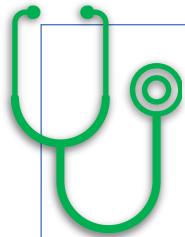


An aerial photograph of a coastal city, likely Valletta, Malta, at sunset. The city is built on a peninsula, surrounded by the sea. The sky is a mix of blue and orange, and the water reflects the colors. The city features a prominent dome and a tall spire.

The Risk-Based Approach - Factoring in the Results of the NRA



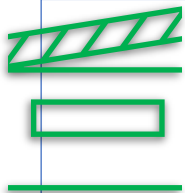
THE NRA - 5 REASONS WHY YOU SHOULD READ IT



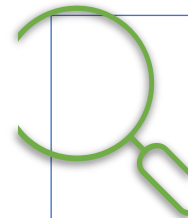
It is a health check of the country and of the sector you belong to.



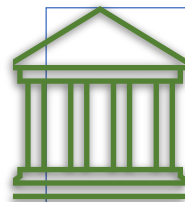
It can lead to a reconsideration of one's business model and strategy.



It can guide internal remediation exercises and implementation of new controls.



It provides a direction as to the areas that your supervisor is going to focus on.

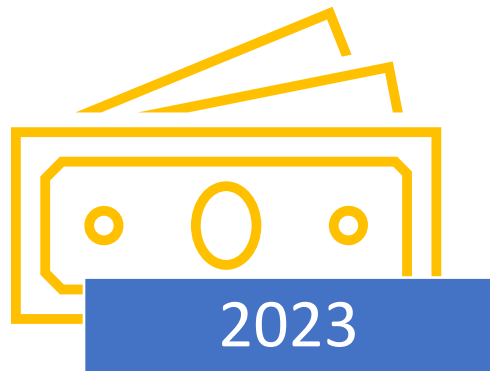


It is an obligation at law ... but be selfish and do it for your own good and safety.



A Health Check of the Country

Money Laundering



Terrorist Financing





A Health Check of the DNFBPs





The NRA & the Risk Based Approach

What ML/TF risks is the subject person exposed to?

- Customer Risk
- Product, Service & Transaction Risk
- Geographical Risk
- Interface Risk
- Other Risks

Are the mitigating measures preventing and/or detecting these risks?

What additional mitigating measures is the subject person to implement?
What questions is it to ask its customers?

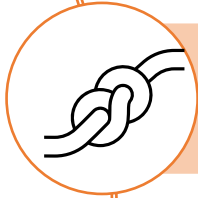


Corporate Customers – Legal Person

Legal Persons



What kind of legal person is it?



What are the links to the jurisdiction?



How complex/transparent is the structure?



What is the likelihood that it is inactive?



Corporate Customers – Legal Arrangements

Legal
Arrangements



Are there legal persons involved in the structure?



Where is the settlor/beneficiaries located?



How involved is the settlor with the administration of trust assets?



Are the beneficiaries identifiable?



