



The 2020 Risk Evaluation Questionnaire

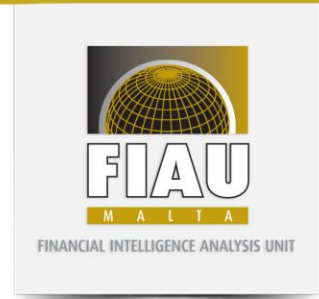
Notaries and Real Estate

12 February 2020

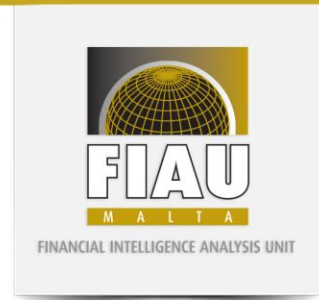
Claire Vassallo and Jeremy Zarb
Financial Intelligence Analysis Unit

2020 REQ: Agenda

- Structure of REQ/ New Developments
- FAQs
- Deadlines & Timelines
- Topics & Questions
- Consultation Period Feedback



2020 REQ Structure/ New Developments



Structure of the REQ

2020 REQ

- 14 Topics
- 5 Topics cover the SP's inherent risks
- 9 Topics cover the SP's control levels
- Average of 250 Questions per REQ

Type of Questions

- Yes/No Answer
- Answers that require values
- Answers that require %
- Answers wherein you may select more than one option
- Answer in ranges/brackets
- Answers that are Free Text

Changes from 2019 to 2020 REQ

- Sentence Structuring
- Removed Questions that were deemed to be irrelevant
- Created new questions to cater for areas not covered in 2019
- Included questions that were required in virtue of questionnaires the FIAU has to answer
- Included new Validations



Frequently Asked Questions (FAQs)



Frequently Asked Questions (FAQs)

Which REQ Should I Complete?

The CASPAR System will amalgamate questions covering all the licenses/services offered by the subject person into one REQ. Questions that apply equally will need to be answered ones while questions that are product and customer based will be asked per type of license/service offered

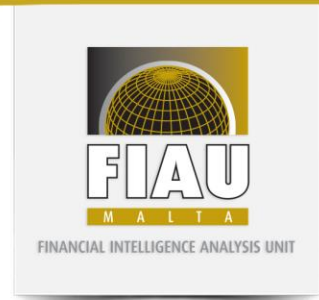
Do I need to fill in a separate REQ for the different entities?

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

Do I need to fill in the REQ if I have just started operations?

The 2020 REQ covers the operating period January – December 2019, therefore subject persons who obtained their license in 2019 have to complete the 2020 REQ. Subject persons who do not require the be licensed have to complete the REQ depending on the day when they commenced operations.

Registration on CASPAR is compulsory



Frequently Asked Questions (FAQs)

What is the difference between ticking Not Available against the Not Applicable Option

The Not Applicable option should only be selected in instances where the question does not apply to the Subject Person answering the REQ for example a product is not offered or the subject person has recently commenced operations

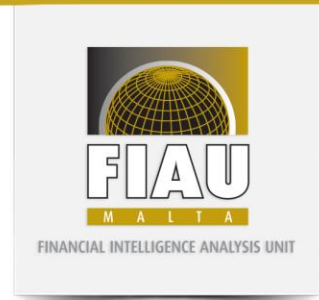
The Not Available option should be selected in instances where the subject person should reply to the question but it does not have sufficient information at its disposal to answer the said question

How to answer questions that require a monetary value?

All questions requiring the Subject Person to give monetary values have to answer said questions in Euro Equivalent. The rate of conversion that has to be utilised depends on the type of question that is being answered.

When should I provide additional information in the General Remarks?

The General Remarks section will not have a bearing during the initial subject person risk assessment, however will be considered by the FIAU at a later stage. Therefore, information such as that the subject person has just started operations or has not carried out any operations on the year under review or similar information is extremely important for the FIAU and should be included in the general remarks section.



Frequently Asked Questions (FAQs)

To which Basel Index should Subject Persons refer to

Subject persons should refer to the Public Edition of the Basel Index and not to the Expert Edition or Expert Edition plus

Can we select more than one option to explain the structure of our company and would be possible to upload the structure chart for ease of reference

Yes, you will be able to tick more than one option.

Optional upload of the corporate structure chart shall also be included

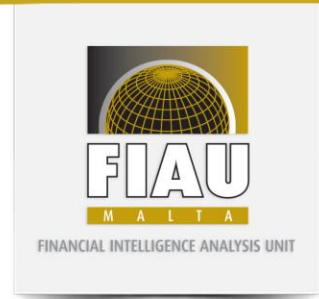
The questions related to subsidiaries should include all companies with common ownership?

