

18 September 2020

## Circular on the Guidance Note on the submission of the Source of Wealth and Source of Funds

The Malta Financial Services Authority ('MFSA' or 'the Authority') would like to draw the attention of authorised persons and applicants for a financial services authorisation that the MFSA is hereby issuing a [Guidance Note on the submission of the Source of Wealth \('SOW'\) and Source of Funds \('SOF'\) declarations](#).

When assessing the fitness and properness of an individual who is to take up a position of influence within an authorised entity, the due diligence process employed by the Authority focuses, *inter alia*, on the assessment of the individual's reputation and in particular, on his/her integrity and solvency. In this regard, Anti-Money Laundering/Combating the Financing of Terrorism considerations are an important aspect of this specific assessment, especially with respect to those persons holding significant or controlling interests with authorised persons, or who may be Politically Exposed Persons. Within this context, such individuals may be requested by the Authority to submit a declaration with respect to their SOW/SOF.

As part of the abovementioned due diligence process, individuals being asked by the Authority to submit a declaration with respect to their SOW/SOF are requested to follow this Guidance on the completion of a SOW/SOF declaration. Such declaration may be requested to be submitted by the MFSA, both as part of the application process, or else as a result of subsequent changes effected to the authorised entity, which require a fitness and properness assessment of a given individual.

The SOW/SOF declarations contribute to the assessment of a person's integrity and solvency and have two different aims: the SOW should provide a detailed overview of an individual's net worth, together with relevant information with respect to how the wealth was acquired, whereas the SOF declaration should identify the origin of the particular funds or assets which are the subject of a given business relationship or transaction.

This Guidance Note is aimed to assist individuals who are requested by the MFSA to provide a SOW/SOF declaration, by setting out the Authority's expectations with respect to the contents that these documents should include, including documentary evidence.

Any queries in relation to the Guidance Note should be directed to [duediligence@mfsa.mt](mailto:duediligence@mfsa.mt).