

National AML/CFT/TFS Strategy 2021 – 2023

Implementation Report

National Coordinating Committee on Combating Money Laundering and Funding of Terrorism

Malta

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Chapter 1: Introduction

Subsidiary Legislation 373.02¹ gives the responsibility to the National Coordinating Committee on Combating Money Laundering and Terrorism Financing (NCC) to draw up a national strategy to combat money laundering (ML), terrorism financing (TF) and proliferation financing (PF) and co-ordinate any action to be taken to develop, implement and review the national strategy. This report presents the implementation of the required actions under the National Anti-Money Laundering (AML), Counter-Terrorism Financing (CFT) and Targeted Financial Sanctions (TFS) Strategy for 2021-2023². The Strategy is available online in the following link: [National-AML CFT-Strategy-Action-Plan-2021-2023.pdf \(gov.mt\)](https://gov.mt/national-aml-cft-strategy-action-plan-2021-2023.pdf).

Along with the NCC, the additional stakeholders in the Strategy were:

- Financial Intelligence Analysis Unit (FIAU)
- Malta Financial Services Authority (MFSA)
- Malta Gaming Authority (MGA)
- Malta Business Registry (MBR)
- Malta Tax and Customs Administration (MTCA)
- Sanctions Monitoring Board (SMB)
- Malta Police Force (MPF)
- Office of the Attorney General (AGO)
- Office of the State Advocate (OSA)
- Malta Security Service (MSS)
- Asset Recovery Bureau (ARB)
- Office of the Commissioner for Voluntary Organisations (OCVO)
- Central Bank of Malta (CBM)
- National Statistics Office (NSO)
- Ministry for Finance and Employment (MFE)
- Malta Digital Innovation Authority (MDIA)
- Ministry for Justice (MfJ)

The Strategy was built on seven policy goals with a total of 79 actions. Each action had a designated entity responsible for achieving the milestones of these actions.

It is to be noted that all the action points have been successfully implemented.

¹ [LEGIŻLAZZJONI MALTA \(legislation.mt\)](https://legislation.mt/legislat/zgjlzoni)

² Referred to as 'Strategy' in this document.

Chapter II: Policy Goal I - The legislative AML/CFT/CPF framework will be constantly updated to ensure the maximum possible adherence with international (FATF) and European standards, as well as other best practices worldwide.

Policy Goal I Action 1:

Establishment of a sub-committee for monitoring Ministerial Government legislative initiatives related to ML and TF.

Milestones:

- Mapping and addressing the gaps in legislation with the evolving standards.
- Notify all relevant key authorities of the amendments to ensure proper awareness of the same amendments.
- Being proactive in terms of the implications of future enacted legislation.

Status of implementation: Complete

Comments:

This action point is complete. The sub-committee was established in February 2021 and the first meeting of the sub-committee took place on 30 of March 2021. The sub-committee was chaired by the State Advocate himself and members of the sub-committee included high-level officials from MfJ, FIAU, MFSA, MGA, AGO, MTCA, MBR, MPF, ARB, SMB and the NCC Secretariat. The sub-committee held a total of five (5) meetings.

Moreover, a sub-committee focusing on vulnerabilities was also set up for the purpose of Malta's 2023 National Risk Assessment (NRA). This sub-committee, which was being chaired by the Attorney General, was also looking at legislative initiatives related to ML and TF.

The subcommittee has reached its milestones. Gaps in the legislation have been discussed and the findings have been used in the 2023 NRA.

Policy Goal I Action 2:

Implement the Government's policy decision to introduce a limitation on the use of cash.

Milestones:

- Finalise and publish the legislation.

Status of implementation: Complete

Comments:

This action point is complete. A legislation limiting the use of cash has been introduced in March 2021 where through Legal Notice 81 of 2021, cash transactions of €10,000 and over have been restricted for the purchase of several goods.³ These are antiques, immovable

³ Legal Notice 81 of 2021, Use of Cash (restriction) Regulation, 2021. Retrieved from: <https://legislation.mt/eli/ln/2021/81/eng>

property, jewellery, precious metals, precious stones and pearls, motor vehicles, sea-crafts and works of art. The law also prohibits the purchase of such goods exceeding the stipulated amount through several linked transactions. Anyone who breaches this regulation is liable to a fine of not less than 40% of the sum paid, received, or otherwise transacted in cash more than €9,999 or its equivalent in any other currency.

Policy Goal I Action 3:

Legislative amendments to transpose the provisions of the Directive (EU) 2019/1153.⁴

Milestones:

- The transposition deadline for the directive is August 2021.

Status of implementation: Complete

Comments:

This action point is complete given that Directive (EU) 2019/1153 on rules facilitating the use of financial and other information for the prevention, detection, investigation, or prosecution of certain criminal offences was transposed into national law through various legislative amendments and the enactment of new subsidiary legislation. These include:

- Subsidiary Legislation 373.03 – The Central Bank Account Register Regulation⁵⁶
- Act No. XLIII of 2021 which is an act to provide the amendment of various laws in relation to this Directive.⁷ This act included amendments to the Criminal Code⁸ and the Prevention of Money Laundering Act (PMLA).⁹
- Legal Notice 312 of 2021 which provided further amendments to the Criminal Code in line with this Directive.¹⁰
- Legal Notice 313 of 2021 which provided further amendments to the PMLA.¹¹

Further details of the transposition can be found through this link to the EU law website [EUR-Lex](#).

⁴ Directive (EU) 2019/1153 can be accessed through:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019L1153>

⁵ S.L.373.03 can be accessed through: <https://legislation.mt/eli/sl/373.3/eng/pdf>

⁶ [CBAR - FIAU Malta](#)

⁷ Act No. XLIII of 2021 can be accessed through: <https://legislation.mt/eli/act/2021/43/eng>

⁸ The Criminal Code also known as Chapter 9 of the Laws of Malta. Link: <https://legislation.mt/eli/cap/9/eng/pdf>.

⁹ Chapter 373 of the Laws of Malta – Prevention of Money Laundering Act. Link: <https://legislation.mt/eli/cap/373/20230314/eng>.

¹⁰ L.N. 312 of 2021 can be accessed through: <https://legislation.mt/eli/ln/2021/312/eng>

¹¹ L.N. 313 of 2021 can be accessed through: <https://legislation.mt/eli/ln/2021/313/eng>

Policy Goal I Action 4:

Transposing Directive (EU) 2018/1673 on combating money laundering by criminal law.¹²

Milestones:

- Legislative amendments to the Prevention of Money Laundering Act that will provide for more effective and dissuasive measures.

Status of implementation: Complete

Comments:

This action point is complete. Directive (EU) 2018/1673 on combatting ML with criminal law is fully transposed through Act XV of 2021 amending the Prevention of Money Laundering Act (PMLA).¹³ In order to fully transpose this Directive an amendment to Article 3(1) of the PMLA was necessary in order to transpose Article 5(3), Article 8 and Article 6 of Directive 2018/1673, dealing with the penalties to be imposed upon natural and legal persons and with the aggravating circumstances to be attached to the offence of ML, respectively. Further details of the transposition can be found through this link to the EU law website [EUR-Lex](#).

Policy Goal I Action 5:

Keep Maltese legislation in line with the European Union and United Nations sanctions regime.

Milestones:

- The SMB in collaboration with the Joint Economic and Financial Sanctions Implementation Task Force (JEFSI)¹⁴ will review the guidelines issued by the SMB in view of developments, new standards, and modifications of the risk assessment every quarter of every year.

Status of implementation: Complete

Comments:

This action point is complete. All sanctions issued by the EU and the United Nations Security Council (UNSC) are directly applicable under the National Interest (Enabling Powers) Act, Chapter 365 under the Laws of Malta. Any legal or natural person conducting a relevant activity, or any relevant financial business as defined in the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR)¹⁵ is obliged to adhere to applicable sanctions and carry out the necessary checks to ensure that sanctions are always complied with. Should any situation be encountered which is in violation of sanctions, whether directly or indirectly, there is an obligation to stop any transaction from going through, freeze any assets and inform the SMB.

¹² Directive (EU) 2018/1673 can be accessed through: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32018L1673>

¹³ Act No. XV of 2021 can be accessed through: <https://legislation.mt/eli/act/2021/15/eng>

¹⁴ JEFSI is a formal committee established to support the effective supervision of Sanctions related risks and issues as well as support the Sanctions Monitoring Board in the implementation of sanctions issued by the Council of the European Union and United Nations Security Council as well as national sanctions.

¹⁵ Subsidiary Legislation 373.01 Prevention of Money Laundering and Funding of Terrorism Regulations. Link: <https://legislation.mt/eli/sl/373.1/eng/pdf>.

Moreover, the SMB has issued the following guidelines:¹⁶

- Guidance Note on the listings by OFAC of Maltese individuals and entities (31 March 2022).
- FAQs regarding the ban on Russian-flagged vessels from entering European Ports Guidance (27 April 2022).
- Note on the interpretation of article 5n of Council Regulation (EU) 2022/879 of 3 June 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (3 June 2022).
- Guidance Note on article 5m of Council Regulation of Council Regulation (EU) 2022/879 of 3 June 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (3 June 2022).
- Guidance Note on the interpretation of article 5b of Council Regulation (EU) No 833/2014 of 25 February 2022(22 July 2022).
- Guidance Note concerning Restrictive Measures in view of Russia's actions destabilising the situation in Ukraine: Crypto-assets and Cryptocurrencies (2 September 2022).
- Guidance Note on the Imposition of EU Sanctions concerning Restrictive Measures in respect of Actions Undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine (7 October 2022).
- Guidance notes on the listings by OFAC of one Maltese entity (15 November 2022), and Responsibility for Non-Subject Persons under The National Interest (Enabling Powers) Act (23 December 2022).
- Guidance Note on Adverse Media (23 December 2022).
- Guidance Note on the listings by OFAC of one Maltese Entity (April 2023).
- Guidance Note on the Listings by OFAC of two Maltese entities (May 2023).
- Guidance Note concerning Restrictive Measures in view of Russia's actions destabilising the situation in Ukraine: Crypto-assets and Cryptocurrencies (12 April 2023).
- Terrorism Sanctions against the Background of Recent Developments in the Middle East (6 November 2023).

Policy Goal I Action 6:

The European Commission plans to launch the second version of the Import Control System (ICS) to allow Member States to receive and process these declarations for the purpose of further addressing safety and security controls at the borders.

Milestones:

- To be operational locally by March 2021.

Status of implementation: Complete¹⁷

Comments:

The original deadline of March 2021 was as set by the European Commission, but as explained here this deadline was extended further by the European Commission. The Import Control system (ICS) was gradually replaced with a new system called Import Control System 2 (ICS2). This new system will allow for the implementation of the new Union Customs Code (UCC) processes and procedures relating to the entry of goods. These include:

¹⁶ All publications by the Sanctions Monitoring Board can be accessed through [Guidance Notes - SMB \(gov.mt\)](#)

¹⁷ Malta completed all the actions related to this milestone to the extent possible by the progress made by the EU Commission and Member States in this area.

- multiple filing of advance cargo information under Article 127(6) of the UCC
- the involvement of more supply chain actors and business models as set out Article 127(4) of the UCC.

ICS2 is an IT system that collects data all goods entering the EU prior to their arrival. Economic Operators (EOs) will have to declare safety and security data to ICS2, through the Entry Summary Declaration (ENS). The European Commission has planned the ICS2 deployment in three releases:

Release 1 - 15 March 2021

Goods covered: All postal and express consignments.

Deployed as per deadline.

Release 2 – 1 March 2023

Goods covered: Goods in air traffic.

Deployed as per deadline.

Release 3 - Economic Operators go live dates will be in three steps as follows:

Step 1: 3 June 2024 – 4 December 2024 – maritime and inland waterway carriers

Step 2: 4 December 2024 – 1 April 2025 – maritime and inland waterway house level filers

Step 3: 1 April 2025 – 1 September 2025 – road and rail carriers (not applicable to Malta)

Goods covered: Goods in maritime and inland waterways, road and rail traffic.

Malta remains committed to implement the forthcoming European Import Control System, within the deadlines stipulated by the European Commission.

Chapter III: Policy Goal II - The AML and CFT policies and activities of all authorities will be prioritized and guided by an updated risk assessment focusing on Malta's profile as a financial centre and other risk factors.

Policy Goal II Action 1:

Establishment of a committee that centres around the objective of updating the NRA.

