

COMPANY SERVICE PROVIDERS (**'CSP'**)  
GUIDELINES TO THE NEW CSP REGIME  
APPLICATION PROCESS

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## REVISIONS LOG

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## 1 Introduction

### 1.1 The New CSP Regime

The [Company Service Providers \(Amendment\) Act, 2020](#), amending the Company Service Providers Act 2013, was passed by Parliament as [Act L of 2020](#), and published on the 13 November 2020. With the coming into force of Act L of 2020, the requirement of MFSA authorisation to provide corporate services has been extended to those previously exempt from authorisation and supervision under the Company Service Providers (CSP) Act (Cap. 529 of the Laws of Malta), namely warranted professionals, as well as persons operating under the De Minimis Rule.

The regime has been built on the principle of proportionality, as well as on the adoption of a risk-based approach. With the coming into force of this new regime, the aims of the Authority remain the same, that is, the risk-based supervision of CSPs, ensuring that authorised CSPs are acting in compliance with the applicable legislative framework in place, and ultimately, the protection of the reputation and the future of the financial sector in Malta.

The Authority has ensured that the legislative framework set in place is well-supplemented with the [Exemption Regulations](#), [Fees Regulations](#), [Rules](#), [Guidance Notes](#), to support the sector in understanding its regulatory obligations under the new CSP regime as well as to ensure that the regime is sufficiently robust. The Authority will be addressing the information requirements of the applicants through further documentation, direct communication in the form of a webinar to be held on the 15 April 2021 and through queries received in designated mailboxes. In this regard, any queries should be sent to the Authority on [csframeworkqueries@mfsa.mt](mailto:csframeworkqueries@mfsa.mt).

### 1.2 What is the Licence Holder ('LH') Portal?

The LH Portal is a web-based application which enables applicants as candidates for licensing by the MFSA, as well as entities already licensed by the MFSA to submit applications, Personal Questionnaires ('PQ') and the relevant attachments to the PQ, upload regulatory returns, supplementary documentation, as well as access the applicant/entity details through the Corporate Profile. The LH Portal can be accessed through the following [link](#).

Further information in relation to the use of the LH Portal and the management of the Corporate Profile can be found [here](#).

The LH Corporate Profile is a dedicated section on the LH Portal, which includes details on the LH and the related supporting involvements thereto. This section provides LHs with the possibility to review and update their profile by submitting change requests for MFSA approval. Access to the Corporate Profile does not happen automatically upon registration and LHs will be granted access to the said Corporate Profile following authorisation.

In order to facilitate the application process, CSPs who need to apply for authorisation in terms of the coming into force of Act L of 2020 between the 16 March 2021 and the 16 May 2021 are being directed to utilise the LH Portal.

## 2 Procedures to be followed with respect to the Application process relating to the new CSP regime

### 2.1 Payment of Fee upon Application

With the coming into force of [LN 117 of 2021](#), Company Service Providers Act (Fees) (Amendment Regulations 2021), applicants are to note that the application fee shall remain the same, i.e. €250. This fee will have to be paid with each application form submitted and must be settled at the same time. Unless this fee is duly received, the Authority will not process the application form.

In order to expedite the process and due to the current COVID-19 restrictions, applicants are being directed to submit the fees electronically.

The Bank details can be found on the LH Portal on the page where the application form needs to be uploaded.

In terms of [LN 117 of 2021](#), the annual supervisory fee shall remain the same that is €500. This fee is not payable at application stage.

### 2.2 Authorisation

During Phase 1, applications from all CSPs will only be received through the LH Portal as referred to above.

The Authority will conduct preliminary checks as well as risk rate application forms, and at this stage, an initial determination will be made as to whether the application will be processed with the purpose of issuing a full authorisation, or a provisional authorisation within the first six (6) month period, i.e. until the 16 November 2021.

Concurrently the Authority will also determine the Class which will be allocated to the applicant. Further information in this regard can be found in section 2.4 below.

It is being envisaged that for individual applicants that are classified by the Authority as under threshold Class A or under threshold Class B, a decision as to whether to grant or refuse authorisation will be taken by the Authority by not later than six (6) months from the 16 May 2021, which is the stipulated closing date of the LH Portal.

The Authority retains the right to allocate a provisional authorisation to such applicants if it encounters any issues which merit further checks.

For all other applicants, it is envisaged that a provisional authorisation is issued by 16 November 2021 unless the Authority decides to refuse authorisation.

