The Financial Intelligence Analysis Unit (FIAU) has published a revised version of the Implementing Procedures Part I for consultation. The updated set of Implementing Procedures Part I reflects the legislative amendments which took place between December 2017 and January 2018 to the Prevention of Money Laundering Act (PMLA) and the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR). The revised set of Implementing Procedures Part I provides all persons and entities subject to the PMLFTR with more in-depth qualitative guidance assisting them in better fulfilling their AML/CFT obligations. The salient amendments are listed hereunder:

1. The Risk Based Approach

The revised Implementing Procedures Part I aim to reflect the now more significant Risk Based Approach which subject persons are required to adopt and implement vis-à-vis their AML/CFT obligations. The revised Chapter 3 of the Implementing Procedures Part I should provide subject persons with a better understanding of what the Risk Based Approach entails, and provides detailed guidance on the carrying out of business risk assessments and customer risk assessments which are the basis for the application of a Risk Based Approach to AML/CFT obligations.

2. Customer Due Diligence (CDD)

The revised Chapter 4 of the Implementing Procedures Part I now deals with CDD obligations. This section was revamped so as to provide subject persons with a better understanding of their CDD obligations as required by the PMLFTR. The revised Implementing Procedures Part I, now more than even before, emphasises on the importance of conducting appropriate and effective on-going monitoring, being one of the corner stones of CDD obligations. The proposed Chapter 4 not only aims to provide subject persons with appropriate and sufficient guidance in this regard, but also on other areas which directly impinge on their CDD obligations including when subject persons are faced with high-risk scenarios.
Through amendments to the Implementing Procedures Part I in January 2017, the FIAU recognised the usability of technological alternatives for carrying out CDD obligations, particularly for the identification and verification of customers. The revised Implementing Procedures Part I now offer more flexibility on the use of such technological alternatives to fulfil AML/CFT obligations, reflecting the traction that such alternatives have gained.

3. Outsourcing

The revised Implementing Procedures Part I now has a dedicated Chapter 6 specifically dealing with outsourcing. The aim of this Chapter is to provide subject persons with a clear understanding of what AML/CFT obligations may be outsourced, which AML/CFT obligations shall not be outsourced as well as how should such outsourcing arrangements take place including the procedures, way and manner in which this can be carried out.

The members of the Joint Committee for the Prevention of Money Laundering and Funding of Terrorism which represent the various subject persons, and all supervisory and other competent authorities, are invited to provide their feedback through written submissions on the proposed amendments to the Implementing Procedures Part I by not later than Monday 31st December 2018.

Written submissions are to be addressed to the Legal and International Relations Section of the FIAU via electronic mail on legal@fiumalta.org.

Training Event – Save the date

The FIAU shall be organising a training session to present and explain the proposed amendments to subject persons which would also serve as a platform to provide feedback. The training sessions shall be held on the 18th and 19th December 2018. Further information will be provided closer to the dates.