

**Guidance for Completion of the Anti-Money  
Laundering and Countering the Financing of Terrorism  
Risk Evaluation Questionnaire**

**4 January 2019**

[www.fiumalta.org](http://www.fiumalta.org)

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## 1. Summary

The objective behind the AML/CFT Risk Evaluation Questionnaire (REQ) is to allow the Financial Intelligence Analysis Unit (FIAU) to obtain standardised information from persons and entities subject to the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR) in order to strengthen its risk-based approach to supervision and be more effective in the fight against money laundering and terrorist financing.

## 2. Background

### *International and European Expectations*

The International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation (also known as the FATF Recommendations), strongly emphasize the importance of adopting a risk-based approach in combating money laundering and terrorist financing.

In line with the FATF's standards, Directive (EU) 2015/849 puts the risk-based approach at the centre of Europe's anti-money laundering and countering the financing of terrorism (AML/CFT) regime. It recognises that the risk of money laundering (ML) and terrorist financing (TF) can vary and that Member States, competent authorities and obliged entities have to take steps to identify and assess that risk, with a view to deciding how best to manage and mitigate it.

In order to allow the FIAU to perform a risk assessment of each subject person under its supervision, and enable it to determine supervisory priorities based on this assessment, it must possess, on the one hand, information on the inherent ML/FT risks to which the individual subject persons are exposed and, on the other, information on the quality of the risk management measures taken by the said individuals and entities.

The periodic questionnaires annexed to this circular aim to collect the above-mentioned information.

Additionally, the information the FIAU receives from subject persons is supplemented by and assessed in the light of other sources of information which the FIAU can either access or gain access to, such as information from prudential supervisors, results of on-site and offsite examinations and open media sources.

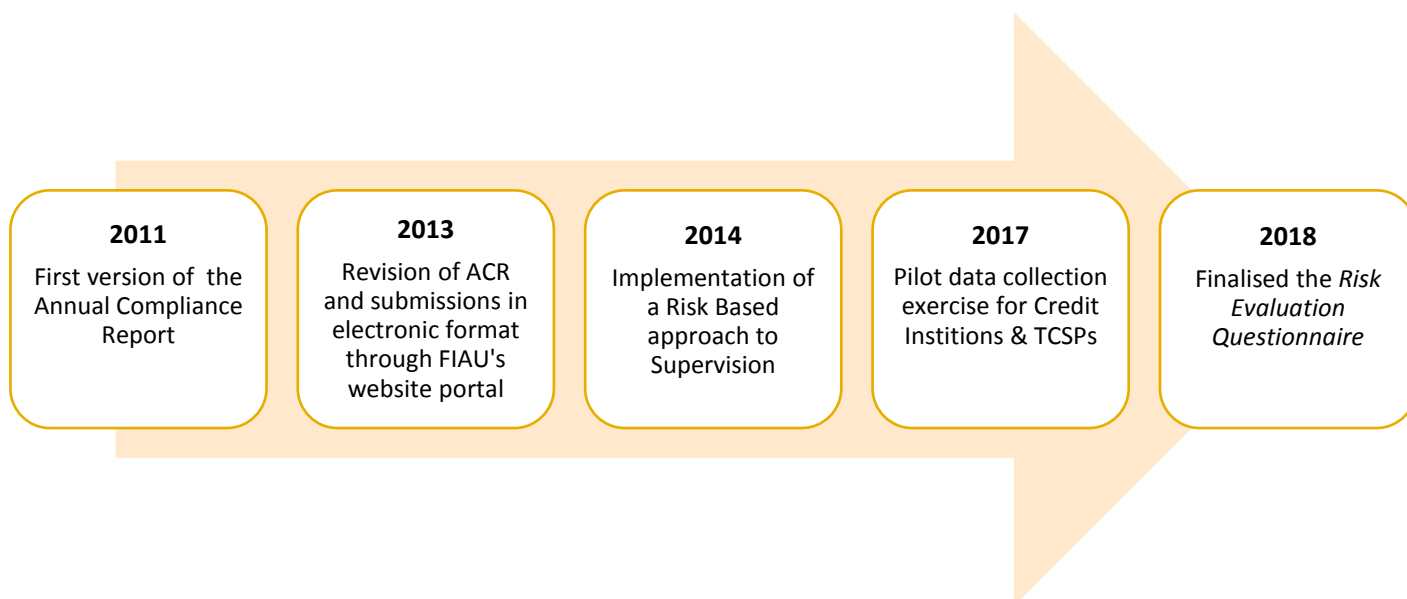
### *Evolution of the FIAU's Annual Compliance Report since 2011*

The FIAU has been collecting information from subject persons through the Annual Compliance Report (ACR) since 2011. Legal or natural persons carrying out any relevant financial business or relevant activity, as defined in the PMLFTR, were required to complete and submit the ACR within stipulated time-frames.