Milestones:

- In 2021 the NCC Secretariat will start updating the NRA and addressing in more detail the conclusions from the 2017 NRA but embracing as well, the new and emerging threats, risks, and vulnerabilities.
- Developing sectorial risk assessments where necessary.

Status of implementation: Complete

Comments:

This action point is complete. The NRA was launched in March 2021, with the full support of the MFE, and under the coordination of the NCC. All relevant authorities in Malta actively contributed to enhancing Malta's ML/TF and PF-TFS risk understanding and participated in this iteration of the NRA. The process of the updating Malta's NRA entailed extensive policy deliberations and strong inter-institutional and stakeholder dialogue, including with private sector representative. Malta's 2023 NRA was published in January 2024, and is publicly available on the following link: [Public NRA Dec 2023.pdf \(gov.mt\)](#).

Policy Goal II Action 2:

Setting up a core committee under the auspices of the NCC Secretariat to increase substantially the use of electronic payments whilst simultaneously decreasing the use of cash and cheques as a means of payment.

Milestones:

By April 2021 an action plan that identifies how to address:

- phasing out cheque issuance,
- one e-payment channel,
- wages and salaries via electronic means,
- set-up of a National Directory Service,
- upgrade of the National Digital Identity Solution.
- Setting up a national wallet and an e-platform for real estate purchases,
- vending machines to accept electronic payments.

Status of implementation: Complete

Comments:

A sub-committee focusing on decreasing the use of cash and cheques in Malta was set up in February 2021. The sub-committee was chaired by a representative from MFE and included members from the MTCA, the CBM and the NCC Secretariat. From its inception until May 2022, the sub-committee held thirteen (13) meetings where the members suggested and discussed options to decrease the use of cash in the country while also promoting the use of electronic means of payment. The findings of this sub-committee were used in the 2023 NRA.

Policy Goal II Action 3:

Addressing the reduction in cheque usage.

Milestones:

- Legal Notice by March 2021
- Local credit institutions to amend their operating procedures for cheque encashment.

Status of implementation: Complete

Comments:

In line with this action, on the 7 July 2021, CBM issued Directive 19 on the use of cheques and bank drafts.¹⁸ The purpose of this directive was to introduce a set of regulations on the use of paper-based instruments due to their inefficient nature, high processing costs and AML risks. With the publication of this directive, the Central Bank of Malta aimed to minimise the risks associated with these instruments while shifting consumer behaviours towards more efficient and traceable electronic means of payment. Directive 19 came into force on the 1 January 2022.

Policy Goal II Action 4:

Improving understanding of tax-related ML, TF, and PF risks in Malta as a financial centre

Milestones:

- Setting up a committee to collect tax data and identify the risks of tax evasion.
- Terms of Reference by March 2021 and actual functioning as of June 2021.

Status of implementation: Complete

Comments:

This action point is complete. In August 2021 a sub-committee was set up composed of MTCA, FIAU, MPF, AGO, and MSS.

In addition, in November 2021, Malta published a risk assessment on tax offences and related ML in Malta. This assessment was coordinated by the NCC Secretariat and with the participation from the FIAU, MTCA, AGO, MPF, Agenzija Komunita' Malta, and CBM. Key findings of this risk assessment are publicly available on the NCC Secretariat website:

¹⁸ Directive 19 in terms of the Central Bank of Malta Act (Cap. 204) on the use of cheques and bank drafts can be accessed through: <https://www.centralbankmalta.org/site/About-Us/Legislation/Directive-19.pdf?revcount=1444>

[Keyresults_taxriskassessment_final16122021-1.pdf \(gov.mt\)](#). This risk assessment fed into the 2023 NRA.

Policy Goal II Action 5:

A sub-committee focusing on the risks and challenges presented by Virtual Financial Assets.

Milestones:

- Creating a detailed action plan for mitigating the specific risk of virtual financial assets service providers

Status of implementation: Complete

Comments:

A sub-committee focusing on the risks and challenges presented by virtual financial assets was set up in February 2021. The sub-committee was chaired by the MFSA. The sub-committee held a total of eight (8) meetings. As a result of this sub-committee a risk assessment on virtual financial assets and virtual financial asset service providers was carried out that fed into the 2023 NRA. Members of this sub-committee also supported the Council of Europe in the report on ML and TF risks in the world of virtual assets. This can be accessed via the following link: [Virtual assets: Typologies report on money laundering and terrorist financing risks in the world of virtual assets - Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism \(coe.int\)](#)

Policy Goal II Action 6:

Improved risk understanding with regard to BO issues.

Milestones:

- Extend the Malta Business Registry's risk classification to complex structures.
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Status of implementation: Complete

Comments:

This action point is complete. To improve the understanding of ML/TF risks associated with the misuse of companies, and to ensure that the MBR is targeting companies which pose the highest risk with respect to potential concealment attempts of BO information, Malta has carried out a risk assessment on commercial partnerships with specific focus on BO information¹⁹. This assessment was carried out in August 2021 using data available to the MBR, with contribution from data provided by the FIAU, MFSA, MTCA, AGO, MPF, and coordinated by the NCC Secretariat. The purpose of this risk assessment was two-fold, that of being used internally by the Malta Business Registry to improve the mitigation measures through an enhanced risk-based supervision, and that of being used externally by guiding obliged entities that are gatekeepers and their supervisors in view of the fact that these are the high-risk areas to focus on.

¹⁹ [Malta's Sectorial Risk Assessment on Concealment of Beneficial Ownership Information of Companies - MFSA](#)

During 2022, the Malta Business Registry worked to develop a tool which will be able assess all registered legal entities based on the information which the Malta Business Registry has in its hands. This tool is made up from five (5) pillars namely, complex structures, type of beneficial ownership disclosure, nationality of all involvements within the legal entity, submission of regulatory obligations and penalties incurred by the legal entity. When assessing these five pillars, the legal entity will be given a risk score and finally the Malta Business Registry will have a list of legal entities classified as high, medium-high, medium, medium-low and low risk. Such assessment was used for the first time to prepare the supervisory plan for 2023.

Policy Goal II Action 7:

Update the national action plan as a result of the findings of the updated NRA.

Milestones:

- Meetings with the entities to discuss thoroughly.

Status of implementation: Complete

Comments:

This action point is complete. Malta's 2023 NRA was published in January 2024.

Policy Goal II Action 8:

Outreach for the results of the 2023 NRA.

Milestones:

- Outreach in line with the particular entity on money laundering, terrorism financing, and proliferation financing taking into consideration new legislation and international recommendations.

Status of implementation: Complete

Comments:

This action point is complete. It is to be noted that throughout the process of the 2023 NRA, the NCC Secretariat organised outreach events to the private sector to share initial findings of the 2023 NRA to enable constructive discussions. The NCC Secretariat kept all stakeholders including the private sector, in the loop of the process of the update of the NRA. The 2023 NRA was published in January 2024, and outreach initiatives on the findings of the 2023 NRA continued taking place thereafter. Some of the outreach initiatives held by the NCC in collaboration with the FIAU are presented in the following link: [INITIATIVES - NCC \(gov.mt\)](https://www.govt.gov.mt/ncc/initiatives).

Chapter IV: Policy Goal III - All AML, CFT, CPF activities, domestic and international, will be proactive and fully coordinated by the NCC, fostering the maximum possible information exchange. Outcomes will be measured on a regular basis to ensure the utmost effectiveness of both preventative and oppressive measures.

Policy Goal III Action 1:

Establishment of a committee that coordinates training and outreach initiatives related to AML, CFT, and CPF.

Milestones:

- Meetings are to be held every month.
- Detailed risk-based training and outreach plan developed focusing on vulnerabilities and gaps identified.

Status of implementation: Complete

Comments:

This action point is complete. A sub-committee focusing on training and outreach on AML, CFT, and CPF was established in February 202. The sub-committee was chaired by the Executive Secretary of the NCC, and members from the supervisory and law enforcement authorities. The sub-committee held a total of four (4) meetings. During these meetings, participants discussed areas of interest where they felt that training was needed. These meetings, and several offline correspondences with each entity, led to various training and outreach sessions organised by the NCC Secretariat.

In 2021, the NCC Secretariat organised a total of 25 training sessions. Most of these sessions were held online due to the COVID-19 pandemic. To note that on the 15 July 2021, the NCC Secretariat organised a webinar on taxation issues related to AML and CFT with a turnout of 746 participants.

In 2022, the NCC Secretariat organised 13 training sessions which were all held in person. To note that in July 2022, the NCC Secretariat organised an in-person training session on the ultimate beneficial owner which was also open to the private sector. This session was attended by 400 participants from various sectors.

In 2023, the NCC Secretariat organised 21 training sessions which were also held in person. Most of these training sessions were provided to members from the public sector.

All training sessions saw the involvement of several local and foreign experts.

A detailed list of all the training sessions organised by the NCC Secretariat is presented in Annex A.

Policy Goal III Action 2:

Establishment of a committee that focuses on improving the gathering of ML, TF, and PF related statistics.

Milestones:

- Meetings are to be held every quarter.

Status of implementation: Complete

Comments:

This action point is complete. A sub-committee focusing on improving the gathering of ML, TF, and PF related statistics was set up in February 2021. Official and bilateral meetings were held to agree on the statistical templates. More background detail is provided in the following link: [NSO Malta | Money laundering, terrorist financing and proliferation financing - NSO Malta \(gov.mt\)](#)

Policy Goal III Action 3:

Establishment of a sub-committee with the objective of ensuring that all Maltese competent authorities are proactive and well-coordinated among themselves when participating in international forums on topics related to AML, CFT and CPF.

Milestones:

- Members are to meet on a monthly basis.

Status of implementation: Complete

Comments:

This action point is complete. A sub-committee on the coordination of international participation on topics related to AML, CFT, and CPF was set up in February 2021. The sub-committee was chaired by the FIAU. The sub-committee met seven (7) times and participants were presented with the latest updates from various international organisations such as the FATF, Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), the Expert Group on Money Laundering and Terrorism Financing (EGMLTF), European Banking Authority (EBA) and Organisation for Economic Co-operation and Development (OECD). Moreover, participants were given the opportunity to share knowledge and experience gained from events they attended abroad that were related to financing AML, CFT, and CPF. This sharing of information between all these entities helped increase awareness of what is happening at an international level and also increased the level of coordination between them. Moreover, the NCC Secretariat created an online platform where material presented during these events is shared to all the members of this sub-committee.

Policy Goal III Action 4:

Better coordination between the MPF and the FIAU.

Milestones:

- Have an effective liaison officer between MPF and FIAU.
- Improving the Police feedback to the FIAU.

Status of implementation: Complete

Comments:

This action point is complete. A liaison officer has been appointed and feedback between MPF and FIAU has improved through goAML²⁰, through regular meetings held between MPF and FIAU, the regular exchange of intelligence, and actively taking part in two particular taskforces, namely the Financial Crime Task Force and the Inter-agency Committee for the Countering of Funding of Terrorism. In addition, in April 2021 the Financial Intelligence Analysis Unit granted access to the Centralised Bank Account Register (CBAR)²¹, to the Malta Police Force. This system allows the Police to have direct access to bank account information instantly without having to resort to the time-consuming process of sending out requests for information to credit financial institutions in Malta.

Policy Goal III Action 5:

Intensive training for Police Officers of the Economic Crimes Unit within the Financial Crimes Investigations Department by Officials of the MTCA.

Milestones:

- Recruitment by the Financial Crimes Investigations Department,
- Tax training by officials from the MTCA on investigation techniques related to tax evasion.

Status of implementation: Complete

Comments:

This action point is complete. In September 2021, the Malta Tax and Customs Administration provided a two-day training session to officers from the Financial Crimes Investigations Department of the Malta Police Force on Value Added Tax and Carousel Fraud. Moreover, the NCC Secretariat assisted both authorities with this action by organising a series of training sessions on tax-related offences and ML. Details of these training sessions are as follows:

Table 1: List of training related to tax evasion and ML.

Date	Title of training session
7 April 2021	Seminar 1: Introductory session on anti-money laundering principles in relation to taxation, and money laundering typologies including methods used to identify money laundering cases
9 April 2021	Seminar 2: Tax evasion as a predicate offence and cases that may be pursued at a criminal level and others at a civil level
12 May 2021	Seminar 3: How to organise the Malta Tax and Customs Administration in order to best deal with anti-money laundering issues
17 May 2021	Seminar 4: Criminal and Administrative Investigation and Analysis of Complex Tax Structures and Money Laundering

²⁰ goAML was introduced in 2020 and this automated software system facilitates the submission of STRs and is developed by the United Nations Office on Drugs and Crime (UNODC).

