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UBO Should Never Become a Mere 'Box-Ticking Exercise' – MFSA

Challenging why corporate structures were set up with complex vehicles was highlighted as one of the most important aspects in the analysis of ultimate beneficial ownership, which should never become a mere “box-ticking exercise”, the deputy head of Conduct Supervision at the Malta Financial Services Authority, Petra Camilleri, stressed.

Ms Camilleri said that while it is important to ensure compliance with legal requirements, it is fundamental to look beyond the percentages and definitions of what qualified someone as an ultimate beneficial owner (UBO).

She was speaking at a webinar organised by consultancy firm Sigma Risk, which brought together Carmela Umbro from the Malta Financial Intelligence Analysis Unit, Geraldine Spiteri Lucas from the Malta Business Registry (MBR), Stefan-John Berry from the Malta Association of Compliance Officers, Silvio Chetcuti from the Bank of Valletta, and Pekka Dare from the International Compliance Association.

The MBR maintains the UBO register for companies, foundations and associations, while the MFSA is responsible for the UBO register for trusts. The registers were one of the deliverables resulting from legislation transposing EU directives aimed at fighting money-laundering and the funding of terrorism, and are contemplated in the FATF standards. One of the ongoing developments of EU legislation is the creation of an EU platform where all the registers of the EU Member States will be interconnected – with Malta being one of the first jurisdictions to reach an advanced stage of this development.

Almost 200 participants heard that while the ultimate beneficial owner had to be identified, the onboarding subject person – such as a corporate service provider or bank – also needed to verify the facts, and to instil in its onboarding officers the need to ask ‘why’, as well as to follow any red flags even when a person purporting to be the beneficial owner, according to the strict definition of a UBO, seemed straightforward and innocuous.

Dr Berry made the point that control of an entity was much more important than shareholding: “It is all about understanding who you are dealing with.” He also suggested that the register should log the history of the company’s ownership as this might make it easier to spot red flags.

Dr Spiteri Lucas also informed the audience that more functionalities were being added to the register, allowing more targeted searches.

The full webinar can be seen here: <https://www.youtube.com/watch?v=gYuXyPMAZnM>.

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 Vision 2021, 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.



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