

# Company Service Providers



Frequently Asked Questions

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# Revisions Log

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Version	Date Issued	Details
1.0	18 March 2021	Company Service Providers FAQs Issued
2.0	23 April 2021	Company Service Providers FAQs Updated

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## Introduction

These Frequently Asked Questions ('FAQs') have been designed with the industry in mind, and the feedback received by the Authority. This document is for the use of persons that require an authorisation in terms of the Company Service Providers Act (Cap. 529 of the Laws of Malta, as amended by Act L of 2020) and those currently holding a registration as a Company Service Provider.

These FAQs should be read in conjunction with, and as supplementary guidance to, the CSP Rulebook. When referring to these FAQs the following points should be borne in mind:

- This document is intended to be a live document and the contents may be updated from time to time as considered appropriate by the Authority; and
- The replies provided do not purport to cover all the obligations applicable to CSPs in terms of the CSP Act and Rulebook.

The FAQs have been divided in five (5) sections, as follows:

- a) General Questions applicable to all persons;
- b) Questions relating to Classes of CSPs under the CSP Act;
- c) Questions relating to persons already registered as Company Service Providers;
- d) Questions relating to Warranted/Unwarranted Professionals previously Exempt from Registration; and
- e) Questions relating to Applications and Personal Questionnaires.

These FAQs clarify the Authority's interpretation of the CSP Rulebook. However, should there be anything which conflicts with the CSP Act, Regulations or Rules then it is the Act, Regulation or Rules which will prevail.

## List of Acronyms and Definitions

“Applicants”: persons that have completed the application to obtain authorisation under the CSP Act and that have not been, as yet, authorised. In this case, includes natural persons, legal persons, commercial partnerships and civil partnerships.

“CSP”: Company Service Provider/s.

“CSP Rules”, “Rulebook”: the Rules published by the Authority following the coming into force of Act L of 2020.

“D&O”: Directors’ & Officers’ Insurance.

“MLRO”: Money Laundering Reporting Officer.

“Person”: means a natural or legal person in terms of law.

“PII”: means professional indemnity insurance.

“PMLFTR”: Prevention of Money Laundering and Funding of Terrorism Regulations as amended (Subsidiary Legislation 373.01 of the Laws of Malta)

“Professionals”: warranted or the equivalent, advocates, legal procurators, notaries, accountants, who were previously exempt from authorisation prior to the coming into force of the new regime.

“Legal persons”: includes a body or other association of persons, whether granted legal personality in accordance with the provisions of the Second Schedule to the Civil Code or not.

“the Act”, the “CSP Act”: The Company Service Providers Act (Cap. 529, Laws of Malta) as amended by Act L of 2020.

“the Authority” or “MFSa”: The Malta Financial Services Authority.

## Section A: General Questions

### 1. Why did the CSP Act change **CSPs' status** from registration to authorisation?

Persons who are regulated by the MFSA are mostly referred to as 'authorised' and those currently registered as corporate service providers were the exception to this. This reform brings those service providers who are not currently regulated within the MFSA's remit and when that process is complete those persons will be adhering to the same standards as any other MFSA regulated persons and therefore merit the same status of 'authorised'.

As we transition the registered persons across to the new regime they will also be given the 'authorised' status and a Class classification, so that when the process is complete the status for all CSPs will be the same.

### 2. What constitutes 'related services'?

'Related services' is specifically tied to point (c) of the definition of CSPs i.e. the provision of a registered office, a business correspondence or administrative address for a company, a partnership or any other legal person. These services may only be provided by Class A over threshold CSPs and Class C CSPs. Related services would include registering and forwarding of mail received by a CSP and similar services related to the provision of an address for a company, a partnership or any other legal person.

### 3. Who is a Qualifying Shareholder?

A qualifying shareholder in the CSP Rulebook is defined as *a person who directly or indirectly owns or controls 25% or more of the capital or voting rights in an entity or otherwise exercises control over the management of the legal person*. The definition applies to all applicants who are legal persons and includes companies and partnerships applying for a CSP authorisation. These applicants are required to identify the person/s who have a qualifying holding in the applicant and include their details in Section 3 of the Application Form. A person who otherwise exercises control over the management of the legal person is deemed to have a qualifying holding in a CSP. An example of a method of exercising control over the management of a legal person includes the case where a person, be it directly or indirectly, has the ability to remove and/or appoint directors of the legal person.

Every person who has a qualifying holding is required to submit a declaration as explained in the Guidance Note issued by the Authority on the Submission of the Source of Wealth and Source of Funds information accessible [here](#).