The definition of subsidiary shall be construed to mean the same as explain in the Companies Act.

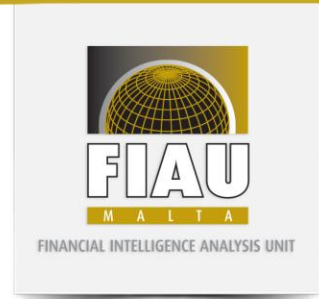
Companies that have the same ownership and share a common parent shall be included. Otherwise, simply having common ownership does not make a company a subsidiary, there has to be a common parent.

How do we know if customers includes BOs?

Unless the question makes specific reference to Beneficial owners, take reference to customers as the person or entity to whom you are providing the service (ie: excluding BOs of corporate customers)



Deadlines & Timelines



Risk Evaluation Questionnaire Deadlines

28 Feb
2020

- REQs available on CASPAR

31 Mar
2020

- First deadline for REQ submission (Fee: €50)

Post 31
March
2020

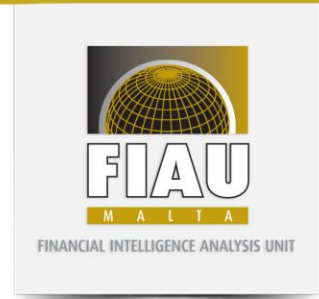
- Late payment fee of €100

30 Apr
2020

- Final deadline

Post 30
April 2020

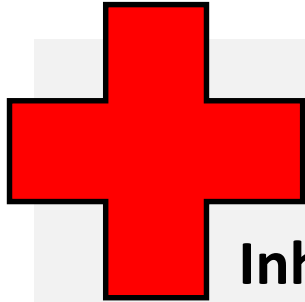
- SPs can still complete REQ for information purposes, but may be subject to administrative penalties



2020 REQ

Topics & Questions

Topics



Inherent Risks

- Subject Persons Information
- Customers
- Products and Services
- Geography
- Interface/Distribution Channel

Controls

- Governance
- Policies and Procedures
- Business Risk Assessment
- Customer Acceptance and Risk Assessment
- Internal Audit/ Independent Testing
- AML/CFT Training
- On-going monitoring/Transaction Scrutiny
- Reporting
- Record-Keeping



Subject Person Information

Subject Person Information covers the subject person's:

- legal formation;
- ownership and control structure;
- shareholder information (if applicable);
- organizational structure and;
- basic financial and operational statistics.

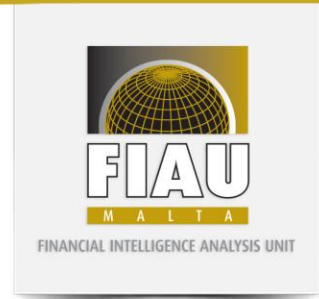
Subject Person Information

<p>Please select the status of your entity.</p>	<p>Subsidiary of a foreign traded company / Subsidiary of a privately held foreign company / Subsidiary of a local traded company / Subsidiary of a privately held local company / Privately held foreign company / Privately held local company / Other</p>
---	--

Only applies to Real Estate Companies

<p>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?</p>	<p>10 or more years / Between 5-9 years / Between 3-5 years / Between 1-3 years / Less than 1 year</p>
--	--

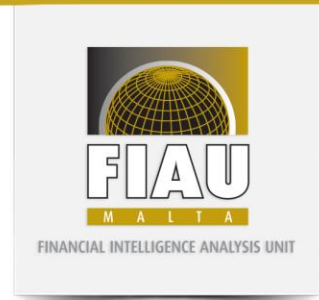
<p>Please indicate total annual turnover according to the latest available audited financial statements and / or tax declaration.</p>	<p>[€] / Not Applicable</p>
<p>Please provide the year end reference date for the financial statements or / tax declaration as indicated above.</p>	<p>[Date] / Not Applicable</p>



Governance/Organisation

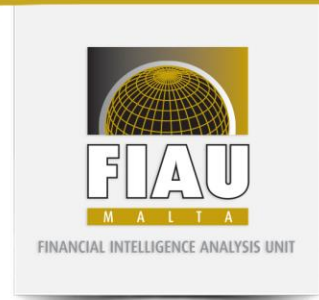
- ❑ The assessment of the subject person’s governance and organizational structure includes the experience level and the responsibilities of its Money Laundering Reporting Officer (“MLRO”), employee screenings, and how much of its compliance tasks are outsourced to external parties.