²¹ [CBAR - FIAU Malta](#)

26 May 2021	Seminar 5: Anti-Money Laundering Tax Cases: Applying a Coordinated Approach
26 – 28 January 2022	Money Laundering and Taxation Issues
27 & 28 January 2022	Investigative and prosecutorial techniques in identifying the elements of tax evasion
21 & 22 July 2022	Money Laundering and Tax Evasion

In addition, MPF strengthened the Financial Crimes Investigations Department with human resources where from a staff complement of 58 in 2019 this increased to 96 as at 2023.

Policy Goal III Action 6:

Closer cooperation at a national and international level with competent authorities regarding asset recovery practices.

Milestones:

- Detailing of staff from the MPF,
- Assistance offered by the MTCA.

Status: Complete

Comments:

This action is considered complete where key actions included that to increase cooperation on asset recovery, on the 18 March 2021, AGO, MPF and ARB signed a Memorandum of Understanding (MoU) that sets out the arrangements between parties on cooperation on confiscation of proceeds of crime. Moreover, on the 15 April 2021, MPF and ARB signed a MoU on representation, assistance, and the sharing of services of a Police officer with the Asset Recovery Bureau. This led to the assignment of a Police inspector to the Asset Recovery Bureau on a full-time basis. In addition, the MTCA has appointed a liaison officer with the ARB and a number of accountants are available for any requests by the Police.

In addition, between the 23 October and the 25 October 2023, the NCC Secretariat, together with MPF, MTCA, and the FIAU organised a training session for officers from the Asset Recovery Bureau on best practices and information sharing.

Policy Goal III Action 7:

Enhance the work of the current Financial Crime Task Force.

Milestones:

- Identifying, investigating, and prosecuting high-profile money laundering cases,
- Ability to identify certain gaps and vulnerabilities in the anti-money laundering and/or the counter-terrorism financing regime,
- Ability to identify common emerging trends when it comes to these offences.

Status of implementation: Complete

Comments:

This action point is complete. The meetings of the Financial Crime Task Force are regularly held in line with the terms of reference that were formally agreed to. A number of complex

cases have been identified and updates are regularly given during the said meetings with the intention to prosecute the said cases in court.

Policy Goal III Action 8:

Enhance the work of the Inter-Agency Committee for the Countering of Funding of Terrorism.

Status of implementation: Complete

Comments:

This action point is complete. FIAU, MSS, MPF, and the MTCA set up an inter-agency committee to deal with TF. The inter-agency committee has been meeting at least once every month since it was set up.

Policy Goal III Action 9:

Tax collection from proceeds of crime.

Milestones:

- Better training, and improved guidelines.

Status of implementation: Complete

Comments:

This action point is complete. In September 2022, the NCC Secretariat organised a two-day workshop titled 'Interagency Cooperation in Financial Investigations' where officials from the MTCA, MPF, FIAU, ARB, AGO and the OSA sat together and discussed various case studies. After the workshop, a high-level meeting was held between the heads of these entities to discuss issues which were raised during the workshop.

On the 23 November 2022, a training session was delivered by the Criminal Investigations Department - Anti-fraud Unit of the MTCA to FIAU with the purpose of increasing knowledge of tax-related issues to the participants.

Further to these sessions, follow-up meetings were held, and a pilot exercise was initiated that addresses the creation of a policy, including pointers, as to when proceeds of confiscation are to be taxed for this specific project.

Policy Goal III Action 10:

Improved coordination between the FIAU, the Department of Customs and MPF in monitoring ML risks associated with cross-border cash movements.

Milestones:

- An inter-agency team focused on ML relating to cash movements and Customs predicate offences.
- By March 2021 the FIAU and MPF will have direct access to the e-authorisations online system.

- By December 2021, a profiling system, and pop-up alerts to Customs officials.

Status of implementation: Complete

Comments:

This action point is complete. In May 2021, MPF was granted access to the Control of Cash Declarations Database which is managed by the Department of Customs. Through this system, the Police have access to live data on cash declarations reported by Customs officials, and the data is also available to the FIAU.

For example, during 2022, the Department of Customs recorded a total of 56 cases of undeclared cash cases, an increase of ten (10) cases from the previous year. All information pertaining to submitted cash declarations and undeclared cash is now electronically shared by Customs with FIAU and MPF in real time, to provide key figures and trends in relation to high-risk countries and other monitored jurisdictions.

Policy Goal III Action 11:

Amend Chapter 391, the Security Service Act, since as it stands it precludes the service from sharing information.

Milestones:

- Signing of MoUs with the competent authorities.

Status of implementation: Complete

Comments:

This action is complete given that despite the fact that there are no formal agreements in place between MSS and the other competent authorities, MSS has access to the authorities' databases, for example to CBAR, the MBR's register of companies and Trusts Ultimate Beneficial Ownership (TUBOR). In addition, all the supervisory and law enforcement authorities cooperate closely with the MSS. In addition, MSS is member of FCTF and ICOFT.

Policy Goal III Action 12:

Finalize and update all MoUs which are still necessary relating to AML, CFT, and CPF.

Milestones:

- Revising and strengthening the MoU between MGA and MPF
- Updating the MoU between the MPF and the OCVO.
- MoU between SMB, ARB and MSS. .
- MoU by the Department of Customs on an Integrated Border Management Strategy.
- MoU between AGO and ARB.
- Finalise an agreement with the MFSA, MBR, and FIAU on supervisory and coordination of Corporate Service Providers.

Status of implementation: Complete

Comments:

This action is complete, as a number of MOUs were finalised during the Strategy period leading to an enhancing of the sharing of information between the supervisory and law enforcement authorities.

Policy Goal III Action 13:

Develop the current FINREP²² as a platform for the ongoing exchange of information on money laundering and terrorism financing risks.

Milestones:

- FINREP meetings discussion on money laundering and terrorism financing risks, trends, and typologies,
- Disseminate strategic and other types of analysis with the NCC Secretariat and other relevant competent authorities.

Status of implementation: Complete

Comments:

This action point is complete. The Financial Intelligence Reporting Partnership (FINREP) is one of FIAU's public-private partnership programmes (PPPs). During the Strategy period, the PPPs by the Financial Intelligence Analysis Unit developed as follows, where more detail is also presented in the following link: [Public Private Partnerships - FIAU \(fiamalta.org\)](https://fiamalta.org/public-private-partnerships):

- the Joint Committee for the Prevention of ML and TF: Through the Joint Committee, the FIAU updates participants on ongoing work, planned projects and legislative developments, and encourages discussion on common concerns and suggestions in the joint fight against ML and TF. Joint Committee One-to-Ones in 2023:
 - Joint Committee (MBA & FIMA) 17/01/2023
 - Joint Committee (MIA, MIMA, AIB) 23/02/2023
 - Joint Committee (MCSB, MASA, MARSP) 23/03/2023
 - Joint Committee (IFSP, STEP) 20/04/2023
 - Joint Committee (MIA, MIT & COA) 25/05/2023
 - Joint Committee (MDA Real-Estate Subsection, Notarial Council) 08/06/2023
 - Joint Committee (MRGC, iGen, LBCs) 22/06/2023
 - 71st AML/CFT General Joint Committee 24/11/2023
- The AML/CFT clinics: The AML/CFT Clinics initiative was launched in 2021 to assist Maltese banks in meeting their AML/CFT obligations. Credit institutions are invited to send beforehand anonymised practical scenarios they come across during their day-to-day tasks and about which they require guidance from an AML/CFT perspective. The cases submitted are then presented by the FIAU officials during these periodical meetings together with the requested AML/CFT guidance. Meetings are divided in two categories: small and big banks. The following took place in 2023:

²² FINREP stands for Financial Intelligence Reporting Partnership which is one of the Financial Intelligence Analysis Unit's public-private partnership programmes.

- AML/CFT Banking Clinic (1) - Big Banks 26/01/2023
 - AML/CFT Banking Clinic (2) - Big Banks 28/02/2023
 - AML/CFT Clinic (1) - Small Banks 29/03/2023
 - AML/CFT Clinic (3) - Big Banks 31/05/2023
 - AML/CFT Clinic (4) - Big Banks 14/09/2023
- the AML/CFT consultants forum: The AML/CFT Consultants Forum which was set up by the FIAU in 2019 is an informal meeting that brings together a number of entities that provide AML/CFT consultancy services to subject persons. The FIAU recognizes that AML/CFT consultants are uniquely positioned between the subject persons and the regulator, giving them a precise understanding of the issues faced by subject persons in the implementation of their AML/CFT obligations. The following took place in 2023:
- AML/CFT Consultants Forum 12/01/2023
 - AML/CFT Consultants Forum 04/05/2023
 - AML/CFT Consultants Forum 05/09/2023

Policy Goal III Action 14:

Specialized subgroup for sanctions evasion and listing.

Milestones:

- Meetings to be held once every two (2) months or more if needed.

Status of implementation: Complete

Comments:

This action point is complete. The specialised subgroup is led by SMB, with a formal meeting held and a number of informal meetings between the individual stakeholders held on a frequent basis to discuss cases, and to discuss the numerous sanctions adopted against Russia in view of the military aggression in Ukraine, in order to explore the newly introduced obligations, the escalation of SMB reports post AML and CFT examinations and sanction listing in the midst of the Russian invasion of Ukraine.

Policy Goal III Action 15:

Easy access to the BO register for all competent authorities.

Milestones:

- Extend accessibility to subject persons as well by Application Programming Interface (API).

Status of implementation: Complete

Comments:

This action point is complete. In 2021, several competent authorities were given direct access to the data held by MBR which can utilise the API. These authorities include the FIAU, MPF, ARB, MTCA, MFSA, MGA, OCVO, MSS, SMB, and CBM.

To date, all competent authorities and reporting entities have access to the BO registry.

Chapter V: Policy Goal IV - Preventing criminals and their associates, as well as proceeds of crime from entering the Maltese system, and specifically also by improving the transparency and accuracy of BO information, will be a priority for all supervisors. Effective risk-based supervision, dissuasive sanctioning, and other public-private cooperation mechanisms will be applied to achieve these goals while ensuring competitiveness and minimizing de-risking policies.

Policy Goal IV Action 1:

Amendment of legislation setting up regulators addressing the importance of dissuasive sanctioning.

Milestones:

- Amend the applicable legislation relative to each entity relative to the imposition of administrative penalties of a financial nature and to ensure compliance with article 39 of the Constitution and its counterpart, article 6 of the European Court of Human Rights including its jurisprudence.

Status of implementation: Complete

Comments:

This action point is complete in view of rulings delivered by the Constitutional Court of Appeal on the 18th November 2024.

Policy Goal IV Action 2:

More qualitative and risk-based AML and CFT supervision.

Milestones:

- Focus on the carrying out of more thematic and targeted types of examinations informed by ML and TF risks.
- Improve the quality of supervision by improving the choice of checks (based on risks), making better use of risk information, providing more quality training to supervisory officers, and enhancing the quality of supervisory reports.
- Improve the quality of supervision of low-risk types of entities by enhancing the current framework of supervisory meetings.

Status of implementation: Complete

Comments:

This action point is complete. Some examples of enhanced risk-based supervision include:

- Following a risk assessment carried out by the Malta Business Registry, the Malta Business Registry carried out the supervisory plan on the high-risk companies by the end of 2021.

- The MFSA has formalised procedures and established additional channels of information exchange (red-flagging) with the FIAU through which it is able to rapidly share supervisory information
- The MFSA has also formalised procedures for its consideration of AML supervisory reports within its own supervisory interactions above and beyond its consideration of the FIAU's risk rating of Subject Persons.
- The FIAU initiated supervisory meetings with low-risk subject persons as from the supervisory cycle of July 2022 – June 2023.
- The FIAU published the supervisory plan cycle for July 2023 - June 2023.
- Moreover, the FIAU is aligning its training program to its own officers as well as those within the MFSA and the MGA, to the supervisory plan.
- Furthermore, the FIAU enforcement team is issuing feedback to the Supervision section as well as to the MFSA and MGA about the quality of supervisory reports. The feedback is submitted post-Compliance Monitoring Committee decisions. The sharing of feedback by the Enforcement team to the Supervision section within the FIAU is being conducted to continuously improve the risk-based examinations.

Policy Goal IV Action 3:

Identifying low-risk gaming operators for simplified due diligence and supervising them accordingly.

