



FIAU

Financial
Intelligence
Analysis Unit
Malta

Compliance Monitoring Committee Governing Principles and Framework

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Compliance Monitoring Committee: Overview Process and Methodology

This Governing Principles and Framework (the CMC Principles) governs the composition, decision-making processes, and record-keeping procedures of the Compliance Monitoring Committee (CMC/ Committee) of the FIAU. The CMC of the FIAU is an internal organ set up by the FIAU for the purposes of considering potential breaches of AML/CFT obligations and determining the most appropriate administrative measures to address identified breaches.

Contained herein are protocols that ensure the CMC has comprehensive discussions of cases brought before it and that decisions taken during Committee meetings are reflected in the CMC meeting minutes. This document, that is to be read in conjunction with the Sanctions Policy, aims to ensure proper governance of the CMC, including in its decision making, record-keeping and minute taking processes.

Terms Of Reference

- **Administrative Measures** comprise financial administrative penalties, follow up and remediation directives, written reprimands, and any other administrative actions that the FIAU through the CMC may undertake or impose in terms of law.
- **Compliance Monitoring Committee** (“CMC” or “Committee”).
- **Enforcement Notice Letter** formally notifies subject persons of the initiation of the enforcement process. This contains details including: the estimated timeframes for the enforcement process, the name and designation of the members composing the respective CMC, the date for the in-person meeting (where applicable) and a link to the case documentation folder that will be utilised by the CMC in determining the case.
- **In-Person Meeting** is a meeting that the subject person may request to meet with the members of the CMC to substantiate in further detail its written representations.
- **Potential Breaches Letter (“PBL”)** is the letter sent to the subject person (SP) highlighting the potential breaches which were noted during supervisory interventions, or other interventions by the FIAU aimed at assessing the level of compliance with AML/CFT obligations.
- **Representations** are the replies received from the subject person following the receipt of the potential breaches letter or additional representations received in a timely manner following any meetings held.
- **Subject Person (“SP”)** as defined in Regulation 2 of the Prevention of Money Laundering and Funding of Terrorism Regulations

1. Membership of the Committee and Committee Governance

1.1 Introduction

The Compliance Monitoring Committee (CMC/Committee) has been established by the Board of Governors (BoG) of the FIAU during 2011. The purpose of the Committee is to consider the findings identified during the FIAU's supervisory role and to establish breaches by subject persons of their AML/CFT legal obligations and determine the appropriate administrative measure to impose.

These CMC Principles have been approved by the BoG during the meeting of 2nd April 2026.

1.2 Members

The Committee shall be composed of five (5) members, these being:

- i) The Director of the FIAU.
- ii) The Deputy Director of the FIAU in charge of overseeing the FIAU's enforcement function.
- iii) The most senior officer within the section or department of the FIAU entrusted with the enforcement function thereof.
- iv) A senior management officer from the section or department of the FIAU entrusted with the enforcement function.¹
- v) The most senior officer acting as the FIAU's in-house general counsel or, in his absence, another senior management officer from the said office.

A quorum shall consist of three (3) members provided that the Director or Deputy Director, as well as a representative of the enforcement function and the in-house general counsel, shall be required for a quorum to be reached.

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Any enforcement official acting as member shall be a different official than the enforcement official presenting the case, provided the rankings mentioned above are met.

1.3 Attendees

The enforcement official responsible for the case (case officer), as well as any other member of the enforcement function and in-house general counsel of the FIAU may be present during a CMC meeting². None of these officials are members of the Committee and such attendees do not have any voting rights or other say during the Committee's deliberations and decisions.

The case officer shall be required to attend the CMC Meeting. The other abovementioned officials may be invited but their attendance is not mandatory.

1.4 Observers

Any official(s) of the FIAU or of its Agents may be present during the CMC meeting as observers. Observers are only present in a listening capacity and may not intervene nor participate in the Committee's discussions. Officials of the supervision function or its Agents must not have been directly involved in the case being discussed by the CMC.

