



FINANCIAL INTELLIGENCE ANALYSIS UNIT

Frequently Asked Questions – Central Bank Account Registry

The amendments carried out by Directive (EU) 2018/843 included the introduction in Directive (EU) 2015/849 of Article 32a which obliges Member States to establish centralised automated mechanisms for the collection and retrieval of data on bank and payment accounts as well as on safe custody services provided by credit institutions.

This document provides replies to frequently asked questions in relation to the Central Bank Account Registry that the FIAU is currently developing to carry out the function entrusted to it under Article 16 (1)(n) of the Prevention of Money Laundering Act. Reporting Entities that have additional questions in relation to the implementation of CBAR or in relation to the information required to be made available are to send an email to the CBAR Team on CBARTechnical@fiumalta.org.

List of Abbreviations

BO	Beneficial Owner
CBAR	Central Bank Account Registry
EU	European Union
IBAN	International Bank Account Number
RE	Reporting Entities - Banks and Financial Institutions that offer accounts to customers that are identifiable by IBAN
PMLFTR	Prevention of Money Laundering and Funding of Terrorism Regulation

Introduction

<u>What is CBAR?</u>	<p>CBAR is the Central Bank Account Register being developed by the FIAU to ensure full transposition of Directive (EU) 2018/843. The purpose of CBAR is to hold information on accounts identifiable by IBAN, account holders, beneficial owners and signatories, as well as on safe custody services provided by credit institutions.</p> <p>The information stored in CBAR will not be accessible to the general public but it is being proposed that it be accessible to the FIAU, the Asset Recovery Bureau, the Sanctions Monitoring Board, the Security Services, the Commissioner for Revenue, national authorities conducting criminal investigations into or prosecutions of money laundering, associate predicate offence, funding of terrorism or any other serious criminal offence, including when supporting investigations concerning the said offences. More detail may be found in the Consultation Document issued by the FIAU on 26th May 2018, found on the FIAU Website's home page</p>
<u>When shall the first report be required and what shall be included in the first report?</u>	<p>The first reporting period shall start in the end of August/beginning of September, however more information shall be provided by the FIAU and the CBAR Team at a later date as part of the ongoing communication with Banks and Financial Institution in relation to this project.</p> <p>The CBAR System only requires information in relation to accounts that can be identifiable by IBAN, therefore any other product or service offered by Banks or Financial Institutions that are not identifiable by IBAN are not within the scope of this project. The information required relates both to account ownership information as well as to persons that can give instructions in relation to that account on behalf of the account holder. CBAR also requires information in relation to safe deposit boxes and safe custody services offered by Banks. Further detail as to the information required to be included may be found in the Consultation Document issued by the FIAU on 26th May 2018, found on the FIAU Website's home page. In addition, the FIAU will also be publishing Implementing Procedures/Rulebook that will further elaborate on the exact nature of the data to be reported.</p>

Details of the Reporting Requirements

<u>What should Financial Institutions report if there are no client accounts identifiable by IBANs? For example, being a charge card</u>	<p>The Central Bank Account Register shall be a register that holds information from Banks and Financial Institutions that offer accounts identifiable by IBAN. Any other product or services offered by Banks of Financial Institutions that is not identifiable by an IBAN should not be reported in the CBAR System. Therefore Financial Institutions that do not</p>
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<p><u>issuing company and cardholders do not have their own accounts.</u></p>	<p>offer accounts identifiable by IBANs do not have an obligation to report until such time where a product is identifiable through an IBAN.</p> <p>However, the FIAU is following the official list of the Central Bank of Malta for a determination of who should submit information through the CBAR System. Financial Institutions or Banks who are included in said list but who do not offer accounts identifiable by IBANs should inform the FIAU of this by sending an email to CBARTechnical@fiumalta.org</p>
<p><u>If a bank has a Term Deposit which is not identifiable by an IBAN, should this be reported through the CBAR System? Similarly, credit cards do not inherently have an IBAN linked to them, do they fall in scope of CBAR?</u></p>	<p>Products or services offered by Banks or Financial Institutions that are not identifiable by IBANs should not be reported through the CBAR System. However, Banks shall also be expected to report information in relation to safe deposit boxes, or safe custody services being offered to customers.</p>
<p><u>Is the start date of the relationship the application date of the loan? or opening a deposit account? or the customer's activation date?</u></p>	<p>The start date of a relationship is the date when the account of the customer has been opened, whether or not this has indeed started being used by the customer or otherwise. For example, in case of a loan account, this would be the date when the account has been opened whether or not there was or could of yet be a drawdown from the loan. For customers holding multiple accounts with the Bank or Financial Institution, each different account shall be a different record and therefore the start date for each shall be different depending on when the particular account of the customer was opened.</p> <p>When it comes to individuals involved in the account these would be:</p> <p>In case of the account holder, the start date shall be the date when the person was designated to be the account holder. i.e. the date when the account was opened, while the end date shall be the date when the account holder stops being such for that account, i.e. the date the account is closed.</p> <p>In case of signatory on the account: the start date is the date when the signatory has been granted authority to act on that account. The closing date shall than be the date when the person no longer acts as signatory on the account.</p> <p>In case of agent the start date is when the agent started offering services to the customer has been granted authority to act on that account. The closing date shall than be the date when the person no longer acts as the agent for the customer.</p>