### 2.3 Provisional Authorisation

If applicants are classified as over threshold Class A, over threshold Class B or Class C, the Authority will decide whether to provisionally authorise the applicant subject to meeting of further conditions and/or provision of further documentation by not later than six (6) months from the date of the closing of the

LH Portal, unless the Authority decides to refuse authorisation. The Authority shall inform all provisionally authorised persons of its final decision of whether to grant or refuse authorisation, within twelve (12) months from the date of provisional authorisation.

## 2.4 Allocation of Class

As indicated in sections 2.2 and 2.3 above, applicants are to note that the classification of the applicant rests solely with the Authority. Once a class is allocated to the applicant, an automated reply from the LH Portal will be sent to the user<sup>1</sup> through an email message as displayed in Figure 1, as well as through the LH Portal as per Figure 2.

Figure 1 - Email message re Allocation of Class

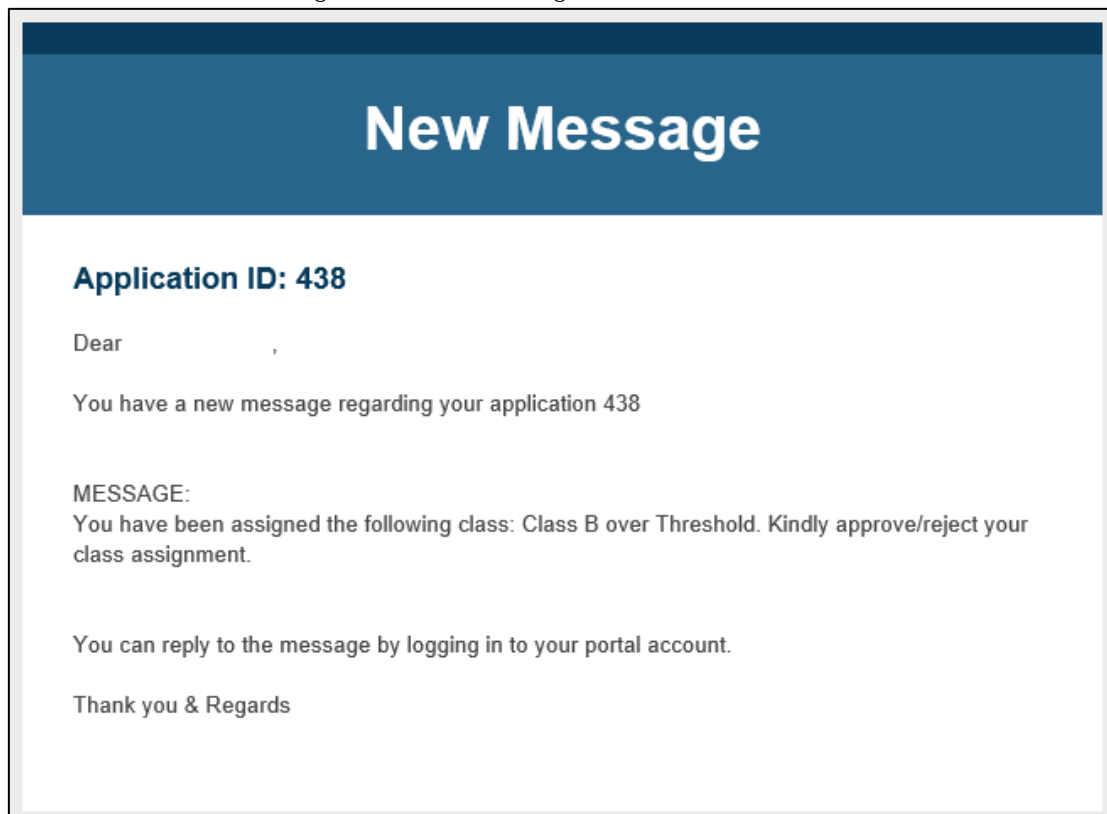


Figure 2 – LH Portal Application Log

**Application Logs**


A list of applications submitted or in draft mode.

Search by Description or Username  Search Cancel Start typing part of the Application Description or Username and click search. (e.g. 'baw')

ID	Description	Date Submitted	Status	Username
438	CSP Authorisation/Provisional Authorisation Application	26/03/2021 12:06:01	Notification of Class	
437	CSP Authorisation/Provisional Authorisation Application	25/03/2021 12:06:00	Submitted	

