

06 April 2020

Update on Circularisation Exercise - R4-3.2.7 of Part BI of the Investment Services Rules

Reference is made to Rule R4-3.2.7 ('the Rule') of Part BI of the Investments Services Rules for Investment Services Providers which became applicable as from 3 January 2018, that states:

"where a Licence Holder holds or controls clients' assets, the letter of engagement shall also require a circularisation exercise by the Auditors in order to reconcile a representative sample of client's assets in cases where the Licence Holder holds or controls client assets"

On 16 March 2020, the Authority issued a Circular to provide guidance on the sample sizes and the minimum acceptable response rates required to be carried out when conducting a Circularisation Exercise.

Further to our Circular, the Authority would like to bring to the attention of Licence Holders and practitioners to the publication of the 'Audit 01/2020 Technical Release' (Technical Release) issued by the Malta Institute of Accountants on 1 April 2020. The aim of the Technical Release is to provide audit practitioners with detailed guidance on the methodology to be applied with respect to compliance with the requirements emanating from the Rule.

The Technical Release is available through the web link:

https://www.miamalta.org/resources/Documents/Technical%20Release%20and%20AUP%20Concluding%20report_V7_uploaded%20on%20website.pdf

Contacts

Should you have any queries regarding the above, please contact us on InvestmentFirms@mfsa.mt