Milestones:

- To take into account the NRA findings on the gaming sector operators, or the outcomes of specific risk assessments on the gaming sector and consider whether particular operators pose a low risk of ML and TF.
- Discuss and determine whether low-risk operators should be exempted from AML and CFT obligations or be subjected to a lighter touch regime such as Simplified Due Diligence.

Status of implementation: Complete

Comments:

This action is considered as complete as identified in Malta's 2023 NRA.

Policy Goal IV Action 4:

Using strategic analysis for improved supervision.

Milestones:

- Improve the information being retained on common breaches and deficiencies by improving the granularity of currently retained data.
- Indicators used to tag Suspicious Transaction Reports, Suspicious Activity Reports, or other reports to be split further by type.
- Conclusions of Strategic Analysis reports disseminated to the supervisory authorities to identify money laundering indicators/trends.
- Supervisory Authorities to develop clear procedures on how to take into account conclusions on money laundering and terrorism financing strategic analysis in their supervisory work.

Status of implementation: Complete

Comments:

This action is complete given that for a number of years (since 2007), the FIAU has been carrying out periodical strategic analyses for example, by using data obtained through cross-border cash declarations. It is to be noted that in addition to the periodic strategic analyses FIAU also uses this data for its operational cases, whereby persons subject to suspicious reports are checked against the cash declarations data amongst other databases.

In 2021 Malta carried out a risk assessment on ML of the Proceeds of Tax Crime in Malta. Key findings and recommendations of this risk assessment are available online on the following link: [Keyresults_taxriskassessment_final16122021-1.pdf \(gov.mt\)](#). As a result of this risk assessment, outreach was carried out and FIAU published a Factsheet on Typologies & Red Flags: Indicators of Tax-Related ML, available online on the following link: [FIAU Factsheet on Typologies & Red Flags: Indicators of Tax-Related ML - FIAU Malta](#). In addition, FIAU published a factsheet presenting information from the strategic analysis on intelligence having an international element was also published: [Microsoft Word - FIAU Intelligence FactSheet InternationalElement \(fiaumalta.org\)](#).

In 2021, Malta carried out a risk assessment on commercial partnerships with specific focus on the concealment of BO information. Further to this risk assessment, FIAU published a guidance document for subject persons titled 'Intelligence Factsheet: Strategic analysis on the misuse of corporate vehicles registered in Malta, with a focus on Beneficial Ownership concealment: [Microsoft Word - 20211231 FIAU Intelligence FactSheet BOconcealment \(fiaumalta.org\)](#), and a Supervision Factsheet reporting on the main results and most important findings of the recent BO-focused thematic review to assist subject persons in understanding how they may improve their AML/CFT program with regard to BO-related obligations: [Compliance-with-Beneficial-Ownership-Obligations-by-CSP.pdf \(fiaumalta.org\)](#).

Furthermore, FIAU is constantly improving the information being retained on common breaches and deficiencies by improving the granularity of currently retained data. The indicators used to tag STRs/SARs (or other reports) are being split further by type.

Policy Goal IV Action 5:

Enhance supervisory AML actions against new and high-risk sectors (especially within the Trustee, Company Service Providers, Real Estate, Notaries and Lawyers Sectors).

Milestones:

- Improve the coordination between FIAU, MFSA, and MBR when it comes to the supervision of Company Service Providers under various legislation.
- In 2021 include MBR as a supervisory authority under the PMLFTR with which the FIAU may share and exchange information.

Status of implementation: Complete

Comments:

This action point is complete given that for example, concerns flagged by MBR are risk elements collected by the FIAU and used throughout the FIAU's supervisory process.

Furthermore, in April 2021 MBR was recognized as a supervisory authority in terms of the PMLFTR and therefore enhanced measures to complement this new role were also included.

Policy Goal IV Action 6:

Enhance the accuracy of BO information retained by subject persons.

Milestones:

- Focus on carrying out more Beneficial Ownership thematic and targeted types of supervisory examinations.

Status of implementation: Complete

Comments:

This action complements action 5 of this policy goal. During the Strategy period, there were improved processes, proactive sharing of data and relevant information, conclusion of MoU between FIAU and MBR, enhanced internal cooperation between FIAU's supervision section and other sections, including CBAR. There was also the introduction of reporting to MBR any BO discrepancies identified during supervisory and analytical work by the FIAU, and similar reporting by the MFSA to the MBR. This action point is complete.

Policy Goal IV Action 7:

More effective risk-based register.

Milestones:

- Update Malta Business Registry guidelines and educate all stakeholders.
- By March 2021 the Malta Business Registry issue a consultation document obliging companies that do not have Maltese residents acting as directors on a company to submit the Beneficial Ownership information through an Authorised Company Service Provider.
- Malta Business Registry will be also requesting payments to be channeled through a Maltese bank account.

Status of implementation: Complete

Comments:

This action point has been addressed by the following measures:

1. Risk Profiling: Assigning risk profiles based on factors such as the company's structure, jurisdiction, and BO, shareholders, and directors' backgrounds. High-risk entities undergo more thorough scrutiny including, but not limited to, onsite inspections.
2. Enhanced Due Diligence and ongoing monitoring: Conducting deeper background checks on registered companies especially those in high-risk industries, including the identities of beneficial owners and key personnel, to prevent money laundering and fraud and to detect and address compliance breaches early. In 2023, the MBR employed a full time MLRO to ensure that thorough analysis is carried out.
3. Automated Risk Assessment tool: Utilizing technology and algorithms to automatically flag companies with high-risk indicators during the registration process and on an ongoing basis.

Policy Goal IV Action 8:

Enhance the Financial Intelligence Analysis Unit's AML / CFT Whistleblowing Unit.

Milestones:

- Setting up of a dedicated whistleblowing unit.
- Public awareness campaigns launched.

Status of implementation: Complete

Comments:

This action point is complete. The FIAU has been designated as one of the authorities that, in terms of the Protection of the Whistleblower Act²³, is to receive external disclosures of improper practices from the private sector. As required by law, and to better manage external disclosures, the FIAU has established a Whistleblowing Reports Unit within its Legal Affairs section. Section 5.14 of the Implementing Procedures – Part I²⁴ provides some further guidance on whistleblowing.

Policy Goal IV Action 9:

Focus on providing more practical guidance/outreach to the private sector on AML/CFT obligations and ML/TF trends and typologies.

Milestones:

- Conclude the process of issuance of sector-specific procedures for the most material sectors (i.e., Banks, Company Service Providers, Trustees and Investment Firms).
- Develop the current FINREP²⁵ as a platform for the ongoing exchange of information on ML/FT risks, trends and typologies with the Banking Sector.
- Focus on the provision of more practical types of training by identifying in consultation with supervisors and sector representatives' areas of training, conducting practical sessions through the use of ML/TF case studies and sharing experiences on good versus bad compliance practices.

Status of implementation: Complete

Comments:

This action point is complete as the FIAU, through its dedicated Guidance and Outreach Team, continued pursuing activities to ensure that guidance is provided to subject persons. Training efforts were also undertaken with specific regard to Beneficial Ownership-related AML/CFT obligations. On the 24th of November 2021, FIAU's Guidance and Outreach Team organised a webinar on a series of changes carried out to its binding Implementing Procedures. One of the said changes involved providing additional clarity as to how to determine who is to be considered the beneficial owner in cases of complex corporate structures. In addition, FIAU also held discussions with representative bodies to drive further awareness of Beneficial

²³ The Whistleblower Act – Chap 527 of the Laws of Malta can be accessed through: <https://legislation.mt/eli/cap/527/eng>

²⁴ The Implementing Procedures – Part I can be accessed through: https://FinancialIntelligenceAnalysisUnitmalta.org/wp-content/uploads/2021/11/20211018_Implementing-Procedures-Part-I-v.2.pdf.

²⁵ The Financial Intelligence Reporting Partnership also known as FINREP was established by the Financial Intelligence Analysis Unit in 2019.

Ownership-related obligations. Following July 2021, FIAU held nine (9) meetings with representative bodies including, the Institute of Financial Services Practitioners, Malta Institute of Accountants, Malta Institute of Taxation, Chamber of Commerce, Malta Bankers' Association, Financial Institutions Malta Association, and the Notarial Council

In addition, to address this action point, FIAU have launched a new initiative, under its Public-Private Partnership program titled 'AML/CFT Clinic for Credit Institutions' to create a platform where, on a regular basis, credit institutions are invited to consider whether they have encountered any particular situations where they were unsure as to how to meet their AML/CFT obligations and to provide sanitised versions of these situations for discussion in the course of the said clinics. The first meeting took place on the 3rd of December 2021. These meetings are also attended by representative bodies, including The Institute for Financial Services Practitioners (that represents Company Service Providers) among others to provide an opportunity to bridge any possible gaps in terms of how Subject Persons, beyond the banking sector, understand their AML/CFT obligations and what these require of them. In 2023, the Financial Intelligence Analysis Unit held eight (8) such clinics. An additional measure is the use of the 'Dear MLRO' letters, i.e., targeted guidance in the form of letters addressed to banks' MLROs, intended to explain in more detail the Financial Intelligence Analysis Unit's expectations in relation to the application of particular AML/CFT obligations to particular customer segments. This complements the work done in providing guidance and outreach to local credit institutions through other means by the Financial Intelligence Analysis Unit.

Policy Goal IV Action 10:

Increase the effectiveness in sanctioning and enforcing measures for AML/CFT obligations.

Milestones:

- Increase in human resources within the FIAU enforcement sections.
- Introduce settlement arrangements for subject persons to incentivize the remediation of breaches.
- Introduced a policy on Settlement Arrangements.
- Ensuring a more calibrated approach between administrative fines and remediation actions.

Status of implementation: Complete

Comments:

This action is complete as the FIAU continued with its drive to increase human resources and expertise. The current staff complement at the Financial Intelligence Analysis Unit as at 2022 stood at 137, where within enforcement there was an increase from 9 in 2020 to 18 in 2023.

A Guidance document titled 'Enforcement Factsheet: Common observations across sectors subject to AML/CFT Supervision' was published by the FIAU in May 2021.

The AML/CFT administrative enforcement actions taken by the FIAU also indicate that the risk-based approach adopted by the FIAU is indeed conducive to identifying subject persons that pose higher risks ML/TF. Between 2019 and 31 October 2023, following breaches identified during the course of AML/CFT compliance examinations, FIAU imposed:

- 101 pecuniary penalties (totaling €25.1 million)
- 87 Directives requiring subject persons to address various AML/CFT shortcomings (please note that a directive can be issued to address more than one shortcoming).

Measures are made publicly available on the Financial Intelligence Analysis Unit 's website. Each publication provides a summary of the breaches identified, their level of seriousness and whether they are systemic breaches, as well as the administrative enforcement measure imposed. Details of the remedial actions necessary are also included allowing for a learning platform for subject persons. Examples of such publications can be found through the following link: [Administrative - FIAU \(fiaumalta.org\)](https://fiaumalta.org).

Other authorities also increased their enforcement actions where for example the MBR imposed administrative penalties on companies when, following the carrying out of an onsite inspection, officers determine that the BO that had been previously reported to the MBR is incorrect. Penalties are also imposed when companies fail to provide BO information within the period of time stipulated in the Companies Act. Apart from the penalties, MBR is also applying other measures in cases where BO information was not provided to the Registry, where for example, new companies are not being registered if BO information is not provided upon incorporation. The MBR, through the Compliance Unit, also rejected appointments of new directors or transfers to new shareholders for the same reason explained in the previous section, that is, the new involvements will be involved in companies whereby there are outstanding documents.

Policy Goal IV Action 11:

Promote and raise awareness of the implementation of risk-based AML/CFT policies by banks as opposed to de-risking measures.

Milestones:

- Issue the banks' sector-specific Implementing Procedures Part II.
- FINREP meetings discussion on ML/TF risks, trends, and typologies.
- Discussion held with Malta Banking Association and core banks.

Status of implementation: Complete

Comments:

This action point is complete as in December 2021, FIAU launched a new initiative under its PPP programme titled 'AML/CFT Clinics for Credit Institutions' to create a platform where, on a regular basis, credit institutions are invited to discuss sanitized cases where they found it challenging to implement their AML/CFT obligations, including BO-related obligations. These 'AML/CFT clinics' have also as an objective that of addressing any possible pressure resulting in de-risking particular sectors of the local economy, where through such 'clinics' banks have the chance to discuss actual situations they may have encountered where it was not clear how to address ML/TF risks and discuss the same in anonymized form. In 2023, the Financial Intelligence Analysis Unit held eight (8) such clinics. An additional measure is the use of the 'Dear MLRO' letters, i.e. targeted guidance in the form of letters addressed to banks' MLROs, intended to explain in more detail the FIAUs expectations in relation to the application of particular AML/CFT obligations to particular customer segments. This complements the

work done in providing guidance and outreach to local credit institutions through other means by the FIAU.

