

2 July 2021

Circular addressed to authorised company service providers in terms of the Company Service Providers Act (Cap. 529 of the Laws of Malta) as amended by Act L of 2020

This notice contains important information for authorised company service providers (CSPs), in particular those persons who were registered as CSPs in terms of the Company Service Providers prior to the amendments introduced by Act L of 2020, which amendments came into force by virtue of the Commencement Legal Notice 96 of 2021 on the 16 March 2021. The updated Company Service Providers Rules, which complement the updated legislative framework, also came into force on 16 March 2021.

Specific reference is made to R1-1.8 of the CSP Rules, whereby a transitory period of 6 months from the 16 March 2021 was provided to existing licensed CSPs to take all the necessary measures to comply with the [updated CSP Rules](#).

New Capital Requirements and/or Professional Indemnity Insurance Requirements

Following the classification exercise of CSPs into the new classes, such CSPs must ensure that by 16 September 2021 they align with the new requirements under Rule R2-2.12 of the updated CSP Rules, according to the new class allocated to them by means of a letter issued by the Authority to all previously registered CSPs earlier on this year.

Company service providers classified as:

- Class A: minimum share capital of **€10,000** fully paid up, and to be maintained throughout its authorisation;
- Class B: minimum share capital is of **€15,000** fully paid up, and to be maintained throughout its authorisation, and to also have adequate Professional Indemnity Insurance cover in place; and
- Class C: minimum share capital of **€25,000 fully paid up** and to be maintained throughout its authorisation, and to also have adequate Professional Indemnity Insurance cover.

Consequently, the Authority informs all authorised body corporate CSPs that the shareholders' resolution relating to any increase in share capital, together with the amendments to the Memorandum and Articles of Association, as well as confirmation that the share capital has been increased should reach the Authority by not later than the 15 September 2021 for the relevant approval. Individual CSPs are requested to provide the Authority with a bank statement confirming the capital investment.

Similarly, confirmation that Professional Indemnity Insurance cover has been obtained (where applicable and within the required minimum limits outlined in Rule 3-5.4), should also reach the Authority by the said date.

Risk Management Function for Class C CSPs

CSPs who have been classified as Class C CSPs are required to ensure that by 16 September 2021 they align with the new requirement relating to a Risk Management Compliance Function under Rule R3-7.1. Therefore Class C CSPs are requested to ensure that they submit a proposal relating to the individual who will be holding the risk management function. If the CSP intends to request a derogation from having a risk management

function which does not operate independently, provided that this does not create conflict of interest, then such CSPs are required to apply for such a derogation through the official notification form issued by the Authority for this purpose as communicated in the [Authority's circular dated 1 June 2021](#).

Conclusion

In view of the above, the Authority is hereby reminding all the authorised CSPs that the transitory period of 6 months will expire on 16 September 2021 and all authorised persons are required to adhere to these new requirements, as well as any other updates made to the CSP Rules, by the stipulated deadline. Any failures to comply with these requirements following the expiration of this transitory period will be deemed to be breaches of the CSP Rules.

Should you have any queries, please contact the Authority on fiduciariesoffsite@mfsa.mt.