As from 2014, the FIAU adopted a risk based approach to supervision whereby the information gathered through the ACR was used as an integral part of the FIAU's risk understanding. In 2017, in addition to the ACR, the FIAU undertook a pilot data collection exercise which provided significant insights as to how information should be collected from subject persons and particularly, how best to design future reporting.

Consequently, the periodic questionnaires annexed to this circular should be seen in light of the above.

### Timeline



## 3. Scope

### *Who is in scope?*

All individuals and entities carrying out any relevant financial business or relevant activity as defined in the PMLFTR are considered to be subject persons, and as at end of year are required to submit the questionnaire – irrespective of whether or not they have actually commenced operations. If operations have not commenced, an explanatory note should be included in the ‘General Remarks’ section of the questionnaire.

The questionnaires are targeted at the following sectors:

#### Financial Sector

- Credit Institutions (including branches)
- Financial Institutions
- Investment Services & Securities Markets
- Insurance & Pensions

#### Non-Financial Sector (DNFBP)

- Trusts & Fiduciary Services
- Company Services Providers
- Auditors/Accountants
- Advocates
- Notaries
- Real Estate
- Dealers

#### Gaming Sector

- Land Based Casinos
- Remote Gaming Operators



*Subject persons carrying out multiple activities*

If a subject person carries out multiple activities, the FIAU expects that sector-specific questions are replied to accordingly, thereby covering all sectors which the subject person operates in.

*MLRO appointed for multiple subject persons*

Where the same person carries out the functions of MLRO within multiple subject persons, responses for each subject person need to be submitted.

*Subject persons in the process of winding down*

In those cases where, at the time of submission, subject persons are in the process of winding down, or intending to suspend their license authorisation/registration, the FIAU still expects that the annexed questionnaires are submitted as the information requested is in relation to the previous calendar year. An explanatory note should be included in the 'General Remarks' section of the questionnaire.

*Virtual Financial Asset Operators<sup>1</sup>*

Virtual Financial Asset (VFA) Operators are being excluded from the scope of this exercise for the time being given that at present there are none that meet the requirements to qualify as subject persons. However, the FIAU intends to extend such exercise to also cover the VFA Sector.

## 4. Activity-Based Questions

*Questions and answers*

The FIAU has drafted separate questionnaires for each type of activity as indicated in Section 3 of this guidance document. The questionnaires therefore, to the extent possible, take into account sector specific activities performed in different sectors.

The questions mainly cover risk and risk management areas and will provide the FIAU with both a periodic quantitative and qualitative analysis. In order to assist MLROs in completing these questionnaires, the FIAU tried - to the extent possible - to provide sufficient guidance in the questionnaire itself. Moreover, the questionnaires include a 'free text box' in which MLROs may add explanatory notes to certain sections within the questionnaire.

Possible answers have also been provided in the annexed questionnaires. The FIAU acknowledges that the answer options defined by it do not always fully capture the actual situation of the subject person. In such cases, subject persons are expected to select the answer which is closest to the actual situation and that can be justified later on.

*Reference date for answering questions*

The information provided should always relate to the situation in a particular point in time (e.g. number of customers as at 31 December 20XX) or to a particular period (e.g. number of new customers on-boarded during 20XX), depending on the nature of the question.

Therefore, the reference date for answering the questions is 31<sup>st</sup> December of the previous calendar year and the reference period is the previous calendar year.

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<sup>1</sup> VFA Agents, Issuers and Licence Holders collectively referred to as "VFA Operators"

*Uploading of documentation*

In addition to providing the requested information, subject persons are required to provide documentation as part of their responses. The annexed questionnaires indicate which documentation needs to be submitted to the FIAU.