The part II implementing procedures of Banks and Financial Institutions will be launched for consultation. It is important to note that the delaying of this publication was mainly due to the fact that (i) there was the introduction of the AML/CFT Clinics for Banks where banks had a privileged forum to discuss their AML/CFT issues with the FIAU; (ii) a marked improvement in the implementation of AML/CFT obligations by credit institutions; and (iii) the issue of guidance documents which were still of assistance to the credit institutions even though they were not specifically addressed just to the said sector. These three factors allowed the FIAU to delay the publication of the said sector specific implementing procedures so as to focus on sectors which from a local perspective are also of relevance and required the FIAU's assistance such as the accountants and auditors.

Policy Goal IV Action 12:

Amendments to the Civil Code to include new measures for Foundations and Associations.

Milestones:

- By end 2021

Status of implementation: Complete

Comments:

Following the risk assessment envisioned in the Strategy (Policy Goal II Action 1) it was determined that foundations and associations are of a lower risk nature, and thus no legislative changes were required.

Policy Goal IV Action 13:

Enhancing the effectiveness of cash controls.

Milestones:

- By March 2021, risk-based targeted controls at the seaports and marinas.
- Postal operators will be required to provide a pre-loading Entry Summary Declaration for each postal consignment.

Status of implementation: Complete

Comments:

Risk-based targeted controls are taking place.

Policy Goal IV Action 14:

FIAU, MFSA and MGA should aim to improve the quality of supervision of low-risk type of entities.

Status of implementation: Complete

Comments:

This action point is complete. Comments as per those provided for Policy Goal IV: Action 3 and Policy Goal IV: Action 4; since MGA and FIAU already share an action point (Policy Goal IV: Action 3) which specifically caters for the context of "identifying low-risk gaming operators for simplified due diligence and supervise them accordingly."

Chapter VI: Policy Goal V - Detecting, investigating, and prosecuting money laundering will be of the highest priority. Especially with regard to complex cases, those involving predicate offences not committed in Malta, or professional money laundering promoted by domestic enablers.

Policy Goal V Action 1:

Increased AML training of competent authorities.

Milestones:

- Training on MBR's portal and TUBOR.²⁶
- Extensive financial crime and AML training for all relevant investigators and prosecutors.
- Training sessions per calendar year for each investigating team and training for every officer from the Financial Crimes Investigations Department.

Status of implementation: Complete

Comments:

This action point is complete. The NCC Secretariat assisted in the implementation of this action by organising several training sessions for all the entities which are listed as leading agencies under this action. More details on these training sessions can be found under Action 1 of Policy Goal III.

Policy Goal V Action 2:

Information sessions to the Judiciary, the lawyers in the Office of the Attorney General and senior police officers.

Milestones:

- A management board is to be set up by March 2021 that shall be responsible for allocating this funding appropriately for training and acquisition resources for combating ML and TF, Anti-Corruption and Fraud.

Status of implementation: Complete

²⁶ This Trusts Ultimate Beneficial Ownership Register (TUBOR) has been set up to implement the provisions of the Trusts and Trustees Act (Register of Beneficial Owners) Regulations, 2017. The said Regulations were published on 20 December 2017 by virtue of Legal Notice 373 of 2017.

Comments:

This action point is complete. During the past three (3) years, the NCC Secretariat organised several training sessions for prosecutors from the Office of the Attorney General and officials from the Malta Police Force. More details on these training sessions can be found under Action 1 of Policy Goal III.

On the 25 March 2022, the NCC Secretariat organised an information session on ML, sanctions, and confiscation, specifically for members of the Maltese judiciary. The information session was titled “Application of International Standards in Malta on Money Laundering and Confiscation - the Judicial Challenges,” and it was delivered by international experts from the United Kingdom, the United States, and Israel. Another session in relation to the amendments in the Proceeds of Crime Act was organised on the 3 June 2024. This training was done in consultation with the AGO and MfJ and the Judicial Studies Committee.

Apart from this training funded by the NCC, there were other information sessions that the judiciary attended to. There were a total of three (3) sessions in 2021, six (6) sessions in 2022, and 2 sessions in 2023.

Policy Goal V Action 3:

Identifying tax-related ML cases.

Milestones:

- Training of Financial Crimes Investigations Department officials by officers from the MTCA.
- An awareness campaign to inform tax practitioners, on typologies of tax evasion and associated ML.

Status of implementation: Complete

Comments:

This action point is complete. In November 2021 Malta completed a risk assessment on tax evasion both in terms of laundering the proceeds of domestic tax evasion and in terms of potential tax evasion abroad with the laundering the foreign proceeds of crime in Malta. This is the first detailed risk assessment examining the risks of ML from tax evasion. This risk assessment helped to enhance the risk-based approach in this field and led to additional training and outreach. Further to this risk assessment, the Financial Intelligence Analysis Unit published the following factsheet: [Microsoft Word - FIAU Intelligence Factsheet Tax-Related ML - final \(fiaumalta.org\)](#)

In order to improve the expertise and knowledge of analytical officers of the MTCA in handling tax-related suspicious reports and cases, training was provided. Such training is provided either by internal members of staff who have an accountancy background and/or experience in taxation or by external experts, also with the assistance of the NCC Secretariat. One of the initiatives launched was that of inviting established local tax and accountancy experts from local audit and tax firms to go through sanitised cases of suspected tax evasion and discuss how such cases could be better analysed using financial information such as available financial statements and accounts with an understanding of what practices are seen to constitute tax evasion practices. The internal training initiatives have covered various

aspects from training on interpreting financial statements (which is crucial when analysing tax-related ML suspicions) to training on tax-related ML typologies and trends.

In September 2021, MTCA provided a two-day training session to officers from the Financial Crimes Investigations Department on VAT Carousel Fraud. Between April and May 2021, the NCC Secretariat organized training divided into five sessions for officers from the Financial Crimes Investigations Department and the Malta Tax and Customs Administration on tax evasion and ML. Officials from the Malta Tax and Customs Administration were involved as trainers as well. Officers from the Financial Crimes Investigations Department participated and many other training sessions on tax evasion provided by foreign counterparts. More details of tax-related training sessions that were organised by the NCC Secretariat can be found under Action 5 of Policy Goal III.

The Intelligence Analysis Section of the FIAU (which is responsible for the receipt and analysis of Suspicious Transaction Reports and the dissemination of financial intelligence), has also been restructured to include a new team (within the Operations Team) that is specifically dedicated to the analysis of serious and complex tax related Suspicious Transaction Reports. The Tax Dedicated Operations Team was set up in August 2021 and was allocated a total staff complement of four (one senior intelligence analyst, two intelligence analysts and one junior intelligence analyst). The Tax Dedicated Operations Team is currently composed of two officials, one senior intelligence analyst and one intelligence analyst.

In December 2021 MPF issued a Standard Operating Procedures document on Tax-Related Criminal Investigations, and during the same month, FIAU issued a Guidance Note on Submitting Tax-Related Suspicious Reports to assist subject persons in reporting more accurately, tax-related suspicious reports via goAML.

In addition, Various Revenue Acts (Amendment) Act, 2021²⁷ came into force on publication, that is, on the 12 March 2021. With these amendments, the waiver of the secrecy provisions of the Revenue Acts was no longer at the discretion of the Prime Minister but such power was vested in the Commissioner. The purpose of such an amendment was to eliminate any political interference in tax matters. This facilitated the sharing of information between entities through MoUs. Furthermore, by 2023, officials from MTCA have been assigned from the Tax Compliance Unit to assist the Financial Crimes Investigations Department in investigative audit work related to the prosecution of tax evasion cases. These are Accountants and Tax Compliance officers.

Policy Goal V Action 4:

Recruitment of additional expert staff and expertise in financial crime and AML.

Milestones:

- Recruitment of financial analysts, forensic accountants, and lawyers.

Status of implementation: Complete

²⁷ Act No. VIII of 2021 - Various Revenue Acts (Amendment) Act can be accessed through: <https://parlament.mt/media/111126/act-8-various-revenue-acts-amendment-act.pdf>.

Comments:

This action point is complete. As an example, it is to be noted that recruitment of prosecutors at the Office of the Attorney General continued between 2021 – 2023. From 37 prosecutors in 2021, the AGO increased to 61 prosecutors with 22 dealing exclusively with ML/TF cases and 7 dealing exclusively with Mutual Legal Assurances. The prosecutors are being assisted by financial analysts for ML cases.

Policy Goal V Action 5:

Improve the efficiency of investigation and prosecution of ML - better coordination between the MPF and AGO.

Milestones:

- To conclude investigations within a reasonable time.
- Retaining exhaustive quarterly statistics.
- Implementation and update of the Standard Operating Procedures between the MPF and AGO.
- Periodically the MPF and AGO to meet and reassess their working relationships and standard operating procedures.
- Assigning a lawyer from the AGO to any ML case reported by the Financial Crimes Investigations Department.

Status of implementation: Complete

Comments:

This action point is complete. It is to be highlighted here that as of 1 October 2020, by virtue of the Prosecution of Offences (Transitory Provisions) Regulations, 2020 (L.N. 378 of 2020)²⁸, the Attorney General took over the prosecutions of specified serious crimes, such as terrorism, ML, bribery, corruption, fraud and misappropriation, and evasion of customs duty. Following these legal amendments, in 2020, eight (8) cases were prosecuted together with the Attorney General, 50 cases in 2021 till end of December 2021, 17 cases till December 2022, and 13 cases till end of October 2023. MPF have a Standard Operating Procedure with the AGO which delineates the procedures to be followed during major investigations and prosecutions of specified criminal offences that is updated annually in line with the transitory provisions. MoUs have also been signed to facilitate the exchange of information.

Policy Goal V Action 6:

Prioritization of investigations to be in line with Malta's risk profile.

Milestones:

- Periodical meetings

Status of implementation: Complete

²⁸ [Prosecution of Offences \(Transitory Provisions\) Regulations, 2020 \(L.N. 378 of 2020\)](https://legislation.mt/legislat/zjoni/malta) can be accessed through: [LEGIZLAZZJONI MALTA \(legislation.mt\)](https://legislation.mt/legislat/zjoni/malta).

Comments:

This action point is complete. ML/TF investigations are primarily prioritized according to the NRA.

Policy Goal V Action 7:

Parallel financial investigations should be kick-started and conducted.

Milestones:

- Implement HQ Circular 16/2020.

Status of implementation: Complete

Comments:

This action is complete. As part of the MPF's commitment to meet its obligations and be more proactive in the fight against criminal activities, MPF issued guidelines and procedures for carrying out parallel financial investigations when conducting criminal investigations.

Policy Goal V Action 8:

Identifying ML cases through domestic predicate offences (drugs, etc).

Milestones:

- Enhance communication and sharing of information within the Financial Crime Investigations Department and within MPF.

Status of implementation: Complete

Comments:

This action is complete, in view of the SOPs in place.

Policy Goal V Action 9:

Identifying ML cases through Customs.

Milestones:

- MoU and periodical meetings with Customs.

Status of implementation: Complete

Comments:

This action is complete as the MoU between MTCA, MPF, FIAU, and AGO was signed on 18 March 2021 concerning the exchange of information. The MoU improved communication channels and shared information on potential ML cases. As a matter of fact, from 36 information exchange requests in 2020, these increased to 57 information exchange requests in 2022. Furthermore, periodical meetings were organised with the participation of the Customs Intelligence Services, the Customs Anti-Money Laundering Team, and the Financial Crimes Investigations Department. Additionally, when requested Customs officials assisted

Police officers from the Financial Crimes Investigations Department in providing required resources mainly Customs canines for searches related to ML/TF.

In May 2021, MPF were granted access to the Control of Cash Declarations Database which is managed by the Customs department within MTCA. Through this system, the Police have access to live data on cash declarations reported by the Customs department within MTCA.

Policy Goal V Action 10:

Identifying cases through incoming international requests (Mutual Legal Assistance, police-police and Egmont).

Milestones:

- Each foreign request (FIAU, Police-Police and Mutual Legal Assistance) is thoroughly checked for any possible domestic ML.

