need to be answered once while questions that are product and customer based will be asked per type of license / service offered.
Is a separate REQ required to be completed for different entities?	Yes, each subject person has to complete a separate REQ and provide information that is specific to that subject person. Even if entities form part of the same group and controls may be the same, a separate REQ has to be completed and the inherent risk questions have to be completed to cover for the specific risk exposures of that subject person.
Is the new REQ for tax advisors applicable only for sole tax practioners?	There is REQ for sole practitioners providing tax advice as well as an REQ for legal persons providing tax advice.
How should subject persons answer questions that require a monetary value?	All questions requiring the subject person to give monetary values require an answer in Euro. The rate of conversion that has to be utilised depends on the type of question that is being answered. If the value requested is the value at year end, then the subject person should use the last official exchange rate available for the year under review. On the other hand, where the value represents the sum total of a number of transactions which took place during the year, the subject person may either utilise the official daily exchange rate or in the absence thereof the official monthly / annual average exchange rates.

What is the difference between the "Not Available" and the "Not Applicable" answer options provided?	The "Not Applicable" option should only be selected in those instances where the question does not apply to the subject person answering the REQ, such as where the subject person does not offer a specific product / service or where the subject person may have only recently commenced operations. If however a Subject Person does provide the service / product but registered no activity in the prior calendar year, then the respondent should input a '0' value. The "Not Applicable" option may also be availed of where the main question upon which all subsequent questions depend was answered in the negative. The "Not Available" option should only be selected in those instances where the subject person cannot reply to the question as it does not have the required or sufficient information at its disposal.
When the question requires an answer in numbers, currency or percentages, what is the difference between inputting "0", and selecting the 'not applicable' or 'not available 'option?	Inputting "0" means that the question applies to the subject person, however the subject person had nothing to report. The 'Not Applicable' option should only be selected in instances where the question does not apply to the subject person answering the REQ such as where a product is not offered or the subject person has only recently commenced operations. The 'Not Applicable' option can also be availed of where the main question upon which all subsequent questions depend was answered in the negative. The 'Not Available' option should be selected in those instances where the question applies to the subject person, however the entity does not have sufficient information at its disposal to answer the said question. When a number/percentage is required to be input and the 'Not Applicable' option is not available, a '0' value should be input. Example: "What percentage of total customers are resident or otherwise incorporated or their principal place of business is in a non-EU / EEA jurisdiction?" - Subject persons who do not accept customers from non-EU / EEA jurisdiction, should select "Not Applicable"; - Subject persons who accept customers from non-EU / EEA jurisdictions, however did not have any customers from such jurisdiction as at the end of the prior calendar year, should input "0"; - Subject persons who have customers from the mentioned jurisdictions, but the requested information may not be extracted, should choose the "Not Available".

Why is there a reference to the Basel Index in the REQs?	The 2019 REQ required subject persons to make their own determination to identify high risk jurisdictions when answering related questions. This introduced an element of subjectivity that undermined the ability of the FIAU to compare data. The FIAU included the reference to the Basel Index, together with other lists, to reduce this element of subjectivity. Subject persons should however note that reference to the Basel Index is only being made for the purposes of this exercise and should not to be considered to have any form of official endorsement by the FIAU. Subject persons are still required to make their own informed and autonomous decision as which jurisdictions represent a given level of risk. While they can make use of the Basel Index to inform their judgement, they are not to automatically rely thereon. Subject persons are expected to make use of the public version of the Basel Index.
In light of Brexit how should the UK be treated?	During the year under review (2019), the United Kingdom was still considered to be a member state of the European Union and therefore should be treated as such when completing the REQ.
Should all questions involving customers be taken to also include beneficial owners?	Unless the question makes specific reference to beneficial owners, reference to customers should only be taken to refer to the person or entity (excluding the BOs of the legal person) to whom the subject person provides the service.
Where a customer has both a holding and trading company should these be treated as one customer?	Should the service be offered to both the holding and the trading company, these should be regarded as two separate legal entities for which you are providing the service; therefore the total number of customers is two. If they form part of the same group but the Subject Person is offering the service to only one of the two, the customer in this case is one.
What constitutes the activity of a tax advisor in terms of the AML regulations?	Regulation 2(1) of the PMLFTR stipulates that "relevant activity" means the activity of the following legal or natural persons when acting in the exercise of their professional: (a) auditors, external accountants and tax advisors, including when acting as provided for in paragraph (c). Where reference is made to tax advisors, the PMLFTR seeks to target those situations where advice is provided on the tax treatment of particular transactions and / or how to minimise the tax incidence associated with a given transaction.
Where a question refers / relates to subsidiaries, should we include all entities with common ownership?	The definition of subsidiary shall be construed to have the same meaning as referred to in the entities Act. Only entities that have the same ownership and share a common parent should be included. Simply having common ownership does not make a company a subsidiary, a common parent company is required. Where the REQ makes reference to a subsidiary of the subject person, only those subsidiaries that undertake a relevant activity / relevant financial business, should be taken into consideration in the subject person's response to the question.
I am a sole practitioner / MLRO of a legal entity with no registered employees. How should I answer all employee-related questions in the REQ?	The term ‘employees’ should not only refer to individuals who have a contract of employment with the subject person but should be interpreted to also include individuals who are engaged by the subject person to carry out aspects of its business involving relevant activity or relevant financial business. Subject to the above, all questions related to employees should be marked as ‘Not Applicable’.

