
Rulebook applicable to Registered Persons

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Applicability

Any natural person who:

(a) **by way of business**, provides any of the following services to **third parties**:

- (i) acting or holding himself out as acting, as a **director** and, or a **company secretary** in a company and, or a partner in a partnership; and/or
- (ii) acting, or holding himself out as acting, in a **similar position** in relation to other legal entities; and

(b) **intends to have ten (10) or less involvements** at some point in time and that, in any case, shall not have more than ten (10) involvements at any point in time.

Registration Requirements

- Any person, **operating in or/from Malta**, who acts or holds himself out as acting, as a Registered Person, by way of business.
- If a person **does not meet the requirements to be classified as a Class A CSP or Class B CSP**, then Registration is required. Failure to do so is considered a breach of the CSP Act.
- Natural person having **not more than 10 involvements**. Involvements of the same person within the same group of companies **shall count as 1 single involvement**.
- Initial capital contribution of **EUR 2,000**.



The Application Process

- Submit a **registration form** and any documentation requested in the said form to the Authority.
- **Additional information and documentation** may be requested by the Authority.
- Applicants shall be subject to a **fitness and propriety** assessment which is to be maintained on a continuous basis:
 - Competence
 - Reputation
 - Conflicts of Interest and Independence of Mind
 - Time Commitment
- Reviews of applications will not commence until all required documentation has been submitted.



Cessation of Business Procedure

- Registered Persons intending to voluntarily cancel their Registration may submit a **formal request** to the MFSA for the approval of the voluntary cancellation.
- A **list of documentation and information** to be submitted to the Authority is set out in the Rulebook and which include the below:
 - Confirmation that the Registered Person has **ceased providing company services** either by transferring clients to another Registered Person, Authorised person or to a person who is exempt in terms the Exemption Regulations;
 - Confirmation that **no litigation** relating to the company services provided by the Registered Person or any clients is pending and
 - Confirmation that the Registered Person will **remove from all letterheads, any reference to being registered by the Authority.**



Ongoing Obligations for Registered Persons

General Obligations

- No requirements to have in place formal policies and procedures however ensure to have **sufficient documentation** to ensure:
 - Business continuity; and
 - Evidence of compliance with applicable laws and regulations.
- Systems and resources that are **appropriate and proportionate to the nature, scale and complexity** of the business.
- Shall **co-operate** fully during any supervisory interaction carried out by the MFSA.

General Obligations

- Safeguard the **security, integrity and confidentiality of information**.
- Ensure competent and effective management by identifying and **acting in each client's best interest** and deal properly with **managing and mitigating any conflicts of interests** between clients or between themselves and a client.

Notifications and Prior Approvals

- The Registered Persons shall **notify the MFSA** in writing of:
 - A change of business address at least one (1) month in advance; and
 - any breach of any Registration condition/s or of any provision of the Act or the regulations and rules issued thereunder as soon as the Registered Person becomes aware of the breach.
- The Registered Person shall obtain the **prior written consent** of the MFSA before:
 - Making any material changes to the business plan submitted as registration stage including any additional activities the CSP intends to start providing and which extend beyond CSP services; and
 - Taking any steps to cease the company services business.

Risk Management

- A Registered Person is expected to **identify and understand all the risks associated with its business model and target markets, including, but not limited to, ML/FT risks.**
- Taking 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.

Compliance & Recording of Breaches

- A Registered Person shall be responsible to ensure compliance with the CSP Act, any Regulations issued thereunder and the Rulebook on an **ongoing basis**.
- A **breaches log** is to be kept in place listing any breaches committed.
- The Registered Person shall be responsible for ensuring that **incorrect or misleading information is not provided** deliberately or recklessly to the MFSA either in supervisory returns or in any other way.

Outsourcing

- A Registered Person is expected to ensure that **contingency plans, exit strategies and agreements** are in place with respect to outsourcing.
- The Registered Person shall **remain fully responsible** for discharging all of its obligations and shall adequately **manage the risks** relating to such outsourcing arrangements, at all times.
- The Registered Person shall carry out **an ongoing assessment** of the operational risks associated with all its outsourcing arrangements.

