

23 January 2024

## Circular Addressed to Company Service Providers

This circular contains important information with regards to changes made to the Rulebook for Company Service Providers (**CSP Rulebook**) which came into effect today, 23 January 2024. These changes will *inter alia* impact the regulatory submissions due in 2024 and thereafter, by authorised Company Service Providers (**CSPs**), as the Authority has worked towards streamlining and simplifying these regulatory submissions. As a result of these changes CSPs will no longer be required to submit certain documentation on a standalone basis. The Authority is in the final stages of including the information it requires to conduct its supervisory work within an updated Annual Compliance Return (**ACR**). A Circular will be published informing CSPs when the updated ACR is available for them to download and complete well in advance of the deadline for submission.

While this Circular explains some of the changes made to the CSP Rulebook it is not intended to reproduce the relevant provisions of the CSP Rulebook and it is in the interest of CSPs to refer to the CSP Rulebook as amended. A version of the CSP Rulebook in track changes is included as an Annex to this Circular for ease of reference, whereas an official updated version of the Rulebook is available on the MFSA website at the following [link](#).

### Part 1 – Changes in relation to Regulatory Submissions

#### **1.1 Removal of requirement to submit an Annual Self-Declaration for all Under Threshold CSPs**

Under Threshold Class A CSPs and Under Threshold Class B CSPs are no longer required to submit a self-declaration confirming that they still fall within the applicable thresholds to qualify for their classification. Please note that this information will now be requested in the updated ACR.

#### **1.2 Removal of requirement to submit a Certificate of Compliance for all CSPs**

CSPs are no longer required to submit a Certificate of Compliance in the form previously set out in Annex 2 of the CSP Rulebook. Please note that this requirement has been removed as

the ACR is being updated to include the information previously required in the Certificate of Compliance.

### **1.3 Removal of Statement of Solvency and accompanying balance sheet submission requirement for individual CSPs**

Individual CSPs, irrespective of class, are no longer required to submit a Statement of Solvency in the form previously set out in Annex 1 of the CSP Rulebook nor are they required to submit a balance sheet to the Authority. The ACR is being updated to include the information previously collected for supervisory purposes through these documents.

### **1.4 Removal of requirement to submit the Annual Financial Return for individual CSPs**

CSPs were previously required to submit an Annual Financial Return which was to be a standalone return issued by the Authority after the publication of the CSP Rulebook in March 2021. In order to achieve a more streamlined approach, the Authority decided to incorporate the information which would have been included in the Annual Financial Return in the ACR. Therefore, the ACR is being updated to include the information which would have been provided in the Annual Financial Return.

### **1.5 Submission of Financial Information by CSPs constituted as Partnerships**

The CSP Rulebook no longer requires CSPs constituted as Partnerships to submit Audited Financial Statements, Auditors' Management Letter and Auditors' Report. Instead, the following submissions will apply:

**Warranted civil partnerships authorised to act as Under threshold Class A CSPs** are no longer required to submit Audited Financial Statements as all the financial data required for supervisory purposes will be captured in the updated ACR.

**All other partnerships licensed as CSPs** will be required to submit the documents indicated in the proviso to Rule R3-13.3 within four months following their financial year end:

- Annual Income statement (i.e. profit and loss account)
- Annual balance sheet
- Notes explaining the income statement/balance sheet items (as necessary). In this regard the Authority expects that any income statement and balance sheet items which are not self-explanatory are explained in sufficient detail in these notes.

Please note that the above documentation, whilst not required to be audited, is to be dated and signed by a minimum of two partners.

The regulatory submissions by type of CSP are summarised in Table 1.