## 5. Automated Data Collection Tool

*CASPAR*

The FIAU's Compliance and Supervision Platform for Assessing Risk (*CASPAR*) is a multifunctional system which allows the Unit to gather information from multiple sources. The annexed risk evaluation questionnaires have also been developed bearing in mind the functionalities of *CASPAR*.

Moreover, *CASPAR* incorporates an integrated, tailor-made risk engine which translates the information gathered from multiple sources into risk indicators. This in turn, contributes to the FIAU's risk-based supervision processes.

In addition to the above, *CASPAR* also includes other functionalities which assist the Unit in its internal operations.

*Registration*

MLROs are required to register on *CASPAR* and create an account thereon, in order to be able to submit the responses to the annexed questionnaires through the online system. Responses will only be accepted through *CASPAR*; the FIAU will not be accepting any submissions in any other written form or via email.

More information about *CASPAR* and how to access it and register will be communicated in the first quarter of 2019.

## 6. Deadlines & Fees

*Submissions, Timeframes & Deadlines*

The questionnaires annexed to this circular are intended for information purposes only, and to give subject persons sufficient time to go through the questions and acquaint themselves with the information and data they will be required to provide to the FIAU. **At this point in time, and until further notice, subject persons are not required to complete and submit the questionnaire/s to the FIAU.**

The electronic form in which the requested information is to be entered will be made available through *CASPAR* during the first quarter of 2019. The answers to the periodic questionnaires must be submitted through *CASPAR* within stipulated deadlines. The exact deadline will be shared in a separate communication in the first quarter of 2019.

*Fees & Late Submissions*

Responses will be accompanied by a fee. Moreover, and to ensure responses are received within the stipulated deadline, a late submission fee will be levied where deadlines are not respected. The exact fee structure is available in the table below:

	Processing Fee	Late Payment Fee	Late Payment Fee	Administrative Penalty
<i>Submission</i>	Within deadline	1 - 30 day(s) late	31-60 days late	Non-Submission of REQ
<i>Fee</i>	€50	€150	€300	As per Regulation 21 of the PMLFTR

*Responsibility of responses*

For institutions, firms and other legal entities, the FIAU expects the entities' respective senior management to decide and ultimately be responsible for its responses. The MLRO is to submit the questionnaire on behalf of the institution. Where the subject person is considered as self-employed or is a sole practitioner, responsibility for the responses provided as well as for the submission of the responses will rest with the said individual.

It is therefore important that the answers provided by subject persons are accurate and correct. Any persons who provided false or misleading information may be subject to administrative action.

**7. Queries**

Queries in relation to the annexed questionnaires should **only** be raised by sending an email to [caspar@fiumalta.org](mailto:caspar@fiumalta.org) and will be handled on a 'first in, first out basis'. Kindly indicate the particular question(s) one is referring to and provide the necessary details including the annex number and/or sector specific questionnaire.

**8. Annexes**

Please refer to the attached Annexes by clicking their title below to view the Risk Evaluation Questionnaires (REQs).

The annexes are also available on the FIAU website: [www.fiumalta.org](http://www.fiumalta.org)

Annex No.	Sector Specific Questionnaire
Annex 1	<a href="#">Credit Institutions</a>
Annex 2	<a href="#">Financial Institutions</a>
Annex 3	<a href="#">Investment Services &amp; Securities Markets</a>
Annex 4	<a href="#">Insurance and Pensions</a>
Annex 5	<a href="#">Trusts &amp; Fiduciary Services</a>
Annex 6	<a href="#">Company Service Providers (Legal Persons)</a>
Annex 7	<a href="#">Company Service Providers (Sole Practitioners)</a>
Annex 8	<a href="#">Auditors/Accountants (Legal Persons)</a>
Annex 9	<a href="#">Auditors/Accountants (Sole Practitioners)</a>
Annex 10	<a href="#">Advocates (Legal Persons)</a>
Annex 11	<a href="#">Advocates (Sole Practitioners)</a>
Annex 12	<a href="#">Notaries</a>
Annex 13	<a href="#">Real Estate</a>
Annex 14	<a href="#">Land Based Casinos</a>
Annex 15	<a href="#">Remote Gaming Operators</a>