

Feedback Statement on the Proposed Enhancement to the Company Service Providers Framework

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Introduction

On 1 November 2024 the Malta Financial Services Authority (the 'Authority' or 'MFSA') issued a [Consultation](#) outlining the proposed enhancements to the regulatory framework applicable to Company Service Providers ('CSPs') (the Consultation Document). These enhancements were proposed specifically in relation to individuals providing directorship and, or company secretarial services to companies or hold equivalent positions in other legal entities but who satisfy specific criteria established by the Authority as further explained in the [Consultation Document](#). The Authority's proposal consisted of:

- (i) revising the legal framework applicable at the time of the Consultation in order to introduce the two new concepts of Registration and Notification applicable to individuals providing the service of director/company secretary to a company or holding a similar position in other legal entities, to different extents;
- (ii) introducing a new Rulebook applicable solely to individuals who qualify for Registration; and
- (iii) increasing the number of involvements both for Class B Under Threshold CSPs as well as Class B CSPs as a result of the introduction of the new categories mentioned above.

The Authority received feedback from a number of professional and industry bodies, licence holders and regulatory authorities. The Authority also held a number of meetings with various stakeholders with respect to the proposed changes to the legal and regulatory framework for CSPs to better understand the industry's feedback with regards to the said proposed changes particularly prior to the issuance of the new Rulebook for Limited Company Service Providers which was issued on 16 May 2025.

The Authority would like to draw attention to [Act X of 2025](#) which came into force on 16 May 2025 amending the Company Service Providers Act (Cap.529 of the Laws of Malta) (the 'CSP Act') which brought into effect the enhancements set out in the Consultation Document. Furthermore, changes were also made to the [Company Service Providers \(Exemption\) Regulations](#) (Subsidiary Legislation 529.02) ('the Exemptions Regulations') by virtue of [Legal Notice 90 of 2025](#) and to the Company Service Providers (Fees) Regulations (Subsidiary Legislation 529.01) ('the Fees Regulations') by virtue of [Legal Notice 89 of 2025](#). Additionally, the Authority has also issued an amended [Company Service Providers Rulebook](#) ('CSP Rulebook'), a new [Rulebook Applicable to Limited Company Service Providers](#) ('Rulebook for Limited CSPs'). Pursuant to the said legal and regulatory changes, the Authority has also issued an amended the [Guidance Note on the Application of the Company Service Providers Act](#) (the 'Guidance Note on the Application of the CSP Act') and the [Frequently Asked Questions](#) ('FAQs').

The Authority has also issued a [Guidance Note on the Notification Process for Restricted Company Service Providers](#) ('Guidance Note on the Notification Process') in view of the new

notification requirement. These publications may be accessed through the Authority's website [here](#).

The Authority wishes to thank respondents for their contribution vis-à-vis the Consultation Document. This Feedback Statement sets out the key points of the feedback received in relation to the Consultation Document and the Authority's response and position in relation thereto.

Feedback to Proposed Enhancements to the Regulatory Framework for CSPs

1. Proposal to Introduce Two New Concepts of Registration and Notification

Feedback Received

The majority of the respondents agreed with the overall proposal to introduce new concepts of registration and notification. A respondent indicated that the initiative would bring about more expertise, diversity and inclusivity in the boardroom. Additionally, the respondent indicated that company secretaries and directors are limitedly involved in the set-up of business in Malta and usually are not the initial point of contact for such establishment. Hence the enhancements that were proposed in the Consultation Document are viewed as a more proportionate regulatory approach to the way individuals really operate such services.

MFSA Position

The Authority would like to highlight that as stated in the Consultation Document the scope of introducing the notification regime was to give the jurisdiction visibility as to the risk afforded by the activities of individuals carrying out directorship and, or company secretarial services when they are not acting '*by way of business*'. This will allow the Authority to assess such risk and introduce any mitigating measures, if applicable.