<p>Have you / your entity outsourced the carrying out of any applicable AML / CFT obligations (within or outside the group)?</p>	<p>No / Yes (within Group) / Yes (outside Group) / Yes (within and outside Group)</p>
<p>If "Yes", please specify the obligations that are being outsourced.</p>	<p>Business Risk Assessment / Customer Acceptance Policies / Customer Risk Assessment procedures / Internal controls / Employee screening procedures / CDD procedures / On-going monitoring / Record keeping obligations / Two of the above / Three of the above / All of the above / / Not Applicable</p>
<p>How many times has the Board or equivalent body, received a presentation on AML / CFT issues in the prior calendar year?</p>	<p>Monthly / Quarterly / Half yearly / Annually / None / Not Applicable</p>



Business Risk Assessment

- ❑ The assessment of how well the subject person's evaluates its AML/CFT risk profile. Risk assessment is considered a fundamental element of a sound AML/CFT compliance program, as it provides a basis to identify and mitigate gaps in the AML/CFT controls.
- ❑ Similar to the 2019 REQ, the 2020 REQ asks for an attachment of the BRA.



Why is the BRA Required to be attached?

Please ATTACH latest Business Risk Assessment

[File Upload] / Not Available **Not Applicable**

- The FIAU considers the BRA to be the fulcrum of an effective and efficient AML/CFT program.
- It confirms that the BRA is actually present and that the SP is adhering to its AML obligations.
- It is not automatically scored through the FIAU's Risk Assessment Methodology (RASM), however:
 - We consider the quality of the BRA in implementing the Supervisory Plan
 - We may instigate a focussed review on the SP's BRA and its implementation
 - Utilised by supervision associates during the preliminary stages of a compliance review

Business Risk Assessment



3.02	What is your / your entity's most recent Business Risk Assessment for ML / FT risk? inherent risk scoring / rating	High / Medium High / Medium / Low Medium / Low / Not Applicable
3.03	What is your / your entity's most recent Business Risk Assessment for ML / FT risk? residual risk scoring / rating	High / Medium High / Medium / Low Medium / Low / Not Applicable

Select the option that is closer to the subject person's rating mechanism
If the rating is numerical carry out an exercise to recalibrate the score to be in line with the above
For example if you score 1-10:

- 1 may be low risk
- 10 should be high
- 5 should be medium
- 2-4 low medium,
- 6-9 higher medium

Business Risk Assessment



3.04	Did the Business Risk Assessment conducted take into account the risks and controls related to:	
	a) your / your entity's customers	No / Yes / Not Applicable
	b) the products and services offered by you / your entity and the transaction risk exposure through same	No / Yes / Not Applicable
	c) specific countries or geographical areas	No / Yes / Not Applicable
	d) the distribution channels	No / Yes / Not Applicable

The Not Applicable option is a mistake and will be removed
Even if you:

- Have one type of product
- Have only face to face relationships
- Have only local customers

Business Risk Assessment

3.05	Did the Business Risk Assessment conducted take into account the results of the SNRA and NRA?	No / Yes / Not Applicable
3.06	Has the Business Risk Assessment been approved by senior management (including directors and partners) of your entity?	No / Yes / Not Applicable
3.07	Did you / your entity review and / or update the business risk assessment in the prior calendar year?	No / Yes / Not Applicable

The Supranational Risk Assessment is available on the website of the European Commission:

http://ec.europa.eu/newsroom/just/item-detail.cfm?item_id=81272

The results of the latest national risk assessment can be found on the website of the Ministry for Finance and are accessible through the following link:

https://mfin.gov.mt/en/Library/Documents/Result_of_the_NRA_2018.pdf



Customer Risk Assessment

- ❑ The assessment of the subject person's identification and verification of customers and related parties (including beneficial owners).
- ❑ Customer Acceptance and Risk Assessment is considered an important factor because it relates to the quality of its customer due diligence program. This primary control ensures that the subject person knows its customers.