<b>Table 1 - Summary of Regulatory Submissions required by type of CSP</b>		
<b>Type of CSP</b>	<b>Financial statements or equivalent required to be submitted to MFSA?</b>	<b>Any other submission required?</b>
Individual CSPs	None required	Yes, Annual Compliance Return required.
Warranted partnerships authorised as Class A Under threshold CSPs	None required	Yes, Annual Compliance Return required.
Legal persons excluding partnerships	Yes, Audited financial statements, auditors' report and auditors' management letter are required.	Yes, Annual Compliance Return required.

Partnerships	Yes, income statement, balance sheet, notes to income statement and balance sheet (signed and dated by minimum of 2 partners) are required.	Yes, Annual Compliance Return required.
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### 1.6 Timing of Submissions

All CSPs are reminded that the ACR (in both excel and pdf format) and any other required accompanying documents are to be submitted annually through the Licence Holder portal. For CSPs constituted as legal persons (including CSPs constituted as partnerships) the ACR is to be submitted within four months from the CSP's financial year end. In the case of individual CSPs, these are required to submit the ACR by the end of April. For all deadlines of regulatory submissions including the ACR, CSPs are reminded to refer to Annex 3 to the CSP Rulebook.

The Authority would like to draw the attention of all CSPs that it will not be granting any extensions to any of the deadlines emanating from the CSP Rulebook.

As the template of the ACR is currently being updated by the Authority to include the above changes, it is important that the ACR is not downloaded or completed at this stage. The Authority's website will be updated with a confirmation that the ACR is ready to download, and a Circular will be published by the Authority to notify of this well in advance of the deadline for submission.

Any queries with respect to the ACR or the other regulatory submissions are to be sent on [fiduciariesoffsite@mfsa.mt](mailto:fiduciariesoffsite@mfsa.mt).

## Part II – Other changes to the CSP Rulebook

All CSPs are requested to note that the Rulebook was also updated to address matters that have arisen during the Authority's supervisory work. The main changes are explained below. The Authority reiterates the importance of referring to the updated CSP Rulebook in its entirety.

### 2.1 Time frame for evaluating Internal Controls

The CSP Rulebook previously required all CSPs to "*regularly monitor and, at least every six months, evaluate the adequacy and effectiveness of its systems, internal control mechanisms and arrangements (...)*". This time frame has been changed from every six months to an annual basis.

### 2.2 Voluntary Cancellation of Authorisation (Surrender) Process

The CSP Rulebook was also updated so as to clarify the documents and process for voluntary cancellation of a CSP authorisation in order to reflect and address some practicalities which were previously encountered while processing such cancellation of authorisation requests by CSPs constituted as legal persons, and indeed to reflect certain practices which are already being implemented.

### 2.3 Notification requirement by Class A and Class C CSPs where clients' registered office address is not the CSP's own registered office address

The CSP Rulebook was updated to include a requirement in amended Rule R3-3.2 b) to notify the Authority where the CSP intends to use an address which is not the CSP's registered address for the provision of service of registered office, a business correspondence or administrative address and other related services to its CSP clients.

### 2.4 Breaches

Rule R3-13.7 (as amended) clarifies that any breaches of the Act, the Regulations issued thereunder or the CSP Rulebook, should be reported in the appropriate field in the ACR and in accordance with Rule R3-3.2 e).

Also to be noted in relation to breaches, through Rule R3-13.6 (as amended), if a warranted civil partnership authorised to act as an Under threshold Class A CSP or an individual CSP

does not submit the ACR within the prescribed deadline, this will also be considered a breach of the obligation to provide financial information to the Authority.

### **2.5 Removal of requirement to notify the Authority if ACR will be submitted after due date**

Former Rule R3-13.4 required a CSP to notify the Authority if it became aware that it would be unable to submit an Annual Return on the due date. In view of the Authority's position explained in the MFSA's [Policy Document on Non-Material Enforcement Action](#) (as may be amended from time to time) this Rule has been removed.

Any queries with respect to the changes to the CSP Rulebook are to be sent on [fiduciariesoffsite@mfsa.mt](mailto:fiduciariesoffsite@mfsa.mt).