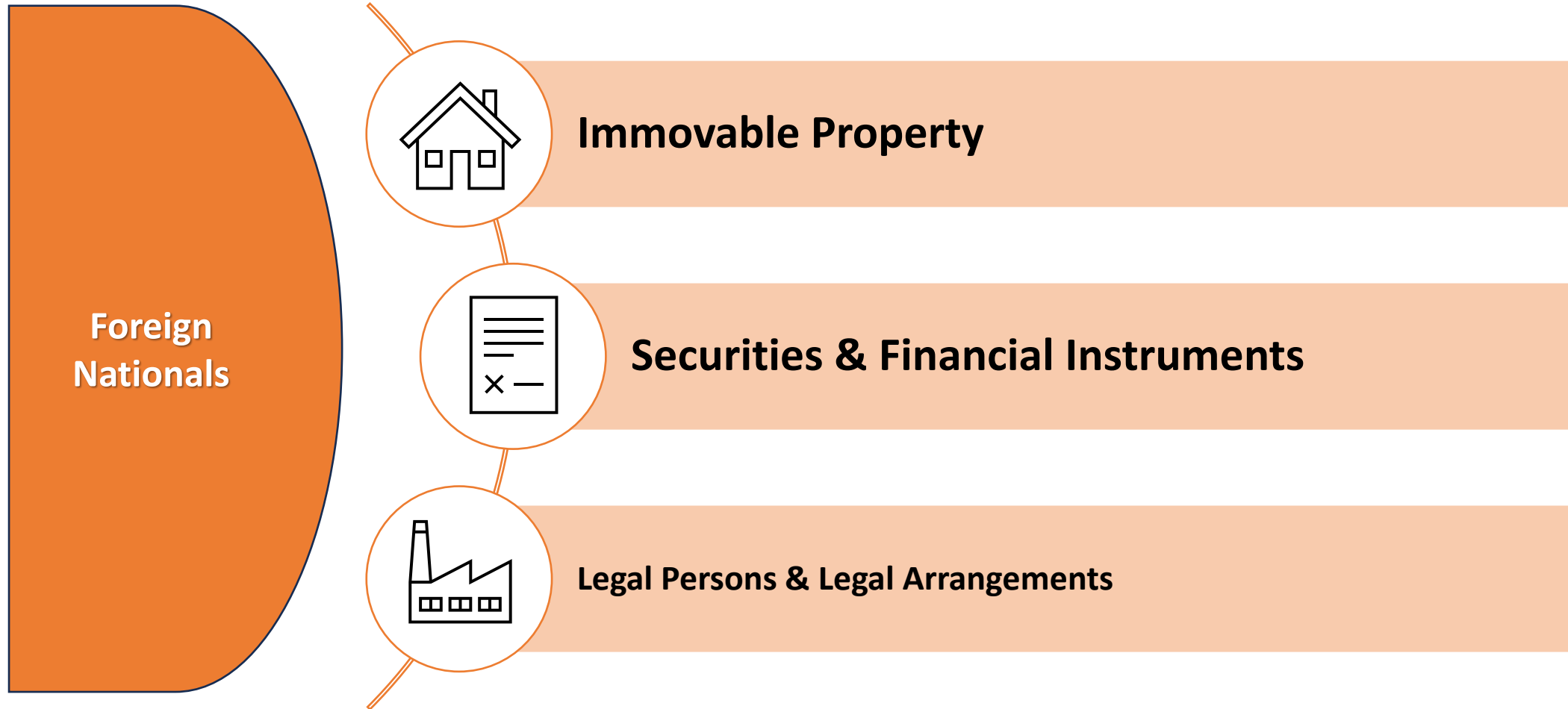
Corporate Customers

Mitigating the Risk ...

- **Check against MBR records – Has it changed its form? Is it up-to-date with its filings (annual return, financial statements etc.)?**
- **Check against the BO Register – Does the beneficial ownership determination made by the subject person tally with what has been reported to the MBR or the MFSA?**
- **Is the explanation provided for the complex structure/choice of jurisdictions reasonable?**
- **Is the absence of a physical footprint justified? What is the link to the jurisdiction?**
- **What level and kind of transaction monitoring is applied?**



The Maltese CBI/RBI Schemes





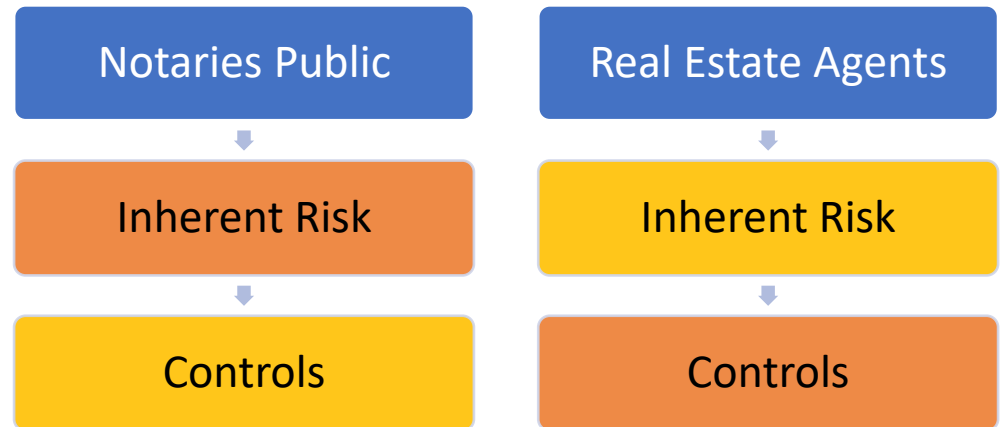
Trustees & CSPs





The Real Estate Sector

What is Usual?	What is Uncommon?	What is Unusual?
<p>Purchaser is a natural person</p> <p>Purchaser is a Maltese national</p> <p>Property purchase price is within the 'norm'</p> <p>Payment involves no cash</p>	<p>Purchaser is either a foreign national or a legal person</p> <p>Where the purchaser is a legal person it does not have a complex structure and is owned by Maltese BOs.</p> <p>Property purchased by Maltese nationals or Maltese owned legal persons is high value</p>	<p>Purchaser is a legal entity and has a complex structure</p> <p>Purchaser is a legal entity and the BOs are foreign nationals</p> <p>Property purchased by foreign nationals or legal entities owned by foreign nationals is high end</p> <p>Price includes elements of cash for works, fixtures etc.</p>



