

National Coordinating  
Committee on Combating Money  
Laundering & Funding of  
Terrorism

Annual Report  
March 2019



**Hon. Minister of Finance**  
**30, Maison Demandols**  
**South Street**  
**Valletta VLT 1102**

July 2019

Hon. Prof. Edward Scicluna,  
Through Chair NCC, National Coordinating Committee,

In accordance with Article 11 of the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism Regulations, Subsidiary Legislation 373.02, I have the honour to transmit a copy of the Annual Report on the operations of National Coordinating Committee on Combating Money Laundering and Funding of Terrorism and the supporting Secretariat for the year ended March 2019.



Dr. Helga Buttigieg Debono  
Executive Head of the National Coordinating Committee on Combating Money Laundering and  
Funding of Terrorism

## Table of Contents

### Contents

Definitions.....	4
Overview of the NCC .....	5
The National Strategy.....	6
The Action Plan .....	8
NCC and supporting Secretariat.....	8
Sub-Committees .....	10
The establishment of the National Coordinating Committee .....	10
Strengthening and clarifying the supervisory framework.....	10
Enhancing the internal capabilities of the Financial Intelligence Unit.....	11
Enhancing the investigation and prosecution organisation.....	12
Establishing an effective Asset Recovery Bureau .....	13
Enhancing the transparency of legal entities and arrangements .....	14
Building on existing international cooperation setup .....	14
Action plan for 2019 - 2020 .....	15
Annex	
Annex I - Work block meetings .....	16
Annex II – Summary of Action Plans .....	17
Annex III – Key meeting with Oliver Wyman and Various Government Entities.....	28
Annex IV – Progress on the implementation of the action plan for the 3-year period .....	31

# Definitions

*[List of abbreviations and definitions]*

<b>4AMLD</b>	Fourth Anti-Money Laundering Directive
<b>5AMLD</b>	Fifth Anti-Money Laundering Directive
<b>ACAMS</b>	Association of Certified Anti-Money Laundering Specialists
<b>AG</b>	Attorney General
<b>AMLP</b>	Anti-Money Laundering Professionals
<b>AML</b>	Anti-Money Laundering
<b>AML/CFT</b>	Anti-Money Laundering and Combatting the Financing of Terrorism
<b>ARB</b>	Asset Recovery Bureau
<b>CARIN</b>	Camden Asset Recovery Inter-Agency Network
<b>CASPAR</b>	Compliance and Supervision Platform for Assessing Risk
<b>CBM</b>	Central Bank of Malta
<b>CfR</b>	Commissioner for Revenue
<b>CVO</b>	Office of the Commissioner for Voluntary Organisations
<b>CVO</b>	Commissioner for Voluntary Organisations
<b>ECU</b>	Police Economic Crimes Unit
<b>FATF</b>	Financial Action Task Force
<b>FIAU</b>	Financial Intelligence Analysis Unit
<b>FTE</b>	Full Time Employees
<b>MFSA</b>	Maltese Financial Services Authority
<b>MGA</b>	Malta Gaming Authority
<b>MIIPA</b>	Malta Individual Investor Programme Agency
<b>ML/TF</b>	Money Laundering/ Financing of Terrorism
<b>MOU</b>	Memorandum of Understanding
<b>MRVA</b>	Malta Residence and Visa Programme
<b>NCC</b>	National Co-ordinating Committee on Combating Money Laundering and Funding of Terrorism
<b>NSO</b>	National Statistics Office
<b>ROC</b>	Registry of Companies
<b>SMB</b>	Sanctions Monitoring Board
<b>STR</b>	Suspicious Transaction Report
<b>UBO</b>	Ultimate Beneficial Owner
<b>VFA</b>	Virtual Financial Assets
<b>VO</b>	Voluntary Organisations

## Overview of the NCC

The purpose of the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) is to oversee the national effort on Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT).

The objectives of the NCC are:

- Ensure full transparency on Malta's AML/CFT risks;
- Comprehensive, coordinated and communicated strategy for managing the risks;
- Effective execution of and follow-through on decisions made;
- Effective ongoing cooperation and intelligence sharing among stakeholders.

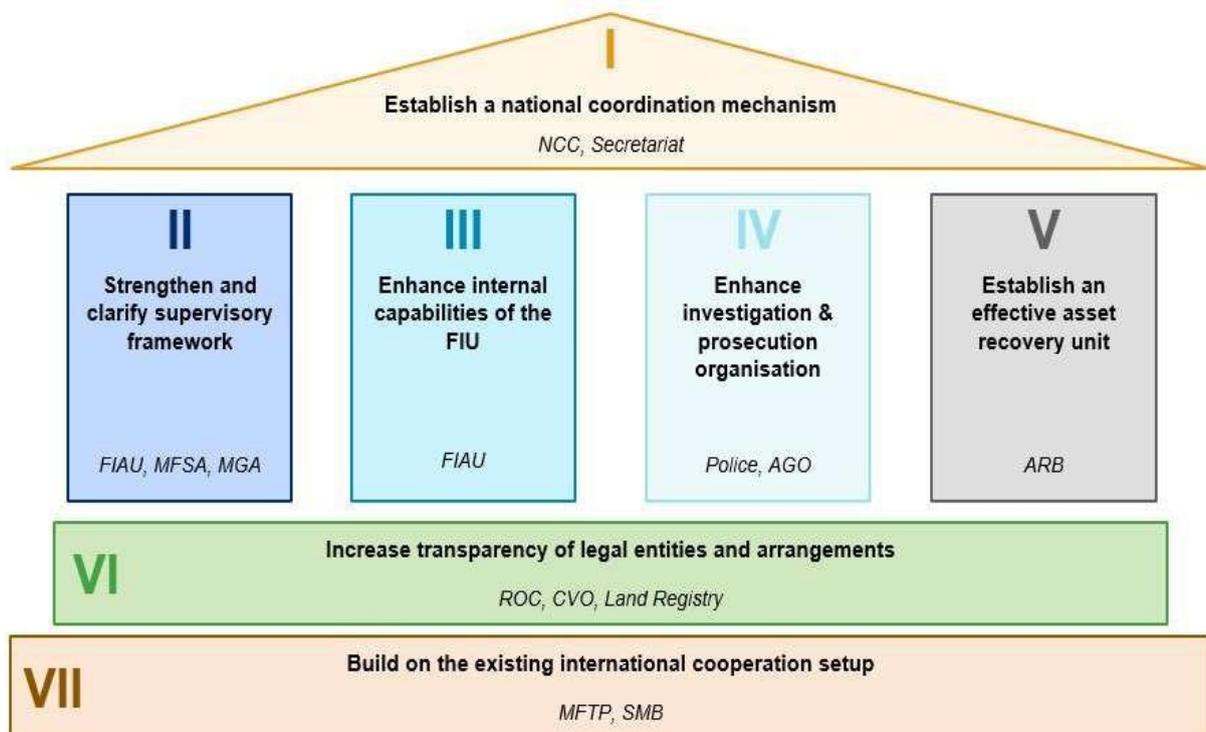
# The National Strategy

The National Strategy Plan was formulated in April 2018 with actions deliverable by 2020, including the related initiatives to improve the national AML/CFT framework.