	<p>Information on Directors is not required to be included in CBAR, unless the Directors also act as signatory. In that case what has been already stated with regards to signatories will also be applicable to them.</p> <p>Information on beneficial owners is also required, however there is no start and end date to be included in this regard. Changes in beneficial ownership are still required to be reported, this by including the information on new beneficial owners.</p> <p>If this information relates to safe deposit boxes or safe custody services: the date when the box was given to customer or the date when the customer has handed over the asset to be kept in safe custody. The closing date shall than be the date when the box is relinquished by the customer or the date when the asset in custody has been returned to the customer.</p>
<p><u>Can you share some more information regarding corporate accounts?</u></p>	<p>Reporting entities shall be required to report information on the entity or legal arrangement, which information shall include name of entity/arrangement, registration number where applicable, information in relation to the place of business or registered office or country of incorporation which shall only include the place and not the full address. Apart from that, reporting entities shall also be required to include information in relation to the beneficial owners of the account, information on the signatory of the account, and information on agents of the customer. Information on directors is not required unless one or more of the directors are also beneficial owners, signatories or agents.</p> <p>For individuals, Reporting Entities shall be expected to report: the name of the individual, date of birth, country of birth, country of residence/s, nationality/ies, the type of identification document used and the unique identifies of such document together with the country of issue. CBAR does not expect Reporting Entities to ask each customer for multiple nationalities or multiple residences but if such information is known to the Reporting Entity than this shall be reported. This applies equally to individuals involved in legal entities or other legal arrangements as well as customers who are natural persons.</p>
<p><u>Where the ownership structure of an entity involves multiple layers, do the intermediary beneficiaries need to be reported?</u></p>	<p>The CBAR shall only require the reporting of information on beneficial owners as defined in terms of PMLFTR. Therefore there will only be an obligation to report individuals who own the 25% +1 ownership and/or voting rights or if no one falls within such parameters those individuals who exercising control over the customer.</p>

Timeframes and Information to be reported on Closed Accounts

<p><u>When should information on closed accounts be reported?</u></p>	<p>For the first submission, only accounts that are active as at the date of submission should be reported. The term active encapsulates all accounts that have not been closed off by the reporting entity, therefore it includes accounts which have been marked as inactive, dormant, idle or any other similar terminology but which have not been closed by the reporting entity. Following the first submission, any accounts closed from that first submission onwards should be reported for the next submission and all following submissions for a span period of one month. By way of example if an account has been closed on the 20th of September 2020, this account would have featured in the first submission as an active account and should feature in all submissions happening between 21st September and 20th October, both days included. From the 22nd October onwards, the closed account should no longer be reported on CBAR. However, any accounts closed before the first submission should not be reported.</p> <p>This concept applies similarly for individuals involved in the account. For example a signatory ceased to act as such on an account, in the next reporting period the reporting entity shall include the date of closure and shall keep reporting same for a period of one month following the date the person stopped acting as a signatory on the account.</p>
<p><u>Where there are changes in the ownership structure of the customer or changes in, directors, signatories and other similar changes, are we expected to report both past and present information?</u></p>	<p>The report requires reporting entities to include a start date and an end date therefore once a person ceases to for example act as a signatory, in the next reporting period the subject person shall include the end date of relationship and include information on the new person appointed as signatory on the account. Information on the previous signatory shall be included for a period of one month from the end date of the relationship.</p> <p>In case of changes in the name of a corporate entity or other legal arrangement, in the next report for submission, the reporting entity shall include the new name of the corporate entity or other legal arrangement and there is no need to also include the previous name.</p>
<p><u>What information should be reported on deceased customers? If a customer died after the first reporting date, should Reporting Entities have to keep reporting this data?</u></p>	<p>The data still needs to be reported for one month following the closure of an account. Therefore, if a customer died and his assets are frozen pending all formalities in relation to the inheritance being settled, the account will still need to be reported until such time as this is closed, and, once closed, for one month following such closure.</p>
<p><u>Can reporting entities continue providing information of closed</u></p>	<p>No, to ensure uniformity in the replies being received from all reporting entities, closed accounts shall only be continued to be</p>