Customer Risk Assessment



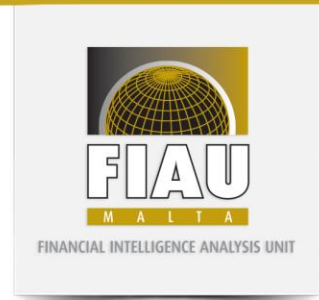
<p>Do you / does your entity perform a customer risk assessment ("CRA") prior to the acceptance and approval of customers?</p>	<p>No / Yes sometimes / Yes most of the times / Yes always / Not Applicable</p>
<p>Please indicate, for all your customers where an occasional transaction is carried out, whether you / your entity collects the following:</p>	
<p>a) Identification and verification information (for both natural and legal persons and BOs of legal persons) including: name, nationality / country of incorporation or registration, country of residence, registered office or main place of business</p>	<p>No / Yes sometimes / Yes most of the times / Yes always / Not Applicable</p>
<p>b) Information on the PEP status of the customer and, where applicable of the beneficial owner</p>	<p>No / Yes sometimes / Yes most of the times / Yes always / Not Applicable</p>
<p>Where an occasional transaction is carried out, do you / your entity, depending on the risk, collect information on the customer's source of funds and wealth?</p>	<p>No / Yes when risk is not low / Yes only when risk is high / Yes, always / Not Applicable</p>

Customer Risk Assessment



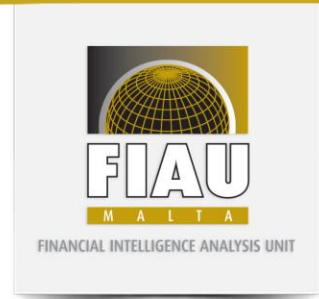
4.15	What kind of measures do you / your entity make use of to determine the PEP status of a customer (beneficial owner/s)?	
	a) Rely on publicly available information	No / Yes
	b) Obtain information directly from the customer or BO	No / Yes
	c) Use commercial databases	No / Yes

“not applicable” option not included since the PEP status has to be verified at all times and by all subject persons both in the context of an occasional transaction and in the context of a business relationship



Ongoing Monitoring/Transaction Scrutiny

- ❑ The assessment of the subject person's systems and tools to monitor the activities taking place within an established relationship to determine activities and/or transactions that do not conform to the available information on the client and to investigate such activity and/or transactions.
- ❑ It includes the extent to which the subject person conforms to certain minimum standards, which include a risk-based approach, and testing and validation of the tools used in monitoring activity.
- ❑ It also includes the requirement to scrutinize transactions occurring in the context of an occasional transaction, on a risk sensitive basis



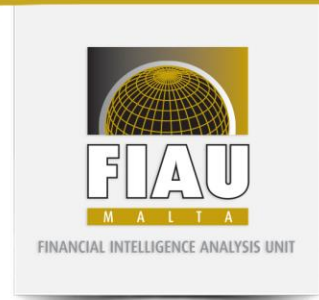
Ongoing Monitoring/Transaction Scrutiny

5.01	Where business relationships are established, how frequently does your entity review and update the information held in their files on customers and BOs that are assessed as high risk (or higher)?	Annually / Every 2-3 years / More than every 3 years / Never / Not Available / Not Applicable
5.02	Where business relationships are established, how frequently does your entity review and update the information held in their files on customers and BOs that are not assessed as high risk (or higher)?	Annually / Every 2-3 years / More than every 3 years / Never / Not Available / Not Applicable



Policies and Procedures

- ❑ The assessment of the subject person's policies and procedures and the extent subject persons incorporate specific, significant areas as well as the review cycle, testing, and existence of policy breaches.
- ❑ The FIAU considers that the cornerstone of a compliance program is the subject person's policies and procedures.



Internal Audit/ Independent Testing

The assessment of AML/CFT includes:

- Internal audit effectiveness

- Independent testing and remediation of audit findings

Reporting

- ❑ The assessment of internal management reporting, submissions of STRs, and timing of the STR reporting.

<p>Were there any "internal reports" or "alerts", received during prior calendar year, which were analysed by the MLRO but did not instigate a STR?</p>	<p>Yes less than 10 / Yes more than 10 / No, all instigated STRs / No measures relating to internal reporting or alerts are in place / Not Available</p>
<p>Were records of all "internal reports" raised during the prior calendar year and the analysis conducted thereon maintained by you / your entity?</p>	<p>No / No internal reports submitted / Only internal reports maintained / Yes, internal report & analysis maintained / No measures relating to internal reporting or alerts are in place / Not Available</p>
<p>Please list the number of alerts / transactions you / your entity investigated as a result of suspicious activity or transactions during the prior calendar year?</p>	<p>[Number] / Not Available</p>

Subject persons should not include false positives but rather actual alerts or transactions that required the carrying out of a detailed 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.