This Action Plan was built on the insights of the National Risk Assessment, which was a national effort to establish the gaps. This Risk Assessment identified certain deficiencies, such as lack of national coordination between the competent authorities, ineffectiveness of the setup in handling enforcement, prosecution and recovery and limitations in resources and skills. The assessment and plan identified tools to effectively combat Anti-Money Laundering and Terrorism Financing.

The strategy (action plan) is set out in seven key initiatives (Fig 1), designed to improve the national AML/CFT framework:

**Fig: 1**



1. Establish a National Coordination Committee;
2. Strengthen and clarify the supervisory framework;
3. Enhance internal capabilities of the FIAU;
4. Enhance investigation and prosecution capabilities;
5. Establish an effective Asset Recovery Unit;
6. Increase transparency of legal entities and arrangements;
7. Build on existing international coordination setup.

The Action Plan contains detailed steps and timelines for deliverables assigned to the various national agencies. The implementation phase of the AML/CFT Strategy has already commenced and is well in progress. There is a huge overall commitment from the competent authorities to implement the strategy and action plan, as well as to address the various actions, which emanate from the seven key pillars. The progress of the various key actions as detailed in the action plan are summarised below. These actions are further detailed in Annex II of this document.

**Fig: 2**



\*Continuous actions are those which have been completed but require periodic review.

# The Action Plan

## The Establishment of a National Coordinating Committee (NCC)

The National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) was established within the Ministry for Finance through Subsidiary Legislation S.L. 373.02, enacted on the 13<sup>th</sup> April 2018. The NCC is the governing body responsible for the general oversight of AML/CFT policy, and therefore in charge of defining, overseeing and coordinating the implementation of such strategy. It is responsible for promoting effective collaboration between regulators and law enforcement agencies, and for monitoring interaction between them. The NCC is composed of board members as prescribed by the Maltese legislation and as outlined in Table 1 below.

Table 1: NCC board members:

Agency	Designated person	Appointed person
Ministry for Finance	Permanent Secretary, Chairperson of the NCC	Mr. Alfred Camilleri
Asset Recovery Bureau	Chairperson	Judge Emeritus Dr. Joseph David Camilleri
Central Bank of Malta	Governor	Dr. Mario Vella
Commissioner of Revenue	Commissioner	Mr. Marvin Gaerty
Financial Intelligence Analysis Unit	Chairperson	Dr. Peter Grech
Malta Financial Services Authority	Chairperson	Prof. John Mamo
Malta Gaming Authority	Chairperson	Ms. Marlene Seychell
Malta Police Force	Commissioner	Mr. Lawrence Cutajar
Ministry for Justice, Culture and Government	Local Permanent Secretary	Mr. Johan Galea
Office of the Attorney General	Attorney General	Dr. Peter Grech

The members of the National Coordinating Committee for Money Laundering and Financing of Terrorism meet periodically for meetings chaired by the Chairperson. Several observers also attend these meetings. These observers include the FIAU Director, the Commissioner of Voluntary Organisations, the Registrar of Courts and several Chief Officers of the competent authorities.

## Supporting Secretariat

A Secretariat supports the NCC. The supporting Secretariat is there to review, analyse and monitor the ML/TF threats in Malta, as well as to implement action plans against agreed timelines. The National Coordinating Committee for Money Laundering and Financing of Terrorism and the supporting Secretariat has also used the services of the consultants Oliver Wyman. Oliver Wyman is an international management-consulting firm with a large focus on banking and financial services of international repute.

## **Appointment of the Executive Head of the Coordinating Committee on Combating Money Laundering and Funding of Terrorism**

*Dr. Helga Buttigieg Debono* was appointed in June 2018 as the Executive Head of the Anti-Money Laundering and the Combating of Financing of Terrorism (AML/CFT) Secretariat, which has been set up for, among other things, the coordination of the various competent authorities, which are currently involved in the prevention of money laundering and of terrorism financing. Dr. Buttigieg Debono is a practicing advocate by profession. She has also acquired experience in the field after serving as a ranking official in the Malta Police Force within the Economic Crimes Unit and Money Laundering Section. In her previous experiences, she developed investigative skills, management experience, and prosecution abilities, which are of benefit in her present role.

## **Recruitment of the Professional Staff of the NCC Secretariat**

The NCC Secretariat staff is presently made up of three members. The following professionals were recruited in March 2019, all highly skilled in their areas and each have their area of expertise and responsibilities:

The Senior Implementation Manager assists various government agencies in the implementation of the AML/CFT Action Plan, which include a comprehensive list of strategic actions to enhance the national AML/CFT framework. This person is responsible for overseeing and tracking the progress against the National Action Plan. Assignments also includes the ensuring of effective implementation of the key actions as outlined by the strategy.

The Senior Analyst Manager works closely with various agencies to monitor and evaluate ML/FT threats and vulnerabilities in Malta on an ongoing basis. The main tasks involve collecting data, performing advanced analytics, and documenting findings to help make informed decisions made by the AML/CFT National Coordinating committee.

The Administration Manager performs a variety of administrative support work for the Executive Head, the NCC Secretariat, and the other staff members. The administration manager is also responsible for the day-to-day operations while also developing, reviewing and improving administrative systems.

# Sub-Committees under the auspices of the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism

## **1. THE ESTABLISHMENT OF THE NATIONAL COORDINATING COMMITTEE**

The NCC has been fully established and is meeting regularly to address the necessary changes needed. The supporting Secretariat is now in full function. Several sub-committees have been created under the auspices of the NCC. These sub-committees involve technical officials from the competent authorities including the FIAU, MFSA, MGA, CVO, SMB, Malta Police Force, AG, and other Government competent entities. These sub-committees address specific areas through the work block meetings. The purpose of these meetings is to coordinate and support the various actions, identified in the National Strategy Action Plan as being necessary in order to address the problem of Money Laundering and Terrorism Financing. During the first year of the NCC's existence, 25 work block meetings have been scheduled and have taken place (vide Annex I). Officials representing the competent authorities attend the meetings. During these meetings, the invited attendees discuss several actions. A number of the tackled actions were successfully implemented during the past year. These are listed in further detail below in the summary of work blocks two to seven. The key meetings held under the auspices of the NCC, with the presence of the Oliver Wyman consultants, and the competent stakeholders are listed in Annex III of this document.