### 4. **What do the terms "approved position" and "senior manager" refer to in the Rulebook? What is the role of a "senior manager"?**

"Approved position" refers to roles where the people doing them need to be approved. "Senior managers" are key individuals who although may not be office holders, are involved in the decision-making process. Approved positions are all the senior positions held by individuals with reporting lines to the CEO or Board of Directors or Board Committees (or equivalent positions). These include the Compliance Officer, MLRO, Risk Manager (where

applicable) and Senior Managers. Anyone who performs such a function needs to be approved by the Authority before they can start performing that role.

Senior Managers have an important role to play in embedding the CSP's culture and governance within the entity resulting in improvements in the standard of conduct. It is good practice for senior managers to be provided with a document clearly setting out their roles and responsibilities so the CSP and the individual can clearly identify what the latter is accountable for and the responsibilities falling within his/her remit.

5. In terms of the persons holding approved positions in a legal person, what information is required?

The Personal Questionnaire lists the documents that need to be submitted to the Authority. This includes the Entity Assessment form which must be completed in the case of applicants who are legal persons. For further information see [here](#).

6. How do I calculate my Revenue for purposes of Class A under threshold classification?

Revenue consists of the gross revenue derived from Company Service Provider Services as defined in the CSP Rules, less any commissions, where applicable, that are directly related to the acquisition of the said gross revenue, paid or payable to third parties in any one financial year. In this definition 'commissions' refers to any referral fees or introducer fees paid or payable to third parties and which are directly related to the production of the revenue. No other deductions are to be taken into account when calculating revenue for the Class A Under Threshold classification.

7. If a CSP forms part of a group of companies and Professional Indemnity Insurance or **Directors' & Officers' Insurance** cover is organised at parent company level and this covers all subsidiaries including the CSP, will that be sufficient to satisfy insurance requirements under the Rulebook?

Yes, if the PII or D&O cover has already been organised by the CSP's parent company and this provides cover for the CSP as required by the Rulebook then no further insurance cover will be needed by the CSP.

8. If a Class B CSP over threshold provides directorship services and D&O cover is provided by the client/s of the CSP, will the CSP still be required to organise his/her own D&O cover?

No, if D&O cover is provided by the client/s there is no need for the CSP to organise D&O cover in addition to that already provided by the client as long as the D&O cover so provided is in line with the requirements of the Rulebook. The CSP should request the client for evidence of his/her inclusion in the D&O cover and keep a record of such cover.

9. **What are the Rulebook's expectations in relation to business continuity arrangements for individuals acting as directors or company secretaries of companies or equivalent positions in other legal persons?**

As a general rule the Rulebook requires business continuity arrangements to be in place for CSPs (see Rule 3-2.2). This applies in the context of individuals too (see Rule 3-2.6). The systems, resources and procedures employed should be appropriate and proportionate to the nature, scale and complexity of its business. Where an individual is appointed director or company secretary of a company or a similar role in other legal persons, it is recognised that the company or legal person appointing him/her is doing so due to the individual's particular competence in a sector, specific attributes and qualities. If the individual CSP believes that providing the services of another individual in his/her absence may not be acceptable to the client, the CSP should record this in his internal procedures.

10. I am going to apply for a CSP authorisation – which training courses are accepted by the MFSA?

The Authority does not approve training courses. The [MFSA website](#) explains the fit and proper competence assessment which is applied by the Authority in relation to qualifying shareholders and directors, officers and senior managers of the applicant. Applicants should refer to this in order to assess the Authority's requirements relating to fitness and propriety of individuals submitting a PQ.

You should choose training that is suitable to the role you are proposing to fulfil and that will enhance your practical knowledge of the subject, while also taking into account the experience you have in the area.

11. What happens if I already have a pending application with the Authority when the changes to the CSP Act come into force?

In terms of Article 19(6) of the CSP Act, applicants who have submitted an application to provide CSP Services prior to the coming into force of Act No. L of 2020 need to notify the Authority whether they intend to continue with the application as submitted or withdraw it, within three (3) months from the 16 March 2021.

12. What will happen if I do not notify the MFSA during this set three (3) month period?

The MFSA will consider these pending applications as being withdrawn.

13. Will those who have a pending application need to submit a new application in the form established under the revamped regime if they intend to proceed with the application?

No, a new application will not be required. If any changes are planned to take place to the original application submitted, you are to notify the Authority of such changes without delay on [autrustscsps@mfsa.mt](mailto:autrustscsps@mfsa.mt)



14. How does the MFSA expect applicants to deal with technology arrangements, ICT and security risk management and outsourcing arrangements?

The MFSA has published principle-based cross-sectoral guidance on the subject of technology arrangements, ICT and security risk management and outsourcing arrangements [here](#).