AML/CFT Training

The assessment of the AML/CFT training program centers on:

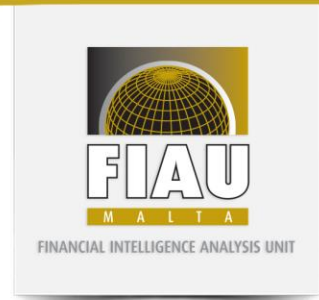
- the content,
- frequency
- delivery of training

provided to the subject persons' employees, Senior Management and Board of Directors.



Record Keeping

- The assessment of recordkeeping controls and compliance with Maltese laws that specify retention periods.
- It also evaluates the accessibility of these records if the FIAU requests them.
- Recordkeeping demonstrates that the policies and procedures are followed, and therefore, it is considered an important control factor.



Products and Services

- ❑ Products/Services can introduce ML/FT risks by facilitating the concealment of a customer's source of wealth or funds in order to make them appear legitimate. Or they can expose the subject person to customers who may seek to launder money through the subject person.
- ❑ Certain products and services present higher ML/FT risk than others. For example, high risk products/services include products that favor anonymity, facilitate the use of cash, are highly liquid or facilitate layering.
- ❑ There is a direct correlation between the type of products/Services offered and the subject person's risk exposure.



Products/ Services: Notaries

Please answer the following questions regarding the activities that have been performed by you / your entity during the prior calendar year. Multiple activities are possible.

What number of customers were these services provided to during the prior calendar year?

11.01	Buying and selling of real property or business entities	[Number] / Not Available / Not Applicable
11.02	Managing money, securities or assets on behalf of clients by way of investment (i.e. excluding client accounts)	[Number] / Not Available / Not Applicable
11.03	Opening or management of bank, savings or securities accounts	[Number] / Not Available / Not Applicable
11.04	Creation, operation or management of companies, trusts, foundations or similar structures, including organization of contributions / funding for the creation, operation, or management of the same	[Number] / Not Available / Not Applicable

Products/ Services: Notaries/Real Estate

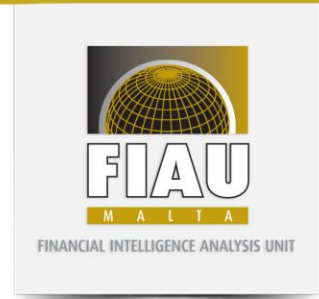
Buying and selling of real estate. Please provide the following information based on your business in the prior calendar year:

11.05	How many purchase and sale contracts (i.e. excluding promise of sale agreements) did you / your entity publish where the consideration was paid entirely in cash?	[Number] / Not Available / Not Applicable
11.06	How many purchase and sale contracts did you / your entity publish whereby the consideration was partially paid in cash sums exceeding € 50,000?	[Number] / Not Available / Not Applicable
11.07	How many purchase and sale contracts did you / your entity publish whereby the consideration (excluding 10% deposit) was paid through the buyer's own or third party funds (i.e. not financed by a bank loan)?	[Number] / Not Available / Not Applicable
11.08	How many purchase and sale contracts did you / your entity publish whereby the consideration (excluding 10% deposit) was financed through a loan issued through a non-EU / EEA financial / credit institution?	[Number] / Not Available / Not Applicable
11.09	How many purchase and sale contracts did you / your entity publish whereby the consideration (excluding 10% deposit) was financed through loans or other means of finance other than those issued by a regulated financial / credit institution?	[Number] / Not Available / Not Applicable
11.10	How many contracts did you / your entity publish which involved property with a sale value of up to € 450,000?	[Number] / Not Available / Not Applicable

Products/ Services: Real Estate

Letting of property. Please provide the following information based on your business in the prior calendar year:

11.12	What was the largest rental value, annualised for a year, transacted in relation to commercial property during the prior calendar year?	[€] / Not Available / Not Applicable
11.13	What was the largest rental value, annualised for a year, transacted in relation to residential property during the prior calendar year?	[€] / Not Available / Not Applicable
11.14	Please specify the number of contracts involving Maltese nationals who rented a residential property with a rental transaction value, annualised for a year, of €60,000 or more, during the prior calendar year.	[Number] / Not Available



Customer

- ❑ FIAU considers Customers as one of the two most important indicators of ML/FT risk.
- ❑ Customers can introduce ML/FT risk by disguising or concealing the illicit nature of their or their customers' sources of wealth or funds in order to make them appear legitimate; or by aiding, abetting, or conspiring in the commission of such an offense.
- ❑ Certain customers present higher ML/FT risk than others which require more robust controls to cater for such risks.
- ❑ For example, high risk customers may include customers in high risk industries, politically exposed persons ("PEPs"), high net worth individuals, cash businesses.