The NCC has also taken on an active role in preparing and coordinating the MONEYVAL evaluation. The NCC has coordinated with the relevant departments involved or mentioned in the MONEYVAL evaluation, in order to highlight the deficiencies, establish the required action, as well as coordinate the drafting and submissions of any required feedback.

Furthermore, the NCC is currently receiving training and experience both locally and abroad on the subject such as to have the necessary skills and resources to update the NRA and AML/CFT strategy in 2020, without having to rely solely on external consultants. Supplementary to this, the NCC also attend various EU Commission specialised meetings. Crypto assets are becoming a popular way of not only making investments across the globe, but also to store value, due to decentralisation, ability to reduce fraud, universal recognition, and other benefits. However, there are still key challenges facing institutionalisation (regulatory compliance, custody, accounting and tax implications). The NCC Secretariat team has therefore been attending seminars, which help understand the works of crypto assets, and how to address the key issues and threats they pose.

The NCC has also been pertinent in facilitating talks with the University of Malta, which will see in introduction of ML/TF modules introduced in related degrees including law, accountancy, criminology and banking.

## **2. STRENGTHENING AND CLARIFYING THE SUPERVISORY FRAMEWORK THROUGH THE COORDINATION OF THE NCC WORKBLOCKS (FIAU, MFSA, MGA)**

The MFSA, FIAU and MGA strengthened their AML/CFT supervisory functions during the period of the annual report. The MFSA and MGA have drawn up plans to reorganise and enhance their approach to AML/CFT supervision. A Gap analysis of the supervisory strategy between the FIAU, MGA and MFSA was conducted and based on the gaps identified; the supervisory strategy was updated, through the agreement of all three entities involved. These three entities now have MOUs signed between them,

and exchange of information and enforcement is running smooth between these entities. These agreed procedures and setup fulfil the recommendations by the EBA and EU Commission.

These supervisory branches have increased the number of AML/CFT dedicated resources and have received training. The MFSA has already put in place a dedicated team of AML/CFT supervisors and conducts AML/CFT supervision in a joint and coordinated manner with the FIAU. Supervisory resources have been effectively increased. The MFSA, MGA, and FIAU are focusing their efforts on increasing scrutiny of high-risk sectors (through increased off-site and on-site examinations) and providing clearer guidance. The FIAU capacity is planned and ongoing, with an increased head count from 35 in 2017 to 45 as at the end of March 2019. The MGA has also increased its AML officers by another eight, while the MFSA has added a further 30 FTEs to its AML unit within the last three years. Supervision is currently being conducted jointly between the three supervisory bodies. 33 onsite inspections have been carried out in 2018.<sup>1</sup>

Several supervisory functions have been strengthened. The FIAU has issued sectoral guidance for VFAs and is cooperating with MFSA to issue guidance to credit institutions when it comes to dealing with operators in the virtual assets. The sectoral implementing procedures, which apply to Banks, are being reviewed and the FIAU are also drafting sector IPs for other sectors, such as Company Service Providers. A partnership agreement was signed with Cipher Trace Compliance Monitoring to monitor and manage business risks related to Malta licensed virtual asset businesses and cryptocurrencies.

The FIAU also collaborates closely with all authorities, including Customs, MIIPA, MRVA, MFSA, MGA, CBM and the CVO. In the case of the MFSA, MGA, and CBM, such entities have a Money Laundering Reporting Officer and they submit STRs when there is ML/TF suspicion.

The fourth AML Directive was transposed into Maltese law. The FIAU provided its input to facilitate the process, and procedures and documentation were updated to reflect such changes. Since the publication of the 5th Anti-Money Laundering Directive in the Official Journal of the EU on the 19th June 2018, Member States are expected to implement the regulations into national law. The NCC is geared up and has been actively working towards the successful transposition of the fifth AML Directive in line with the given timeframe.

### **3. ENHANCING THE INTERNAL CAPABILITIES OF THE FINANCIAL INTELLIGENCE UNIT (FIAU)**

The FIAU has continued to invest heavily in its IT infrastructure and capabilities. The FIAU purchased new servers in anticipation of software enhancements during 2019. This year the FIAU entered into an agreement with the United Nations Office on Drugs and Crime for the use of the GoAML software. This software is used by several other FIU equivalent agencies around the world. The implementation is currently underway and expected to be fully functioning and live by 2020. The FIAU has also developed CASPAR, an advanced system to be used in risk-assessing financial entities and non-financial entities subject to AML/CFT regulation. The CASPAR system will eventually be integrated with GoAML. The FIAU is also closely working with MITA in order to link its offices and software with certain governments departments for direct access to information. The FIAU signed several MOUs for cooperation with other government bodies and is further strengthening its collaboration through the direct access for information as outlined below:

- Tax Database - work in progress (legal changes required). Information however is obtained promptly through requests for information;
- Registry of Companies – full access, including beneficial ownership;

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<sup>1</sup> Figures obtained directly from MFSA, MGA and FIAU

- Land Registry – The FIAU and CfR are currently in the process of setting up direct access for FIAU to the Business Objects Report (BOR), which is administered by the CFR. The BOR contains data on real estate and other information including, vehicle registration;
- Public Registry – Full access;
- Vehicle Registration – Almost complete, and waiting for the final IT works by MITA;
- Passenger Name record database – Indirect, through requests to the Police;
- Identity Malta - Not direct, but MIIPA and MRVA exchange information with FIAU on a regular and routine basis.

The FIAU carries out thematic reviews to assess a current or emerging risk regarding an issue or product across a number of firms in a sector or market. It is currently in the process of collecting a voluminous amount of data from all subject persons in Malta. The unit will use this information to assess the level of risk of each subject person, and the level of risk across the various sectors that subject persons operate in. The FIAU has plans to increase the types of strategic analysis it carries out through such data and the software it has invested in.

The FIAU frequently holds training for the private sector. The Unit also provides written guidance on remote gaming, opening of payments accounts, trends and typologies of ML/FT, and on the proper filing of STRs. Such training is having the required impact due to the significant number of STRs the FIAU received in 2018 and beginning of 2019. Through the work block meetings, the Unit collaborates closely with other authorities, including Customs, MIIPA, MRVA, MFSA, MGA, the CBM and the CVO. In the case of the MFSA, MGA, and CBM, such entities have a Money Laundering Reporting Officer who also submit STRs when there is ML/TF suspicion. The FIAU also requests relevant information on a daily basis from the CfR and this helps FIAU carry out its analytical work. The meetings held by the NCC have also supported the necessary legal amendments necessary. Presently the FIAU also shares information spontaneously with the CfR where the FIAU is in possession of information that indicates that a person may be evading tax.

