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Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance
The Chair

D 200760 18.04.2018

Ms Marianne Scicluna
Director General
Malta Financial Services Authority (MFSA)
Notabile Road
BKR3000 Attard
Malta

Subject: *Invitation to a public hearing organised by the Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance (TAX3) on "Combat of money-laundering in the EU banking system"*

Dear Ms Scicluna,

I was very pleased to hear that you have agreed to address the Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance (TAX3) at a hearing on "Combat of money-laundering in the EU banking system" and that you will be accompanied by Mr Anton Bartolo, Director Enforcement MFSA, and by the Deputy Director Banking Supervision (MFSA). This hearing will take place on Thursday, 26 April 2018 from 9 am to 12.30 pm at the Parliament's premises in Brussels (room JAN 4Q1).

The aim of the hearing is to acquire a more complete and detailed understanding of the risks posed by money laundering in the EU banking sector with a view to improving the supervisory system and reducing these risks. The hearing will thus be structured in two panels, the first devoted to examining the money laundering risks in the EU banking sector through selected examples of financial institutions which have recently raised concerns of money-laundering, and the second to evaluating the way in which checks and controls should be strengthened at EU and national level to reduce money-laundering risks.

As announced in a previous email from the committee secretariat, I would be grateful if you could please reply to the questions annexed to this letter preferably by Monday, 23 April 2018.

I would like to ask you to make an initial statement of a maximum of 7 minutes in which you could give your views on the topic discussed. After the opening statements by the panellists, there will be a session of questions and answers with Members.

For your information, please find attached the draft programme of this event.

D(2018)15658

Should you need any additional information or should you have any queries on this hearing, please do not hesitate to contact Mr Francisco Ruiz-Risueño (tel.: +32 2 284 05 61, francisco.ruizrisueno@europarl.europa.eu) for content-related questions or the Secretariat of the TAX3 Committee (tax3-secretariat@europarl.europa.eu) for logistic questions.

I look forward to seeing you on 26 April 2018.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ježek', with a long horizontal flourish extending to the right.

Petr Ježek

Encl.: Draft programme + questionnaire

ANNEX

QUESTIONNAIRE

- Could you provide us with information on the number of audits conducted in the last five years in your jurisdiction with a view to detecting suspicious illegal activities related to money laundering? Could you further specify how many relate to non-residents?
- Recent money laundering activities through EU banks have been detected in the first place by the US Financial Crimes Enforcement Network (FinCEN). National authorities seem to have reacted subsequently without prior knowledge of the facts triggering the action of the FinCEN. Is this really the case? In your opinion, what is, if ever, the comparative advantage of the US regulatory framework over the Union and the Member States' thereof to detect and fight against money-laundering activities?
- In line with the question above, how would you assess the cooperation, if ever, between the competent authorities of your Member State and the FinCEN in the fight against money laundering?
- What are the human and economic resources available to the Malta Financial Services Authority (MFSA) to carry out efficiently the tasks linked to the fight against money laundering? Do you consider them sufficient?
- How many banks in your jurisdiction show a business model largely based on non-resident customers? In this connection, how much money has been withdrawn globally from financial entities in your jurisdiction further to recent revelations of money laundering and how could this affect the stability of the banking system in your jurisdiction? Which markets do you think are benefiting from those eventual movements of capital?
- What kind of risk analyses/ measures have national authorities been conducting in order to reduce and prevent money-laundering risks in your jurisdiction? How these risk-analyses /measures have been improved, if that is the case, since the visits to your country of the EP PANA Committee of Inquiry and of the PANA Committee with the Committee on Civil Liberties, Justice and Home Affairs (LIBE)?
- How would you assess the dissuasiveness of the sanctions imposed on banks that fail to comply with anti-money laundering legislation?
- Could you please inform the committee of the number of politically exposed persons who are clients of the Pilatus bank? What measures do the regulatory authorities of your country adopt with regard to banks having politically exposed persons as clients?
- When Pilatus Bank obtained a banking licence to operate in Malta, did the MFSA verify its possible connections to Iranian businesses and the risk that this financial institution could be used to violate international sanctions against Iran? If so, which measures were concretely taken to ascertain these possible connections and concrete risks? Was the MFSA aware of the family relations of Pilatus Bank Chairman, Mr. Ali Sadr, with one of Iran's top bankers?
- You are kindly invited to share with the committee any additional information or suggestion for new EU rules and practices you might consider relevant and that has not been raised in the questions above.



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Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance

PUBLIC HEARING

"COMBAT OF MONEY LAUNDERING IN THE EU BANKING SYSTEM"

**PANEL I: MONEY LAUNDERING RISKS IN THE EU BANKING SECTORS THROUGH
SELECTED EXAMPLES**

**PANEL II: LESSONS LEARNT FOR THE EUROPEAN UNION: HOW TO STRENGTHEN
CHECKS AND CONTROLS TO REDUCE MONEY LAUNDERING RISKS**

THURSDAY, 26 APRIL 2018

9.00 - 12.30

Room: József Antall (JAN) 4Q1

DRAFT PROGRAMME

9:00 - 9:05	Welcome by the TAX3 Chair
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9:05 - 11:00	<u>First panel:</u> Money laundering risks in the EU banking sectors through selected examples
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- ABLV Bank case:
 - **Mr Peteris Putnins**, Chairman of the Financial and Capital Market Commission
 - **Mr Jamal El-Hindi**, Deputy Director Financial Crimes Enforcement Network
(Proposal of Special Measure against ABLV Bank, as a Financial Institution of
Primary Money Laundering Concern) (by written contribution) (tbc)
- Pilatus Bank case:
 - **Ms Marianne Scicluna**, Director General, Malta Financial Services Authority
(MFSA) (accompanied by **Mr Anton Bartolo**, Director Enforcement MFSA, and by
the Deputy Director Banking Supervision (name tbc))
 - **Mr Kenneth Farrugia**, Director of Maltese FIU (accompanied by **Mr Alfred
Zammit**, Deputy Director, and by **Mr Alexander Mangion**, Senior Manager
Legal and International Relations)

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- Danske Bank and Versobank AS cases:
 - **Andre Nõmm**, Member of the Management board of the Estonian Financial Supervision and Resolution Authority (EFSA) (accompanied by **Mr Matis Mäeker**, Anti Money-Laundering expert EFSA)

Discussion with TAX3 Members

11:00 - 12:25 Second panel: **Lessons learnt for the European Union: how to strengthen checks and controls to reduce money laundering risks**

- **Mr Piers Haben**, Director of Banking Markets Innovation and Consumers at the European Banking Authority
- **Mr Mauro Grande**, Member of the Single Resolution Board
- **Mr Roberto Ugena**, Deputy Director General of Legal Services from the Supervisory Board at the European Central Bank

Discussion with TAX3 Members

12:25 - 12:30 **Conclusions by the TAX3 Chair**