15. What exemptions are applicable under the revamped regime?

In terms of the Company Service Providers (Exemptions) Regulations, 2021 (L.N. 105 OF 2021) which came into force on 16 March 2021 the following are exempt from obtaining authorisation in terms of the CSP Act:

- a) a person authorised to act as a trustee or to provide other fiduciary duties in terms of the Trusts and Trustees Act;
- b) a person registered to act as a VFA Agent in terms of the Virtual Financial Assets Act, when providing the activity of a company service provider as part of its activity under the said Act, provided that the said activity shall not be or include the service of acting as director or secretary of a company, as a partner in a partnership or of acting in a similar position in relation to any other legal person;
- c) a natural person who only offers the services of acting as director or secretary of a company, as a partner in a partnership or of acting in a similar position in relation to any other legal entity, where such company, partnership or other legal entity is licensed, registered or otherwise authorised by the Authority:
  - provided that this exemption shall also apply to a natural person offering only such services to a company, partnership or other legal entity licensed, registered or otherwise authorised by an overseas regulatory authority in a recognised jurisdiction;
- e) a natural person who only offers the services of acting as director or secretary of a company whose financial instruments have been admitted to listing on a regulated market in Malta in terms of the Financial Markets Act:
  - provided that this exemption shall also apply to a natural person offering only such services to a company, partnership or other legal entity whose financial instruments have been admitted to listing on a regulated market by an overseas regulatory authority in a recognised jurisdiction.

16. Do I have to notify the MFSA if I am providing any CSP services which are exempt from authorisation?

The following persons are exempt from authorisation under the CSP Act but are required to notify the Authority that they shall be acting as CSPs by way of business and that they are not applying for authorisation under the CSP Act:

- authorised to act as a trustee or to provide other fiduciary duties in terms of the Trusts and Trustees Act (Chapter 331 of the Laws of Malta), or
- registered to act as a VFA Agent in terms of the Virtual Financial Assets Act (Chapter 590 of the Laws of Malta), when providing the activity of a company service provider as part of its activity under the said Act, as long as the said activity shall not be or

include the service of acting as director or secretary of a company, as a partner in a partnership or of acting in a similar position in relation to any other legal person.

The notification must take place prior to providing the CSP services.

All other exempt persons are not required to notify the MFSA of the CSP services provided.

17. What risks are being referred to in Rule R3-7.1 relating to risk management?

The purpose of risk management is that of understanding and identifying all risks that are relevant to CSPs and mitigating those risks to reduce the impact in the event of an occurrence. While the main risk for CSPs is that of ML/TF there are other risks that require analysis such as solvency, legal, compliance, regulatory, jurisdictional, reputational, cybersecurity and ICT risks. On a more granular basis these can be broken down to reflect very tangible issues for CSPs such as risks arising from the loss of key personnel, loss of contact with clients, negative cash flow and adverse media, to name a few.

18. When a CSP is arranging for a person to hold directorship or company secretarial or equivalent roles, what level of oversight is expected?

The level of oversight expected depends upon the activity undertaken by the client company in accordance with R4-4.2.

In terms of Rule 4-4.1 CSPs may only arrange for natural persons to act as director or secretary of a company or equivalent roles in other legal persons. For CSPs who are legal persons it is only possible to arrange for the appointment of their officers or employees. In the latter scenario it is expected that in the client agreement there would be a clause whereby the client authorises the employee or officer of the CSP who would be providing the service to the client, to divulge information on the business of the client company to the CSP. In this way CSPs will be allowed by the client to perform the necessary oversight.

The relationship in the case of arranging for a person to act as director or secretary of a company is between the CSP and the client company. Even though it is not expected that the employee appointed as a director divulges sensitive information, the CSP is expected to perform an oversight role with respect to the work of the employee. Furthermore, it is to be noted that if the employee resigns, the CSP would arrange for that person to be replaced since remuneration is received by the CSP.

19. Can the Compliance Officer be consulted on onboarding of clients and oversight of client onboarding?

The Compliance Officer can be consulted by CSP staff on onboarding of clients and can oversee the client onboarding process but should always remain independent and non-client facing. The Compliance Officer cannot be part of the decisioning body that determined whether a client is onboarded or not. However, the CO can provide feedback and guidance as to what level of checks can be undertaken and so forth.

20. What are the requirements vis-a-vis Continuous Professional Education hours?

The Authority will be applying the CPE hours requested in terms of the Accountancy Professions Act, Chapter 281 of the Laws of Malta, and will be issuing a circular on these requirements under separate cover. It is important to note that the Authority will be expecting that a good number of hours will be relevant to the carrying out of the CSP activities.