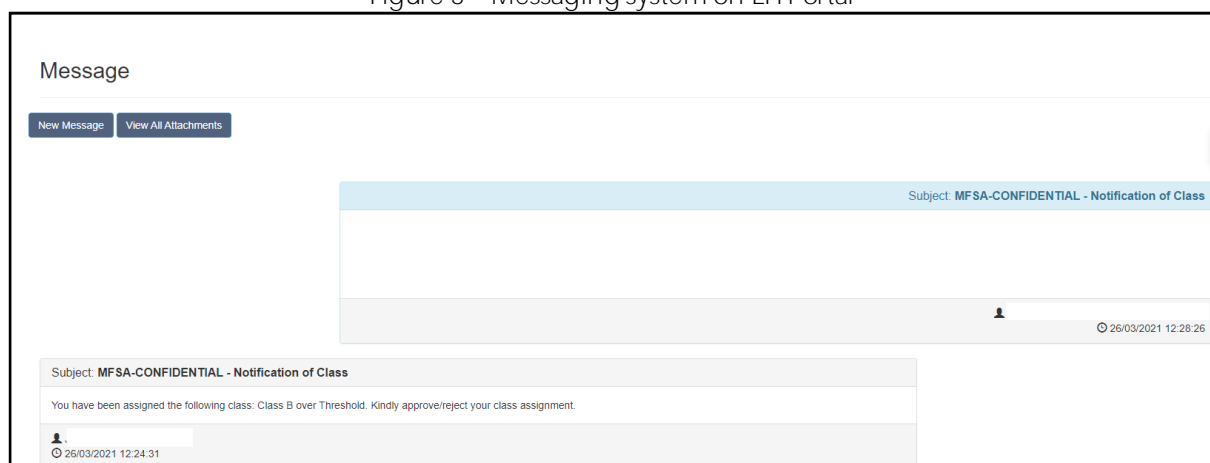
Page 1 of 1

<sup>1</sup> The term *user* is being utilised because the user setting up an account may be the applicant, but may also be an individual representing a legal person. For the purposes of this document readers are being guided to the interchangeable nature of the terms.

Following the allocation of a class by the Authority, the user is given the opportunity to approve or reject the Class allocated by the Authority, by sending a message through the messaging  icon, giving reasons as to why the user/applicant deems that the applicant does not fall within the stipulated class. The user/applicant has to provide approval/rejection of the allocated class within seven (7) working days from the receipt of the notification of the allocated class.

In furtherance to the above, the LH Portal includes the facility for users to send messages directly to the Authority, in all instances in relation to the submitted application, PQ, supplementary documentation, without the need to resort to email correspondence. Users and applicants are encouraged to utilise the messaging system to contact the Authority. This messaging system will also be utilised in cases where the Authority requires further information, documentation and clarification from the applicant. Figure 3 introduces the messaging system through the LH Portal for the first time to users/applicants.

Figure 3 – Messaging system on LH Portal



## 2.5 Refusal of Applications

The Authority may refuse authorisation in Phase 1 but may also still refuse authorisation following the provisional authorisation period, if the information provided by the applicant is not deemed satisfactory. Therefore, the Authority retains the right to refuse applications if necessary.

### 3 How to Create an Account

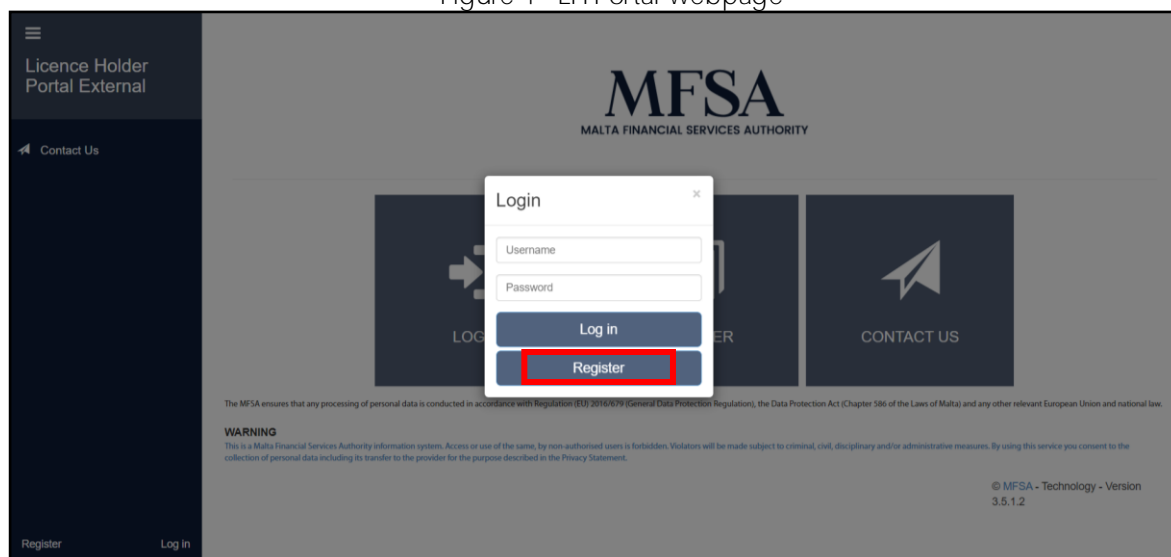
#### 3.1 Log In

In this section guidance will be provided as to how to log on to the LH Portal.