<u>accounts even after the first month from the closure date?</u>	reported for a period of one month from the date of account closure.
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Reporting Period

<u>Is the 7 day reporting period a 7 business day or a 7 calendar day reporting period.</u>	The reporting period is of 7 calendar days, therefore it includes weekends and any public or bank holidays.
<u>In cases where for example a natural person changes the passport, should we resend a new record in relation to the same IBAN?</u>	No, there is no need to send an immediate new record for that same IBAN. However, there is an obligation to update this information in the next submission. By way of example, if a customer had a passport bearing number '123456789' but before the next submission is due he is issued with a new passport bearing number '987654321', the new passport number should be reported in the next closest submission.

Other general questions

<u>Since the CBAR shall require Banks and Financial institutions to report all customers who have an account identifiable by an IBAN, will this cover the FIAU requests for information asking about any business relationships with particular customers.</u>	FIAU requests for information will not be completely eliminated, this particularly since there will not be historical data stored on CBAR that relates to accounts closed before the first submission period and also because the information uploaded through the CBAR only relates to accounts identifiable by IBAN and not for all the products/services offered by the Bank or Financial Institution. However, the CBAR System will be used by the FIAU's Intelligence Analysis Section, and therefore the volume of requests for information particular whether the Bank or Financial Institution has or has had a business relationship with particular customers should greatly be reduced.
<u>What is a Virtual IBAN?</u>	<p>An IBAN is an international bank account number identifier which unambiguously identifies a payment account in any member state. Therefore there has to be one account linked to one IBAN. Virtual IBANs follow the same concept of an IBAN. However, they differ in one particular and fundamental characteristic, i.e. they are not directly linked to an account but rather any number of virtual IBANs can be linked to one IBAN, with the IBAN then being linked to one account.</p> <p>Virtual IBANs can be defined as sub-IBANs used by customers to channel funds to the IBAN linked to the sub-IBANs. It is customary to have one account with a unique IBAN but with multiple virtual IBANs used by one or multiple customers.</p> <p>Although during the webinars held by the FIAU with both Banks and Financial Institutions, the FIAU had informed that Virtual</p>

	<p>IBANs are not within the scope of CBAR, in view of the inherent risks surrounding this product, the FIAU is currently reconsidering its position on the inclusion of Virtual IBANs for the purposes of CBAR. Further information shall be made available by the FIAU at a later stage.</p>
<p><u>What is the mechanism when a Financial Institution sells the IBAN service to a Payment institution? the IBAN is on the name of the Payment Institution's customers. Who should report, the Financial institution or the Payment institution?</u></p>	<p>The entity that is actually issuing the IBAN account and that is holding the account associated with that IBAN number should be the entity that reports information in relation to the accounts identifiable by IBANs. Therefore, in the aforementioned example, it would be the responsibility of the Financial Institution and not of the Payment Institution to report the accounts identifiable by IBANs.</p>
<p><u>How should reporting entities manage the cases in relation of which the customer asks for his personal data to be removed from the reporting entity's database in accordance with the rights under the GDPR</u></p>	<p>While customers have a right to ask for such removal of data, these rights are however not absolute. The law does allow for exceptions wherein such rights would not apply, including in situations where information is obtained and retained to meet their obligations under the PMLFTR and under the CBAR regulations, including record-keeping and reporting obligations.</p> <p>Therefore, while the GDPR gives customers the right to request the deletion of personal information from a reporting entity's records, there may be instances in which the reporting entity cannot comply thereto because of other legal obligations which prevail over the customer's own rights under the GDPR. One such case would be where data is being processed for the purpose of preventing, detecting, investigating and prosecuting criminal offences.</p>