21. I am not a director or company secretary of a company but from time to time submit documents to the Malta Business Registry on behalf of client companies. Should I apply for authorisation under the CSP Act?

As long as you are not director or company secretary but are merely submitting forms in your professional capacity (e.g. accountant, auditor, tax practitioner, legal advisor) you do not need to apply for authorisation under the CSP Act. It is to be noted that in all such cases, the person would be submitting such documents on behalf of the client company so a resolution or power of attorney granting authority to do so would be required.

22. Do serviced offices (business centres) offering registered address need to apply for a license?

This would depend on the agreement there is in place. If such agreement stipulates that the service is solely as a lease then there is no requirement to obtain CSP authorisation, but, if other services are being provided such as taking care of post, reception services etc then authorisation will be required, since this will be deemed as providing company services.

23. Do I require Authorisation if a Company for which I am appointed as Director is now in dissolution?

If the Company is already in liquidation (prior to the 16 May 2021), then Authorisation is not required. Likewise, if a person holding the position of a Director and/or Company Secretary by way of business in a company that is expected to go into liquidation after the 16 May, then Authorisation is required. In such situations it is recommended to you reach out to the Authority.

We also recommend that any directors on companies on entities that are in dissolution and who will not be seeking authorisation from the Authority in terms of the CSP Act, submit a Form K to the Malta Business Registry in order to resign. Such a form should be endorsed by the liquidator. This recommendation is based on the fact that the directors will have no control over the liquidation process and if the service was previously provided by way of business, there is the risk that such a director is deemed to be carrying out the activity without an authorisation.

24. Can an individual be involved in two separate CSPs?

Yes. A person can, for example, be involved in a CSP company authorised as Class C and separately hold an individual Authorisation as Class B Under Threshold. However, the same applicant cannot have two authorisations. Please refer to Question 29.

25. Does the Authority make a distinction between individuals appointed as Non-Executive Directors and Executive Director?

The Authority does not make a distinction between the two roles for the purposes of the Company Service Providers Act. As per the Code of Principles of Good Corporate Governance, non-executive directors and executive directors have as board members the same duties and responsibilities in terms of law.

## Section B: Classes under the CSP Act

### 26. Why are CSPs being categorised into classes under the revamped CSP regime?

We have adopted the approach of allocating classes by reference to the business model and scope of services provided to reflect the difference in the risks posed by that business model. We have then identified the minimum mitigants that the firm will need to have in place such as PII and capital requirements. The classes allow us to design a supervisory approach that reflects the different risk profiles of the different classes.

### 27. How will my class be determined?

The classes are based on several criteria, starting from the corporate services being provided. Persons whose services are limited to incorporation and the provision of registered office will qualify for a Class A, while persons whose services are limited to the provision and arranging for Directorship services and Company Secretary services qualify for Class B. Class C incorporates the provision of all corporate services.

A second set of criteria will be applied to Classes A and B, which classes have two tiers – under threshold and over threshold. There are specific criteria which have to be satisfied to qualify for an under threshold in both Classes A and B as detailed in the CSP Rules.

The new classes are as follows:

#### Class A:

A CSP authorised to provide the following services to third parties: (i) formation of companies or other legal entities; and/or (ii) provision of a registered office, a business correspondence or administrative address and other related services for a company, a partnership or any other legal entity.

#### Class B:

A CSP authorised to provide the following services to third parties: acting as or arranging for an individual to act as a director or company secretary, a partner in a partnership or in a similar position in relation to other legal entities.

#### Class C:

A CSP authorised to provide any of the above CSP services as per Class A and B and therefore (i) formation of companies or other legal entities, (ii) provision of a registered office, a business correspondence or administrative address and other related services for a company, a partnership or any other legal entity, (iii) acting as or arranging for another person to act as director or secretary of a company, a partner in a partnership or in a similar position in relation to other legal entities.

The following thresholds are applicable to applicants falling under Class A and Class B. The criteria by which an applicant shall be considered to be an over threshold or under threshold provider, are provided for also in the CSP Rules issued under the Act.

## Under Threshold

Applicants categorised under Class A and Class B may be classified as 'under threshold'.

An applicant who is an individual or a civil partnership in possession of a warrant, will be classified under 'Class A, Under Threshold' if the revenue generated through the offering of CSP services does not exceed, 35% of the total revenue from the provision of professional services or €100,000, whichever is higher. Please refer to the method of calculating revenue for this categorisation as explained in the CSP Rules and in these FAQs.

