



# **The 2020 Risk Evaluation Questionnaire**

## **Auditors & Accountants, Tax Advisors and Advocates**

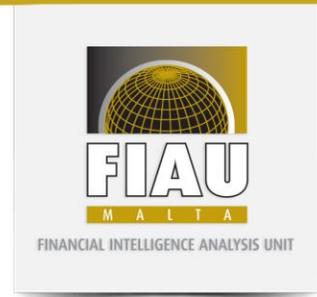
11 February 2020

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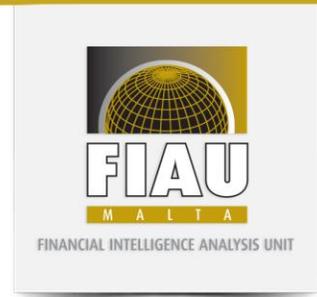


## 2020 REQ: Agenda

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



# 2020 REQ Structure/ New Developments



## Structure of the REQ

### 2020 REQ

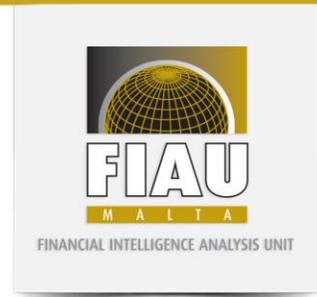
- 14 Topics
- 5 Topics cover the SP's inherent risks
- 9 Topics cover the SP's control levels
- Average of 250 Questions per REQ

### Type of Questions

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

### Changes from 2019 to 2020 REQ

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



## 2020 Developments: Tax Advisors

Introduction of **NEW REQs**, segregated into:

- 1) Sole Practitioners
- 2) Legal Persons

<b>Financial Intelligence Analysis Unit</b> Risk Evaluation Questionnaire	Designated Non Financial Businesses and Professions Sector <b>Tax Advisors (Sole Practitioners)</b>
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<b>Financial Intelligence Analysis Unit</b> Risk Evaluation Questionnaire	Designated Non Financial Businesses and Professions Sector <b>Tax Advisors (Legal Persons)</b>
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# Frequently Asked Questions (FAQs)



## Frequently Asked Questions (FAQs)

### **Which REQ Should I Complete?**

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

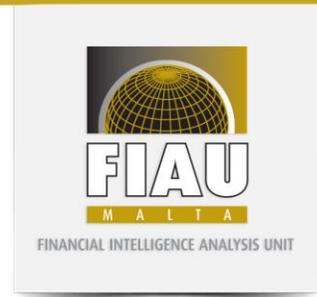
### **Do I need to fill in a separate REQ for the different entities?**

Yes, each subject person has to complete a separate REQ and provide information that is specific to that subject person. Even if entities form part of the same group and controls may be the same, a separate REQ has to be completed and the inherent risk questions have to be completed to cover for the specific risk exposures of that subject person

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

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

Registration on CASPAR is compulsory



## Frequently Asked Questions (FAQs)

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

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

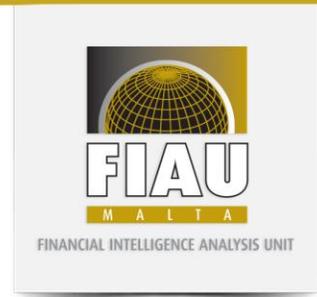
The Not Available option should be selected in instances where the subject person should reply to the question but it does not have sufficient information at its disposal to answer the said question

### **How to answer questions that require a monetary value?**

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

### **When should I provide additional information in the General Remarks?**

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



## Frequently Asked Questions (FAQs)

### **To which Basel Index should Subject Persons refer to**

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

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

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

Optional upload of the corporate structure chart shall also be included

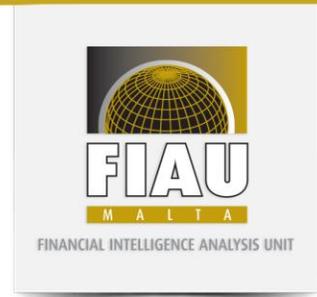
### **The questions related to subsidiaries should include all companies with common ownership?**

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

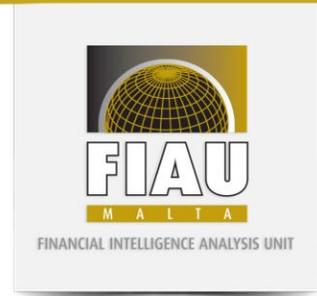
Companies that have the same ownership and share a common parent shall be included. Otherwise, simply having common ownership does not make a company a subsidiary, there has to be a common parent.