What are the risks encountered by designated non-financial businesses (in terms of money laundering and funding terrorism) and how can such risks materialise?	Designated non-financial businesses and professions are considered to have the ability to either block or facilitate the entry of illegitimate money into the financial system. As per the FATF's 2013 typology report, the following functions provided by lawyers, notaries, accountants and other gatekeepers are the most useful to a potential money launderer: (1) Creating and managing corporate vehicles or other complex legal arrangements, such as trusts: These arrangements may serve to obscure the links between the proceeds of a crime and the perpetrator. (2) Buying or selling property: Property transfers serve as either the cover for transfers of illegal funds (layering stage) or the final investment of proceeds after they pass through the initial laundering process (integration stage). (3) Performing financial transactions: Sometimes these professionals may carry out various financial operations on behalf of the client (for example, issuing and cashing checks, making deposits, withdrawing funds from accounts, engaging in retail foreign exchange operations, buying and selling stock and sending and receiving international funds transfers). (4) Providing financial and tax advice: Criminals with large amounts of money to invest may pose as individuals hoping to minimize tax liabilities or seeking to place assets out of reach in order to avoid future liabilities. (5) Providing introductions to financial institutions. (6) Providing assistance in relation to certain litigation. (7) Setting up and managing a charity.
During the prior calendar year (2019), the subject person terminated all its customer relationships and is in the process of winding up its business activity. Should the BRA be marked as Not Applicable?	Subject persons had an obligation to have a BRA with effect from January 2018. Where the subject person has already provided a copy of its Business Risk Assessment with the 2019 REQ submission, has reviewed the said BRA and concluded that no changes thereto are required, the subject person is not required to upload another copy of the BRA. In this case the subject person will be required to upload a signed declaration stating that following the review of the BRA, no updates were required since the BRA still covered all the ML / FT risks to which the subject person is exposed to. The signed declaration may be an extract from the Board minutes certified by the company secretary or in the case of sole practitioners a signed declaration by the MLRO.
If an engaged agent met the client face-to-face, but not the management of the entity directly, would this be considered as face-to-face relationship?	Yes, this is considered as a face-to-face relationship
Should a subject person be aware of whether a BO of a customer benefited from IIP citizenship?	In line with the IP Section 3.2.1, subject persons are required to consider factors that can lead to the customer being considered as presenting a higher risk of ML / FT and this includes situations where the customer has applied for, or is benefitting from, residence rights.

When screening for customers who have been convicted of a criminal offence that could have potentially generated proceeds, should directors be screened?	Sanction screening should be carried out on customers, BOs and agents.
To what extent can adverse media reports influence the classification of a client as high risk?	Not each and every adverse article found online should result in the increase of the subject person's risk classification. Adverse information should first be analysed before any changes to the risk classification is made.
Is the internal audit function obligatory? If so, what is the expected frequency that audits are carried out and are there any firms authorised to provide these services?	Regulation 5(5)(d) of the PMLFTR provides that "every subject person shall implement, where appropriate with regard to the size and nature of the business, an independent audit function to test the internal measures, policies, controls and procedures". The Revised Implementing Procedures in Section 3.4 further provide that this need not result in the creation of an internal audit function, since it is possible for the subject person to engage an external consultant independent of the subject person to evaluate the adequacy of its internal controls, policies and procedures. This task may also be assigned internally to a person other than the MLRO or anyone else involved in the implementation or operation of the subject person's AML / CFT compliance programme.
Does a business risk assessment by an independent firm cover the internal audit requirement?	Internal audit or independent testing is necessary to test the effective implementation of one's policies, controls, and measures. Through the carrying out of a business risk assessment one obtains an understanding of the risks that affect operations and the measures to manage such risks. On the contrary the internal audit or independent testing, in the context of the requirements of the PMLFTR, assesses the adequacy of the measures (controls) the subject person put in place to manage its risk exposure to ML/FT risk.
In response to AML/CFT training of employees, which employees are required to undergo training. We have a complement of 10 Full Time Equivalents. If 2 of these are a courier and a cleaner should we include all of them in the calculation of this percentage?	Reference can be made to Chapter 7 of the Implementing Procedures, Part I which indicates that awareness and training shall be provided to employees whose duties include the handling of either relevant financial business or relevant activity. It is safe to assume that members of staff holding the position of courier/cleaner do not fall within the definition provided under Chapter 7 of the Implementing Procedures, Part I and can therefore be excluded for the purposes of calculating the required percentage.

For how long should documents be kept in order to comply with FIAU's implementing procedures and regulations?	As per Regulation 13(2) of the PMLFTR and Section 9.3 of the Revised Implementing Procedures, subject persons are to maintain records for a period of five years. The FIAU, relevant supervisory authorities or law enforcement agencies are entitled to demand that records, including personal data, is retained for longer periods, when this is considered to be necessary for the purposes of the prevention, detection, analysis and investigation of money laundering or financing of terrorism activities by the FIAU, relevant supervisory authorities or law enforcement agencies. The FIAU can extend the retention period for a period of up to 10 years in total.
When providing the number of high risk clients, should the answer take into consideration the inherent risk or the residual risk following controls?	When providing the number of high risk clients, the subject person should only take into consideration the inherent risk.
A Maltese local client operates a cash-intensive supermarket with an annual turnover of €100,000 and a residual profit of €20,000. Should this be considered as high risk business?	The fact that a customer is operating a cash intensive business should only be one of the factors which are considered when carrying out of the customer risk assessment. Other risk factors should also be taken into consideration, such as, the geographical risk and the interface risk.
The subject person's client is a corporate client, having one of its director classified as a PEP. Should be this corporate client be considered as a PEP for REQ purposes?	For the purposes of filling in the REQ, if one of the corporate client's director is a PEP, then the corporate client is not to be considered as a PEP as the customer in this case is the corporate customer. The concept of a PEP can only be applied to natural persons. In the event that the director in question acted as an agent during the application process, such risk exposure should be taken into consideration during the carrying out of the customer risk assessment.
If one PEP has multiple entities and the subject persons services these entities, what is the correct number of PEPs in this case?	A PEP is always a natural person and therefore the number to be entered in this case should be one.
Which Government, Parastatal entities, Local Council office holders or employees fall under definition of a PEP?	Regulation 2(1) of the PMLFTR defines a PEP as a natural person who is or has been entrusted with a prominent public function, other than middle ranking or more junior officials. The PMLFTR does not define what constitutes a "prominent public function" since they may vary depending on a number of factors, such as the type, size, budget, powers and responsibilities associated with a particular public function and the organisational framework of the government or international organisation concerned, as the specific jurisdiction concerned. The PMLFTR do provide a non-exhaustive list of public functions that are considered to be prominent public functions and would therefore render the holder thereof a PEP. This list is not exhaustive and subject persons are required to assess on a case by case basis whether a particular public function presents characteristics that would fall to be considered as a prominent public function in terms of the PMLFTR and the Implementing Procedures.