Status of implementation: Complete

Comments:

This action is complete. The International Unit within MPF was set up on 1 June 2021. By way of procedure, all incoming Mutual Legal Assurances are examined by the Office of the Attorney General before these are forwarded to the Malta Police Force for execution. Internal guidelines have been adopted by the Office of the Attorney General specifically to cater for transmission of copies of Mutual Legal Assistance with possible domestic ML to the Police superintendent in charge of the ML Squad. Moreover, the Office of the Attorney General adopted internal guidelines for the Mutual Legal Assistance and the International Cooperation Unit relative to harvesting of Mutual Legal Assistance requests.

Policy Goal V Action 11:

Detection of ML through the use of voluntary organisations

Milestones:

- By September 2020, MTCA to engage in talks with OCVO to identify tax evasion from the information submitted by Voluntary Organisations to said Commissioner.
- Where suspicions arise, OCVO is to communicate with MTCA for further investigation (exchange of information would depend on whether proposed legislation is enacted).

Status of implementation: Complete

Comments:

This action is complete. The OCVO held talks with MTCA on this matter to exchange information, when necessary. The pre-enrolment process is also trying to establish further where organisations are being set for purposes of tax management. An MoU has also been signed between the two entities.

Policy Goal V Action 12:

Further enhance the quantity and quality of STRs/SARs.

Milestones:

- Address the under-reporting entities in the higher risk sectors: Credit and Financial Institutions, Remote Gaming Operators, Trust and Company Service Providers (TCSPs) and Property Sectors by providing a yearly sectorial bulletin including feedback on STRs submitted and ML trends.
- Carry out training sessions based on Sectorial Bulletins.
- Dialogue with sector representatives: Initiate periodical/annual discussion meetings with sector representative body (representing the most material sectors) to receive information on and address issues/matters concerning suspicious transaction Reporting.
- Reduce STR rejection rates and improve the content quality of received STRs
- Adapt and improve feedback to subject persons on the quality of the content of STRs submitted through goAML by establishing a semi-automated rejection mechanism.
- Improve record keeping of intelligence data and other information on ML trends and typologies.
- Resume the provision of further guidance to all the sectors on risks, typologies, and trends, through Sectorial Implementing Procedures and training events.
- Conclude the ongoing outreach activity to identify obstacles and impediments to the submission of STRs and draft an action plan to address such findings.
- Develop the current FINREP as a platform for the ongoing exchange of information on ML/FT risks, trends, and typologies with the Banking Sector.

Status of implementation: Complete

Comments:

This action is complete. Here it is noteworthy, that specifically, during the Strategy period, tax-related disseminations to the MPF by FIAU increased significantly over 2021 when compared with previous years. The significant increase is a result of the efforts undertaken by the FIAU to raise the number and quality of tax-related suspicious reports, to detect more serious and complex type of tax crimes, and to enhance its analytical processes when dealing with tax-related suspicions.

Also refer to Policy Goal III Action 13 for the updates in relation to PPP initiatives by the FIAU.

Policy Goal V Action 13:

Increase effectiveness of detection of customs offences and associated ML.

Milestones:

- Access to Europol's SIENA²⁹ platform by March 2021.
- Access to Passenger Names Record (PNR)/Advance Passenger Information System (APIS) access to the Interpol information platform by December 2021.

²⁹ SIENA stands for Secure Information Exchange Network Application launched by Europol. Link: <https://www.europol.europa.eu/operations-services-and-innovation/services-support/information-exchange/secure-information-exchange-network-application-siena>.

- Direct access to the Interpol information platform.

Status of implementation: Complete

Comments:

Access to Europol's SIENA platform is already in place. Training on how to access this platform was delivered on 16 June 2021. With regards to access to PNR/API data by the Customs section of the MTCA, as from Feb 2024, two Customs Officials were assigned to PIU.

***Policy Goal V Action 14:**

Increase detection of trade-based money laundering.

Milestones:

- By December 2021, a new Export Supervision Unit will be created within the Compliance and Systems Directorate, in order to administer the export procedure and exercise control on exports.

Status of implementation: Complete

Comments:

The Export Supervision Unit has been established within the Compliance and Systems Directorate at the MTCA. In November 2021, MTCA established the Customs Investigations Unit with one of its main objectives to focus on Trade-based money laundering.

Policy Goal V Action 15:

Increase in investigating of ML cases involving breaches of sanctions and possible ML.

Milestones:

- Work closely with law enforcement agencies and give evidence in Court as required.

Status of implementation: Complete

Comments:

This action point is complete as during the Strategy period a selected representative from the Counter Terrorism Unit within the MPF was included as board member of the SMB.

Chapter VIII: Policy Goal VI - Effective risk-based detection and management of all assets (including virtual) subject to potential confiscation, and the collection of tax from criminal activities, will be prioritized, to ensure that criminals and money launderers do not benefit directly or indirectly from their activities, and that maximum value is returned to government to foster both preventative and oppressive AML/CFT government activities.

Policy Goal VI Action 1:

Structuring the ARB in line with the Proceeds of Crime Act.

Milestones:

- Recruit staff
- Increased training
- Secondment of staff from the Malta Police Force
- Training of staff by the Malta Tax and Customs Administration
- New Information and Communications Technology system
- Investing in asset management infrastructure, techniques, and methodologies.

Status of implementation: Complete

Comments:

This action point is complete. The ARB has implemented internal standard operating procedures which extend asset-tracing capabilities. ARB is coordinating its asset-tracing operations with the national company registries which hold up-to-date information on the companies' beneficial ownership; and constantly reaching out to stakeholders incorporating new TCSPs so that these may inform ARB directly using existing information at their end.

MoUs were signed with:

- between the Office of the Attorney General and The Malta Police Force and the Asset Recovery Bureau – 2021
- between the Malta Police Force and the Asset Recovery Bureau – 2021
- with The Office of the Commissioner for Revenue – 2021
- between the Asset Recovery Bureau and Financial Intelligence Analysis Unit – 2024
- between the Asset Recovery Bureau and the Libyan Asset Recovery and Management Office – 2022

The ARB prepared and launched an Implementation Strategy for 2021 to 2023, part of which includes efforts to increase the number of staff. In 2021 the number of employees stood at 12 which included one legal/acting director, another legal officer, four administration officers and six operational officers. By the end of 2023, ARB employed 18 employees including a director, two legal and policy officers, five administration officers and 10 operational staff. Moreover, in 2023 the Asset Recovery Bureau moved to a new office building.

There was also investment in Asset Tracing Technology – Installation of SIENA Platform (Europol Infrastructure): The platform enables the swift and user-friendly exchange of operational and strategic crime-related information. Moreover, ARB has an additional platform which is the CARIN Network. The Camden Asset Recovery Inter-Agency Network is an informal network of law enforcement and judicial practitioners in the field of asset tracing, freezing, seizure and confiscation. The purpose of CARIN is to increase the effectiveness of its members' efforts, on a multi-agency basis, to deprive criminals of their illicit profits.

ARB targeted specialized training and work exposure schemes to staff.

Policy Goal VI Action 2:

Training on the planned new legislation on the proceeds of crime and confiscation to all competent authorities and other entities and practitioners.

Milestones:

- Training by end December 2021.

Status of implementation: Complete

Comments:

This action is complete. The Proceeds of Crime Act was published on the 19th of February 2021 and came into force on the 12th of March 2021. Since the enactment of the law, the NCC has organised several webinars and training sessions in order to increase awareness and knowledge on this new legislation in line with the requirements of this action. Training has been provided to various public authorities and entities. More details on these training sessions can be found attached as Annex A.

Policy Goal VI Action 3:

Update statistical template to show effectiveness in confiscation of proceeds, instrumentalities, and property of equivalent value in line with the Proceeds of Crime Act.

Milestones:

- Results for the investigations that have a charge date in 2019 – 2022.

Status of implementation: Complete

Comments:

This action is complete. A template was drawn up to determine the effectiveness of the confiscations in Malta, for all proceed generating crime, starting with data from the investigations side, and ending with data from the MTCA in relation to the collection of tax from proceeds of crime. The template is now being collated by the ARB.

Policy Goal VI Action 4:

Update policies and procedures on confiscation once the Proceeds of Crime Bill passes, including the internal policies and procedures of the ARB.

Milestones:

- March 2021.

Status of implementation: Complete

Comments:

This action is complete. The Proceeds of Crime Act came into force in March 2021. By April 2021 ARB issued new policy and procedural documents. Following the coming into force of the Proceeds of Crime Act, an MoU was signed between AGO, MPF and ARB on the 18 March 2021. Moreover, an SOP on Non-Conviction Based-Confiscation was created between MPF, AGO, OSA, and ARB on the 21 March 2022

Policy Goal VI Action 5:

Collection of tax from proceeds of crime.

ARB to recruit officers who can be trained as tax officers.

Create a policy, including pointers, as to when proceeds of confiscation are to be taxed.

Milestones:

- Mutual exchanges and training programmes with MTCA
- MTCA to offer ARB staff a six-month placement, including intensive training, within the investigation unit of the Office.

Status of implementation: Complete

Comments:

This action is complete given that the ARB is working with MTCA, FIAU, MPF and AGO to recover tax from criminals after asset tracing and further investigation on means of the accused in acquiring traced property. Training with the MTCA for ARB has also taken place, and there is an MOU in place to ensure the sharing of information.

In February 2023, a pilot exercise was initiated that addresses the creation of a policy, including pointers, as to when proceeds of confiscation are to be taxed for this specific project.

In addition, a workshop organised by the NCC was held in April 2023, titled 'Detection of Assets Forum,' which included presentations by the ARB, MTCA, MPF, FIAU and AGO on their role when it comes to detecting assets, as well as panel discussions on detection of assets outside of Malta and the use of open-source intelligence for the detection of assets.

Policy Goal VI Action 6:

Increased involvement of JEFISI in issues relating to confiscation.

Milestones:

- 2021 - 2023

Status of implementation: Complete

Comments:

This action is complete given that in the strategy period several meetings were held through JEFISI in order to raise increased awareness of sanctions and to have a robust sanction monitoring framework. In 2022, the Sanctions Monitoring Board has increased its participation in outreach events participating in seven major outreach events and 11 one-to-

one outreach events. Moreover, entities from sectors such as the designated non-financial business and professions sector, financial institutions and Government authorities have been sending queries regularly to the Sanctions Monitoring Board.

Policy Goal VI Action 7:

Subsidiary Legislation 233.07³⁰ allows Customs to restrain cash for a determined period pending investigations.

Milestones:

- ML investigations from cash restraint.

Status of implementation: Complete

Comments:

This action is complete. The amendment of S.L. 233.07 permitting Customs to restrain cash for a determined period pending investigations enhanced Customs Dept effectiveness in ML investigations. From the year 2021 to 2023, a total number of 22 cases were placed in a depository (10 cases in 2021, 5 cases in 2022, and 7 cases in 2023).

³⁰ Subsidiary Legislation 233.07 has been amended, as of 7th July 2020 Art 3 (9) enables the Commissioner to detain any cash, whatever its value, whether it is being carried or unaccompanied, and whether it has been declared or not, where there are indications that the cash is related to criminal activity.

Chapter VIII: Policy Goal VII - Terror financing and sanction-evading risks will be carefully monitored on a risk-based approach to ensure the Maltese economy is not abused.

Policy Goal VII Action 1:

Aligning ICOFT (Inter-Agency Committee on Financing of Terrorism) activities with the TF risk assessment.

Milestones:

- Sharing of intelligence and evidence on ML/TF cases with all stakeholders in this agency.

Status of implementation: Complete

Comments:

This action is complete. Further to the publishing of the 2023 NRA which included also an analysis of the TF risks, ICOFT activities were aligned to the findings of the TF risk assessment in 2024.

Policy Goal VII Action 2:

Enhance training on TF risks, trends, and typologies.

Milestones:

- Exchanges with foreign counterparts (financial intelligence Units and AML/CFT Supervisors) willing to share experiences and know-how.

Status of implementation: Complete

Comments:

This action is complete. Key examples to highlight are that on the 7 April 2021, the NCC Secretariat and OCVO organised an outreach event to raise awareness on how to recognize and mitigate TF risks in voluntary organisations. Moreover, officials from the Director Services of OCVO participated in a two-day workshop on 24 - 25 January 2023 organised by the International Institute for Justice and the Rule of Law focusing on Safeguarding the non-profit sector from misuse for terrorist financing in the Middle East and North Africa region.