Technical Questions

<p><u>If the same person is registered more than once in the system with different Unique ID, would it be acceptable to the system to include the person multiple times under the different Unique ID in our system?</u></p>	<p>A person should be represented by just one Unique ID and any inconsistencies or duplicate persons with multiple Unique IDs within the reporting entity should be corrected before submission.</p>
<p><u>In the weekly submission, is it only accounts with changes to reportable data that need to be submitted?</u></p>	<p>No, the reportable data is always the full copy of the data even if there has not been any changes. This would also simplify the process for the reporting entities where all the data is submitted, rather than having to filter out any other data which was not updated.</p>
<p><u>How are joint accounts to be treated? For example a husband and wife will have three unique client numbers; one for him, one for her and one joint. Should these be reported three times?</u></p>	<p>Yes in this case, they should be reported separately for simplicity. Taking this case, we believe that it should be reported as follows: One Unique ID for the Husband One Unique ID for the Wife One <Account> XML element should represent the IBAN of the Joint Account Two (2) <Party> elements should be listed/reported under the same Joint account, with reference to each of the Unique IDs / holders of the account.</p>
<p><u>If an Involved Party is a non-bank customer, what should the Unique ID be? ID card?</u></p>	<p>The reporting entities should populate such parties' Unique ID with an identifier, perhaps a prefix such as 'NB_' followed by the respective personal identification number. This would reduce the possibility of encountering overlapping Unique IDs which triggers a validation error (i.e. duplicate Unique IDs - L3.4)</p>
<p><u>For non-natural persons, a UBO can be the UBO of more than one customer. Will this create an error since the same Unique ID, e.g. passport no, is provided?</u></p>	<p>Not a problem, this will indicate that the UBO has multiple non-natural persons assigned.</p>
<p><u>Who will have access to the CBAR portal? Will this be restricted to the MLRO of the company?</u></p>	<p>We suggest that the reporting entity has one main point of contact with CBAR and it can be the MLRO or any other responsible official. As per the webinar, REs will be able to register for access and these will be approved by the CBAR team. It is up to the RE on who should register and have access to the system. We agree with the suggestion of having one main</p>

	point of contact having access to the CBAR platform for each RE.
<u>Will there be an XML file validator made available on the CBAR portal to be used before actually submitting the XML file?</u>	A free tool found online can be used to verify the first level of validations, such as Notepad++ with XML add-on. This is an option which can be utilised to validate the XML file to the schema.
<u>The XML validation, will all the validation checks as explained be made available to banks to be able to validate before uploading?</u>	The technical documentation will have all the business rules published, however once the reporting portal is available, one can verify the validations. The REs can refer to the business rules' documentation to verify which checks will need to pass in order to ensure a successful submission.
<u>The API will support only submission, or also validations? For failures we will still need to login to the portal?</u>	The initial functionality will be for submissions. For failures, one needs to login to the reporting entity portal to verify the messages. Due to the sensitive nature of the data, no detailed errors will pass via email notification to the REs. However, an email notification will flag a success or a fail event. For more details on the errors encountered, one will need to log into the CBAR portal.
<u>In many instances the unique ID is numeric rather than alpha numeric. Will this still be accepted?</u>	Yes that is fine, however please keep in mind answer to query 4 above for instances to avoid any overlaps, unless the REs have the necessary measures already in place.
<u>Which is the max size allowed of the xml file?</u>	There is no restrictions on the file size, however the XML file should be compressed/zipped which would help with reducing the file size.
<u>For non-natural person. Will you request a unique ID for the UBO, signatory, etc?</u>	Yes a unique account holder ID used internally at the Reporting Entity should be provided. This should match with the Unique ID of a natural person or non-natural person provided in the file.
<u>What can be the reason for reporting before 7 calendar days?</u>	To ensure your file is validated and corrections done on time and to anticipate any public or non-working days.
<u>When an XSD version is changed or updated, what is the allocated time window that we have to apply the changes?</u>	Usually a few weeks before, but this is subject to the changes and urgency of the XSD. In the mean time the previous XSD should be used to submit XML files as required.

If the account is still open and UBOs are changed 5 times, in every submission will include the previous UBOs and current UBOs right?

No, the changes will be captured by the CBAR system from week to week. Any changes done in between will not be captured.

Note that for UBOs, the RelationshipStart / End should always be left blank (e.g. RelationshipEnd="")

For other accounts one must keep in mind those relationships and/or accounts which were closed up to 1 month prior to the reporting date, where these still need to be featured. Once a month has passed from the closure/relationship date with respect to the reporting date, these must be excluded from the subsequent submissions. This is not applicable to UBOs.