	The prominent public functions which would render the holder a PEP include the following: - Heads of state, heads of government, ministers, deputy or assistant ministers, and parliamentary secretaries - Members of the Parliament or similar legislative bodies including the Speakers and all members of the House of Representatives - Members of the governing bodies of political parties which are those parties represented in the House of Representatives. However, this definition does not include regional or town representatives.
When does a person cease to be classified as a PEP?	The Revised Implementing Procedures issued in 2019 provide that the application of EDD to PEPs, their family members and close associates is mandatory as long as a PEP remains entrusted with a prominent public function, and for at least, a subsequent 12-month period from when he/she ceases to be so entrusted.
Basel index: there are various country risk databases of equal reliability. Is there a reason reference is only made to the Basel Index in the REQ?	The Basel Index was deemed to be the most frequently used. Whereas other indexes are also considered as reputable, the BASEL index was chosen purely for consistency patterns across the REQ.
Under the Geography section of the REQ, there is a part relating to the residence of beneficial owners. How should one report cases where beneficial owners of "legal persons" are from more than one jurisdiction?	If you / your entity has for example 50 customers that are legal entities, each having 2 UBOs, you / your entity will have a total of 100 UBOs. So percentages should reflect the total number of UBOs and not the total number of customers, irrespective of whether they are UBO of the same entity or otherwise. Therefore if for example out of the 100 UBOs, 50 are resident in Malta, 20 resident in an EU/EEA jurisdiction, 30 are resident in a non-EU/non-EEA. The following questions should be answered as follows: > What percentage of customer BOs are resident in Malta ? - 50% > What percentage of customer BOs are foreign and are resident in an EU or EEA jurisdiction outside Malta? - 20% > What percentage of customer BOs are foreign and are resident in a non-EU or non-EEA jurisdiction outside Malta? - 30%

Defintions

Agent	Agent means a person or entity who has an agreement with a subject person in order to provide services or products to the subject person's customers.
Basel Index	Reference made to the Basel Index is only included for the purpose of this exercise and should not be taken or construed as being an exhaustive list of jurisdictions considered as non reputable or high risk in line with their obligations under the relevant AML / CFT obligations. Subject persons are obliged to carry out the necessary jurisdiction risk assessments to understand the risk posed by such jurisdictions. [illegible] https://www.baselgovernance.org/sites/default/files/2019-08/Basel%20AML%20Index%202019.pdf
Beneficial owner / ultimate beneficial owner	The interpretation of Beneficial Owners should be applied in accordance with the PMLFTR and the guidance in the IPs. Regulation 2(1) of the PMLFTR defines a beneficial owner as: a) any natural person or persons who ultimately owns or controls the customer; and / or b) the natural person or persons on whose behalf a transaction or activity is being conducted. With respect to trusts reference to beneficial owner should extend to settlor / protector / trustee / beneficiaries / any other natural person actually exercising effective control over the trust.
Customers	Customer is defined as natural person or a legal person / entity with whom the subject person has a business relationship or for whom the subject person carried out an occasional transaction. In this context, customers refers to active customers as at the end of the prior calendar year. Reference to customers is made in respect of those clients that were provided with a relevant activity or relevant financial business by the subject person.
Employees / relevant staff	"Relevant staff" refers to employees and other company officials whose duties include the handling of either relevant financial business or relevant activity (as defined in the PMLFTR), irrespective of their level of seniority. This includes but is not limited to: (a) directors; (b) senior management; (c) the MLRO and designated employee(s); (d) compliance staff; and (e) all members of staff involved in the activities of the subject person that fall within the definition of 'relevant financial business' and 'relevant activity'. The term 'employees' should not only refer to individuals who have a contract of employment with the subject person but should be interpreted to also include individuals who are engaged by the subject person to carry out aspects of its business involving relevant activity or relevant financial business (such as temporary or contract staff).

EU List identifying high risk 3rd countries with strategic deficiencies	The jurisdictions in the EU list identifying high risk 3rd countries with strategic deficiencies can be found through the following link: https://ec.europa.eu/info/policies/justice-and-fundamental-rights/criminal-justice/anti-money-laundering-and-counter-terrorist-financing/eu-policy-high-risk-third-countries_en#evolutionoftheeulistonhighriskthirdcountries
EU List of Non-Cooperative Jurisdictions for Tax Purposes	The EU list of Non-Cooperative Jurisdictions is a list that includes non-EU countries or territories that failed make sufficient commitments in response to EU concerns in terms of tax good governance. The list can be found in the following link: https://cfr.gov.mt/en/inlandrevenue/tcu/Pages/EU-List-of-non-cooperative-jurisdictions.aspx
Face-to-face	Face-to-face basis refers to the cases when the customer is physically present for verification purposes. Where a subject person makes use of video conferencing tools to onboard customers in accordance with the guidance provided in the IPs to onboard customers, these should be considered to have been onboarded on a face-to-face basis.
FATF Lists	The Financial Action Task Force (FATF) identifies jurisdictions with strategic deficiencies in their frameworks to combat money laundering and the financing of terrorism and proliferation. It periodically publishes lists with high risk jurisdictions subject (black list) to a call for action and jurisdictions with strategic deficiencies (grey list). https://fiumalta.org/FATF
Financial intermediary	A financial intermediary is an institution or individual that serves as a middleman among diverse parties in order to facilitate financial transactions. Examples of financial intermediaries include commercial banks, investment banks, stockbrokers, pooled investment funds and stock exchanges.
High risk industries	Subject persons are required to define their own list of high risk industries and products. For the purpose of responding to this question, subject persons should consider high risk industries to include: productions / trade in war related weapons, productions / trade in radioactive materials, mining, oil and gas, chemical and pharmaceutical industries, and adult entertainment.
Dual use products	In accordance with SL 365.12, dual-use items refers to any used or unused items, including software and technology, which can be used for both civil and military purposes, and including all goods which can be used for both non-explosive uses and for assisting in any way in the manufacture of nuclear weapons or other nuclear explosive devices.
Inherent risk	Inherent risk is the risk a subject person is exposed to prior to adopting and applying any mitigating measures, policies, controls and procedures. Likelihood and impact will lead to the determination of the level of inherent risk a subject person is exposed to.