The web address is as follows: <https://lhportal.mfsa.mt/>.

Log on to the LH Portal from [here](#).

Figure 4 - LH Portal webpage



The user can either click 'Register' as per Figure 4 or close the Log in box and click 'Register' as per Figure 5. This action will lead to the same page.

Figure 5 - Menu Page





### 3.2 Creating an LH Portal User Account

The user is requested to register and create an account on the LH Portal. As per Figure 6, the user will be requested to include the following information: Email\*, ID Card Number\*, Passport Number, Name\*, Surname\* and click on 'Create'. Fields marked with an \* are mandatory.

Figure 6 - Registration Page

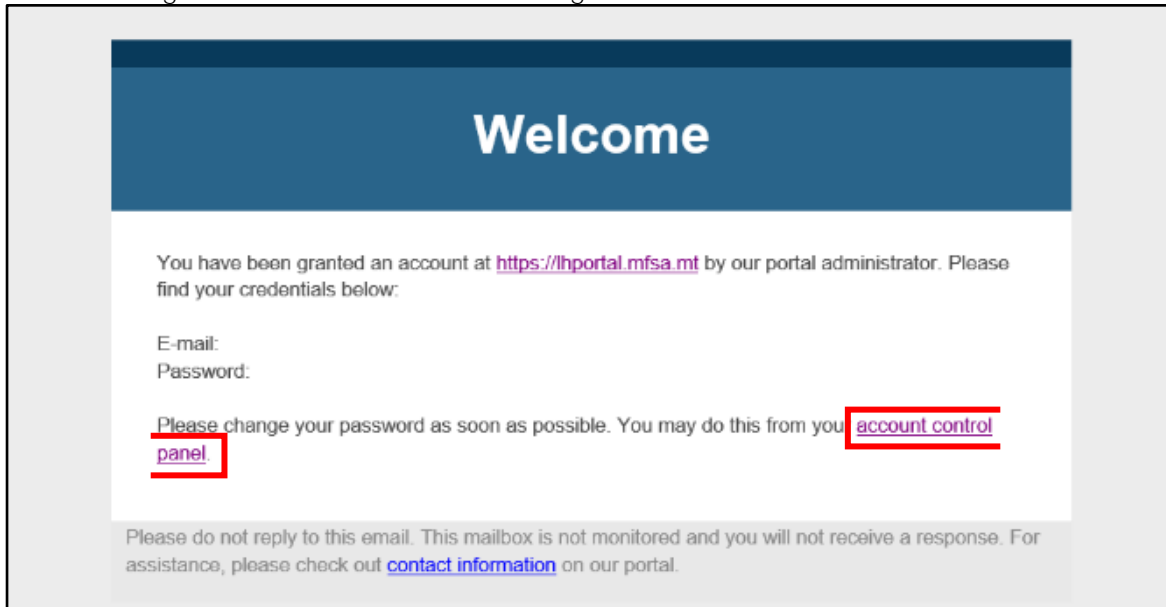
Upon the inclusion of the details as mentioned above, the message as per Figure 7 will be displayed on the screen 'New user has been successfully created. Password has been sent to the email address provided', and an email will be sent to the email address included in the registration details. This email will include the email address utilised and a password granted by the portal administrator. The user will be requested to access the LH Portal and change the password as soon as practicable to activate the account. The email received for the activation of the account is displayed in Figure 8.