The training of FIAU officials happens frequently, internally and externally, internationally and nationally. International events organised by various bodies involved in AML/CFT are well attended, including those organised by Egmont, MONEYVAL, FATF, ERA (The Academy of European Law), AMLP, ACAMS, and others. Expenditure on training increased from EUR 18,300 in 2017 to EUR 45,086 in 2018.<sup>2</sup>

#### **4. ENHANCING THE INVESTIGATION AND PROSECUTION ORGANISATION (Police, Customs, CfR, AG)**

The Malta Police Force (MPF) are offering more efficiency through the Economic Crimes Unit (ECU). The skills of personnel within the Unit have increased, through the support of the NCC. The NCC also supported the Malta Police Force to enlarge the premises that are required to accommodate the increased resources. The ECU organizational set-up has been reviewed and a new Money Laundering Unit was formed. This change has been effective since December 2018. Staff development is ongoing with the addition of seven new inspectors hired as well as two civilian analysts. The MPF has received Euro 1.5million in funds to support the prevention of economic crime and protect Malta's financial interests. The funding is awarded by the Hercule III funding programme and is directed to a series of new hardware and software meant to combat economic criminality from the local, regional, and national levels, as well as to coordinate on a European level.<sup>3</sup>

<sup>2</sup> Figures obtained directly from the FIAU

<sup>3</sup> Information obtained from the MPF

The NCC has supported the Customs Department to have its own Anti-Money Laundering Unit. This resulted in an increase in prosecution of undeclared cash cases. The NCC has also supported the signing of an MoU which facilitates the transfer of information between the two organisations. The MoU allows the Customs Department to pass information to the FIAU regarding the amounts of declared cash, which pass across the borders for the necessary attention of the Unit. The new Anti-Money Laundering Unit is also currently considering further training procedures on how to detect and control cases of money laundering.

The NCC is also supporting the necessary changes so that particular tax evasion cases may be treated criminally. At present the Commissioner for Inland Revenue treats tax evasion only administratively. However, discussions are being held under the auspices of the NCC between the CfR, Office of the Attorney General and the Police on how particular tax evasion cases may be prosecuted in the near future.

All the organisations mentioned under this pillar have seen an improvement in the management and effectiveness of tools. This coming year has also welcomed the possibility of the delivery of investigation orders electronically. This increase in tools and IT has resulted in greater efficiency and better monitoring. In the area of prosecutions, the Chief Justice has assigned two Members of the Judiciary specialised in the area of ML to hear cases of money laundering in the local courts. The NCC is also in the process of arranging a seminar related to money laundering and terrorism financing for the Members of the Judiciary. This will give further support to the Members of the Judiciary to enhance their specialisation in this field.

## **5. ESTABLISHING AN EFFECTIVE ASSET RECOVERY BUREAU (ARB)**

Another initiative indicated by the Strategic Action Plan and supported by the NCC was the establishment of the Asset Recovery Bureau. The ARB established itself on 20 August 2018, through Legal Notice LN283 & 284 (2018). The ARB is now functioning as an independent entity with its own bank account, staff and premises. The ARB has invested in its initial staff capacity but there are plans for the Bureau to grow and strengthen its operations in order to be effective. The ARB is the official asset recovery bureau in Malta and is a member of the CARIN network. CARIN is the network of asset recovery enforcement officers which efforts are to increase the effectiveness of its members to deprive criminals of their illicit profits.

MOU's have been registered (whilst others in progress) with other Competent Authorities (local and foreign), and personnel is being provided with training both locally and abroad. An agreement with Wilsons Auctions UK was established, and this will seek to increase the level of disposal of confiscated assets, the value of which is transferred in favour of the Government. Wilsons Auctions is a leading asset realisation provider within the public sector, working with over 40 law enforcement agencies and over 170 government bodies across the UK, Ireland and other foreign territories. In addition, it is also responsible for returning in excess of Euro 90 million, in recent years, back into the public purse. The ARB is also actively working on strengthening relationships with foreign asset recovery offices and locally established authorities.

Although still in its infancy, the ARB issued 26 freezing orders, and two confiscations, which include 28 vehicles, and Euro 491,000 worth in immovable property. The amount of cash seized was Euro

2,760. The ARB has also equipped itself for the confiscation, securing and sale of crypto assets. This is a process, which requires a different approach to the confiscation of traditional assets.<sup>4</sup>

## **6. ENHANCING THE TRANSPARENCY OF LEGAL ENTITIES AND ARRANGEMENTS (ROC, CVO, Land Registry)**

A number of actions have taken place to enable the clear identification of the ultimate beneficial owner in any legal setup. The required changes in the law were also made to ensure their proper functioning of the UBO registers.

The ROC UBO (Ultimate Beneficial Owner) database for legal entities is up and running. Entities were given six months to comply, and the MFSA has already established processes to ensure that the UBO database is up to date. Accordingly, any changes in UBO must be made to MFSA within 14 days of the change. In addition, any share transfer documents or increase in share capital, must now also include a UBO declaration, otherwise they will be refused. There are heavy fines for those who do not comply or fail checks. The setup of a UBO database for legal persons is currently being set up. The NCC is now also reaching out to the Land Registry to support the setting up of its own Land Register, which will be available to competent authorities online.

Significant changes have also been successfully coordinated with the Office of the Commissioner of Voluntary Organisations (CVO). The CVO is now established as a separate legal entity through Chapter 492 of the Laws of Malta since 6<sup>th</sup> November 2018, giving the Commissioner more powers. The registration of voluntary organisations is now mandatory by law. The Office of the CVO holds a register of VO, which include details of the administrator, and is publicly searchable. VOs now need to all submit some form of accounts depending on their status. VOs registered under Category 1, need to submit annual audited accounts, Category 2 under GAPSE (General Accounting Principles for Smaller Entities), whilst Category 3 are exempt from audit but still need to submit accounts. All disbursements are vetted by the Office of the CVO, and STRs are raised where necessary. There are ongoing talks to centralise all government funding and limits salaries paid by VOs to the government scales, in order to prevent abuse. The NCC has supported the Commissioner's cooperation with the Maltese Security Service, the Malta Police Force and the FIAU to monitor voluntary organisations, which may be used for money laundering and terrorism financing.

