

07 May 2024

Malta's Pioneering Initiatives in the Regulation of Trustees and CSPs Highlighted During MFSA's International Conference

The Malta Financial Services Authority (MFSA) has successfully hosted an international conference on regulating trustees and company service providers. The one-day event brought together over 400 delegates, including a distinguished lineup of speakers, local industry professionals, legal experts, regulatory authorities, and representatives from international organisations, such as MONEYVAL, and foreign competent authorities.

Kenneth Farrugia, Chief Executive Officer, MFSA, opened the conference by highlighting the importance of robust regulation for Trust and Company Service Providers (TCSPs). "Collaboration and knowledge-sharing are vital in combating financial crime effectively. This conference has been an invaluable opportunity for us to engage with industry stakeholders and international partners, and to share our experiences and best practices in regulating TCSPs." In his opening remarks, Alfred Zammit, Director of the FIAU said: "The role of TCSPs in combatting financial crime has become increasingly important now that there is a heightened awareness on the implications of beneficial ownership and how legal persons can be misused for the purposes of money laundering and terrorism financing. Changes to the FATF methodology to assess countries will also reflect the weight that is being given to the non-financial sector in their evaluation. With TCSPs' exposure to risk being recognised in Malta's National Risk Assessment, it is fundamental that we all act as partners in combatting crime."

Andrew Lebrun, Deputy Executive Secretary of MONEYVAL, gave an overview of the changes that will come into place with the launch of the new methodology for country evaluations: "With this new methodology come new FATF standards in the areas of risk assessment and supervision, as well as new expectations for TCSPs. One of the expectations is for business risk assessments to be more comprehensive, taking into account group structures. A mechanism also needs to be in place to ensure customer accounts and transaction information can be shared throughout the entire group."

During a panel discussion, Hamish Armstrong, Chief Advisor Financial Crime at the Jersey Financial Services Commission shared valuable insights into international best practices for authorising and supervising TCSPs. Commenting on his participation at the event, he said: "As an international finance centre with a growing TCSP sector, Jersey is acutely aware of the risks associated with legal persons and arrangements. Our processes, both at

authorisation and during ongoing supervision, are specifically tailored to mitigate those risks. The rapid development and increasingly transnational nature of the sector brings particular challenges, making events like these increasingly valuable, allowing jurisdictions to share experiences and ideas.”

Featuring interventions from local speakers representing the MFSA, FIAU, the Sanctions Monitoring Board, as well as IFSP, STEP Malta, and other industry stakeholders, the conference delved into Malta's regulatory framework and licensing processes for TCSPs as well as a wide range of topics that are crucial to the sector. Discussions revolved around the evolution of the legislative and regulatory framework applicable to TCSPs in Malta, the establishment of the Trusts Ultimate Beneficial Ownership Register (TUBOR), the interplay between competent authorities in relation to and enforcement measures, public-private partnerships, and international financial sanctions.

The event also featured presentations on the local financial intelligence unit's AML supervision and enforcement efforts, as well as keynote speeches on outcomes-based supervision and the role of intelligence in AML/CFT. Jesmond Gatt, Chairman of the MFSA, delivered the closing remarks, reiterating the MFSA's commitment to fostering a robust and innovative environment for TCSPs in Malta.

About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. In 2018, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Strategic Statement, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. The MFSA licenses over 2,000 entities to operate in the financial services sector.