Figure 7 – Successful creation of user on the LH Portal



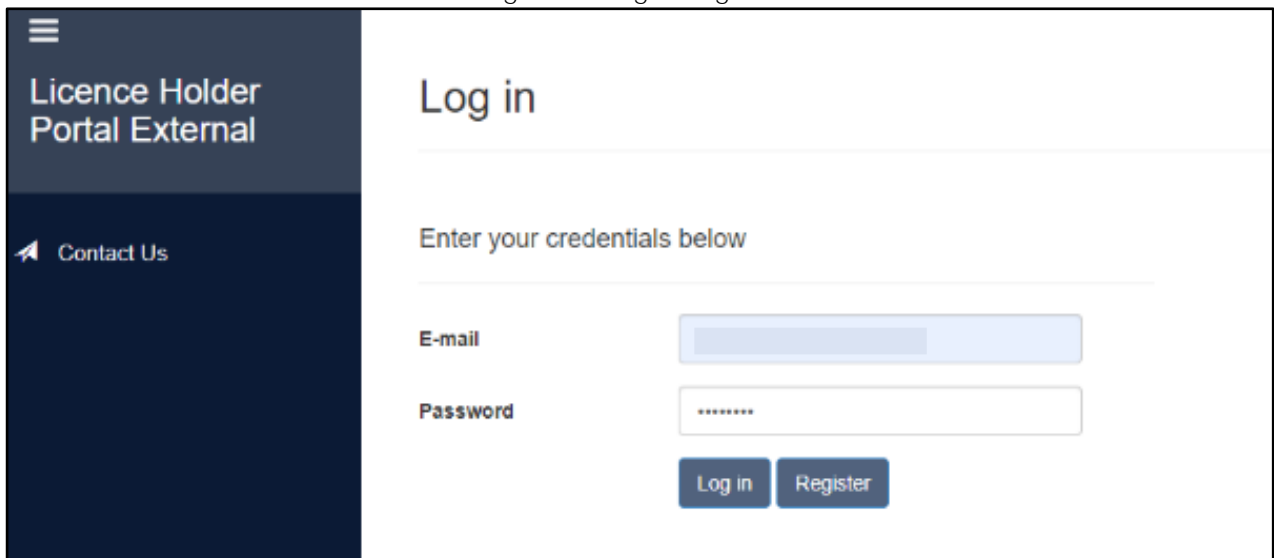
### 3.3 Activation of Account

Figure 8 – Email sent to users creating an account on the LH Portal for activation



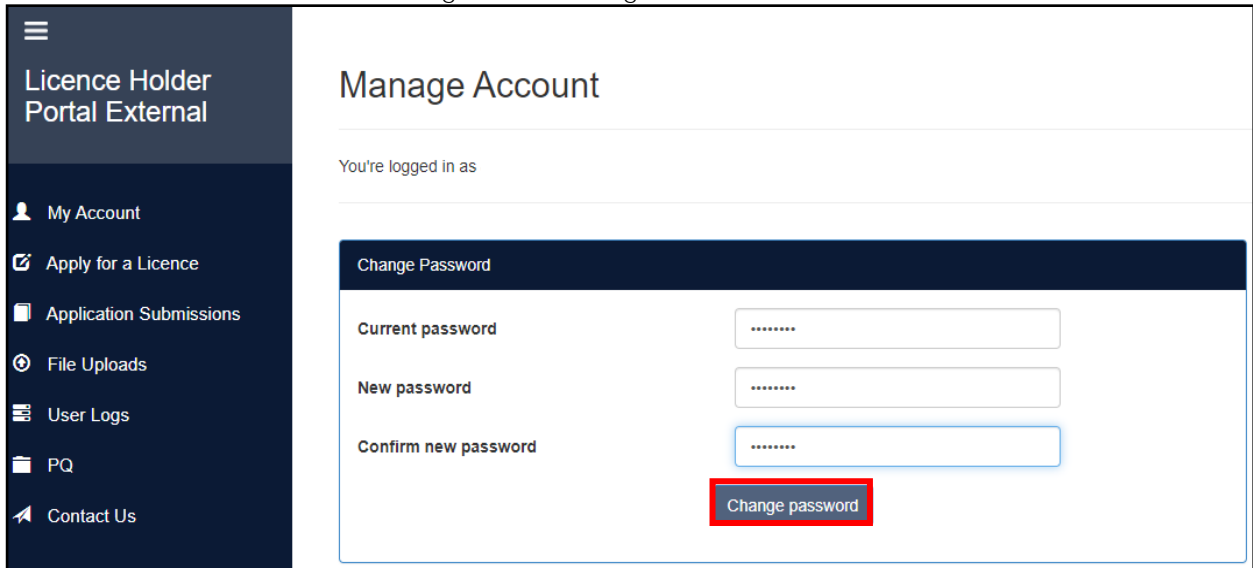
The user is to access the portal through a link as provided in Figure 8, with the original email address and using password received in the email sent by the portal administrator and click on 'Log In' as displayed in Figure 9.