Introducer	The term introducer refers to an individual / entity that introduces a customer/s to a subject person. The introducer does not represent or act on behalf of the customer. The relationship between an introducer and the subject person may or may not be governed by an agreement. The subject person may remunerate (e.g. commission / finders fee) for their service. An official or an employee of the subject person is not an introducer. Furthermore, group entities that introduce customers to other entities within the same group are not to be considered as introducers. For the purpose of this definition, the term "group" also extends to international networks which accounting and legal firms may be members of.
Non-face-to-face	Non-face-to-face refers to the cases when the customer (or its agent) was not physically present for verification purposes. It excludes those customers that were onboarded by the subject person through the use of video conferencing tools in accordance with the guidance provided in the IPs.
Occasional transaction	The PMLFTR defines an occasional transaction as any transaction or service carried out or provided by a subject person for his / her customer, other than a transaction or service carried out or provided within a business relationship, and includes, but is not limited to, the following: a) a transaction amounting to €15,000 or more carried out in a single operation or in several operations that appear to be linked; b) a transfer of funds, as defined under Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 which exceeds €1,000 in a single operation or in several operations that appears to be linked; c) a transaction in cash amounting to €10,000 or more, carried out by a natural person or legal person trading in goods in a single operation or in several operations that appear to be linked; d) a transaction amounting to €2,000 or more, carried out by gaming or casino licensees in a single operation or in several operations that appear to be linked; e) the provision of tax advice; and f) the formation of a company, trust, foundation or a similar structure. [some of the above may also be carried out in the context of a business relationship]
Offshore	The term offshore refers to jurisdictions that have distinctive characteristics such as low or zero taxation, tax secrecy and possibly lack of transparency. You are kindly requested to refer to the EU list of Non-Cooperative Jurisdictions for Tax Purposes. The list can be found in the following link: https://cfr.gov.mt/en/inlandrevenue/tcu/Pages/EU-List-of-non-cooperative-jurisdictions.aspx
Onboarding	"Onboarding" refers to the process through which a business relationship is established or an occasional transaction is carried out.

Outsourcing	Outsourcing refers to outsourced activities directly relating to the entity's relevant activity / relevant financial business and in the connection with its AML/CFT obligations. Chapter 6 - Outsourcing of the IP provides guidance to subject persons on what activities constitute outsourcing, the extent of outsourcing allowed and the conditions to which outsourcing should be subject. Subject persons whose AML / CFT obligations are, in whole or in part, undertaken by an entity forming part of its group should, irrespective of the legal and commercial arrangements consider this to be an outsourced operation.
PEP measures	Regulation 11 (5) of the PMLFTR states that: Subject persons shall ensure that the risk management procedures maintained in accordance with Regulation 5(5)(a) are conducive to determine whether a customer or a beneficial owner is a politically exposed person, and when undertaking occasional transactions for, or establishing or continuing business relationships with politically exposed persons shall: (a) require the approval of senior management; (b) take adequate measures to establish the source of wealth and source of funds; and (c) conduct enhanced ongoing monitoring of such business relationships.
Politically Exposed Person	The definition of a PEP should be construed in accordance with the PMLFTR and the guidance in the IPs Regulation 2(1) of the PMLFTR defines a PEP as a natural person who is or has been entrusted with a prominent public function, other than middle ranking or more junior officials. The PMLFTR provide a non-exhaustive list of public functions that are considered to be prominent public functions and would therefore render the holder thereof a PEP. Regulation 11(8) of the PMLFTR defines the term "family members" as including: (i) the spouse, or a person considered to be equivalent to a spouse; (ii) the children and their spouses, or persons considered to be equivalent to a spouse; and (iii) the parents. The list of “family members” is not an exhaustive list and therefore subject persons should consider whether other family relationships in specific circumstances may be considered to be similar to those under the indicative list in the PMLFTR. Regulation 11(8) also defines the term "close associates" as: (i) a natural person known to have joint beneficial ownership of a body corporate or any other form of legal arrangement, or any other close business relations, with that politically exposed person; (ii) a natural person who has sole beneficial ownership of a body corporate or any other form of legal arrangement that is known to have been established for the benefit of that politically exposed person.
Principal place of business	“Principal place of business” refers to the place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance, made.

Regulated intermediary	A regulated intermediary refers to an individual / entity that undertakes a relevant activity or a relevant financial business and which is regulated by the Malta Financial Services Authority.
Relevant activity / Relevant financial business	Relevant activity and relevant financial business carry the same meaning as defined in Regulation 2 (1) of the PMLFTR .
Reliance on other subject persons	The PMLFTR permit subject persons to rely on the CDD measures carried out by other subject persons or by certain other third parties. A reliance arrangement can be set up between entities when those entities are servicing the same customer, or when that same customer is in contact with multiple entities to a transaction, with each entity being under a legal obligation to carry out CDD measures on the customer. Subject persons should take adequate steps to ensure that, on request, the entity relied on immediately forwards relevant copies of the identification and verification documents on the CDD measures undertaken. In this regard, subject persons should have a written formal agreement with the entity, signed by both parties, that would regulate the procedures and conditions on these requests to ensure that the data is made available immediately.
Residence	"Residence" refers to the customer's principal country of residence or for a legal entity the jurisdiction where it is incorporated or has its principal place of business. With respect to trusts and similar legal arrangement the country of residence should be the jurisdiction of the laws governing the trusts and / or similar legal arrangement.
Residual risk	Residual risk is the level of risk left after applying the mitigating measures, policies, controls and procedures to the level of inherent risk identified. Level of inherent Risk – Mitigating Measures = Level of Residual Risk
Senior management	The definition of “senior management” will depend on the type of body corporate or organisation setup of the entity. It intends to capture those individual(s): (a) who are responsible for taking strategic decisions that fundamentally effect the business operations or general direction of that entity; and (b) who exercise executive control over the daily or regular affairs of the entity through a senior management position. Paragraph (b) includes individuals at C-level who have executive functions or are otherwise responsible for the management of the entity, such as executive directors, chief executive officers (CEOs) and chief financial officers (CFOs), and who require the approval, prior to appointment, of the MFSA or MGA, respectively.
Shelf company	A shelf company typically refers to an incorporated company with inactive shareholders, directors and secretary, which has been left dormant for a longer period.
Shell company	A shell company is an incorporated company with no independent operations, significant assets, ongoing business activities or employees.