### **How do we know if customers includes BOs?**

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



# Deadlines & Timelines



## Risk Evaluation Questionnaire Deadlines

28 Feb  
2020

- REQs available on CASPAR

31 Mar  
2020

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

Post 31  
March  
2020

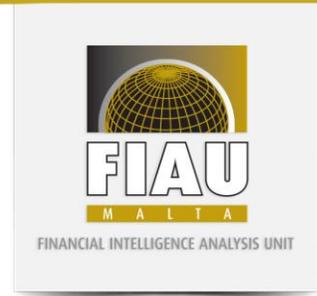
- Late payment fee of €100

30 Apr  
2020

- Final deadline

Post 30  
April 2020

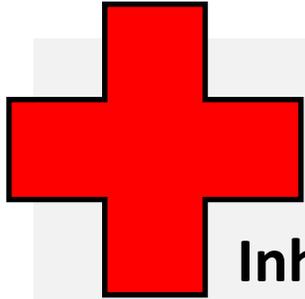
- SPs can still complete REQ for information purposes, but may be subject to administrative penalties



# 2020 REQ

# Topics & Questions

## Topics



### **Inherent Risks**

- 1) Subject Persons Information
- 2) Customers
- 3) Products and Services
- 4) Geography
- 5) Interface/Distribution Channel

### **Controls**

- 1) Governance
- 2) Policies and Procedures
- 3) Business Risk Assessment
- 4) Customer Acceptance and Risk Assessment
- 5) Internal Audit/ Independent Testing
- 6) AML/CFT Training
- 7) On-going monitoring/Transaction Scrutiny
- 8) Reporting
- 9) Record-Keeping



## Subject Person Information

Subject Person Information covers the subject person's:

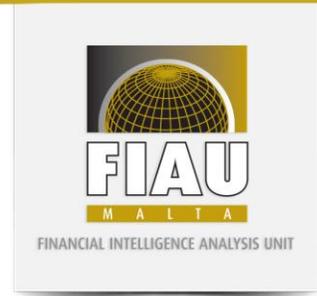
- legal formation;
- ownership and control structure;
- shareholder information (if applicable);
- organizational structure and;
- basic financial and operational statistics.

# Subject Person Information



Please select the status of your entity.	Subsidiary of a foreign traded company / Subsidiary of a privately held foreign company / Subsidiary of a local traded company / Subsidiary of a privately held local company / Privately held foreign company / Privately held local company / Other
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If your entity is a subsidiary of a foreign traded company or a subsidiary of a privately held foreign company, is the parent company located in EU / EEA jurisdictions or non-EU/EEA jurisdictions?	EU/EEA jurisdictions / non-EU/EEA jurisdictions / Not Applicable
Does your entity have any subsidiaries, branches, affiliates, representative offices and agencies in other EU / EEA countries?	No / Yes
Does your entity have any subsidiaries, branches, affiliates, representative offices and agencies in non-EU/EEA countries?	No / Yes
Does your entity have subsidiaries, branches, affiliates in jurisdictions listed in the FATF lists and / or the EU list identifying high risk 3rd countries with strategic deficiencies and / or jurisdictions featuring in the top 20 countries of the Basel Index?	No / Yes



## Subject Person Information

How many <b>years experience</b> in this industry do you / does the principal(s) and / or partners and / or director(s) and / or senior management of your entity have?	10 or more years / Between 5-9 years / Between 3-5 years / Between 1-3 years / Less than 1 year
Please indicate total annual turnover according to the <b>latest available</b> audited financial statements and / or tax declaration.	[€] / Not Applicable
Please provide the year end reference date for the financial statements or / tax declaration as indicated above.	[Date] / Not Applicable

## Governance/Organisation

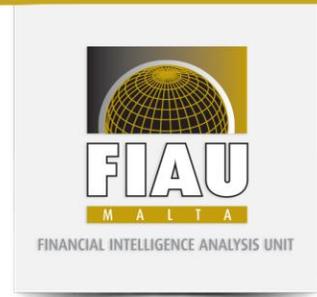
- ❑ The assessment of the subject person’s governance and organizational structure includes the experience level and the responsibilities of its Money Laundering Reporting Officer (“MLRO”), employee screenings, and how much of its compliance tasks are outsourced to external parties.