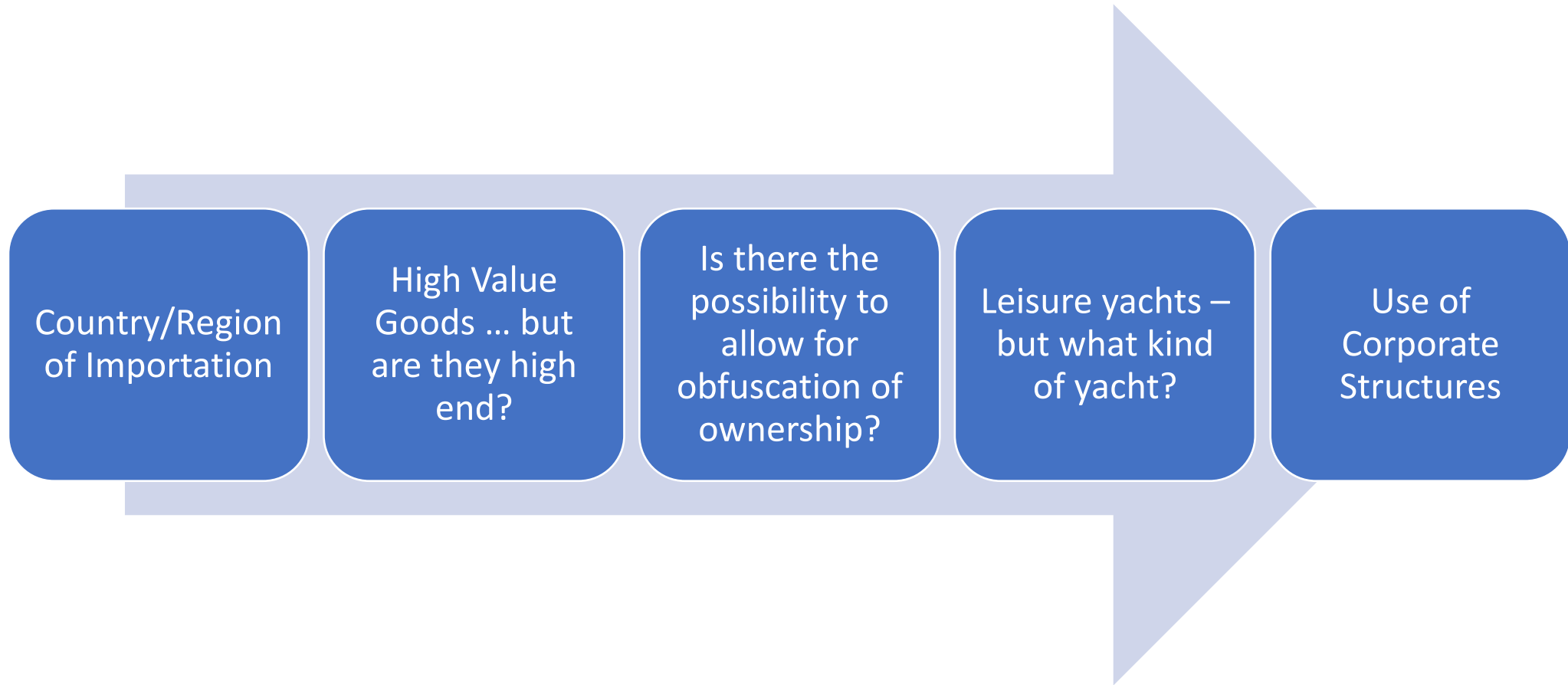


The Professionals





High Value Goods





What are the FIAU Expectations?

- **The publication of the NRA is a trigger event - do undertake a review of your own BRA and related mitigating measures.**
- **No expectations that the BRA and any changes to the mitigating measures will be carried out in a few days.**
- **If you are subject to a supervisory engagement show us that you are working on the review.**
- **If you want to diverge from the assessment in the NRA, document your reasons and make sure they are valid ones.**
- **Hold information/training sessions for your directors, top management and interested officers and employees.**
- **Don't generalise – make use of sub-categories and avoid de-risking ...**
and treat TF separately from ML.

Thank you!

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If you need us, we're here to help you!