Subsidiary entity	The definition of subsidiary shall be construed to mean the same as explained in the Companies Act. Companies that have the same ownership and share a common parent should be included within the definition of a subsidiary. On the other hand, entities simply having common ownership do not constitute a subsidiary, since there is no common parent entity. Where the REQ makes reference to a subsidiary of a subject person, only those subsidiaries that undertake a relevant activity / relevant financial business should be taken into consideration.

Specific Guidance

No.	Question	Guidance
1.05	If your entity is a subsidiary of a foreign traded company or a subsidiary of a privately held foreign company, is the parent company located in EU / EEA jurisdictions or non-EU / EEA jurisdictions?	If the entity is directly controlled by a natural person (ultimate beneficial owner) then the "Not Applicable" option should be selected.
1.06	Please indicate total annual turnover according to the latest available audited financial statements and / or tax declaration.	Respondents are required to indicate turnover on the basis of the latest available financial statements or submitted tax return. Where the latest available audited financial statements or submitted tax return does not correspond to the prior calendar year, subject persons are required to provided the required information from the latest available financial statement or submitted tax return available. In those instances where the subject person's financial statements are not reported in Euro, the reported turnover in foreign currency amount should be translated into Euro at the average annual exchange rate for the given accounting reference period as published by the European Central Bank. Furthermore, where the 2019 financial statements have not yet been audited or the 2019 tax declaration has not yet been submitted, subject persons are expected to use the latest available audited financial statements or tax declaration. Annual average exchange rates may be accessed through the following link: https://www.centralbankmalta.org/average-exchange-rates
1.08	Please indicate the total number of employees (including partners, executive directors, associates and staff), expressed in full time equivalents ("FTEs"), working for you / your entity as at the end of the prior calendar year.	Employment in full-time equivalent ("FTE") is a conversion method used to measure the number of employees according to the number of hours worked. When using FTE, a full-time employee working a 40 hour week is equivalent to 1, whereas a person who works 20 hours per week is equivalent to 0.5. Self employed should be included in the FTEs calculation. How is this different from the below? Employees should include persons who are directly employed by subject persons including directors and employees employed within the same group but working directly for the SP or who are self-employed persons but working for the SP.

No.	Question	Guidance
1.09	How many years experience in this industry do you / does the principal(s) and / or partners and / or director(s) and / or senior management of your entity have?	The persons to be taken into consideration for the purpose of this question, must have either an employment relationship with the entity or are serving on the governing body of the entity (through employment), independently of whether they have an executive or non-executive role.
1.11	Does your entity have any subsidiaries, branches, affiliates, representative offices and agencies in other EU / EEA countries?	This question applies only to subsidiaries, branches, affiliates that carry out services equivalent to relevant activity or relevant financial business. If you entity is part of a Group, the other subsidiaries / branches / affiliaites / representative offices / agencies forming part of and directly owned / controlled by other entities within the Group, should not be considered as your entity's subsidiary, branch, affiliate, representative office or agency. Audit / tax advisory firms which are part of an international network do not fall within the definition of affiliates.
1.12	Does your entity have any subsidiaries, branches, affiliates, representative offices and agencies in non-EU / EEA countries?	This question applies only to subsidiaries, branches, affiliates that carry out services equivalent to relevant activity or relevant financial business. If you entity is part of a Group, the other subsidiaries / branches / affiliaites / representative offices / agencies forming part of and directly owned / controlled by other entities within the Group, should not be considered as your entity's subsidiary, branch, affiliate, representative office or agency. Audit / tax advisory firms which are part of an international network do not fall within the definition of affiliates.
1.14	Does your entity have any subsidiaries, branches, affiliates, representative offices and agencies in jurisdictions listed in the FATF lists and / or the EU list identifying high risk 3rd countries with strategic deficiencies and / or jurisdictions featuring in the top 20 countries of the Basel Index?	This question applies only to subsidiaries, branches, affiliates that carry out services equivalent to relevant activity or relevant financial business. If you entity is part of a Group, the other subsidiaries / branches / affiliaites / representative offices / agencies forming part of and directly owned / controlled by other entities within the Group, should not be considered as your entity's subsidiary, branch, affiliate, representative office or agency.

No.	Question	Guidance
1.16	Please list all persons (name and surname) who are considered as your entity's beneficial owners as defined in the PMLFTR.	Subject persons are only required to provide the requested information for customers that are natural persons or legal arrangements. Regulation 2(1) of the PMLFTR defines a beneficial owner as: (a) any natural person or persons who ultimately owns or controls the customer; and/or (b) the natural person or persons on whose behalf a transaction or activity is being conducted. A body corporate, body of persons, trust or other legal arrangement can never qualify as a beneficial owner. The beneficial owner, when there is one, must always be a natural person. In case of a publicly listed entity, please specify the name of the stock exchange where the company is listed e.g.: Malta Stock Exchange.
1.17	Does your entity have nominee shareholders in its ownership structure?	Nominee shareholding refers to those instances where the shares of an entity are held by a person for the benefit of another person (beneficial owner). A nominee shareholder may be an individual or a body corporate. In replying to this question, subject persons are required to consider their whole ownership structure irrespective of country of incorporation or jurisdiction.
1.20	Has your entity undergone significant changes in its management and control structure during the prior calendar year?	"Management and control structure" refers to those bodies or individuals within the entity that either set the general direction of the entity in the pursuance of its activities (e.g. Board of Directors, Partners' Committee etc.) or that manage the entity's activities on a day-to-day basis (C-level e.g. Chief Executive Officer, Chief Financial Officer, Managing Partners etc.) and who require the approval, prior to appointment, of the MFSA or MGA, respectively. Control structures refer to the entity's governance structures and their related setup and should exclude control structures established for the day-to-day operations of the entity. "Significant changes in its management and control structure" means any change to the governing body or to the management of the entity. For licensed subject persons (including CSP and Trustees) change to governing body or management refers to those positions that require prior approval and / or notification of the Malta Financial Services Authority or the Malta Gaming Authority respectively.