## **7. BUILDING ON EXISTING INTERNATIONAL COOPERATION SETUP (SMB)**

On the initiative of the SMB to introduce an effective tool to implement sanctions, legislation is now in place, which allows for direct applicability of sanctions. The law was adopted on 31<sup>st</sup> May 2018 and gives the power to issue national sanctions to the Prime Minister. The law mentions penalties such as prison sentences to persons from 12 months to 12 years, and fines for companies that can reach Euro 80,000. The Sanction Monitoring Board (SMB) has also concluded the draft for the law on administrative fines, which will allow the imposing of an administrative fee instead of a criminal charge. The logic behind this was that the reputational damage caused to a company would have a far greater effect than that of a financial one. The SMB is in the process of increasing its workforce to further strengthen its role and function. The NCC has supported the signing of an MoU between the SMB and FIAU which is intended to enhance cooperation between the two organisations. The NCC is also in the process of encouraging the signing of an MoU between the SMB and the Malta Police Force.

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<sup>4</sup> Statistical obtained from ARB report

## Action plan for 2019 - 2020

The NCC is currently working on observing and maintaining the latest knowledge of ML/TF developments in Malta to ensure adequate monitoring of the progress achieved in terms of the outcome of Malta's efforts as regards to the investigating and prosecuting money laundering and terrorism financing. In order to reach this objective, the NCC Secretariat staff is in the process of gathering updated statistics, which will help facilitate the upgrading of the National Risk Assessment as well as provide for sectoral-specific risk assessments. The NCC Secretariat has already had several meetings with the NSO, the FIAU, the ARB, the CBM, the Customs, the CVO, the Malta Diocese, the MGA, the MFSA, as well as the Malta Police Force to ensure the collection of data. It is planned for these statistics to be collected periodically and shared with competent authorities when required. Through their collection, these statistics can give a broader picture of the risks so that a better understanding of the current money laundering and terrorism financing may be obtained and catered for. This is one of the main requirements of the Fifth Anti-Money Laundering Directive which the NCC is coordinating and to which the FIAU are heavily contributing. The Fifth Anti-Money Laundering Directive is well in progress and expected to be fully transposed into Maltese law within the coming months. Sectoral risk assessments targeted at Terrorism Financing, Legal Arrangements and Virtual Currencies are already in preparation and will be finalized and approved in due course.

A number of key actions are set for the next year as set out below:

- Draft and issue sectoral guidance (jointly with FIAU);
- Implement AML/CFT training requirements to obtain and maintain licensing/registration;
- Carry out an educational campaign and revise penalties and improve enforceability of AML/CFT obligations and sanctions (administrative and criminal penalties);
- Assess need for wider range of sanctions and take action to legally increase range available;
- Conduct sector and product specific risk assessments and analysis;
- Strategy to reduce the use of cash while ensuring financial inclusion;
- Assessment of the use and ML/TF risks of transferable cheques;
- Conduct thematic reviews;
- Further improve feedback loop with private sector;
- Separate investigatory and prosecutorial functions;
- Agree on information sharing and data dissemination activities, and launch data gathering activity;
- Review AML/CFT controls within Customs Department;
- Improve upon the ARB;
- Create a BO database of legal arrangements, and Establish a process to ensure BO database is accurate and up to date;
- Enhance effectiveness and functionality of Land Registry;
- Strengthen and formalise procedures and coordination with regards to sending and responding to MLAs.

# Annex

## Annex I - Work block meetings:

Subject	Date	Time
Work block I - Establish a national coordination mechanism (NCC Meeting)	Tuesday, 17th April 2018	09:00hrs-10:00hrs
	Wednesday, 27th June 2018	08:30hrs-10:00hrs
	Tuesday, 31st July 2018	08:30hrs-10:30hrs
	Friday, 28th September 2018	09:00hrs-10:30hrs
	Monday, 14th January 2019	14:00hrs-16:00hrs
Work block II - Strengthen and clarify supervisory framework	Thursday, 10th May 2018	15:15hrs-17:15hrs
	Wednesday, 30th May 2018	15:00hrs-17:00hrs
	Tuesday, 30th October 2018	13:00hrs-15:00hrs
	Friday, 29th March 2019	09:00hrs-11:00hrs
Work block III - Enhance internal capabilities of the FIU	Tuesday, 5th June 2018	09:00hrs-11:00hrs
	Monday, 16th July 2018	11:00hrs-13:00hrs
	Friday, 29th March 2019	11:30hrs-13:30hrs
Work block IV - Enhance investigation and prosecution organization	Monday, 21st May 2018	09:00hrs-10:30hrs
	Wednesday, 30th May 2018	09:00hrs-11:00hrs
	Monday, 10th December 2018	13:00hrs-15:00hrs
Work block V - Establish an effective asset recovery unit	Tuesday, 19th June 2018	08:30hrs-10:30hrs
	Tuesday, 28th August 2018	10:30hrs-12:30hrs
	Friday, 8th March 2019	13:00hrs-15:00hrs
Work block VII - Build on the existing international cooperation setup	Friday, 15th March 2019	13:00hrs-15:00hrs
	Monday, 25th June 2018	11:00hrs-13:00hrs
	Monday, 16th July 2018	09:00hrs-11:00hrs
	Tuesday, 27th November 2018	10:30hrs-12:30hrs
	Thursday, 29th November 2018	09:00hrs-11:00hrs
	Thursday, 14th March 2019	09:00hrs-11:00hrs

# Annex

## Annex II – Work block Action Plan

### Work block I: Establish a National Coordination Committee

No	Recommendation	Priority	Timeframe	Actioned
1	Establish a National Coordination Committee	Critical	Q1 2018	Complete
2	Establish a Secretariat to support the NCC	Critical	Q4 2018	Complete
3	Oversee and coordinate implementation of AML/CFT Strategy:	Critical		Continuous
	3.1 - Secretariat to coordinate implementation and escalate issues		Q1 2018	Continuous
	3.2 - NCC to oversee progress made and troubleshoot obstacles encountered		Q4 2020	Continuous
	3.3 - NCC to publish annual report of progress against strategy		Mid Apr 19	Continuous
4	Prepare for and coordinate MONEYVAL evaluation	Critical	Q1 2019	In Progress
5	Create NCC sub committees in charge of specific areas	Important	Q1 2019	Complete
6	Coordinate and publish thematic risk assessments:	Important	Q3 2019	In Progress
	6.1 - National threat assessment (esp. organised crime, tax evasion)			Complete
	6.2 - Sectoral risk assessments (esp. gamins, TCSPs, real estate)			No
	6.3 - Legal entities and arrangements			Complete
	6.4 - Assets of Libyan citizens			No
	6.5 - Terrorism and terrorism financing			No
7	Introduce coordination mechanism for proliferation finance	Less Urgent	Q2 2020	No
8	Set up a common database to collect AML/CFT statistics	Less Urgent	Q4 2019	In progress
9	Involve private sector by creating a public-private partnership	Less Urgent	Q4 2020	No