Customer



Please list the % of contracts and customer relationships / transactions considered to be 'high risk'.
Please list the % of contracts and customer relationships / transactions considered to be 'standard / medium risk'.
Please list the % of contracts and customer relationships / transactions considered to be 'low risk'.
Does a percentage of your customer base have a risk rating outside of the categories identified in the questions above?
If "yes", please specify any additional risk rating.
Please specify the corresponding % of customers of that risk rating.

Out of the total parties / customers, please list the % of "high risk" customers.
Out of the total parties / customers, please list the % of "medium risk" customers.
Out of the total parties / customers, please list the % of "low risk" customers.
Does a percentage of your customer base have a risk rating outside of the "high", "medium" and "low" categories?
If a percentage of your / your entity's customer base have a risk rating outside of the categories identified, please specify the additional risk rating.
Please specify the corresponding % of customers of the risk rating specified in the prior question.

Select the option that is closer to the subject person's rating mechanism
If the rating is numerical carry out an exercise to recalibrate the score to be in line with the question.



For example if you score 1-10:

- 1 may be low risk
- 10 should be high
- 5 should be medium
- 2-4 low medium,
- 6-9 higher medium

Customer



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.	[Number] / Not Available
---	--------------------------

Applicable to
Real Estates

Applicable to
Notaries

Please list the number of customers serviced during the last calendar year that benefited from residency schemes, citizenship by investment schemes, or are applicants / prospective applicants for such schemes.	[Number] / Not Available
---	--------------------------

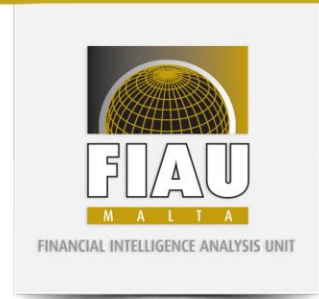


Geography

- ❑ Geographic risk is defined as the ML/FT risk associated with the residence or principal place of business of the subject person's customers, beneficial owners of customers, and the business they conduct.
- ❑ Foreign customers, particularly those that conduct business transactions with high risk jurisdictions or from high risk jurisdictions, are considered higher risk than locally domiciled customers. Questions involving customers, beneficial owners, PEPs, transactions, etc. in high risk jurisdictions are weighted more heavily than other questions.

Interface/ Distribution Channel

- ❑ Interface/Distribution Channels between the subject person and its customers may pose heightened risk if they involve non-face-to-face on-boarding or on-boarding through intermediaries.
- ❑ Also, if the subject person does not on-board, communicate with, or serve the customers on a face-to-face basis and/or directly, it has less visibility over the customer and the customer's use of its products/services.
- ❑ This factor assesses the subject person's reliance on higher-risk channels (i.e., non-face-to-face, or through intermediaries) to on-board customers or deliver products/services



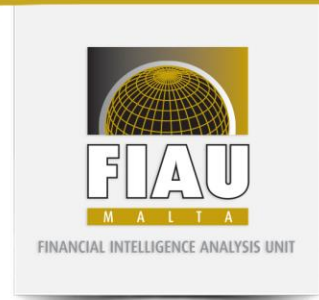
Interface/ Distribution Channel

Out of the total number of contracts published in the prior calendar year, how many involved one or more purchasers (natural person) that were represented by another person through a power of attorney?	[Number] / Not Available
---	--------------------------

What % of customers were onboarded during the prior calendar year where a third party was engaged to assist / undertake the onboarding process?	[%] / Not Available
---	---------------------



This questions is referring to CDD measures carried out by another subject person or third party as part of a reliance agreement.



2020 Consultation Period Feedback:

Notaries

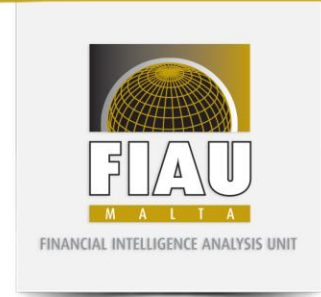


Consultation Queries: Notaries

Subject Person Information:

A notary cannot operate within the framework of a company or any other legal entity, hence any reference to financial statements (whether audited or not), partners, beneficial owners (BO) and executive directors is misleading and should be deleted.

FIAU Reply: Such questions cater for both individuals and corporates and is linked to different Sector REQs rather than being solely for Notaries.