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



## Business Risk Assessment

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

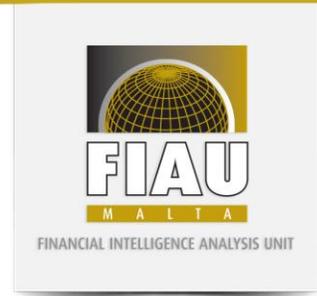


## Why is the BRA Required to be attached?

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

# Business Risk Assessment



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

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

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

# Business Risk Assessment

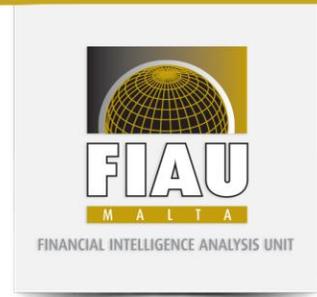


3.04	Did the Business Risk Assessment conducted take into account the risks and controls related to:	
	a) your / your entity's customers	No / Yes / Not Applicable
	b) the products and services offered by you / your entity and the transaction risk exposure through same	No / Yes / Not Applicable
	c) specific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

The Not Applicable option is a mistake and will be removed

Even if you:

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



## Business Risk Assessment

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

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

[http://ec.europa.eu/newsroom/just/item-detail.cfm?item\\_id=81272](http://ec.europa.eu/newsroom/just/item-detail.cfm?item_id=81272)

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

[https://mfin.gov.mt/en/Library/Documents/Result\\_of\\_the\\_NRA\\_2018.pdf](https://mfin.gov.mt/en/Library/Documents/Result_of_the_NRA_2018.pdf)

*\*IPs section 3.2.7*



## Customer Risk Assessment

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

# Customer Risk Assessment



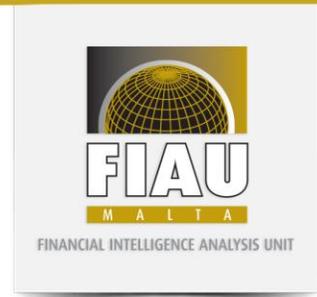
4.01	Do you / does your entity perform a customer risk assessment ("CRA") prior to the acceptance and approval of customers?	No / Yes sometimes / Yes most of the times / Yes always / Not Applicable
4.02	Please indicate, for all your customers where an occasional transaction is carried out, whether you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

# Customer Risk Assessment



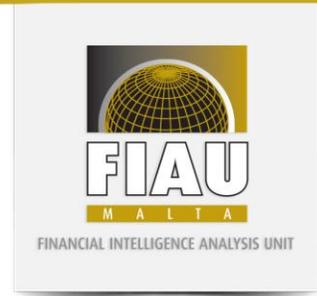
4.15	What kind of measures do you / your entity make use of to determine the PEP status of a customer (beneficial owner/s)?	
	a) Rely on publicly available information	No / Yes
	b) Obtain information directly from the customer or BO	No / Yes
	c) Use commercial databases	No / Yes

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



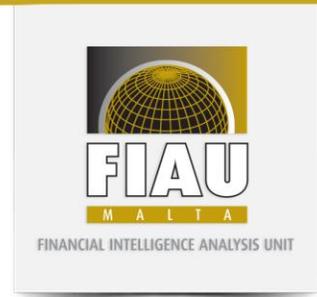
## Ongoing Monitoring/Transaction Scrutiny

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



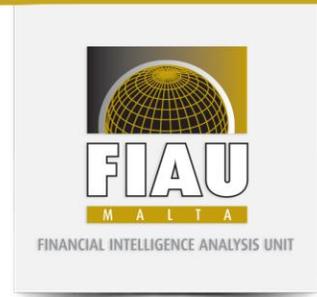
## Ongoing Monitoring/Transaction Scrutiny

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



## Policies and Procedures

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



## Internal Audit/ Independent Testing

The assessment of AML/CFT includes:

- Internal audit effectiveness
  
- Independent testing and remediation of audit findings



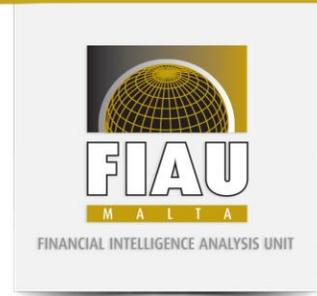
## Reporting

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

8.03	Were there any "internal reports" or "alerts", received during prior calendar year, which were analysed by the MLRO but did not instigate a STR?	Yes less than 10 / Yes more than 10 / No, all instigated STRs / No measures relating to internal reporting or alerts are in place / Not Available
8.04	Were records of all "internal reports" raised during the prior calendar year and the analysis conducted thereon maintained by you / your entity?	No / No internal reports submitted / Only internal reports maintained / Yes, internal report & analysis maintained / No measures relating to internal reporting or alerts are in place / Not Available

Please list the number of alerts / transactions you / your entity investigated as a result of suspicious activity or transactions during the prior calendar year?	[Number] / Not Available
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Subject persons should not include false positives but rather actual alerts or transactions that required the carrying out of a detailed review to discover and examine the facts of the alert or transaction so as to establish whether there is suspicion or reasonable grounds to suspect that money laundering took place.



## AML/CFT Training

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

- the content,
- frequency
- delivery of training

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



## Record Keeping

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



## Products and Services

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



## Products/ Services: Auditors & Accountants

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

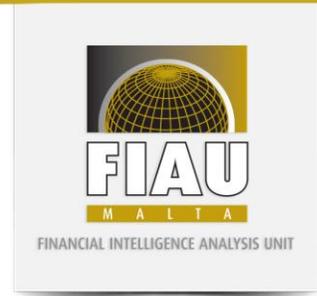
What number of customers were these services provided to during the prior calendar year?

11.01	Audit and assurance services	[Number] / Not Available / Not Applicable
11.02	Assisting in the planning or carrying out of transactions for their clients concerning the managing of client money, securities or other assets	[Number] / Not Available / Not Applicable
11.03	Assisting in the planning or carrying out of transactions for their clients concerning the opening or management of bank, savings or securities accounts	[Number] / Not Available / Not Applicable
11.04	Assisting in the planning or carrying out of transactions for their clients concerning the organisation of contributions necessary for the creation, operation or management of companies	[Number] / Not Available / Not Applicable

## Products/ Services: Auditors & Accountants



11.05	Assisting in the planning or carrying out of transactions for their clients concerning the creation, operation or management of companies, trusts, foundations or similar structures, or when acting as a trust or company service provider	[Number] / Not Available / Not Applicable
11.06	Assistance with the sale or purchase of real estate property	[Number] / Not Available / Not Applicable
11.07	Residence / citizenship by investment scheme	[Number] / Not Available / Not Applicable
11.08	Transaction services	[Number] / Not Available / Not Applicable
11.09	The preparation of financial statements	[Number] / Not Available / Not Applicable
11.10	Liquidation of companies, including assisting liquidators in insolvency or winding up proceedings	[Number] / Not Available / Not Applicable



## Products/ Services: Tax Advisors

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

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

11.01	Tax advisory services to persons who benefitted from a residence / citizenship by investment scheme	[Number] / Not Available / Not Applicable
11.02	Assistance in the preparation of valuations in respect of the transfer of assets for Capital Gains and / or Stamp Duty purposes	[Number] / Not Available / Not Applicable
11.03	Assistance in relation to succession planning	[Number] / Not Available / Not Applicable
11.04	Provision of tax advice where one or more of the entities in the structure involved a foundation, charity or not-for-profit entity	[Number] / Not Available / Not Applicable



## Products/ Services: Tax Advisors

11.10	Please list the number of customers for whom you / your entity submitted refund claims under the tax refundable mechanism as per Article 48(4) and Article 48(4)(A) of the Income Tax Management Act in the prior calendar year.	[Number] / Not Available / Not Applicable
11.11	What is the total sum value (€) of the tax refund claims made in the prior calendar year?	[€] / Not Available
11.12	Please list the number of customers that you / your entity provided tax advice to so as to benefit from the Yacht Leasing VAT scheme during the prior calendar year.	[Number] / Not Available / Not Applicable
11.13	Please list the number of customers that you / your entity provided tax advice to so as to benefit from the Aircraft Leasing VAT scheme during the prior calendar year.	[Number] / Not Available / Not Applicable