Figure 9 – Log in Page



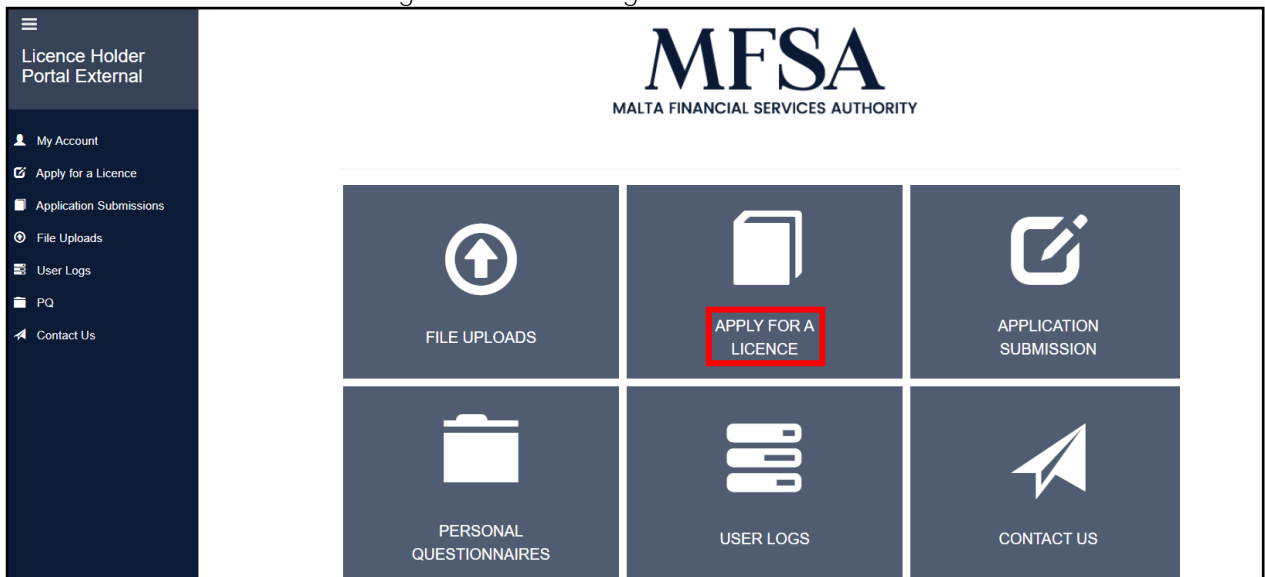
The user is to include the current password as well as a new password of choice as per Figure 10. The user is to then click on 'change password'.

Figure 10 – Change of Password



Upon the changing of the password, the user will be led to the Home Page as per Figure 11.

Figure 11 – Home Page of the LH Portal



At this point, the user can go to 'Apply for a Licence' as per Figure 11 and select 'CSP Authorisation/Provisional Authorisation Application', as per Figure 12 and click 'Create'.

Figure 12 – Selection of Application Forms

The screenshot shows the 'Application Forms' page in the 'Licence Holder Portal External'. The page title is 'Application Forms'. Below the title, there is a section 'Select the type of application form you wish to submit:' followed by a list of application forms. The 'CSP Authorisation/Provisional Authorisation Application' form is highlighted with a red box. At the bottom right, there is a 'Create' button, also highlighted with a red box, and a 'Cancel' button next to it.

As per Figure 13 below, in Section A, the user will be requested to select whether the applicant is i) an individual, or ii) a corporate entity/civil partnership.

In Section B, the user will be able to download the application to be completed. Please refer to section 3.1 below. This is the same application form that was uploaded on the MFSA website in the dedicated [webpage](#).<sup>2</sup>

Also, the user will need to submit the relevant PQs that supplement the application, as well as any additional documentation as required. Please refer to section 3.6.2 below for details relating to the PQs that need to be submitted and the additional documentation as required in this regard. The user can then upload the application, the PQ/s under 'Attach document'. Any supplementary documentation is to be uploaded under Section C.

It is important to note that applications need to be completed in their entirety and PQs should be submitted as necessary. Should the application not be fully completed and submitted together with the relevant PQs, the Authority will not process the application.

Following attachment of the documentation as required, the user is to declare through the declaration included in Section D as per Figure 13, that the information provided in the Application is complete and correct. The user can then click 'Submit'. The system will not accept any submissions unless Sections A, B and D are completed. Users must ensure that all of this information is prepared and submitted.

<sup>2</sup> In this regard a distinction needs to be drawn between applicants that were previously exempt from authorisation and are now subject to authorisation following the passing of Act L of 2020 and new CSP applicants that do not presently have a CSP business and therefore do not currently offer any CSP services to clients. In the case of previously exempt applicants, the application under the New CSP Regime is to be used which can be found [here](#), whereas in the case of new applicants the standard procedures still apply and the applicants are to complete the standard form which can be found [here](#).

Figure 13 – Application Form

Application Form for CSP Authorisation/Provisional Authorisation Application

**Section A** Individual or Corporate Entities/Civil Partnerships\* Details

Kindly indicate whether the applicant is an Individual or a Corporate Entities/Civil Partnerships.