Consultation Queries: Notaries

Question 4.01: Do you perform a customer risk assessment prior to carrying out a promise of sale agreement? No / Yes most of the time / Yes always

If by Customer Risk Assessment, it is being understood that CDD is carried out on the parties, it is to be noted that at the time of or prior to the promise of sale (POS), due to the urgency of the matter, the notary will not be in a position to carry out full CDD on the parties. The notary completes full CDD (including, but not limited, to customer screening) before releasing to the vendor the deposit deposited with him by the purchaser (whether this takes place at any point in time during the POS or whether the deposit is released concurrently with the signing of the final deed).

Although it is customary to hold a meeting with the purchasers (and collect relative information) prior to the promise of sale, in most cases the notary meets the vendors for the first time on the day of the signing of the promise of sale and it is concurrently with the promise of sale that the parties (and most definitely the vendors) are asked to fill in forms for the collection of information required for CDD purposes.

FIAU Reply: Question will be reworded to read: Do you perform a customer risk assessment before signing of the promise of sale agreement?

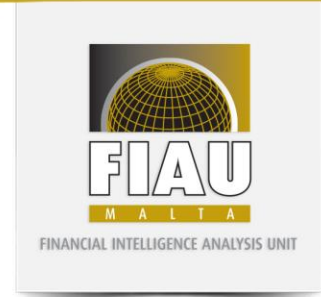


Consultation Queries: Notaries

Question 4.04: Where an occasional transaction is carried out, do you / your entity, depending on the risk, collect information on the customer's source of funds and wealth? *No / Yes when risk is not low / Yes only when risk is high / Yes, always / Not Applicable*

Notaries carry out only occasional transactions, hence the question on whether a notary collects information on “actual or expected activity” is not relevant. What is collected is information and proof (the latter, whenever required, depending on the risk) about the actual source of funds of a purchaser/creditor/donor of money.

FIAU Reply: With regards to SOW/SOF, information is required to be collected on the customer (buyer) on a risk sensitive basis in case of occasional transactions.



Consultation Queries: Notaries

Question 4.07: Please indicate whether for your customers, you / your entity collects information on actual or expected activity (including cash flows) with respect to size, frequency and geographical distribution. *No / Yes, when risk is not low / Yes, only when risk is high / Yes / Not Applicable*

Notaries carry out only occasional transactions, hence the question on whether a notary collects information on “actual or expected activity” is not relevant. What is collected is information and proof (the latter, whenever required, depending on the risk) about the actual source of funds of a purchaser/creditor/donor of money.

FIAU Reply: This question should be answered by notaries who have a business relationship such as business relationships with contractors. Notaries which do not have the said relationship should use the Not Applicable option in answering this question.

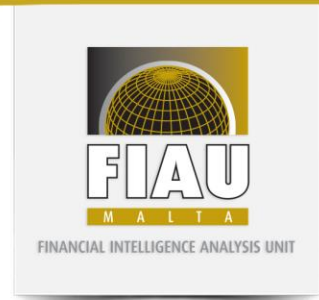


Consultation Queries: Notaries

Question 4.08: Do you / your entity establish the identity of agents? *No / Yes / Not Available*
Question 4.09: Do you / your entity's policies and procedures require enhanced due diligence to be applied in higher risk situations? *No / Yes*

Ideally, instead of the word “agent” (since this could be understood to refer to an estate agent) the phrase “a person representing/acting on behalf of another person or entity” or the word “mandatory” is used as it is more legally accurate.

FIAU Reply: The guidance document will define the meaning of “agent” as referring to the person acting on behalf of the customer (entity/individual).



Consultation Queries: Notaries

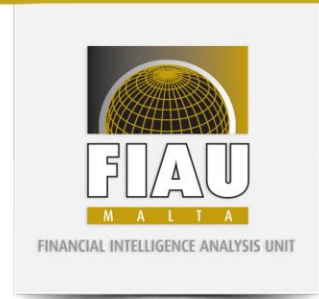
Question 11.16: Were there contracts or deals from the prior calendar year which involved the sale of properties immediately before restraint or insolvency?

No / Yes in rare occasions / Yes often / Yes / Not Available

A notary will not have any further relationship with the customers once the final deed is signed. Hence, following the signing of a deed of sale, a notary has no way of knowing whether a customer has become insolvent or whether the customer has been the subject of any restraints. A transaction terminates upon the signing of the final deed and there is no ongoing business relationships and ongoing monitoring.

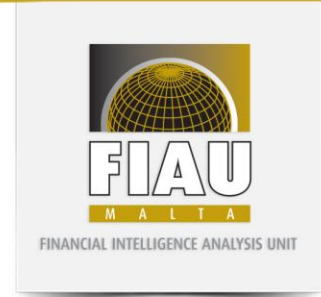
FIAU Reply: The question will be reworded to read: Were there any deeds during the prior calendar year subsequent to which you learnt that the seller was declared as bankrupt or insolvent?