1.5 CMC secretary

The secretary of the Committee shall be an official of the FIAU and is appointed by the Director or Deputy Director.

The CMC secretary has no voting rights. There must always be a CMC Secretary for a CMC meeting to be held.

1.6 Formation of a CMC

A CMC is formed each time a case needs to be discussed, and before the Enforcement Notice Letter (ENL) is sent to the subject person.

The Composition of the CMC is not expected to change from the issue of the ENL until the Committee's determination of the case. The CMC is also expected to maintain the same composition when addressing discussions related to directives requiring corrective actions. In exceptional circumstances, where a change is necessary, the subject person shall be duly informed of the change in the CMC composition.

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Unless these would themselves be members of the CMC who need to be present for a CMC to be held.

1.7 Governance

Each time a CMC is formed, and before a member is appointed as a CMC member for each CMC, this member is required to disclose to the CMC Secretary any conflict of interest or any circumstances that might reasonably give rise to the perception of a conflict of interest. Should a conflict of interest arise, that member may not act as a CMC member for the case to be discussed.

Before the start of a CMC meeting the CMC Secretary shall confirm and minute that there is no conflict of interest between the members deliberating on the case.

If there is reasonable concern³ of a conflict of interest by a member of the Committee, the Chairman shall request the member to abstain from discussions and voting on the matter and to excuse themselves from the Committee meeting. A quorum is still required for a CMC meeting to be held in line with Section 1.2 above.

If at any time during the process, from the formation of the CMC through to the determination of the case, any member declares a conflict of interest, the member shall abstain from discussions and voting on the matter and to excuse themselves from the Committee meeting. A quorum is still required for a CMC meeting to be held in line with Section 1.2 above.

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For the purposes of this document, 'reasonable concern' shall be construed to mean when any one or more members of the CMC or the subject person, formulate an objectively justifiable concern that is based on specific facts or circumstances that justifies requiring the member to abstain from the Committee meeting.

2. Committee Scheduling

The secretary shall ensure the maintenance of the Committee's schedule, as well as a record of its activity, including minutes of Committee meetings.

The secretary shall ensure the scheduling of all Committee meetings and that the Committee meets no fewer than twelve times per annum.

3. Assignment of case and Setting of Agenda

Once the potential breaches letter is sent to the subject person, and the subject person has submitted its representations, the case is assigned to an enforcement officer (case officer). Once a case is assigned, the secretary shall proceed to draft the agenda for each meeting and communicate with all CMC members that shall be required to be present during the CMC.

4. Documentation

The secretary of the Committee shall inform members and attendees of the date of the CMC meeting during which the case is to be presented to the CMC members.

The case officer shall make the documentation in the case documentation folder available to the Secretary in advance of the meeting, who shall be responsible for ensuring that Committee members are granted timely and appropriate access to such documentation.

The documentation to be made available includes:

- The PBL sent to the SP.
- Any representations received from the SP in reply to the examination report.

- Any evidence available substantiating the potential breaches identified as well as any other evidence provided by the SP together with the representations.
- Any additional representations received in a timely manner from the SP following any meetings held with the CMC.

5. Preparation for Committee Meeting

5.1 Preparation

The secretary to the Committee shall notify Committee members of the date and time of the meeting.

Once the agenda is set, the secretary shall also inform respective attendees. Any changes in the CMC agenda should be communicated to all the members and attendees by the secretary. The secretary shall pass a copy of the agenda together with the necessary details to access the case documentation folder to all CMC members through the member's preferred means.

5.2 Other Matters

The secretary shall inform Committee members of any other matters that require a discussion by the CMC, but which are unrelated to specific cases brought before the CMC for determination of administrative measures or discussions on Directives. Other matters consist of:

1. Procedural matters linked to the responsibilities of the CMC.
2. Request for payment terms following the issue of administrative penalties.
3. Any other matter related to the functions of the CMC.