An applicant who is an individual will be classified under 'Class B, Under Threshold' if the total number of involvements/engagements as director and/or company secretary in a company or equivalent role in another legal person does not exceed ten (10) involvements. Provided that if the involvements of the same person are all within the same group of companies, this shall count as one (1) involvement.

## Over Threshold

Applicants categorised under Class A and Class B may be classified as over threshold. If the applicant does not fall within the parameters set for the under threshold categories, the applicant will be automatically classified as 'over threshold'.

**28. What happens if I don't agree with the Class designated by the Authority? Will I be able to contest this decision?**

The class designation of the business of the applicant rests exclusively with the Authority.

However, should an applicant disagree with the Authority's class designation, such applicant may submit an objection to the class designation with the Authority and should provide additional information to support his reason/s for objection within an allocated time period. The Authority will consider any additional information provided by the applicant, before making a final decision with respect to the class designation.

Upon notification of the class designation, applicants may also withdraw their application, should they not agree with the class designation provided and for this reason not wish to pursue the application submitted.

**29. Can an individual apply as both under threshold A and under threshold B?**

Rule R2-2.1 of the [Rulebook](#) states that an Applicant shall only apply for Authorisation under one of the classes referred to in the Act.

**30. I am the sole shareholder & director of a single-member company; can I apply for authorisation as a Legal Person (Corporate Entity) even though there is only one person authorised to represent the company?**

The CSP Act requires that the directors of the company be not less than two and need to be individuals who are fit and proper persons.

## Section C: Currently registered Company Service Providers

31. Will currently registered CSPs be affected by the revamped regime?

Yes, already registered CSPs will automatically see their registration turned into an authorisation in terms of Article 19(5) of the CSP Act. The MFSA is undertaking an exercise in order to classify these CSPs in accordance with the three Classes specified in the Act based on the information available to the Authority. Such CSPs will receive formal communication from the Authority within two (2) months of the coming into force of the amendments to the Act with this classification.

Should a CSP not agree with the Authority's classification, the CSP will be requested to provide information relevant to its classification within a specified time. The Authority will take into account any information provided, before making a final decision with respect to the classification.

32. Do the currently registered CSPs have to submit a new application in light of the revamped regime?

No, the currently registered CSPs will not be required to submit a new application in order to continue to operate. However as already referred to above, they might be required to provide the Authority with additional information should the CSP disagree with the Authority's classification.

33. Will currently registered CSPs receive a new authorisation certificate, which includes the awarded Classification and the corresponding services to be offered?

After the Authority finalises the process as explained above, new authorisation certificates will be issued which will include details of the Class within which the CSP is authorised to operate.

34. Will currently registered CSPs need to comply with the new capital requirements?

Yes, currently registered CSPs will also have to comply with all the requirements of the CSP Act, as amended, and the CSP Rules which include higher capital requirements. The quantum of capital is dependent on the Class within which the CSP is authorised to operate in.

A CSP is required to maintain the minimum capital required as initial capital in terms R2-2.13 of the CSP Rules and this shall be maintained for as long as the person remains authorised under the CSP Act. The Rulebook specifies that this requirement can be satisfied in various ways. This can be held in a bank account, deposited in liquid assets that can quickly and simply be converted into cash, such as government bonds, or a bank guarantee or letter of credit can be obtained as set out in the Rulebook.

35. Will currently registered CSPs have to make any changes to their business in light of these new requirements? If so, by when do these changes need to be implemented?

Yes, currently registered CSPs will need to ensure that they are compliant both with the CSP Act as Amended and the revised Rulebook. The transitory period requires registered CSPs to take all necessary measures to comply with the updated CSP Rules within six (6) months from the date of their publication. During the six-month period, registered CSPs are required to continue complying with the previous version of the CSP Rulebook published on 21st March 2014 and also strive to comply with the amended CSP Rules on a best-efforts basis. The transitory provision is found in R1-1.8 of the CSP Rules.

36. What will registered CSPs have to do during the Transitory Period?

Registered CSPs have a six-month time period within which they are to comply with the CSP Rulebook. The six-month deadline starts running from the date of publication of the Rulebook, i.e from the 16 March 2021.

Registered CSPs will need to ensure that they are compliant with all provisions of the Rulebook within this timeframe. Specific areas to consider include the increased capital requirements, the PII or Directors' & Officers' Insurance requirements and the introduction of a Risk Management Function, if this is not already in place.

37. What happens in cases where currently registered CSPs would like to opt out, and no longer offer CSP services under the new regime?

In this case, the registered CSP will go through the standard surrender process. For further guidance and information, the CSP is requested to contact TCSP Supervision on [fiduciariesoffsite@mfsa.mt](mailto:fiduciariesoffsite@mfsa.mt).