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10	Update NRA and AML/CFT strategy in 2020	Less Urgent	Q4 2020	No
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## Work block II: Strengthen and clarify supervisory framework

No	Recommendation	Priority	Timeframe	Actioned
1	Define AML/CFT supervisory framework and target operating model (eg supervisory, strategy, internal, policies & procedures, committee government)	Critical	Q2 2018 Q 2 2019	Continuous
2	Strengthen MFSA AML/CFT supervisory function:	Critical		Continuous
	2.1 - Split out AML/CFT unit from Enforcement & include under Supervisory Council		Q1 2018	Complete
	2.2 - Develop and implement entity-level risk assessment tools		Q1 2018	Continuous
	2.3 - Strengthen AML/CFT supervisory capabilities		Q4 2018	Continuous
3	Strengthen MGA AML/CFT supervisory function:	Critical		In Progress
	3.1 - Formalise AML/CFT policies and procedures		Q4 2017	Complete
	3.2 - Conduct 40-50 on-site inspections of higher risk entities		Q3 2018	Continuous
	3.3 - Develop and implement entity-level risk assessment tool		Q3 2018	Complete
	3.4 - Draft and issue sectoral guidance (jointly with FIAU)		Q3 2018	In Progress
4	Increase supervisory capacity and skills:	Critical		Continuous
	4.1 - Increase FIAU, MFSA and MGA staff		Q1 2019	Continuous
	4.2 - Train FIAU, MFSA and MGA staff		Q2 2019	Continuous
5	Review the AML/CFT obligations applicable to DNFBPs:	Critical		In Progress
	5.1 - Require at least registration of all subject persons (e.g. real estate agents) and maintain complete and up-to-date register of subject persons		Q1 2019	In Progress
	5.2 - Implement AML/CFT training requirements to obtain and maintain licensing/registration		Q2 2019	No
	5.3 - Ensure communication of AML/CFT obligations to all sectors (e.g. boats and aircraft)		Q4 2019	In Progress

6	Revise penalties and improve enforceability of AML/CFT obligations and sanctions (administrative and criminal penalties)	Critical		In Progress
	6.1 - Amend PMLA to grant Finance Minister right to amend rules & regulations		Q4 2018	Complete
	6.2 - Identify legislation amendments required		Q4 2018	In Progress
	6.3 - Amend Legislation		Q3 2019	In Progress
	6.4 - Carry out educational campaign		Q4 2019	No
	6.5 - Assess need for wider range of sanctions and take action to legally increase range available		Q2 2019	In Progress
7	Enhance assessment of ML/TF risks associated with the financial sector and conduct sector and product specific risk assessments and analysis (e.g. cryptocurrencies)	Critical		In Progress
	7.1 - Set out scope		Q1 2019	In Progress
	7.2 - Develop methodology for risk assessments and analysis		Q1 2019	Complete
	7.3 - Conduct sector and product specific risk assessments and analysis		Q2 2019	In Progress
8	Increase supervisory outreach to industry on AML/CFT obligations particularly through issuing sector specific guidance (i.e. on implementing procedures)	Important		Continuous
	8.1 - Identify areas and sectors requiring enhanced outreach		Q3 2019	Continuous
	8.2 - Set out plan and publish schedule		Q3 2019	Continuous
	8.3 - Prepare activities and provide guidance		Q4 2020	Continuous
9	Conduct targeted reviews with financial intermediaries on:	Important	Q4 2017	In Progress
	9.1 - Strategy to reduce the use of cash while ensuring financial inclusion			In Progress
	9.2 - Assessment of the use and ML/TF risks of transferable cheques			No
10	Review and strengthen AML/CFT capabilities within government:	Important		In Progress
	10.2 - Review AML/CFT controls esp. For payments (e.g. Cfr, Courts, Identity Malta)		Q3 2018	No
	10.2 - Ensure coordination with FIAU (e.g. as subject person or MOUs)		Q4 2018	In Progress

10.3 - Implement ongoing checks

Q1 2019

In Progress

11	Increase breadth of supervision through thematic reviews (e.g. CDD, risk assessment, transaction monitoring)	Less Urgent	In Progress
	11.1 - Set out scope	Q4 2019	In Progress
	11.2 - Develop methodology for thematic reviews	Q4 2019	In Progress
	11.3 - Conduct thematic reviews	Q1 2020	No
12	Address gaps in transposition of 4AMLD into Maltese law	Critical	In Progress
	12.1 - Conduct gap analysis of current Maltese law against the 4AMLD requirements	Q3 2018	Complete
	12.2 - Amend legislation	Q1 2019	In Progress
	12.3 - Update procedures and documentation to reflect changes	Q2 2019	In Progress

**Work block III: Enhance internal Capabilities of the FIAU**

No	Recommendation	Priority	Timeframe	Actioned
1	Increase FIAU staff capacity and skills (esp. hire and train staff)	Critical	Q1 2019	Continuous
2	Provide the FIAU with direct access to relevant databases:	Critical		In Progress
	2.1 - Tax databases (esp. Business Object)		Q4 2018	In Progress
	2.2 - Register of companies		Q4 2018	Complete
	2.3 - Land registry		Q4 2018	In Progress
	2.4 - Public registry		Q4 2018	Complete
	2.5 - Vehicle registration database (e.g. shipping, aircrafts)		Q4 2018	In Progress
	2.6 - Identity Malta database (incl. previously granted)		Q4 2018	Complete
3	Enhance IT capabilities for operational analysis:	Critical		In Progress
	3.1 - Automate STR collection and filtering (e.g. risk scoring) with a dedicated tool and develop common STR taxonomy to optimise ability to search		Q2 2019	In Progress
	3.2 - Enhance strategic and operational analysis with a specialised analytical tool		Q3 2019	In Progress
	3.3 - Improve workflow management and coordination with law enforcement		Q3 2019	In Progress
4	Further improve feedback loop with private sector	Critical	Q2 2019	Continuous
5	Develop approach to and initiate strategic analyses (e.g. Libyan deposits at Maltese banks)	Important	Q4 2019	In Progress
6	Require and train all government entity employees to file STRs or contact the FIAU (e.g. Through MoU) in case of suspicious activity (e.g. CfR, Identity Malta)	Important	Q2-Q3 2018 and Q2 2019 to Q4 2020	Continuous
7	Increase coordination between FIAU and CfR (e.g. to compare income data with activity)	Less Urgent	Q1-Q2 2018 and Q2 2019 to Q2 2020	In Progress