No.	Question	Guidance
2.03	How many staff members, expressed as FTEs, are part of the AML / CFT team (if one exists)?	"AML / CFT team" refers to individual/s who are part of an organised setup within the entity whose responsibilities include the assistance / execution, in part or in whole, of the entity's obligations arising from the PMLFTR and IPs and the entity's policies and procedures. Employment in full-time equivalent is a conversion method used to measure the number of employees according to the number of hours worked. When using FTE a full-time employee working a 40 hour week is equivalent to 1, whereas a person who works 20 hours per week is equivalent to 0.5. Self employed should be included in the FTEs calculation. The reported number should exclude the MLRO.
2.04	Is any of the AML / CFT team staff responsible for other roles and responsibilities not attributable to AML / CFT (e.g. front office, back office, etc.)?	"AML / CFT team" refers to the staff members other than the MLRO. "Roles and responsibilities" relate to those responsibilities which are part of the first line of defence in the three lines of defence model. This may include front office, back office responsibilities but excludes compliance and risk management roles.
3.05	Did the Business Risk Assessment conducted take into account the results of the SNRA and NRA?	"NRA" refers to National Risk Assessment "SNRA" refer to Supranational Risk Assessment
4.04	Please indicate, for all your customers where a business relationship is formed or, depending on the risk, only for a specific part of your customers, whether you / your entity collects information on actual or expected activity (including cash flows) with respect to size, frequency and geographical distribution.	This question refers to information that may be collected, on a risk basis, by a subject person in order to understand the customer's business and strengthen its customer risk assessment. Geographical distribution refers to the jurisdictions where or through which the customer carries out its operations (customers, suppliers, place of management) and undertakes its financial activity (money flows).

No.	Question	Guidance
4.09	Do you / your entity's policies and procedures require enhanced due diligence to be applied in higher risk situations?	Subject persons are required to establish the variables and risk parameters, in line with its risk appetite and as applied in the customer risk assessment, to identify and determine those instances and circumstances that result in a "higher risk situation". This should be appropriately documented in the entity's policies and procedures. Further to the above, Regulation 11 of the PMLFTR requires the application of EDD in relation to the following situations: a) In relation to activities or services that are determined by the FIAU to represent a high risk of ML / FT, having taken into consideration the findings of any national risk assessment and any other relevant factors, as may be deemed appropriate; b) Where, on the basis of the risk assessment carried out in accordance with Regulation 5(1) of the PMLFTR, the subject person determines that an occasional transaction, a business relationship or any transaction represents a high risk of ML / FT; c) When dealing with natural or legal persons established in a non-reputable jurisdiction as defined in Regulation 2(1) of the PMLFTR, other than branches or majority-owned subsidiaries which comply with group-wide policies and procedures, as required under Regulation 6 of the PMLFTR, in relation to such branches or majority-owned subsidiaries EDD is to be applied when these present a high risk of ML / FT. d) the cases referred to in sub-regulations (3) to(9). In relation to point (d) above, subject persons are expected to carry out enhanced due diligence measures when: i) establishing correspondent relationships, ii) customers are politically exposures persons and iii) when having complex and unusually large transactions and unusual patterns of transactions which have no apparent economic or lawful purpose.

No.	Question	Guidance
4.16	Save for the application and variation in timing under SDD (as per your / your entity's policies and procedures), when due diligence is not complete but activity has begun or is complete, do the customer files include a documented justification and formal approval of the exception?	Section 4.6 of the Implementing Procedures provides guidance on the timing of due diligence procedures that subject persons are required to adopt.
4.17	Where customer due diligence cannot be completed, do the policies and procedures require you / your entity to consider whether there is a need to file a STR with the FIAU and only proceed with the cancellation / termination of the business relationship / service, once it is determined that there is no suspicion justifying the filing of a STR?	The IPs require subject persons to consider terminating the business relationship / the carrying out of an occasional transaction when CDD cannot be completed only after taking into consideration whether an STR needs to be filed. Section 4.7 of the IPs provides further guidance on subject persons' obligations on this matter.
4.19	Is your monitoring system able to detect the expiry of due diligence documentation and any conflicting information in relation to customer data?	For subject persons who only carry out occasional transactions, this question shall be answered to the extent that the information or documentation obtained prior to the carrying out of such transactions is conflicting with the information provided during the carrying out of the transaction. For example, the information provided by the customer indicates that he / she lives in Malta while the documentation made available states otherwise.
4.21	In the event that there are changes to your customer's business model, ownership structure or service offering, do you / does your entity review the existing customer risk assessment and, if necessary, update the said risk assessment?	Respondents who solely undertake occasional transactions should mark their reply to this question as 'Not Applicable'.
4.22	How often do you / your entity review the customer risk assessment?	Subject persons' obligation to review the customer risk assessment is only applicable in those instances where a business relationship is established. Where the subject person only undertakes occasional transactions, they should select the "Not Applicable" option in their reply.