## Products/ Services: Advocates

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

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

11.01	Assisting in the planning or carrying out of transactions for their clients concerning the managing of client money, securities or other assets	[Number] / Not Available / Not Applicable
11.02	Assisting in the planning or carrying out of transactions for their clients concerning the opening or management of bank, savings or securities accounts	[Number] / Not Available / Not Applicable
11.03	Assisting in the planning or carrying out of transactions for their clients concerning the organisation of contributions necessary for the creation, operation or management of companies	[Number] / Not Available / Not Applicable
11.04	Assisting in the planning or carrying out of transactions for their clients concerning the creation, operation or management of companies, trusts, foundations or similar structures, or when acting as a trust or company service provider	[Number] / Not Available / Not Applicable
11.05	Residence / citizenship by investment scheme (IIP)	[Number] / Not Available / Not Applicable



## Products/ Services: Advocates

11.06	Advice on specific tax related questions (e.g. inheritance, mergers or spin-offs, insolvencies, setting up a company, purchase of immovable property), tax investigation, tax planning/tax optimization	[Number] / Not Available / Not Applicable
11.07	Cross border tax advisory services	[Number] / Not Available / Not Applicable
11.08	Sale or Purchase of property (e.g. provision of advice, negotiation of contract, appearing on contract on behalf of a party in the sale)	[Number] / Not Available / Not Applicable
11.09	Liquidation of companies, including assisting liquidators in insolvency or winding up proceedings	[Number] / Not Available / Not Applicable
11.10	Have you been engaged to act on behalf of, or represent a customer during the prior calendar year, (i.e. power of attorney and / or power of representation)?	No / Yes
11.11	Do you accept payments from unassociated or unknown third parties?	No / Yes



## Customer

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

# Customer



12.04	Please list the number of customers (natural persons) and / or BOs that have benefited from residence or citizenship by investment schemes, or are applicants / prospective applicants for such schemes.	[Number] / Not Available
12.05	<p>Of the total number of customers, what % are rated as:</p> <p>a) % of customers scored / rated as "High Risk"</p> <p>b) % of customers scored / rated as "Medium Risk"</p> <p>c) % of customers scored / rates as "Low Risk"</p>	<p>[%] / Not Available</p> <p>[%] / Not Available</p> <p>[%] / Not Available</p>
12.06	Does a percentage of your customer base have a risk rating outside of the "high", "medium" and "low" categories?	No / Yes
12.07	If a percentage of your customer base have a risk rating outside of the "high", "medium" and "low" categories, please specify any additional risk rating.	[Text] / Not Applicable
12.08	Please specify the corresponding % of customers of the risk rating stated above.	[%] / Not Applicable

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

For example if you score 1-10:

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

# Customer



12.09	Do you / does your entity have customers (including BO's, directors) who have been convicted of a criminal offence that generated proceeds?	No / Yes / Not Available
12.10	Do you / does your entity have customers for which management is vested in a representative or an agent?	No / Yes / Not Available

Do you / does your entity have customers (legal entities) that were acquired as shelf companies?	No / Yes / Not Available
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This is to be reworded to make reference to criminal offences that could have potentially generated proceeds.

# Customer



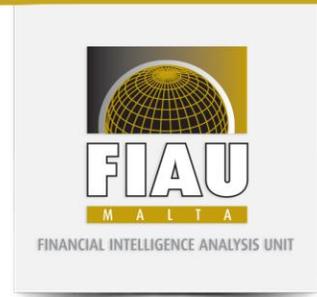
Please list the number of customers that held virtual financial assets or carried out transactions (receipts or payments) through the use of virtual financial assets during the prior calendar year.	[Number] / Not Available
Please list the number of customers that are VFA agents or VFA license holders or are in the process of obtaining a VFA license.	[Number] / Not Available
To the best of your knowledge, do you / does your entity have customers with no address or multiple addresses without any legitimate reasons?	No / Yes / Not Available
Do any of your customers use financial intermediaries located in a jurisdiction listed in the FATF lists and / or EU list identifying high risk 3rd countries with strategic deficiencies and / or the jurisdictions featuring in the top 20 countries of the Basel Index?	No / Yes / Not Available
If your answer to the above question was "Yes", please identify the top 3 highest risk jurisdictions from the list.	Select from drop down list / Not Applicable