#### Work block IV: Enhance Investigation and Prosecution Organisation

No	Recommendation	Priority	Timeframe	Actioned
1	Review organisation and increase ECU capacity and skills:	Critical		In Progress
	1.1 - Review organisation (e.g. MLU-specific unit)		Q4 2017	Complete
	1.2 - Implement Staff development strategy with increase and training of staff		Q2 2019	Continuous
	1.3 - Increase ECU budget for external experts		NA	Complete
	1.4 - Improve management and effectiveness of tools (e.g. link i2 to other databases, hire data operators to manage databases)		Q3 2018	In Progress
2	Separate investigatory and prosecutorial functions	Critical	No Set Date	In Progress
	2.1 - Assess options, decide on location and define target operating model			In Progress
	2.2 - Amend legislation			In Progress
	2.3 - Set up governance structures and processes			In Progress
	2.4 - Establish investigation capacity within the Police office			In Progress
3	Improve effectiveness of investigation and prosecution	Critical		In Progress
	3.1 - simplify legal process so that ML/TF cases systematically go to specialised magistrates/judges		Q2 2018	Complete
	3.2 - Identify and train specialised magistrates/judges on financial and economic crime		Q1 2019	In Progress
	3.3 - Formalise and increase use of experts (e.g. forensic accountants)		Q1 2019	Continuous
4	Improve efficiency of investigation and prosecution	Important		In Progress
	4.1 - Allow for investigation orders to be delivered electronically		Q4 2017	Completed
	4.2 - Identify opportunities to reduce legal timelines to conclude cases in more time-efficient manner		Q3 2018	In Progress
5	Define serious/major crimes to help prioritise investigation and prosecution efforts	Important	Q4 2018	In Progress
6	Improve collection of statistics on ML/TF crimes investigated, prosecuted and convicted.	Important		In Progress
	6.1 - Set up process to collect statistics on ML/TF crimes investigated, prosecuted and convicted		Q2 2018	In Progress
	6.2 - Gather data		Q2 2018	In Progress
	6.3 - Agree on information sharing and data dissemination activities		Q3 2019	No

	6.4 - Launch data gathering activity		Q1 2020	No
7	Increase focus on investigating and prosecuting tax crime	Important		In Progress
	7.1 - FIAU and Police to focus on identifying professionals enabling tax crimes		Q1 2018	Continuous
	7.2 - Police and CfR to agree on decision-making between criminal and civil route for tax offences		Q4 2019	In Progress
	7.3 - Police to increase number of investigations and criminal prosecutions for tax crimes		Q4 2018	Continuous
8	Review AML/CFT controls within Customs Department	Less Urgent		In Progress
	8.1 - Provide AML/CFT training to Customs staff		Q3 2019	Continuous
	8.2 - Review effectiveness of cash declarations		Q4 2019	In Progress
	8.3 - Increase involvement of Customs in controls at sea terminals		Q2 2020	In Progress
	8.4 - Enhance exchange of information between Customs and FIAU		Q2 2020	In Progress

**Work block V: Establish and effective asset recovery unit**

No	Recommendation	Priority	Timeframe	Actioned
1	Establish Asset Recovery Bureau (ARB):	Critical		Complete
	1.1 - Establish the ARB (pass law and create legal entity)		Q4 2017	Complete
	1.2 - Define ARB organisational and operating model		Q1 2018	Complete
	1.3 - Operationalise ARB (e.g. hire staff, implement tools)		Q2 2018	Complete
	1.4 - Develop mechanisms for domestic coordination (e.g. FIAU, Police) and international cooperation (e.g. with foreign AROs)		Q2 2018	Complete
2	Enhance ARB (once established):	Important		In Progress
	2.1 - Assessment of effectiveness of ARB in its first year		Q3 2019	Complete
	2.2 - Definition of improvement plan		Q4 2019	In Progress
	2.3 - Implementation of development plan		Q4 2020	No

## Work block VI: Increase transparency of legal entities and arrangements

No	Recommendation	Priority	Timeframe	Actioned
1	Amend existing register of companies (ROC) to include BO information for legal entities:	Critical		Complete
	1.1 - Pass legislative amendments		Q4 2017	Complete
	1.2 - Implement requirement for all new companies		Q3 2018	Complete
	1.3 - Design backfilling process and plan transition period		Q2 2019	Complete
2	Create a BO database of legal arrangements	Critical	Q4 2020	Complete
3	Establish a process to ensure BO database is accurate and up to date:	Critical	Q1 2020	Complete (ROC) In Progress (LP)
	3.1 - Increase penalties for non-compliance		Q2 2020	No
	3.2 - Design controls to ensure accuracy		Q1 2020	No
4	Strengthen transparency and supervision of voluntary organisations:	Important		In Progress
	4.1 - Amend legislation (e.g. ensure operational independence, enhance powers)		Q1 2018	Complete
	4.2 - Enhance capacity of Commissioner of Voluntary Organisations		Q3 2018	In Progress
	4.3 - Enhance database on voluntary organisations to be comprehensive and include complete data		Q2 2019	Complete
	4.4 Raise awareness of voluntary organisations on AML/CFT (e.g. training & guidance)		Q2 2019	In Progress
5	Enhance effectiveness and functionality of Land Registry:	Important	Q4 2019	In Progress
	5.1 - Expand registry's scope, content and analytical capabilities		Q4 2019	No
	5.2 - Review and update ownership data		Q1 2019	No

## Work block VII: Build on existing international cooperation setup

No	Recommendation	Priority	Timeframe	Actioned
1	Review and simplify process for targeted financial sanctions:	Critical		Complete
	1.1 - Pass law enabling automatic update of sanctions list (ongoing)		Q1 2018	Complete
	1.2 - Define and document procedures to manage listing and un-listing of national list of designated persons		Q2 2018	Complete
	1.3 - Enhance cooperation with FIAU		Q2 2018	Complete
	1.4 - Enhance cooperation with MFSA and MGA		Q3 2018	Complete
	1.5 - Continue to improve collection of statistics on the effectiveness of the sanctions monitoring process (ongoing)		Q4 2020	Continuous
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2	Develop and implement an international coordination framework for each supervisor (e.g. coordination with foreign supervisors regarding inspections, group supervision)	Important	Q4 2019	No
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3	Strengthen and formalise procedures and coordination with regard to sending and responding to MLAs	Important		In Progress
	3.1 - Formalise coordination on MLA procedures		Q4 2019	In Progress
	3.2 - Introduce standard MLA review procedure, to determine whether a crime was committed in Malta [TBC]		Q1 2019	No
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4	Take a leading role in international fora, especially in areas of local expertise (e.g. gaming, citizenship programme)	Less Urgent	Q4 2020	No