Individual  Corporate Entities/Civil Partnerships

\* Kindly refer to the CSP Act for the definition of legal person

**Section B** Upload CSP Application

Download the application from [here](#).

Complete the application form in its entirety and then upload application below in excel format. Please click onto 'Attach Document' link to upload application.

Kindly ensure that the relevant PQs are duly submitted. Unless the applicant completes the application, as well as the relevant PQs, the Authority will not be in a position to start processing this application.

**Attach document**

**Section C: Additional Attachments**

Attach here any documentation/information which is material to the Application, the information included therein and its subsequent processing.

**Attach document**

**Section D** Consent

I declare that the information provided in this Application Form is complete and correct

**Submit** **Exit Application**

### 3.4 Completion of the Application

The application includes notes in each section to guide the user/applicant accordingly, as to what information is essential to be included in this regard.

As has been referred to in previous sections, the users/applicants completing the application need to ensure that the application is completed in its entirety. This applies also to the submission of the relevant PQs in conjunction with the application as well as the submission of any supplementary documentation.

### 3.5 Signatures on the Application

Once the application is completed it is requested that, prior to signing the application, the user is to ensure the declarations as listed in sections (a) – (e) are read and agreed upon.

Where the applicant is an individual, the declaration as per Figure 14, is to be signed by the same individual. Where, however, the applicant is a legal person, this declaration needs to be signed by two individuals who are legally authorised to represent the applicant. Upon agreement, the user is to ensure that the application to be submitted is signed.

The user/applicant has to submit the final section of the application which includes the declaration and the signatures in original to the Authority within two weeks of the electronic submission. The declaration is to be submitted to the following address:

Attn Conduct Supervision, Malta Financial Services Authority,  
Triq I-Imdina, Zone 1, Central Business District, Birkirkara, CBD 1010

Figure14 - Declarations section in Application

**Section 6 – Declarations**

*Note: Where the applicant is an individual, this declaration is to be signed by the individual. Where the applicant is structured as a civil partnership or legal person, this declaration should be signed by any person/s legally authorised to represent the applicant.*

The undersigned, on behalf of Applicant, declare that:

- The information supplied in this Application Form is complete, accurate and correct;
- There are no inconsistencies between documentation and the Documents submitted with this Application (where applicable);
- The MFSA will be notified immediately should there be a change in any information included in this application form - either prior to or subsequent to authorisation;
- The person(s) whose signature appears below is duly authorised by the Applicant to complete and submit this Application;
- The MFSA is hereby being authorised to make such enquiries as it may consider necessary in connection with this Application

Signature 1	Name	Enter text		
	Surname	Enter text		
	Position	Enter text		
	Date	DD	MM	YYYY

Signature 2	Name	Enter text		
	Surname	Enter text		
	Position	Enter text		
	Date	DD	MM	YYYY

The MFSA ensures that any processing of personal data is in accordance with Regulation (EU) 2016/679 (General Data Protection Regulation), the Data Protection Act (Chapter 586 of the Laws of Malta) and any other relevant European Union and national law. For further details on how your personal data is being processed, you may refer to the MFSA Privacy Notice available on the MFSA webpage <https://www.mfsa.mt/privacy-notice/>

### 3.6 The Personal Questionnaire ('PQ')

#### 3.6.1 Guidelines on the Completion of the PQ

The users/applicants are invited to access this [link](#) for information relating to how to complete a PQ, what information is to be included as well as the supplementary documentation that is to be submitted in conjunction with the PQ.

#### 3.6.2 Submission of the Relevant PQs

##### 3.6.2.1 PQs to be submitted in Phase 1

###### (i) Individuals

In the cases where the applicant is an individual, such individual has to submit a PQ in his/her name. In instances where the Risk Management Function or the Compliance Function are being outsourced, the applicant here needs to submit the PQ of the said Officer/s holding the above-mentioned positions. Applicants are to note that the Money Laundering Reporting Officer ('MLRO') function cannot be outsourced.

###### (ii) Legal Persons/Partnerships

Where the applicant is a legal person or a partnership, the applicant is required to submit in the first phase the PQs for the Directors, MLRO and Compliance Officer. In Phase 1, the Authority will be reviewing the PQs of the most senior position holders that form part of the three (3) lines of defence.

### 3.6.2.2 PQs to be submitted in Phase 2

#### Legal Persons/Partnerships

Where the applicant is a legal person or a partnership, in the second phase, the applicant is requested to submit the PQs for the ultimate beneficial owners ('UBO') of the entity, as well as for the individuals holding the position of Risk Management Officer, senior management, and committee members if any.