## Customer



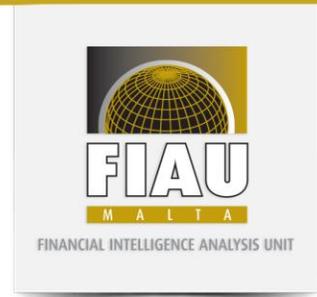
Please list the number of customers who are operating in high-risk industries or trading in high risk or dual use products (as designated by your policies and procedures), or separately as per SL 365.12.	[Number] / Not Available
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Dual Use Items (Export Control) Regulations: *Dual use item means any used or unused items, including software and technology, which can be used for both civil and military purposes, and including all goods which can be used for both non-explosive uses and for assisting in any way in the manufacture of nuclear weapons or other nuclear explosive devices*



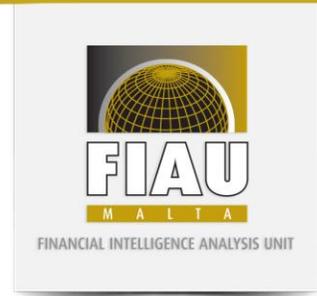
## Geography

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



## Interface/ Distribution Channel

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



## Interface/ Distribution Channel

Did you / your entity on-board or service new clients <b>introduced by agents or regulated intermediaries</b> , in the prior calendar year?	No / Yes / Not Available
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Question is to be reworded to cover all forms of intermediaries. Reference is being made to agents or intermediaries of customers and not of the subject person.

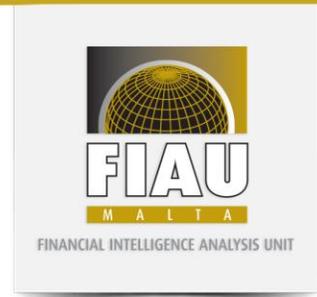
What % of customers were onboarded during the prior calendar year where a <b>third party</b> was engaged to assist / undertake the onboarding process?	[%] / Not Available
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This questions is referring to CDD measures carried out by another subject person or third party as part of a reliance agreement.



# 2020 REQ

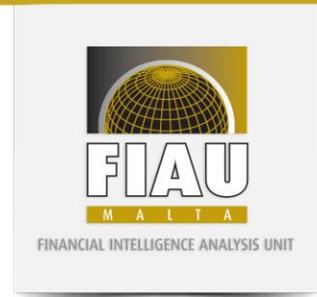
# Consultation Period Feedback



## Consultation Queries:

**No Feedback** received during the Consultation Period for:

- Auditors and Accountants
- Tax Advisors
- Advocates



## FAQs

**I am a Sole Practitioner/MLRO of a Legal Entity with no registered employees. How should I answer all employee-related questions in the REQ?**

All questions related to employees should be marked as 'Not Applicable'.

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**What is the meaning of the term 'Offshore' in the REQ?**

The term offshore refers to jurisdictions that have distinctive characteristics such as low or zero taxation, tax secrecy and possibly lack of transparency. You are kindly requested to refer to the EU list of offshore jurisdictions/centres.

## FAQs



### **What are the ‘high risk industries’ referred to in the REQ?**

High risk industries should be defined by the subject persons’ policies and procedures.

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*Please indicate total annual turnover according to the latest available audited financial statements and/or tax declaration.*

**Our turnover is reported in a currency other than Euro. Shall we convert it to Euro?**

Yes. The applicable exchange rate as at the date of the audited financial statements should be used to convert the annual turnover to Euro.

## FAQs



*Please provide the % of staff that completed AML/CFT training between January and December 2018.*

**We have a complement of 10 Full Time Equivalentents. 2 of these are a courier and a cleaner. Shall we include them in the calculation of this percentage?**

Reference can be made to Chapter 7 of the Implementing Procedures, Part I which indicates that awareness and training shall be provided to employees whose duties include the handling of either relevant financial business or relevant activity. In reply to your query therefore, it is safe to assume that members of staff holding the position of courier/cleaner do not fall within the definition provided under Chapter 7 of the Implementing Procedures, Part I and can therefore be excluded for the purposes of filling in this question.



## FAQs

*‘Breakdown of the total number of customers: Please list the % of legal persons of the total customers.’*

**Do trusts fall under the definition of ‘legal persons’?**

Yes, all customers other than natural persons should be captured in the definition of ‘legal person’.

**Should a holding and trading company be included as one legal entity?**

Should the service be offered to both the holding and the trading company, these should be regarded as two separate legal entities for which you are providing the service; therefore, the total number of customers is two. If they form part of the same group but the subject person is offering the service to only one of the two, the customer in this case is one.

Sli.do event code: J782

**Wifi**

User: IC Meeting

Password: meeting247



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