No.	Question	Guidance
5.01	Where business relationships are established, how frequently does your entity review and update the information held in the files on customers and BOs that are assessed as high risk (or higher)?	The obligation to review information held on customer files is restricted to those instance where a business relationship is formed.
5.02	Where business relationships are established, how frequently does your entity review and update the information held in the files on customers and BOs that are not assessed as high risk (or higher)?	The obligation to review information held on customer files is restricted to those instances where a business relationship is formed.
5.06	Are you or your entity aware of any of your customers whose assets were frozen, confiscated or seized?	Respondents are required to select "Yes", if any of their customers has been served a freezing order. The 'Not Applicable' option should be only selected by subject persons who do not have business relationships but only occasional transactions.
7.01	Have you / your entity, given the size and nature of its business, appointed an officer at management level to monitor the day to day implementation of its AML / CFT measures, policies, controls and procedures?	Where the subject person is a sole practitioner and the appointed officer is themselves, they may choose to select the option "No, MLRO has taken this role".

No.	Question	Guidance
7.03	Have you / your entity, given the size and nature of its business, appointed an independent audit function to test its AML / CFT measures, policies, controls and procedures?	The PMLFTR requires subject persons to consider whether, given the size and nature of their business, the conduct of ongoing monitoring on one's own measures, policies, controls and procedures needs to be strengthened through: (a) the appointment of an officer at management level whose duties are to include monitoring of the day-to-day implementation of the measures, policies, controls and procedures adopted by the subject person; and (b) the implementation of an independent audit function to test the said internal measures, policies, controls and procedures from time to time. The latter need not necessarily result in the creation of an internal audit function, since it is possible for the subject person to engage an external consultant independent of the subject person to evaluate the adequacy of its internal controls, policies and procedures. Alternatively, the subject person may assign this task internally to a person other than the MLRO or anyone else involved in the implementation or operation of the subject person's AML / CFT compliance programme.
8.01	Do you / does your entity have policies and procedures regarding the reporting of suspicious activity or transactions?	The subject person's policies and procedures are required to address both internal and external reporting.
8.02	Please list the number of alerts / transactions you / your entity investigated as a result of unusual activity or transactions during the prior calendar year?	Reference made to number of alerts / transactions should be limited to those instances where further analysis / investigation was carried out by the subject person to be able to determine the existence of suspicious activity relating to ML / FT, including the requirement for a submission of a STR. Subject persons should not include false positives but rather actual alerts or transactions that required the carrying out of a review to discover and examine the facts of the alert or transaction so as to establish whether there is suspicion or reasonable grounds to suspect that money laundering took place. In cases wherein the subject person did not have such investigations, they are required to mark "0".
8.03	Were there any "internal reports" or "alerts", received during prior calendar year, which were analysed by the MLRO but did not instigate a STR?	Subject persons are required to answer this question even where "internal reports" are not raised as the subject person is a sole practitioner.

No.	Question	Guidance
8.04	Were records of all "internal reports" raised during the prior calendar year and the analysis conducted thereon maintained by you / your entity?	The internal reporting procedures of a subject person should set out the steps to be followed when one of its employees knows or suspects that a person or a transaction is connected to ML / FT. The procedures should clearly state that when an employee has any such information, he / she is to report the matter to the MLRO without delay. Internal reports should be submitted in writing, preferably using a standard template, together with all relevant information and documentation available to the employee so as to assist the MLRO to determine how best to proceed. Following the receipt of an internal STR, the MLRO may conclude, for justifiable reasons that the report does not give rise to knowledge or suspicion of money laundering. In such cases, the MLRO should keep a copy of the internal STR together with the rationale of why the report did not warrant a submission to the FIAU. It is the MLRO's responsibility to consider internal reports of money laundering and decide if there is sufficient grounds for suspicion to file a suspicion transaction report ("STR").
8.05	How many requests for information from the Maltese authorities did you / your entity receive about any of your customers during the prior calendar year?	The term "Maltese authorities" refers to: Financial Intelligence Analysis Unit (FIAU), Malta Financial Services Authority (MFSA), Malta Gaming Authority (MGA), The Malta Police Force, Sanctions Monitoring Board and the Asset Recovery Bureau. Reference to customers is made with respect to current clients (active or inactive), customers who no longer have a business relationship with the entity and those for whom an occasional transaction was carried out.
9.03	Please provide the % of staff that received AML / CFT training in the prior calendar year.	Reference to "staff" should be interpreted as "relevant staff".
9.07	Where tasks relating to AML / CFT compliance are outsourced (within or outside the Group), what % of the provider's staff directly servicing you / your entity, received training on AML / CFT throughout the prior year?	The term "group" refers to a parent undertaking and all its subsidiary undertakings. Subject persons whose AML / CFT obligations are, in whole or in part, undertaken by an entity forming part of its group should, irrespective of the legal and commercial arrangements in place, also respond to this question.

No.	Question	Guidance
10.01	Do you / your entity have policies and procedures in place providing for compliance with the record keeping obligations arising from the PMLFTR?	Chapter 9 – Recordkeeping Procedures of the IPs states that subject persons must have procedures in place and apply the same, so as to ensure that the following records are maintained: a) records of the actions taken to adopt and implement the risk-based approach; b) the CDD information and documents obtained for identification and verification of identity purposes; c) records containing details relating to the business relationship that is formed and all transactions carried out in the course of a business relationship or an occasional transaction; Subject persons should also retain the following records required as evidence of compliance with the PMLFTR and for statistical purposes: a) internal reports made to the MLRO; b) a record of any written determinations made by the MLRO and the designated employee, including the reasons for not filing an STR with the FIAU; c) STRs made by the subject person to the FIAU and any follow-up submissions made in connection thereto; d) a record of AML / CFT training attended by sole practitioners / provided to employees; e) records of conduct certificates or other documentation obtained in carrying out employee screening; f) records of any outsourcing agreements entered into and other documentation that provides evidence of the subject person's adherence to its obligations under Chapter 6 of these Implementing Procedures, Part I; g) records of any reliance agreements entered into and of any related assessments undertaken on the other subject person or third party in terms; and h) other important records, including: any reports by the MLRO, records of consideration of those reports made to senior management and of any action taken as a consequence thereof, records of any internal audit reports or assessments dealing with AML / CFT issues, and any other records that are necessary to demonstrate compliance with the obligations under the PMLA, the PMLFTR and any Implementing Procedures. Subject persons are required to maintain records for a period of 5 years, however in specific cases subject persons may be requested to retain their records for longer periods. The 5 year retention period commences from the date on which the business relationship is terminated or the occasional transaction is carried out.