A Not Applicable answer will be included. The purpose of this question is for the FIAU to understand exposure to such scenarios and that this is not be construed to mean that Notaries have an obligation to know such information.



2020 Consultation Period Feedback:

Real Estates



Consultation Queries: Real Estate

Question 4.25: When a business relationship is established, do policies and procedures require due diligence to be applied when there is a change in ownership structure of a legal entity?

Question 6.07: In case of business relationships, do your / your entity's policies and procedures require you to:

- a) systematically monitor, on a risk basis, customer activity, deals, or transactions**
- b) perform a more detailed review when suspicious activity/transactions are detected**

As Real Estate Agents we do not conduct any business relationship activities and only perform Occasional Transaction. The answer field is restricted to ' No/Yes' and we do not have the option to reply 'Not Applicable'.

FIAU Reply: N/A option to be included.

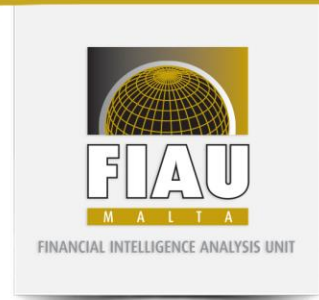


Consultation Queries: Real Estate

Do you / does your entity have procedures for dealing with customers who request transactions to be completed in unusually tight or accelerated timeframes without reasonable explanation?

As Real Estate Agents we do not conduct any business relationship activities and only perform Occasional Transaction. The answer field is restricted to ' No/Yes' and we do not have the option to reply 'Not Applicable'.

FIAU Reply: N/A option should NOT be included as this should still be done even in case of occasional transactions.



Consultation Queries: Real Estate

Letting of property. Please provide the following information based on your business in the prior calendar year:

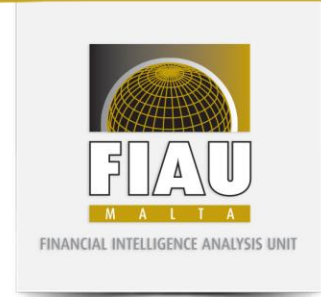
Question 11.12: What was the largest rental value, annualised for a year, transacted in relation to commercial property during the prior calendar year?

Question 11.13: What was the largest rental value, annualised for a year, transacted in relation to residential property during the prior calendar year?

Question 11.14: Please specify the number of contracts involving Maltese nationals who rented a residential property with a rental transaction value, annualised for a year, of €60,000 or more, during the prior calendar year.

We note that these questions do not include 'acted as agent'. Are we to assume that these are intended for Real Estate Agents? Please confirm.

FIAU Reply: This applies for real estate agents.



Consultation Queries: Real Estate

Question 12.02: Letting Contracts: Please list the total number of property letting contracts executed in the prior calendar year.

Our assumption here is that these questions are intended for Real Estate agents when acting as agents – as we do not publish any deeds (12.01) and we do not execute property letting contracts.

Question 12.03 – 12.22: Please split the total number of deeds of purchase and sale published during the prior calendar year into the following categories (where a party comprises multiple natural persons, please count them as one natural person):

In the preamble to these questions there is mention of 'sale published'. As Real Estate Agents we do not publish any sales. We are assuming that these questions are intended for sales in which we acted as Real Estate agent.

FIAU Reply: Question to be reworded to also cater for real estate agents.

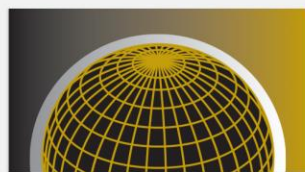


Consultation Queries: Real Estate

Question 13.04: Please specify the total number of purchase and sale contracts published /acted as an agent on behalf of buyers resident in jurisdictions listed in the FATF lists and / or EU List identifying high risk 3rd countries with strategic deficiencies and / or the jurisdictions featuring in the top 20 countries of the Basel Index?

These questions are making reference to: ‘EU list identifying high risk 3rd countries with strategic deficiencies ‘ Can you please confirm whether you are referring to any one (or both)of the countries mentioned in the lists below?

FIAU Reply: Guidance document will include links to FATF list, EU high risk jurisdiction list and Basel Index.



FIAU

M A L T A

FINANCIAL INTELLIGENCE ANALYSIS UNIT

65C, Tower Street, Birkirkara BKR 4012, Malta

T. (+356) 21 231 333 F. (+356) 21 231 090 E. info@fiumalta.org W. fiumalta.org
