



Publication Notice: Centralised Bank Account Register (CBAR) Timeliness Reporting

ENFORCEMENT TRIGGER:

Centralised Bank Account Register (CBAR) Timeliness Reporting

DETAILS OF THE ADMINISTRATIVE MEASURES IMPOSED

Administrative measures in terms of Regulation 21 of the PMLFTR for failure to satisfy the requirements in terms of Regulation 4(2) of the Centralised Bank Account Register (CBAR) Regulations as well as the FIAU's Notice of the 21 October 2020 contents of which were to be considered as binding.

Data is being published in a combined form following an assessment of the administrative measures imposed by the FIAU's Compliance Monitoring Committee (the Committee) on reporting entities who failed to submit data on the CBAR at least once every seven calendar days during the period January 2022 to December 2022.

INTRODUCTION

The amendments carried out by the EU Fifth Anti-Money Laundering Directive oblige EU Member States to establish centralised automated mechanisms for the collection and retrieval of data on bank and payment accounts identifiable by IBAN, safe custody services and safe deposit boxes provided by credit and financial Institutions (reporting entities) within their territory. The purpose of this mechanism, which was extended in EU Directive 2019/1153 on the use of financial and other information, is for Financial Intelligence Units (FIUs) and other competent authorities to get timely access to financial information. As part of the local transposition, the FIAU has been vested with the responsibility to establish and administer the Centralised Bank Account Registry (CBAR) for Malta.

The section is responsible for coordinating efforts in data collection and data integrity; regulating access and use amongst competent authorities; and analysing requirements to maximise CBAR's potential. FIAU's Intelligence Analysis and Cash Restriction Sections; the Malta Police Force; the Asset Recovery Bureau; the Commissioner for Revenue; the Sanctions Monitoring Board and the Malta Security Service utilize data held on the CBAR Portal for the purposes of preventing, detecting, investigating, or prosecuting money laundering, associated predicate offences, funding of terrorism or any other serious criminal offence. Likewise, CBAR improves the efficiency with which afore-mentioned competent authorities reply to justified requests for information received from foreign or supranational bodies having similar functions.

Consequently, in accordance with Regulation 4(2) of the CBAR Regulations, credit and financial institutions are to make available data and information in a specific format and with such frequency as may be prescribed by the FIAU. To this effect, on 21 October 2020, the FIAU through its Notice 'CBAR System – Go-Live Date and Submission of the XML File' notified credit and financial institutions that data

is to be submitted once every seven calendar days. The seven-day period is a rolling period and therefore starts to run from the day following that on which a successful submission is made.

It is imperative to note that the data stored on the CBAR shall serve as a search engine by specified authorities for the purpose of carrying out analytical reviews or investigations. The system shall therefore serve as the basis for such Authorities to gain more insight as to the Reporting Entities that have relationships with specific individuals, entities or legal arrangements. The effectiveness of such a system is dependent on reporting entities, therefore it is imperative that submissions are conducted in a timely manner.

ADMINISTRATIVE MEASURES

The Enforcement Section is also responsible for administrative action on breaches of the Central Bank Account Register (CBAR) Regulations, particularly Regulation 4(2) of the CBAR Regulations as well as the FIAU's 'Notice: CBAR System – Go-Live Date and Submission of the XML File' issued in terms of Regulation 5 of the CBAR Regulations, contents of which were to be considered as binding. Information about late submissions is provided by the FIAU's CBAR section based on system's audit logs, which information leads to the issuing of potential breaches letters to each reporting entity that failed to submit the data according to XML Schema once every seven calendar days.

Failure to submit the data according to XML Schema once every seven calendar days led to **14** potential breaches letters being issued to reporting entities as illustrated in Table 1 below.

Sector	Category	Number of Reporting Entities
Financial Sector	Credit Institutions	11
	Financial Institutions	3
Grand Total		14

Table 1: Potential Breaches Issued by Category

Reporting entities in receipt of the potential breaches letter were invited to submit representations in relation to their failure to submit the XML Schema file as required, supported with any evidence as necessary. Representations received were presented to the FIAU's Compliance Monitoring Committee (the Committee) to make a final decision about the case. In its deliberations on each case, the Committee took into consideration: the representations made by the subject person, together with the nature and seriousness of the findings. Furthermore, it considered that any failure in abiding by the seven-day reporting period could have hindered the FIAU, as well as other competent authorities from performing their functions effectively.

Following the evaluation of all cases and corresponding representations, the Committee decided to impose an administrative measure on **nine distinct reporting entities**. These consisted of pecuniary fines totalling **€60,000** imposed on four reporting entities and written reprimands imposed on seven reporting entities. Whenever the findings so warranted, and in line with the FIAU's policies and procedures, an amalgamation of administrative measures including both a reprimand and a pecuniary penalty was imposed on reporting entities.

Table 2 illustrates the total number and value of administrative penalties imposed per Sector. As can be noted the total count of administrative penalties imposed by the FIAU, is lower than the number of potential breaches that was initially issued. The reason for this difference is because, based on the specific information in relation to the case (including the representations submitted by the reporting entity) the Committee concluded that a number of reporting entities were not in breach of their obligations.

Sector	Category	Number of Reporting Entities	Administrative Measures Imposed	
			Value of Administrative Penalties (€)	Number of Reprimands
Financial Sector	Credit Institutions	6	€6,000	4
	Financial Institutions	3	€54,000 ¹	3
Grand Total		9	€60,000	7

Table 2: Number and Value of Administrative Penalties Issued

CONCLUSION

The FIAU commends Reporting Entities on the timely submission of reports on CBAR. Indeed, during the period January 2022 to December 2022, only 36 out of 1716 required submissions were submitted late. Moreover, only one institution was found to have serious failures in its CBAR Reporting Obligations. Positively, it was also observed that the majority of the failures were rectified within a maximum period of one week. This confirms that there is overall very good compliance by Reporting Entities in terms of their CBAR Reporting Obligations.

The purpose of this exercise is not only to take administrative action against reporting entities who fail to submit the data according to XML Schema once every seven calendar days. It is also to ensure that reporting entities appreciate the importance of these submissions and the serious repercussions for breaching Regulation 4(2) of the Centralised Bank Account Register (CBAR) Regulations as well as the FIAU's Notice of the 21 October 2020 contents of which were to be considered as binding. Therefore, the FIAU will continue to carry out this exercise on a periodic basis and take administrative action against reporting entities who fail to satisfy their regulatory obligations.

30 April 2024

¹ €54,000 includes a penalty imposed of €52,000 on one reporting entity for which a separate publication was issued by the FIAU dated 30 April 2024.