No.	Question	Guidance
10.02	Upon request by the FIAU, are you / your entity in a position to retrieve the requested customer records / or investigative records within the established deadlines? **If you / your entity received reminders or requested extensions for deadlines imposed by the FIAU, do not mark as [yes, always].*	When requests for information are made by the FIAU, subject persons should ensure that they are able to reply in a timely manner but not later than 5 working days, provided that subject persons are able to reply in a shorter period of time where the FIAU deems it necessary, depending on the request
12.09	Please list the number of customers (natural persons) and / or BOs that have benefited from residence or citizenship by investment schemes, or are applicants / prospective applicants for such schemes.	Investor citizenship schemes are often referred to as CIPs ('citizenship investment programmes'), 'citizenships for sale' or 'golden passports'. They allow foreigners to be naturalised as a citizen of a country in return for an investment, provided certain criteria are fulfilled. Investor citizenship schemes differ from investor residence ('golden visa') schemes, which aim to attract investment in exchange for residence rights in the country concerned.
12.16	Do you / your entity have customers that act as holding companies with subsidiaries or investments in non-EU / EEA jurisdictions?	Holding companies are typically entities that hold investments principally related to equity shares in other entities. Holding companies may also own other assets such as immovable property, intellectual property and other financial assets. Holding companies do not actively participate in the running of the day-to-day operations of the entities it holds an investment in.
12.18	Please list the number of customers that operate cash intensive businesses.	Cash intensive businesses are businesses which through their operations receive or depend largely on cash-based transactions. Examples of cash intensive business include restaurants, petrol stations, retail stores and parking garages.

No.	Question	Guidance
12.20	Please list the number of customers that held virtual financial assets or carried out transactions (receipts or payments) through the use of virtual financial assets during the prior calendar year.	Subject persons should only select the "Not Applicable" option in their response when they do not accept customers that held or carried out transactions through the use of virtual assets. Subject persons that are open to provide services to customer holding and / or carrying out transactions through the use of virtual assets but did not have such customers in the prior calendar year should input "0" in their reply. "Virtual financial asset" shall be construed to have the same meaning given under the Virtual Financial Assets Act, Chapter 590 of the Laws of Malta: "virtual financial asset" or "VFA" means any form of digital medium recordation that is used as a digital medium of exchange, unit of account, or store of value and that is not - (a) electronic money; (b) a financial instrument; or (c) a virtual token.
12.21	Please list the number of customers that are VFA agents or VFA license holders or are in the process of obtaining a VFA license.	Respondents are requested to report the number of customers that are VFA agents or customers who hold or are in the process of applying for a VFA license with whom you have a business, professional, or commercial relationship or who were involved as parties in executed contracts.
12.27	Please list the number of customers whereby the independent audit opinion expressed in the last financial statements is either a qualified opinion, an adverse opinion or a disclaimer of opinion.	There are four types of independent audit opinions expressed on a customer's financial statements. These are an unqualified opinion, a qualified opinion, an adverse opinion and a disclaimer of opinion. Subject persons are requested to report on the % of their customers that received any of the latter three audit opinions. A qualified opinion indicates any limitations on the scope of the audit and may describe certain information that could not be verified by the auditor. An adverse opinion indicates gross misstatement in customer’s financial statements. An auditor may issue a disclaimer of opinion report where he is unable to express a definite opinion on the financial statements being audited.
13.01	What percentage of your / your entity's total customers are resident or otherwise incorporated or their principal place of business is in Malta?	Reference to residency in the question refers to the principal country of residence of the person and not to his / her tax residence.

No.	Question	Guidance
13.08	Did you / your entity provided tax advisory services to individuals or entities which are established in any of the EU list of Non-Cooperative Jurisdictions for Tax Purposes?	This question applies only to subsidiaries, branches, affiliates that carry out services equivalent to relevant activity or relevant financial business. Collective investment schemes should take into consideration SPVs that are owned by the sub-fund in their response to this question. If you entity is part of a Group, the other subsidiaries / branches / affiliaites / representative offices / agencies forming part of and directly owned / controlled by other entities within the Group, should not be considered as your entity's subsidiary, branch, affiliate, representative office or agency.
13.10	Did you / your entity provide (or were involved in providing) advice on tax structuring where one or more of the entities in the structure were incorporated in a country listed in the EU list of Non-Cooperative Jurisdictions for Tax Purposes?	This question applies only to subsidiaries, branches, affiliates that carry out services equivalent to relevant activity or relevant financial business. Collective investment schemes should take into consideration SPVs that are owned by the sub-fund in their response to this question. If you entity is part of a Group, the other subsidiaries / branches / affiliaites / representative offices / agencies forming part of and directly owned / controlled by other entities within the Group, should not be considered as your entity's subsidiary, branch, affiliate, representative office or agency.
13.12	What % of your / your entity's customers' BOs are resident in Malta?	The % response should be calculated on the basis of the total number of BOs and not on the total number of customers held by you / your entity.
13.13	What % of your / your entity's customers' BOs are foreign and resident in an EU or EEA jurisdiction outside Malta?	The % response should be calculated on the basis of the total number of BOs and not on the total number of customers held by you / your entity.
13.14	What % of your / your entity's customers' BOs are foreign and resident in a non-EU / EEA member state jurisdiction?	The % response should be calculated on the basis of the total number of BOs and not on the total number of customers held by you / your entity.

No.	Question	Guidance
14.05	What % of customers were onboarded during the prior calendar year where a reliance arrangement was in place in terms of Regulation 12 of the PMLFTR?	Third parties may be used by a subject person during the onboarding process of its customers. Some examples of how third parties may be used include: a) reliance on the CDD measures of another subject person or third party; b) use of third party software to carry out some aspects of identity verification; c) outsourcing any part of identity verification to a third party. A third party refers to a natural person that is not in the direct employment of the entity or to a legal person that is not connected to the subject person either as part of the same group or through common beneficial owners.