### 3.6.3 Supporting Documentation Required

Applicants are to note that, together with the relevant application and PQs to be submitted, the following documentation is required for Authorisation purposes:

- i. Business Plan which should include, amongst other things, the following:
  - Rationale for the submission of the application;
  - Proposed activities (both regulated and any other ancillary activities), including target market/clients and the respective jurisdictions in this regard. A clear indication of risk appetite of the company has to be provided;
  - Composition of board and the roles and responsibilities of all key functionaries;
  - Internal organisational structure of the company including reporting lines;
  - Staffing arrangements for the first three (3) years of operation;
  - Time allocation and conflict of interest (in applicable circumstances);
  - Operational office whereabouts;
  - Internal controls in place;
  - Dual control;
  - The type of IT system used and the location of servers;
  - Market and business development;
  - Business continuity and disaster recovery plans;
  - Client on-boarding processes;
  - Client acceptance policy and risk appetite framework;
  - On-going monitoring procedures; and
  - Financial projections for the first three (3) years.
- ii. Business risk assessment;
- iii. Customer risk assessment;
- iv. Draft copy of the Memorandum and Articles; and a
- v. Draft copy of the Client Services Agreement that the Company intends to use.

Any additional documentation supporting the application is to be submitted by not later than 15 July 2021.

The Authority holds the right to request any further documentation as necessary in order to complete the assessment being conducted.

## 4 Consolidation of Business

The Authority is aware that with the coming into force of Act L of 2020, local entities such as civil partnerships, individuals...etc having an existing CSP business, and which were previously exempt from authorisation, may be opting to consolidate the CSP business with the business of another entity or create a separate legal entity. The Authority is aware that this is a particular situation and ways to facilitate the application process as much as possible have been put in place in this regard, bearing also in mind any applicable legal requirements.

In order to explain the application process in such situations, the new legal entity which requires an authorisation in terms of the CSP Act, shall be hereinafter referred to as the '*Business 2*'. For ease of reference the current CSP business which is being offered in terms of the previous exemption will be referred to hereunder as the '*Business 1*'.

The application process will involve two steps as follows:

### 4.1 Step 1: Application Number 1

#### *Use of Transitory Provisions*

Authorisation is required by *Business 1* in order for *Business 1* to utilise the transitory provisions in terms of Act L of 2020. In this manner, *Business 1* will be able to operate for a further six (6) months in line with the CSP Act, following the expiry of the two (2) month application period. If no application is submitted by *Business 1* during this period, then *Business 1* would be expected to cease all business activity and contact the Authority in this respect.

In furtherance to the above therefore, *Business 1* would need to submit an application that documents all the current business (consolidated business under *Business 1*), as per this [link](#). In the case of individuals, the PQ of that individual will have to be submitted as well with the application of *Business 1*.

In the case of legal persons, in addition to the application form, the PQs of the individuals that will hold office in the new entity *Business 2* will have to be submitted, namely the Directors, MLRO and Compliance Officer.

An application fee is due to be submitted with Application Number 1.

### 4.2 Step 2: Application Number 2

The new legal entity, being referred to as *Business 2*, will have a distinct legal personality from *Business 1*. Thus, legally, there is the requirement of a distinct application process.

Under this step, *Business 2* is to submit an application with the Authorisation team within Conduct Supervision. This is a different application form to the one specifically prepared for the CSP reform as per the following [link](#).

*Business 2* application has to clearly state that this is a consolidation or change in business model, when the application is submitted and that an application was submitted in order for *Business 1* to keep operating in line with the transitory provisions. The Authority will process these two applications concurrently and thus this will eliminate duplication with respect to submissions from applicants.



With the submission of the application for *Business 2*, it will not be necessary to submit the PQs that were already submitted with the application of *Business 1* since these will be grandfathered to *Business 2* if the application is approved.

However, PQs of qualifying shareholders, ultimate beneficial owners, risk officer, senior management, committee members will have to be submitted with the application for *Business 2*, together with additional documentation as specified in the application form.

In order to facilitate the process, especially in the interest of applicants, it is recommended that Application Number 2 is submitted by 16 May 2021 so that these application forms are processed in parallel. An application fee for Application 2 will also apply.

Once authorisation is granted to *Business 2*, the business being managed under *Business 1*, can now be transferred to the new authorised CSP entity under *Business 2*.

## 5 Conclusion

In the case of any queries, these are to be made via the email address set for the purpose of queries vis-à-vis the CSP regime: [cspframeworkqueries@mfsa.mt](mailto:cspframeworkqueries@mfsa.mt).