# Annex

## Annex III – Key meeting with Oliver Wyman and Various Government Entities

Workstream	Meeting / meeting series held	Stakeholders	Timing
<b>Update to the National Risk Assessment</b>	Bilateral and multilateral meetings to identify and assess evolution of risks, obtain updated statistics and review the draft NRA	FIAU, MFSA, MGA, CVO, CBM, Customs, ECU, AMLU, CTU, MSS, MIIPA & AGO	October 2017 – December 2017
<b>Develop National AML/CFT strategy</b>	Bilateral and multilateral meetings to identify initiatives and review action plan		November 2017 – February 2018
<b>Establishment of national committee and supporting secretariat</b>	Bilateral meetings on PMLA	FIAU & MOF	December 2017 – February 2018
<b>Continuous NCC Secretariat support</b>	Project catch-up meetings	NCC Secretariat team	July 2018 – ongoing, ad hoc, ~bi-weekly
	Training series on intro to AML/CFT, Thematic risk assessments & AML/CFT strategy implementation progress tracking	NCC Secretariat team	April 2019, 3 sessions
<b>Communicate NRA and National AML/CFT Strategy, and support preparation for MONEYVAL</b>	Private sector seminars	Private sector Gaming companies, Financial Institutions and DNFPBs	October 2018 (3 seminars)
	Strategic summit	MFIN, FIAU, MFSA, MGA, Police, ARB, CVO, Cfr, ROLP, ROC, SMB	October 2018
	Bilateral and multilateral sessions with competent authorities	AGO, AMLU, ARB, Cfr, Courts Registrar, CTU, Customs, CVO, ECU, FIAU, MFSA, MGA, MIIPA, MSS, Law Courts, ROC, ROLP & SMB	October – November 2019
<b>Support on adjustments to National Institutional Arrangements</b>	Discussion on National Institutional Arrangement Redesign options	Ministry for Finance and NCC Secretariat team	July – August 2018 (3 meetings)
	Meeting to discuss project progress & National Institutional Arrangement	NCC Secretariat team	February 2019
	Meeting to discuss project progress & National Institutional Arrangement	Ministry for Finance and NCC	February 2019
<b>Conduct Virtual Financial Assets Risk Assessment</b>	Bilateral meetings to discuss draft VFA report	MFSA	August – November 2018
	Bilateral meetings to discuss draft VFA report	MGA	August – November 2018
	Bilateral meetings to discuss draft VFA report	MDIA	August – November 2018

	Bilateral meetings with private sector to gather input	Ganado Advocates, GTG Advocates, DQR, WH Partners, Bit Malta, Exigy, MSE, IFSP, Grant Thornton, Blockchain Malta Association, Chain Strategies, BOV, Deloitte	September – October 2018
<b>Conduct Legal Entities and Arrangements Risk Assessment</b>	Bilateral meetings to discuss draft LEA report	MFSA	September – December 2018
	Bilateral meetings to discuss draft LEA report	ROC	October – December 2018
	Bilateral meetings to discuss draft LEA report	ROLP	October – December 2018
	Bilateral meetings to discuss draft LEA report	CVO	October – November 2018
<b>Conduct Terrorism Financing Risk Assessment and formulate CFT strategy</b>	Bilateral and multilateral introductory meetings to discuss objectives, key focus areas, and data request	FIAU, MFSA, MGA, CVO, CBM, Customs, ECU, AMLU, CTU, MSS, MIIPA & AGO	January – February 2019
	Bilateral meetings to discuss interim assessment findings and underlying analysis	FIAU, ECU, CTU, MSS & CBM	February – March 2019
	Multilateral outreach sessions with key private sector stakeholders to test assessment findings	FIAU, BoV, HSBC, MeDirect, Agribank, Ferratum Bank, Fexserv, Western Union Bus. Solutions, W.J.Coppini	March 2019 (3 sessions)
	Multilateral alignment meetings to discuss draft report and recommendations	FIAU, ECU, CTU, MSS, Police Drugs Unit, Police Cyber Unit, MSS, Customs, MFSA, CBM, CVO, SMB	April 2019
<b>Enhance AML/CFT Supervisory Framework</b>	Meeting to discuss findings & recommendations	FIAU	January 2019
<b>Enhance Beneficial Ownership (BO) register</b>	Bilateral meetings to discuss recommendations	RoC & RoLP	January 2019
	Meeting to discuss and agree recommendations	RoC, RoLP & NCC Secretariat team	January 2019
<b>Enhance cash declarations regime</b>	Meeting to discuss findings & recommendations	Customs & NCC Secretariat team	January 2019
<b>Ensure tax evasion is criminalized</b>	Meeting to discuss key objectives and policy changes for criminalization of tax evasion	AGO, CfR & NCC Secretariat team	February 2019

	Engagement of Police in criminalization of tax evasion discussion	AGO, Police & NCC Secretariat team	March 2019
	Technical discussion on legislative changes required for criminalization of tax evasion	AGO, CfR & NCC Secretariat team	March 2019
	Alignment meetings (bi- and multilateral) to discuss draft tax memo & recommendations	AGO, CfR & Police (ECU)	Feb 2019 – April 2019 (7 meetings)
	Meeting to discuss draft tax memo & recommendations	AGO, CfR, Police (ECU) & NCC Secretariat team	To be scheduled
<b>Track progress against National AML/CFT Strategic Action Plan with authorities</b>	Meeting series with competent authorities to discuss implementation progress in detail	AGO, ARB, CfR, CVO, FIAU, MFSA, MGA, Police (ECU), RoC, SMB – individual meetings	July 2018 (~10 meetings)
	Meeting series with competent authorities to discuss implementation progress in detail	AGO, ARB, CfR, CVO, FIAU, MFSA, MGA, Police (ECU), RoC, SMB – individual meetings	February 2019 (~10 meetings)
<b>Develop an effectiveness reporting concept for NCC Secretariat</b>	N/A	N/A	N/A

## Annex

Annex IV – Progress on the implementation of the 48 initiatives during the three-year period

	Total number of Action Plans	Workblocks						
		I	II	III	IV	V	VI	VII
Completed	6 ( 12.50%)	3	0	0	0	1	2	0
Continuous*	9 ( 18.75%)	1	4	3	0	0	0	1
In Progress	28 ( 58.33%)	3	8	4	8	1	3	1
Pending and due	0 ( 0.00%)	0	0	0	0	0	0	0
Pending and not due	5 ( 10.42%)	3	0	0	0	0	0	2
	48 ( 100%)	10	12	7	8	2	5	4

\*Continuous actions are those which have been completed, but require periodic review.