Conduct of Business Obligations

- Registered Persons shall ensure:
 - to maintain **segregation of funds** at all times that that funds belong to clients are kept at all time separately from its own and not co-mingled;
 - to abide by the Implementing Procedures issued by the FIAU in terms of, inter alia, **customer acceptance and due diligence**;
 - its **status** as a Registered Person is duly disclosed;
 - a **client agreement** is in place with respect to all business relationships – full details set out in the Rulebook, for example disclosure of services to be provided and the fee structure; and
 - to deal with **complaints** in an effective and transparent manner.

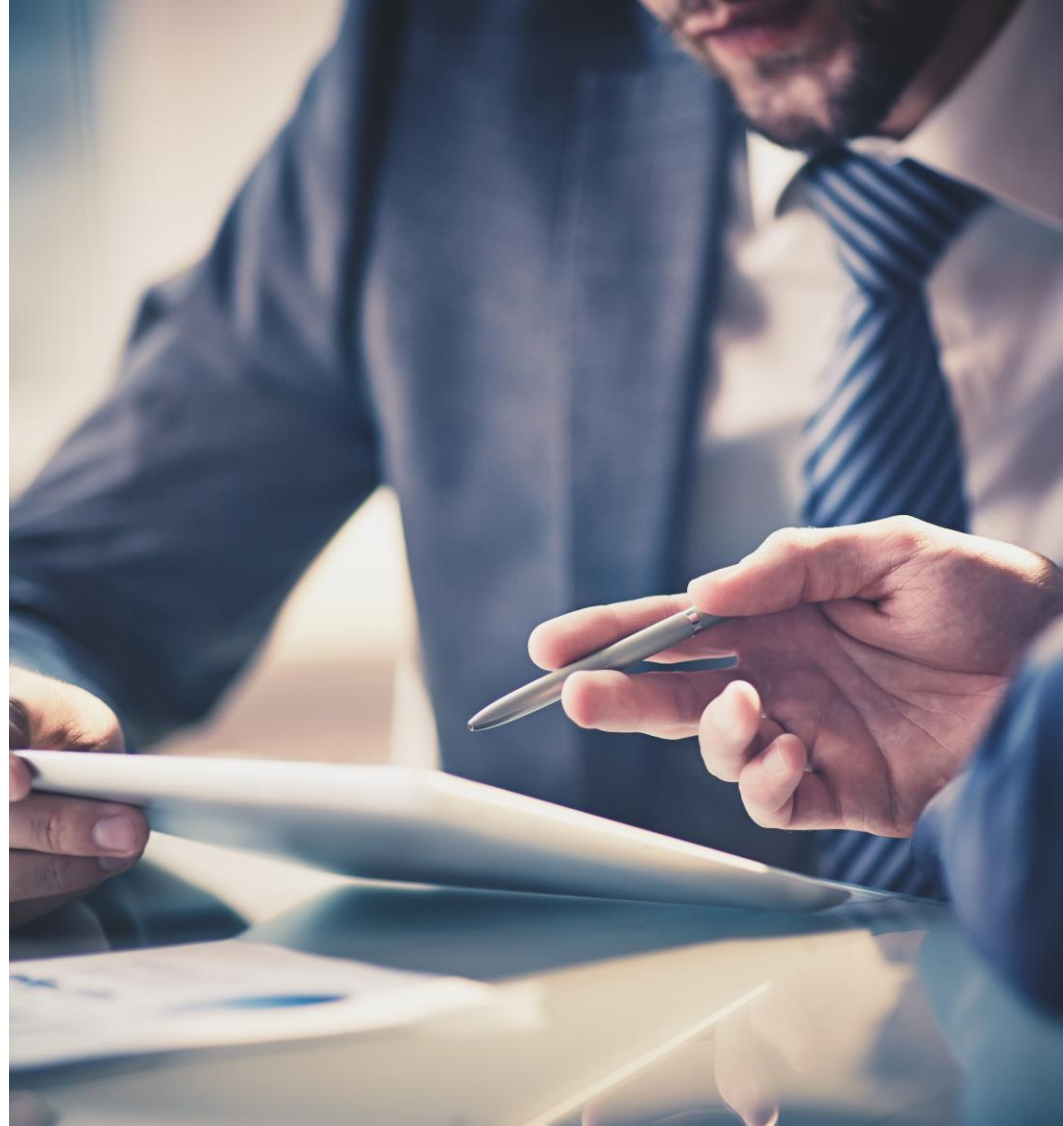
Record Keeping

- Registered Persons are expected to maintain sufficient records to **enable the MFSA to monitor compliance with applicable requirements**.
- The records shall be retained in a manner which is **easily accessible for future reference** by the MFSA.
- When digital record keeping solutions are availed of, such as cloud-based system, they shall ensure the **security and availability of data** and shall assess the cyber security of such solution; and
- Retain records in a **centralised location** including correspondence:
 - Regarding the initial contact and introductions;
 - Regarding the onboarding and acceptance; and
 - Any other correspondence with clients.

Reporting Obligations

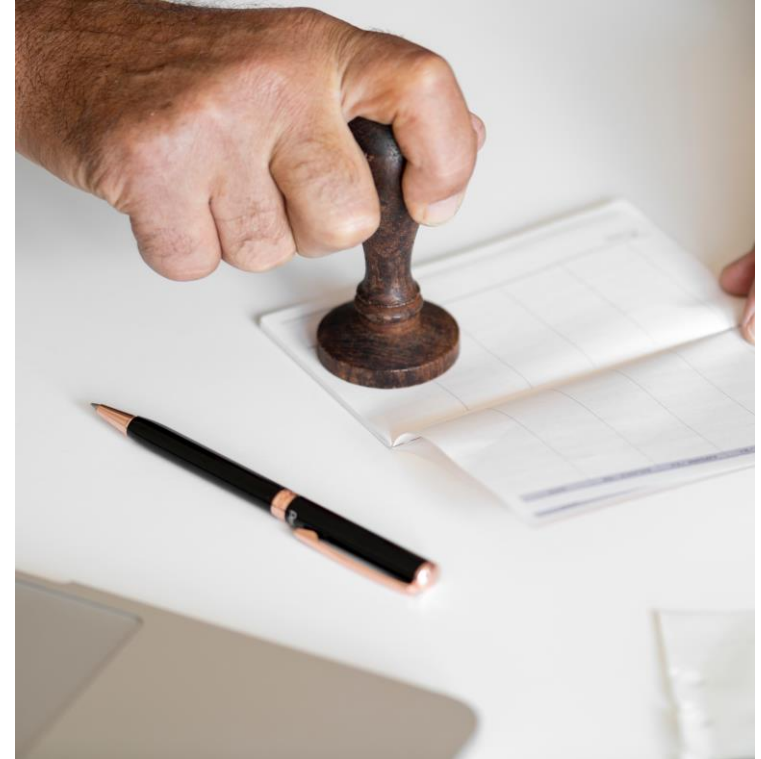
Annual Compliance Return (MFSA & FIAU)

- Submit this return on an **annual basis** in the form prescribed to both the MFSA and the FIAU (reducing administrative burden).