38. Can an existing CSP (Class C) which forms part of a large group use a group risk management function? And does an individual need to be named for this or can it be assumed to be a group function?

When setting up the Risk Management function, the CSP is expected to take into account the nature, scale and complexity of its business, and the nature and range of the activity being undertaken in the course of that business. As prescribed in Rule R3-7.2 a CSP holding a Class C authorisation is required to establish and maintain a risk management function which independently carries out the following tasks:

- I. the implementation of the policy and procedures referred to in Rule R3- 7.1; and
- II. the provision of reports and advice to senior management

In the event a CSP, which forms part of a Group, wishes to propose a set-up which is already in place at a group level, this would need to be acceptable however this is something that needs to be discussed with the Authority as such approval will be granted on a case-by-case basis. In addition, a CSP would need to appoint a Risk Manager Officer who will be responsible for the overseeing of the function. Such proposed person will also need to be approved by the Authority.



39. Can the Risk Officer Role and Compliance Officer Role be handled by the same person, who will however not be an executive director?

Whilst the Authority does not exclude the possibility that the Compliance Officer holds also the position of the Risk Officer, such appointment would need to be assessed by the Authority on a case by case basis. It is important to note that the Authority requires that the Compliance Officer is not client facing and thus if the Risk Officer is involved in client onboarding it is implied that these have to be separate individuals. In any case when individuals are proposed for multiple roles, the Authority expects that the CSP undertakes an assessment to identify any potential conflicts of interest and put in place measures to deal with such conflicts if they arise.

40. Can a CSP arrange for an individual who is not an employee of the CSP but who is an employee of a group company, to be appointed company secretary?

A CSP can only arrange for an employee of the CSP to be so appointed. However, in such situations the Authority recommends that you reach out and provide additional information such as details of the Group, the directors of each entity and who is providing the company secretary services. The Authority will then assess such situations on a case-by-case basis.

## Section D: Persons previously Exempt from Registration

41. Will professionals previously exempt from registration under the Act and who are offering CSP services be affected by the CSP Reform?

Yes. With the new legislation in place, the exemption of warranted (or the equivalent) professionals namely advocates, notaries, legal procurators and accountants has been now removed. These persons are subject to authorisation by the MFSA if they provide CSP services.

Due recognition will be given to the professional qualifications and warrants of professionals when the Authority assesses competence as part of the “fit and proper” test conducted by the Authority. See [here](#) for more information on the criteria for this assessment.

42. Is there a transitional arrangement in place for persons previously exempt from the CSP Act?

Yes, transitional arrangements are in place for all those who were previously exempt and will need to apply for authorisation under the CSP Act. All persons, including individuals previously exempt under the *de minimis* rule and advocates, notaries public, legal procurators, accountants, law firms, audit firms and accounting firms, offering CSP Services to third parties by way of business will be required to apply within the timeframe established by the Act if they wish to continue providing these services.

Under Article 19 of the CSP Act, any person, be it a natural person or a legal person as defined in the CSP Act, who on 16 March 2021 is already offering CSP services to third parties by way of business, will be allowed to continue offering the said services for the following eight (8) months that is, till 16 November 2021, provided that:

- They have applied for authorisation in terms of the CSP Act, by 16 May 2021 and have been authorised by the Authority as an under threshold company services provider by 16 November 2021; or
- They have applied for authorisation in terms of the CSP Act, by 16 May 2021 and have been provisionally authorised by the Authority as an over threshold (Class A or Class B) or Class C CSP, by 16 November 2021.

Applicants may be requested to submit additional information at the discretion of the Authority.

43. If a person is providing both directorship and company secretary services to the same company - would that count as one involvement or two separate involvements?

As long as the involvements are within the same company then these will count as a single involvement.

44. If two companies have the same ultimate beneficial owner, do they count as one or two involvements?

This depends on whether the companies, albeit owned by the same ultimate beneficial owner, fall within the definition of a Group of Companies as specified in the Rulebook. If such

companies do not fall within the definition as per the Rules for Company Service Providers, then these will be viewed as two separate involvements.

45. If a person is providing services as an investment committee member, valuation officer, portfolio manager or similar posts, does this count as an involvement?

Such appointments do not fall within the definition of Company Service Providers and therefore these do not require authorisation in terms of the CSP Act and therefore do not count as involvements.

46. If an accounting firm or law firm (not authorised as a CSP) is providing names and CVs of persons who are willing to provide directorship services, , does the accounting or law firm require an authorisation?

Providing names of potential candidates for directorship roles to clients does not constitute a regulated activity. However, the accounting or law firm (in this example) , being either a legal person or an individual, needs to be clear with the client that this is just information and should not be considered as a service.