Training to prosecutors from the AGO is being provided regularly which includes training on TF. In 2021, prosecutors attended the session on how to Recognise and Mitigate TF Risks in voluntary organisations mentioned above. Moreover, in 2022, prosecutors attended a training session titled 'Professional Certificate in Anti-Money Laundering and Countering the Financing of Terrorism' and another titled 'Tackling the Threat of Terrorism and Terrorism Financing.' In April 2023, the NCC Secretariat also organised a training session specifically for the prosecutors on the FATF recommendations and terrorism financing, and in November 2023, the NCC Secretariat organised another session for the prosecutors on terrorism financing. Details of these sessions can be found in Annex A.

In 2022, FIAU and the NCC Secretariat together with the UK's NTFIU organised a three-day training course on tackling the threat of terrorism and terrorism financing. Through this training course, officials from various entities such as MBR, MGA, MPF, ARB, and MTCA attended this event all of which were able to gain a better understanding of the techniques used by criminals and expand their knowledge on best practices when it comes to investigating terrorism and financing of terrorism.

In 2022, several MGA officials also attended a training entitled 'Terrorism Financing: How to assess, investigate and report on TF risks' organised by GRC World Forums.

On the 17 November 2023, the NCC Secretariat organised a training session of the prosecutors from the Office of the Attorney General on TF titled 'Understanding, identifying, and analysing TF risks'. The training sessions delved on international standards on criminalisation of TF, Maltese legislation, and Malta's TF risk assessment. The session was concluded with a discussion on case studies.

Policy Goal VII Action 3:

Outreach initiatives addressing TF and sanction-evading risks and the importance of adhering to a risk-based approach.

Milestones:

- Outreach sessions by the Sanctions Monitoring Board are to be extended further.
- To increase awareness towards new voluntary organisations or already established ones with regard to enrolment.
- Additional training related to TF and sanction evading risks.

Status of implementation: Complete

Comments:

This action is complete, as for example, on the 7th of April 2021, the NCC Secretariat and OCVO organised an outreach event to raise awareness on how to recognize and mitigate TF risks in voluntary organisations. Moreover, between August and October 2021, OCVO organised outreach meetings with the Malta Football Association, the Malta Institute of Accountants, the Malta Council for Voluntary Organisations, the Archdiocese of Malta, and the locality of Fgura (locality outreach) to increase awareness on risks including TF risks. The meetings were held as follows:

- Malta Football Association: 14 December 2021; 9 March 2022
- Malta Institute of Accountants: 25 November 2022
- Malta Council for the Voluntary Sector: 11 February 2022; 20 April 2022; 7 May 2022; 18 May 2022
- The Archdiocese of Malta: 26 July 2022
- Locality of Fgura (locality outreach): 26 October 2021

These sessions had these items on the agenda:

- The importance of risk management
- Barriers to risk management
- Risk-based approach policy focusing on TF
- Role of OCVO

- VOs disbursing funds abroad
- Annual Returns
- Elements of Good Governance in Voluntary Organisations

A Toolkit titled, "Protecting your Voluntary Organisation from Abuse" was sent to all voluntary organisations on various occasions, apart from one-to-one meetings held with voluntary organisations on several issues wherein risk mitigation was mentioned to increase awareness amongst voluntary organisations.

In 2022, SMB increased its participation in outreach events participating in seven major outreach events and 11 one-to-one outreach events. Moreover, entities from sectors such as the designated non-financial business and professions sector, financial institutions and Government authorities have been sending queries regularly to the Sanctions Monitoring Board.

Policy Goal VII Action 4:

Proactively examine sanction breaches from a TF perspective.

Milestones:

- Exchange of information between SMB and FIAU on sanction breaches.

Status of implementation: Complete

Comments:

The exchange of information between SMB and FIAU has been taking place during the strategy period. For example, during 2022, SMB consulted with FIAU in its cases. The SMB has referred cases for investigation on sanctions evasion to the Police.

Policy Goal VII Action 5:

Updating guidelines in line with Criminal Code Amendments with regards to financing of terrorist organisations.

Milestones:

- Updating the Guidelines to reflect the amendments to the Criminal Code whereby FT now includes the financing of groups and thereby increases the situations in which persons may be prosecuted, designated under national/EU/UN sanctions and therefore more situations where assets may be frozen.

Status of implementation: Complete

Comments:

This action is complete. With regards to the action on updating guidelines in relation to the TF amendments, these amendments were introduced by virtue of Act LII of 2020 which came into force on the 13 November 2020, sub-article (1) of article 328F of the Criminal Code. This deals with funding of terrorism that was extended so as to include also, besides the financing of persons involved in terrorist activities, the financing of terrorist groups. This means that situations where someone finances terrorist groups whether directly or indirectly even if there is no link to the act, are also captured. This is considered as an important change which goes

beyond the recommendations made and which puts emphasis on the prioritization that Malta is given to TF related offences. The action of aligning the guidelines with these amendments has been addressed by the AGO.

Policy Goal VII Action 6:

Proactive risk-based supervision of voluntary organisations.

To register all charity shops with the OCVO

Organisations as per Legal Notice and Charity Shops Regulation.³¹

Send all lists of new administrators to competent authorities for screening.

Milestones:

- By January 2021 screening of administrators screened internally through the open sources and by July 2021, administrators screened and monitored internally in real-time.
- By December 2021, full inputting, and full monitoring.
- By June 2021 register all charity shops, and legal action if the law is breached.
- Lists of administrators shared with competent authorities for due diligence. Administrators who fail the screening process are to leave their administrative role.

Status of implementation: Complete

Comments:

This action is complete. All voluntary organisations falling under the FATF risk assessment category are vetted and sent a questionnaire to look deeper into their disbursement abroad to enhance their monitoring. As found in the 2023 Voluntary Organisations risk assessment, out of the enrolled Voluntary Organisations with the Office of the Commissioner for Voluntary Organisations, only 3% of the enrolled Voluntary Organisations fall under the scope of FATF recommendation 8, where these Voluntary Organisations were categorised in terms of their annual income, the activities carried out by the Voluntary Organisation, and the jurisdictions within which the Voluntary Organisation operates and has partners. According to this further categorisation, out of the category that generates the highest revenue (that exceeding €250,000), there are only ten Voluntary Organisations. Furthermore, out of the 55 Voluntary Organisations that fall under the scope of the FATF recommendation 8, only 35 disbursed funds to high-risk jurisdictions.

Additionally, out of these 55 Voluntary Organisations:

- 33 have as their scope of work international development and humanitarian aid,
- 13 are ethnic based organisations and
- only one organisation addresses diaspora groups.

Charity shops were registered in accordance with the Charity Shops Regulations, Subsidiary Legislation 492.04. On-site visits to Charity Shops are scheduled in line with this regulation. Due diligence is continuously being carried out on all administrators pre and post enrolment, through specialised software and open sources.

³¹ S.L. 492.04 Voluntary Organisations (Charity Shops) Regulations can be accessed through: <https://legislation.mt/eli/sl/492.4/20211119/eng>.

Policy Goal VII Action 7:

To achieve full enrolment of voluntary organisations in Malta.

To achieve greater supervision of the voluntary organisations' sector through achieving a higher submission rate of annual returns.

Enhanced due diligence by ensuring that public collections are done according to law by registered voluntary organisations and individuals with permits.

Milestones:

- Increase monitoring of the printed and social media.
- Educational campaign to enhance enrolment and enlistment of new voluntary organisations.
- More effective supervision of voluntary organisations through more in-depth vetting of Annual Returns as from the annual returns of 2019.
- Detecting breaches of voluntary organisations and enhanced monitoring.
- Monitoring public collections and statements in declarations of annual returns through the recruitment of senior manager, two managers and three officers.

Status of implementation: Complete

Comments:

This action is complete. Here it is to be noted that in 2020, 66% of annual returns and accounts received were vetted, whilst in 2021 50.09% of annual returns and accounts received were vetted. In 2020, 86% of enrolled voluntary organisations sent their annual returns and accounts whilst in 2021, 62% of voluntary organisations submitted their annual returns (this was in the pandemic period where most voluntary organisations were not active). Through the process of categorising voluntary organisations, OCVO is identifying those voluntary organisations which are active.

Moreover, the Office of the Commissioner for Voluntary Organisations held four (4) outreach sessions in conjunction with the Malta Council for the Voluntary Sector on annual returns and accounts. These were held on the:

- 6th April 2022
- 28th April 2022
- 18th May 2022
- 6th June 2022

During these sessions, awareness of risk and abuse was included and voluntary organisations from all levels of risk categorisation attended.

Policy Goal VII Action 8:

Enhance financial transparency of voluntary organisations.

Milestones:

- Over the period 2021 to 2023, the Office of the Commissioner for Voluntary Organisations to continue educating voluntary organisations on a risk-based approach about financial transparency through webinars and supporting voluntary organisations to open a bank account.

- OCVO to continue discussions with competent authorities in this regard.

Status of implementation: Complete

Comments:

This action is complete. Out of the 55 Voluntary Organisations that fall under the FATF scope, 41 out of 55 Voluntary Organisations have a bank account. When assessing all the enrolled Voluntary Organisations including those that do not fall under the FATF scope, then it follows that in line with data from CBAR, as at December 2021, 67% of all the Voluntary Organisations registered with OCVO hold accounts with Maltese licensed credit/financial institutions. OCVO continued with the discussions with MFSA and CBM in order to address further this issue.

Policy Goal VII Action 9:

Identifying cases through incoming international requests (Mutual Legal Assistance and Egmont).

Milestones:

- Reviewing income requests.
- Adopting a unilateral approach by all the authorities and ensuring swift identification of TF cases impacting Malta.

Status of implementation: Complete

Comments:

This action is complete. Here it is to be noted that three (3) prosecutors at the AGO have been assigned to specifically deal with Mutual Legal Assistance requests. Within these structures and during the execution of Mutual Legal Assistance requests these officers encounter complex ML cases and they can identify certain vulnerabilities and/or general typologies affecting Malta when dealing with ML/TF offences.

In 2021 the number of prosecutors in the International Unit which is part of the AGO, increased to four, another prosecutor was added to the unit in 2022 and an additional prosecutor was added to the unit in 2023. By 2023, the International Unit was made up of six prosecutors who deal with Mutual Legal Assistance requests. By way of procedure adopted in the International Unit, the Mutual Legal Assistance requests are examined and if for example, TF is detected (transactions to high-risk jurisdictions; investigation from the requesting country relative to TF), a copy of the Mutual Legal Assistance is sent to the Counter-Terrorism Unit within the MPF for investigation.

The Financial Crimes Investigations Department is analysing the cases received through its own International Office and initiating cases accordingly on a national level in line with what is being requested by other jurisdictions. Hence, when an investigation conducted in another jurisdiction is directly linked to Malta and it seems that money was somewhat layered or integrated into our country's system, this is analysed and investigated accordingly.

Policy Goal VII Action 10:

Enhance the CFT component within supervisory examinations of subject persons most exposed to TF risk (i.e., Banks, Payment Service Providers and Money Remitters).

Milestones:

- Ensure that AML/CFT Supervisory examinations among most exposed sectors are focusing on CFT aspects.

Status of implementation: Complete

Comments:

This action is complete. Following the overhaul of the supervisory policies and procedures carried out in 2019, FIAU has placed more emphasis on TF aspects in its AML/CFT supervisory work. The revamped Risk Evaluation Questionnaires (REQs) are now requesting and gathering more extensive information from subject persons to analyse the inherent risks to which they are exposed and the adequacy of AML/CFT controls they have in place. Such REQs also ask for information that is relevant to understand the TF risks and extent thereof to which the various subject persons are exposed.

As part of the carrying out of supervisory examinations, the Supervision Section of the FIAU applies a number of procedures to understand the TF risk exposure of the subject person being examined and to eventually assess whether there are adequate mitigating measures in place to mitigate these risks, including for example amongst several actions, that through the research carried out at the initial preparatory stages of an examination, work is carried out to understand the set-up of the Institution and the products and services offered by the subject persons in order to evaluate the potential TF risks.

In addition to the above, the findings of the 2023 TF risk assessment are feeding into the risk-based approach of the supervisors to ensure that the risks are being properly mitigated in a risk-based approach.

Policy Goal VII Action 11:

Evaluate the REQs of the sectors most exposed to TF risks to improve the gathering of data on TF risks.

Milestones:

- Review REQs for Banks and Financial Institutions to enhance and improve the granularity of information on TF and jurisdictional connections and flows of monies.