- Deadline is **30th April** – also set out in Annex 1 of the Rulebook.
- **Information** on: Governance, clients, financial, breaches, complaints etc.
- **Declare** that they fall within the applicable threshold to qualify as a Registered Person.
- Registered Persons shall be responsible for the **accuracy and correctness of the information** submitted in the ACR.
- **Late submissions** will give rise to penalties.



Enforcement and Sanctions

- The Rulebook sets out the principles which guide the MFSA when imposing an administrative penalty and provides for aggravating and mitigating circumstances in case of misconduct by Registered Persons.
- The below, *inter alia*, shall be taken into consideration:
 - The repetition, frequency, gravity or duration of the infringement;
 - The profits gains or losses avoided by reason of the infringement; and
 - The losses for this parties caused by the infringements.
- Breach of a Rule may result in the imposition of an administrative penalty up to a **maximum of EUR 50,000**.



Concluding Remarks

- Registered Persons should be guided by the dedicated Rulebook in the carrying out of CSP services.
- The obligations and requirements set out in the Rulebook provide for the **principle of proportionality** in their applicability.
- Registered Persons are expected to deal openly with the Authority and in a spirit of co-operation.
- When in doubt in the interpretation of any Rule, reach out to the CSPs Supervision Function on cspssupervision@mfsa.mt
- For specific queries on the applicability of the new regime please reach out on cspreform25@mfsa.mt



Thank you

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