Should the client opt to choose a director from the recommendation put forward by the person it is important to note that the Authority would expect clear separation of services, whereby;

- The directorship agreement will have to be with the individual acting as a director and no reference to the accounting or law firm is to be referenced on the agreement.
- The choice as to who will be appointed as a director needs to be that of the client
- The accounting or law firm does not receive any form remuneration when providing the information on the potential director, both directly or indirectly..

## Section E: Applications and Personal Questionnaires

47. What will be required from those wishing to apply?

Applicants will be required to complete and submit an application form. The application is available on the MFSA website [here](#).

It should be downloaded, completed in its entirety and then submitted through the LH Portal. Applicants are requested to ensure that they complete all the fields in the application form before submitting it. If an application is received with missing information it will be returned and the application process put on hold until the fully completed application is received. Prospective applicants will also be required to submit a Personal Questionnaire to enable the Authority to conduct the “fit and proper” competency assessment.

48. Can I submit additional information with my application?

Yes. The Authority is aware that there may be instances where the applicant holds documentation/information which is material to their application. Applicants should include information and documents which will assist the Authority in processing their application.

49. Do currently exempt persons need to complete an application?

Yes, an application form will need to be submitted by all those previously exempt persons including professionals seeking authorisation under the CSP Act. This can be found [here](#).

50. When will applicants be able to submit the application?

Applications and Personal Questionnaires are to be submitted via the MFSA’s LH portal from 16 March 2021 until 16 May 2021. Applicants are urged to submit complete applications in good time as applications will be processed on a first come first served basis.

51. Where and how can the application form be accessed?

The application form can be accessed from the MFSA website under the [Company Service Providers page](#).

52. What will the acceptable format be with respect to additional documents to be submitted with the application form?

LH Portal will accept word documents, pdf documents, excel documents and jpg documents.

53. How do I create an account on FinHub and submit an application on FinHub?

By accessing the link to the LH Portal [here](#) prospective applicants will be prompted to register with the MFSA. Once registration is complete you will be able to submit the application form, Personal Questionnaire and any supporting documents through this portal.

You can refer to these [guidelines](#) for assistance and [here](#) for a video explaining the process.

54. How will my application be assessed? Will there be different requirements according to the different company services offered?

The Authority will assess applicants through a fitness and properness competence assessment, including an assessment of the applicant's financial standing. In making its assessments, the Authority will also be taking into account qualifications, skills, knowledge, experience and other criteria.

*Table 1 Guidance for Applicants, Eligibility Requirements per Class*

	Class A under threshold	Class A over threshold	Class B under threshold	Class B over threshold	Class C
Legal Persons		X		X	X
Warranted professionals (individuals and civil partnerships of warranted professionals for Class A under threshold)	X	X	X	X	X
Unwarranted		X	X	X	X
(i) formation of companies or other legal entities	X	X			X
(ii) provision of a registered office, a business correspondence or administrative address and other related services for a company, a partnership or any other legal entity.		X			X
(iii) acting as or arranging for another person to act as director of a company, a partner in a partnership or in a similar position in relation to other legal entities			X	X	X
(iii) acting as or arranging for another person to act as secretary of a company, a partner in a partnership or in a similar position in relation to other legal entities			X	X	X
Not more than 10 Involvements/Engagements as Company Secretary/Director			X		
More than 10 Involvements/Engagements as Company Secretary/Director				X	
Revenue does not exceed 35% of the combined total revenue from the provision of all professional services or €100,000 whichever is higher	X				

55. What are the new capital requirements?

The new capital requirements are set out in the table below.

*Table 2: Guidance regarding new capital requirements*

	Class A under threshold	Class A over threshold	Class B under threshold	Class B over threshold	Class C
Capital: €2,500	x				
Capital: €5,000			x		
Capital: €10,000		x			
Capital: €15,000				x	
Capital: €25,000					x

56. In the level of current business section of the Application (section 2.3.1) where should I insert the information relating to the service of providing a business correspondence or administrative address and other related services for a company or other legal persons?

The services of providing a business correspondence or administrative address and other related services for a company or other legal persons should be included under section 4 referring to Registered Office address which is the generic terminology used to refer to the provision of these services in the Application form.

57. When will an applicant receive a decision on the application submitted? What will that decision encompass? What will this decision mean?

A decision on the application will be expected at the end of the eight (8) month period from the coming into force of the Act, that is 16 November 2021. The MFSA decision will inform applicants of their authorisation status and class.