6. Opening of Meeting

The secretary shall ensure that a quorum is met prior to beginning any Committee meeting and that all relevant documentation is available for review.

Prior to the commencement of the discussions of a case by the CMC, the secretary shall also confirm that no CMC member has a conflict of interest in relation to any of the cases being discussed by the CMC during the meeting. This shall be recorded in the minutes.

6.1 Presentation of Case in front of the CMC

The case officer shall be called to the Committee meeting to present the case to the CMC members. Once the case has been concluded, the case officer shall leave the Committee meeting. The case officer may be accompanied by other members of the enforcement function to support in the presentation as necessary.

6.2 Presentation of the Case

Prior to any questioning by Committee members, the case officer shall provide an overview of the subject person and its operations as well as describe the background of the supervisory intervention that had taken place.

The case officer shall then proceed to present the potential breaches, as communicated to the subject person in the potential breaches letter, as well as highlight the representations submitted by the subject person. Any additional representations received in a timely manner from the subject person following any meetings held with the CMC shall also be considered.

The determination of whether a breach occurred shall only be made by the CMC following due deliberation. It shall be in the sole province of the CMC to determine the administrative action to take for confirmed breaches of the SP's legal obligations.

In reviewing directives issued by the Committee requiring the implementation of corrective actions by subject persons, the case officer shall present a comprehensive overview of the actions required under the directive, the measures implemented to date, and any outstanding actions.

The presentation shall also address the material impact of any pending actions and provide an assessment of whether tangible and meaningful progress has been achieved.

The decision as to whether a directive may be deemed concluded shall rest exclusively with the Committee and shall be taken following due deliberation. Where a subject person has failed to comply with the terms of a directive, it shall remain solely within the competence of the Committee to determine whether further administrative measures are warranted.

7. Deliberation, Voting, and Minutes

7.1 Deliberation and Voting

The members of the Committee shall deliberate on each potential breach as identified in the potential breaches letter. The Committee shall make final deliberations on the case, once all the potential breaches have been discussed and deliberated upon. The Committee is required to determine administrative measure(s) whenever it determines that a breach of the subject person's AML/CFT legal obligations has been committed. Such administrative measures shall be taken in line with the FIAU's Sanctions Policy.

The decision of the CMC shall cover:

1. A determination as to whether there is an actual breach.
2. The level of seriousness and systematic issues with the breach identified as well as any repetitive elements.
3. The administrative measure(s) to impose.

Where the Committee decides that the imposition of an administrative penalty is necessary, it shall proceed to complete the Sanctions Calculation Tool. A final review of the outcome of the Sanctions Calculation Tool shall be carried out at the end of the case determination to ensure that the administrative penalty being imposed is proportionate to the circumstances of the case that has been concluded as well that such measure is effective and dissuasive. The Committee shall decide whether to adopt the amount of the administrative penalty as returned by the Sanctions Calculation Tool or whether the amount is to be revised to better reflect the circumstances of the case in line with the Sanctions Policy.

The CMC shall strive to arrive to a unanimous decision for each breach determined as well as for the administrative measure(s) to impose for the case discussed. However, where this is not the case, the secretary shall ensure that where a member of the CMC is not in agreement with the decision taken by majority voting or through the casting vote, such disagreement shall be clearly minuted. Decisions taken through casting vote shall also be adequately minuted. Otherwise, it shall mean that CMC members have unanimously agreed to the decision taken.

7.2 Minutes

The secretary must prepare a draft of the minutes and distribute the draft to all Committee members as expeditiously as possible. Each member present at the meeting should offer clarifications or ask questions regarding the draft minutes as deemed necessary by each respective member. All members shall approve and be in agreement with the final CMC minutes prior to their signing by the Chairman and secretary.

In circumstances where Committee members have reviewed the CMC minutes and agreed to the contents of the same, the CMC secretary shall not be required to await another CMC meeting to take place. The minutes shall be considered as approved, and the CMC secretary shall proceed to have them signed by the Chairman and the secretary.

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