Status of implementation: Complete

Comments:

This action is complete and the reply to the previous action addresses this action however as also indicated in the previous action, the findings of the 2023 TF risk assessment including of the financial flows analysis carried out feed into the risk-based approach of the supervisors to ensure that the risks are being properly mitigated in a risk-based approach.

Policy Goal VII Action 12:

Carry out regular strategic analysis on TF risks.

Milestones:

- Periodical strategic analysis of TF risks by monitoring inward and outward flows through Banks, Money Remitters and Payment Institutions, connections with jurisdictions having elevated terrorism risks; and financial and other intelligence.

Status of implementation: Complete

Comments:

This action is complete given that as indicated in the previous action, the findings of the 2023 TF risk assessment including of the financial flows analysis have been taken into consideration in the risk-based supervision by the FIAU and a strategic analysis on the financial flows analysis findings has also been initiated. It is to be noted that for a number of years (since 2007), the Financial Intelligence Analysis Unit has been carrying out periodical strategic analyses using data obtained through cross-border cash declarations. It is to be noted that in addition to the periodic strategic analyses, the Financial Intelligence Analysis Unit also uses this data for its operational cases, whereby persons subject to suspicious reports are checked against the cash declarations data amongst other databases.

Through these periodical strategic analyses, the Financial Intelligence Analysis Unit apart from identifying (i) the extent of the cross-border physical movement of funds taking place and (ii) the jurisdictional origins and destinations of cash carried at borders and how these vary over time, also manages to identify other trends and indicators including individuals who recurrently carry cash at borders which leads to the identification and opening of in-depth operational cases on such individuals. Such cases stemming from the so called “Customs Exercise” result in disseminations to other domestic authorities as well as foreign Financial Intelligence Units.

Policy Goal VII Action 13:

Proactively initiate potential TFS listings based on domestic investigations.

Milestones:

- Ad hoc meetings to increase the flow of information to SMB which can assist in potential listings.

Status of implementation: Complete

Comments:

This action is complete given that according to Article 1 of the Operating Procedures, the SMB will initiate the process for designating individuals or entities whether at United Nations level, EU level or National level upon its own initiative, or following a report received by relevant stakeholders; or from FIAU or MSS or MPF in accordance with an MoU that the Sanctions Monitoring Board has concluded with these entities. Article 8 then stipulates that the Board when proposing designations shall follow the procedures established by the relevant

United Nations Sanctions Committees / Council of the European Union relating to the specific regime. In addition, amendments that were made in the National Interest Enabling Powers Act, [LEGIŻLAZZJONI MALTA \(legislation.mt\)](#), where it is stated that one of the functions of the Board is to *propose persons or entities to be designated by the United Nations Security Council, or by the Council of the European Union or for a designation by order under article3(4)(a) of this Act.*

Policy Goal VII Action 14:

Update JEFISI policies and procedures in line with risk assessment on TFS and PF.

Milestones:

- Completion of the PF and TFS risk assessment.

Status of implementation: Complete

Comments:

This action is complete as the milestone of completing the PF and TFS risk assessment has been addressed with the publishing of the 2023 NRA in January 2024.

Annex A: Training and Outreach sessions organised by the NCC Secretariat during the period of the National Strategy

List of training and outreach session during the year 2021

Training No.	Date of training	No. of Hrs	Title of training	No of participants	Delivery Method
1	27-Jan-21	3	Seminar I: Elements of Money Laundering including stand-alone money laundering with special reference to case-law	30	Online
2	09-Feb-21	3.25	Training on Fitness and Proper Checks using a Risk-Based Approach for the DPMS and the Real Estate Licensing Sectors	24	Online
3	11-Feb-21	2	Training on Fitness and Proper Checks using a Risk-Based Approach for the DPMS and the Real Estate Licensing Sectors	24	Online
4	11-Feb-21	3	Seminar II: Circumstantial evidence and the use of money laundering typologies	30	Online
5	18-Feb-21	3	Webinar I: Elements of proving ML; stand-alone ML & client privilege	95	Online
6	19-Feb-21	3	Webinar II: ML typologies and their investigation	95	Online
7	22-Feb-21	3	Webinar III - Legal Persons and Legal Arrangements and Money Laundering	95	Online
8	23-Feb-21	3	Webinar IV: Methods of Proving Income / Unexplained Wealth	95	Online
9	25-Feb-21	3	Seminar III: Legal instruments available (attachment orders, investigating orders, monitoring orders, freezing orders, confiscation orders) and overview of the Proceeds of Crime Act	31	Online
10	26-Feb-21	3	Webinar V: Investigating ML Violations by Obligated Entities	95	Online
11	11-Mar-21	3	Seminar IV: Confiscation - Third party rights / human rights implications	30	Online
12	07-Apr-21	3	Seminar 1: Introductory session on AML principles in relation to taxation, and ML typologies including methods used to identify ML cases	141	Online
13	09-Apr-21	3	Seminar 2: Tax evasion as a predicate offence and cases that may be pursued at a criminal level and others at a civil level	135	Online
14	12-May-21	3	Seminar 3: Training session to Office of the Commissioner for Revenue: How to organise the OCfR in order to best deal with AML issues	130	Online

Training No.	Date of training	No. of Hrs	Title of training	No of participants	Delivery Method
15	17-May-21	3	Seminar 4: Criminal and Administrative Investigation and Analysis of Complex Tax Structures and ML	120	Online
16	25-May-21	3	Seminar 1: How will the Non-Conviction Based (NCB) confiscation work? A comparative law analysis of NCB	55	Online
17	26-May-21	3	Seminar 5: AML Tax Cases: Applying a Coordinated Approach	120	Online
18	03-Jun-21	3	Seminar 2: Provisional measures (Monitoring Orders, Investigation Orders and Attachment Orders) provided in the Proceeds of Crime Act and changes to the ARB powers, functions, and duties	51	Online
19	01-Jul-21	3.5	Seminar 3: Freezing orders and confiscation orders issued in accordance with the Proceeds of Crime Act, AG Guidelines on confiscations and cooperation between national entities relative to confiscations	23	In person
20	13-Jul-21	4	Webinar 1: Virtual assets for dummies	183	Online
21	15-Jul-21	3	Webinar on AML/CFT Taxation issues for the Private Sector	746	Online
22	26-Jul-21	3	Seminar 4: Third Party Rights	58	Online
23	23 & 24-Sep-2021	12	Basic blockchain analysis practices & Criminal crypto analysis workshop	146	Online
24	29-Sep-21	4	Webinar 2: Threats, vulnerabilities and mitigating measures for Virtual Assets	191	Online
25	17-Nov-21	4.5	Detection of ML/TF in normal work procedures of a tax auditor with the Office of the Commissioner for Revenue	53	In person

List of training and outreach session during the year 2022

Training No.	Date of training	No. of Hrs	Title of training	No of participants	Delivery Method
1	26 - 28 Jan 2022	10	Money Laundering and Tax Evasion	47	In person
2	27 & 28 Jan 2022	8	Investigative and prosecutorial techniques in identifying the elements of tax evasion	52	In person
3	25-Mar-22	8.5	Application of International Standards in Malta on Money Laundering and Confiscation - the Judicial Challenges	36	In person
4	28 - 30 Mar 2022	11.25	Application of International Standards in Malta on Money Laundering and Confiscation		In person

Training No.	Date of training	No. of Hrs	Title of training	No of participants	Delivery Method
5	28-Mar-22	2	Application of International Standards in Malta on Money Laundering and Confiscation		In person
6	29-Mar-22	3.5	Best practices on Open-Source Intelligence		In person
7	8 - 10 Jun 2022	13	Training to the Tax Auditors at the Office of the Commissioner for Revenue	59	In person
8	20 - 23 Jun 2022	16.5	Trade-Based Money Laundering	73	In person
9	20-Jul-22	4	Identifying the Beneficial Owner and AML/CFT Obligations	399	In person
10	21 & 22 Jul 2022	8	Money laundering and tax evasion	31	In person
11	26 & 27 Sep 2022	11.5	Workshop: Interagency cooperation in financial investigations	29	In person
12	28 - 30 Sep 2022	12	Training to Specialised Police Departments in Financial Investigations	67	In person
13	30 Nov - 2 Dec 2022	24.75	Crypto Assets and Taxation	23	In person

List of training and outreach session during the year 2023

Training No.	Date of training	No. of Hrs	Title of training	No of participants	Delivery Method
1	27 Feb & 3 Mar 2023	16	Crypto Assets for Prosecutors	42	In person
2	28 Feb - 2 Mar 2023	24	Crypto Assets & Tax	40	In person
3	17-Apr-23	5	Training on the presentation of evidence in Court	37	In person
4	20-Apr-23	8	FATF Recommendations and Terrorist Financing	43	In person
5	21-Apr-23	8	Detection of Assets Forum	113	In person
6	15-May-23	8	Training on financial investigations to FCID - Day 1	62	In person
7	18-May-23	8	Trusts and other Legal Arrangements - basic concepts on ML/TF and sanction evading risks	106	In person
8	19-May-23	8	Training on financial investigations to FCID - Day 2	53	In person
9	15, 16 & 19 Jun 2023	24	Freezing orders and confiscation orders issued in accordance with the Proceeds of Crime Act and the Non-Conviction-Based confiscation	103	In person

Training No.	Date of training	No. of Hrs	Title of training	No of participants	Delivery Method
10	10-Jul-23	8	Lecture on the FATF methodology: law enforcement, prosecutors, asset recovery, and state advocate	76	In person
11	11-Jul-23	8	Lecture on the FATF methodology: regulatory and supervisory authorities	50	In person
12	13 & 14 Jul 2023	16	Asset Recovery and Money Laundering: a UK perspective	30	In person
13	31-Jul-23	8	Training session to the private sector: A theoretical and practical insight on legal persons	69	In person
14	01-Aug-23	8	Training session to the public sector: A theoretical and practical insight on legal persons	135	In person
15	13 & 14 Sep 2023	7	Advocacy Training to Prosecutors	29	In person
16	23-25 Oct 2023 1	9	Best Practises Session on Financial Investigations	8	In person
17	23-25 Oct 2023 2	9	Understanding, identifying, and analysing risks related to Terrorism Financing and Sanctions	66	In person
18	17-Nov-23	3	Training on Terrorism Financing to Prosecutors	16	In person
19	20-23 Nov 2023	23	Training on Blockchain, Crypto Assets trends, typologies & professional workshop	101	In person
20	01-Dec-23	7	Advocacy Training to Trainee Lawyers	13	In person

Abbreviations

AML	Anti-Money Laundering
API	Application Programming Interface
BO	Beneficial Ownership
CASPAR	Compliance and Supervision Platform for Assessing Risk
CBAR	Centralised Bank Account Register
CEPOL	The European Union Agency for Law Enforcement Training
CFT	Counter-Financing of Terrorism
CISC	Chainalysis Investigative Specialist Certification
CPF	Counter-Proliferation Financing
CRC	Chainalysis Reactor Certification
CSP	Company Service Provider
CTCE	Cryptocurrency Tracing Certified Examiner
EBA	European Banking Authority
EEA	European Economic Area
EGMLTF	Expert Group on Money Laundering and Terrorism Financing
EU	European Union
FATF	Financial Action Task Force
FIAU	Financial Intelligence Analysis Unit
FINREP	Financial Intelligence Reporting Partnership
ICOFT	Inter-Agency Task Force on Combating the Financing of Terrorism
ICS	Import Control System
JEFSI	Joint Economic and Financial Sanctions Implementation Task Force
ML	Money Laundering
MLRO	Money Laundering Reporting Officer
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
MoU	Memorandum of Understanding
NCC	National Coordinating Committee on Combating Money Laundering and Funding of Terrorism
NRA	National Risk Assessment
OFAC	Office of Foreign Assets Control
OSCE	Organization for Security and Co-operation in Europe
PMLA	Prevention of Money Laundering Act
PMLFTR	Prevention of Money Laundering and Financing of Terrorism Regulations
PNR	Passenger Names Record
REQs	Risk Evaluation Questionnaires
SOP	Standard Operating Procedure
SAR	Suspicious Activity Report
SNRA	Supra National Risk Assessment
STR	Suspicious Transaction Report
TCSP	Trust and Company Service Provider
TF	Terrorism Financing
TFS	Targeted Financial Sanctions
TUBOR	Trusts Ultimate Beneficial Ownership Register
UNODC	United Nations Office on Drugs and Crime
VFASPs	Virtual Financial Assets Service Providers

VFAs

Virtual Financial Asset