An applicant may be granted Authorisation or Provisional Authorisation:

- a) Authorisation: In the case of individual applicants with lower risk businesses who fall within the Under threshold Class A or Under threshold Class B, the Authority will either give them full authorisation or decline the application following the authorisation process.
- b) Provisional Authorisation: In the case of applicants having higher risk businesses, the Authority will grant a provisional authorisation for twelve (12) months during which the applicant will be requested to provide supplementary information and clarification in accordance with usual MFSA practice, for more complex authorisations. The MFSA will then decide whether an authorisation will be granted or declined.

58. What is expected from the applicant following Authorisation?

The applicants who are authorised through this process, will become authorised persons under the CSP Act. Such persons will also become subject to the MFSA's supervision and will be required to comply with the CSP Rules and MFSA standards (particularly fitness and propriety).

With regards to larger and/or more complex CSP providers, provisional authorisation will be granted. Those granted provisional authorisation will be expected to comply with the same regulations and basic requirements including the CSP Rules, and to have governance arrangements, internal structures, systems and controls and risk management arrangements in place appropriate to their business model.

All those authorised as CSPs will be "subject persons" in terms of the PMLFTR and will be required to comply with the requirements imposed on "subject persons".

59. If an applicant is issued with a provisional authorisation, can they continue offering CSP services?

Yes, these services can still be offered until the Authority notifies of its decision whether to grant or refuse authorisation in terms of Article 19 (1)(b) of the Act. A decision will be notified to such persons within twelve months of provisional authorisation being granted. Those applicants issued with a provisional authorisation are required to comply with and adhere to the provisions of the CSP Act and Rulebook until their application is approved or refused by the Authority.

In line with the proviso to Article 19(2) of the Act, the granting of a provisional authorisation is a temporary concession and privilege, and no holder thereof shall be deemed to have acquired any vested rights therein or thereunder.

60. Can onsite inspections be conducted on provisionally authorised CSPs?

Yes, provisionally authorised CSPs are supervised by the MFSA and are also subject to onsite inspections.

61. For those provisionally authorised what is the additional information that will be requested?

With regard to the larger and/or more complex business models that are provisionally authorised, they will be requested to provide supplementary information and clarification in accordance with standard MFSA practice for authorisations. Amongst other documents, applicants will be required to provide a comprehensive business risk assessment, customer acceptance policy, customer risk assessment methodology and explain the risk mitigation mechanisms in place. The Authority will also conduct a fit and proper competence assessment on all qualifying shareholders, directors, officers and senior managers.

62. For those applying what information needs to be provided in addition to the Application Form and Personal Questionnaire?

It is important to note that the Authority may at its sole discretion and in all instances request from the Applicant further information/ documentation as it may deem fit for the purposes of Authorisation. This applies to all businesses applying for a CSP authorisation. It is expected that any such information / documentation requested is provided in a timely manner.

63. Do persons who are already PQd need to submit a new PQ for this process?

Yes. A fresh PQ would need to be submitted, since the PQ is tied to the role being assumed by the individual within the CSP applying for Authorisation.

64. Individual applicants should they submit an entity assessment letter?

In case of individual applicants, an Entity Assessment letter is not applicable, however, a PQ cannot be uploaded through the LH Portal unless such letter is attached to the PQ. In such circumstances, the individual applicants are requested to attach a document wherein they state that an Entity Assessment Letter does not apply and proceed in uploading this through the LH Portal.

65. Do I understand well that that a sole practitioner or civil partnership which was formerly exempt, and which wishes to continue providing services under a new legal entity (corporate form) must submit both a transitional application in the name of the current provider and an application in the name of the new entity which will continue to provide the services?

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 opt to consolidate the CSP business with the business of another entity or create a separate legal entity. The Guidance Note 'Guidelines to the New CSP Regime Application Process' with particular reference to Title 4 which provides detailed information on the steps one needs to take to consolidate the business whilst continuing providing CSP services.



66. Is the application fee of Eur250 a one-time fee? Is there also an annual fee to be paid?

The fee applicable for each application form submitted is that of EUR 250. This fee must be settled at the same time of submission. Unless the fee is duly received, the Authority will not process the application. In terms of LN 117 of 2021 the annual supervisory fee shall remain the same i.e. EUR500.00. Such fee is not payable at application stage. Invoices will be mailed annually by the Authority in this regard.

67. How do we pay the application fee?

The application fee is €250 is to be paid with the upload of the application form on the LH portal. Bank details are available on the LH portal on the same page where the application form needs to be uploaded for ease of reference. Please refer to the [Guidelines here](#).

68. If application is rejected– will there be a refund?

Should the application be rejected the Authority will not refund the application fee since the Authority would have undertaken the application process.