

03 August 2021

Circular addressed to authorised company service providers in terms of the Company Service Providers Act

Professional Indemnity Insurance and The Risk Management Function - Clarifications

Reference is made to circular issued on the [02 July 2021](#), addressed to authorised company service providers in terms of the Company Service Providers Act, in particular those persons who were registered as CSPs in terms of the Company Service Providers Act prior to the amendments introduced by Act L of 2020. The content of this circular should therefore be read in conjunction with the said Circular of 02 July 2021. The Authority would like to provide the following clarifications:

Professional Indemnity Insurance Requirements

CSPs are requested to submit a declaration that they have obtained the relevant Professional Indemnity Insurance cover, as applicable to the relevant Class within which the CSP has been classified, and as outlined in terms of Rule R2-2.12 of the updated CSP Rules. Such declaration should also include a confirmation that the level of insurance cover in place is in line with the requirements of Rule R3-5.1 and the thresholds set out in Rule R3-5.4, of the said Rules.

The Authority may, at any time in the course of its supervisory work, request a copy of the said policy to verify compliance with the applicable requirements, and in fact further supervisory work by the Authority, specifically in relation to this area, will also ensue in the near future.

Risk Management Function for Class C CSPs

Upon the identification of a person to take on the Risk Function in terms of Rule R3-7.2 of the CSP Rulebook, CSPs are requested to submit a Personal Questionnaire for approval of the relevant individual identified.

In the case where a CSP has submitted a request and received approval for a derogation from appointing an independent risk officer in terms of Rule R3-7.2 of the CSP Rulebook, the CSP is still expected to identify a person who will take on the responsibility for the CSP's risk function, however a Personal Questionnaire for the said individual is not required to be submitted to the Authority.

CSPs are to note that when a person is being appointed internally, this person should not be in a position which may create a conflict of interest, as outlined in Rule R3-7.3 of the updated CSP Rules.

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