1.1. Proposed Introduction of a Notification Requirement Resulting in a New Category: Notified Persons

Feedback Received

The proposal to create a category of Notified Persons¹ was generally welcomed. In relation to the notification proposal a respondent indicated that for those individuals acting as independent directors simply notifying the regulatory authority when holding up to 5 directorships is more proportionate than the current framework. The respondent did not agree with the MFSA's proposal to add a condition that where such 5 involvements include involvements in more than 2 groups, the individual does not qualify for the notification. The reason for disagreeing with this additional contingent requirement being that in many such situations the individual independent director would be invited to serve as an independent director on the holding company of the group and the company conducting trading activities.

Another stakeholder indicated that if the group involvement is owned by an ultimate parent company that is listed on an international stock exchange considered as a recognised jurisdiction by the MFSA, due to the disclosures and reporting that such companies would have to make in view of their listing, and the level of governance, compliance, and structured transactions together with the participation of professionals such as auditors mitigate many risks associated to AML/CFT. The respondent also pointed out that in the case of a multinational enterprise group ('MNE') country-by-country reporting applies in relation to revenue, profits, tax, and other indicators of economic activities for each tax jurisdiction in which the MNE group does business. Hence these groups and their management operate within a controlled environment.

The stakeholder also argued that any existing Class B Under Threshold CSP who currently has less than 5 involvements in all of which more than 2 groups form the client base should be allowed to continue to service their clients if they opt to surrender their authorisation and instead fall within the notification regime. This on the basis that existing Class B Under Threshold CSPs surrendering their authorisation would have still been subjected to the fitness and properness assessment (through the submission of a Personal Questionnaire) prior to their authorisation.

A respondent made a case to refer to the number of involvements when determining whether to submit a notification, or request a registration or authorisation, rather than apply the factors indicative of acting '*by way of business*' as established in the rules and the Guidance Note on the Application of the CSP Act published by the Authority on the subject.

A respondent argued that with the proposed changes to the legislative and regulatory framework individuals who did not previously seek the MFSA's authorisation to act as director and, or company secretary as they did not want to conform with the rules and regulatory obligations, may find the proposals under the Consultation Document attractive

¹ Notified Persons are also referred to as 'Restricted Company Service Providers' in accordance with the definition provided under article 2 of the CSP Act.

and will be willing to take on any directorship position available to them and are possibly in need to being educated as to the Authority's expectations vis-à-vis compliance and risk as opposed to those who have sought authorisation. Similarly, another respondent argued that allowing the number of involvements for notified persons to be up to 5 will expose the jurisdiction to more risks in view that the individuals providing directorships and company secretarial services will not be required to follow any rules nor be subject persons. The respondent argued that individuals providing such services have been limited to a maximum of 2 or 3 involvements to date and may not necessarily be educated about the CSP framework and its obligations as they were not required to comply with these.

A respondent indicated that with regards to the proposed changes, he welcomes the fact that an independent non-executive director can simply notify the regulatory authority when holding up to 5 directorships.

A respondent who agreed with the notification concept, asked whether the notification process will be obligatory for any individual who falls in this category, irrespective of whether such individual is in possession of a warrant to practice certain professions or is an authorised fiduciary service provide.

A body representing stakeholders expressed overall support of the new framework, saying that the notification process will encourage more experienced professionals to take on the roles of director and, or company secretary, thereby strengthening company boards and indirectly enhancing Malta's role as a financial jurisdiction. It expressed concern with regards to the burden of submitting a notification form for each involvement in the case of individuals acting as director or company secretary and who are not employed in this capacity. The reason for this concern being that an individual with an employment agreement covering five involvements as director and, or secretary would not be required to notify the MFSA, whereas an individual with only one involvement as director and, or company secretary but who is not employed to so act, would still be required to submit a notification.

Some respondents expressed concerns about the manner in which the changes will impact certain categories of CSPs. In this regard, a respondent argued that the introduction of the notification regime would put the current Class B Under Threshold CSPs at a significant disadvantage when holding themselves out and competing for engagements as directors and, or secretaries of companies, as the registered and authorised CSPs are required to comply with the rules applicable to them. In view of such requirements, the respondent continued, they would be unable to compete on cost and this would not be conducive to a level playing field for persons providing these services. Similarly, a respondent argued that the notification concept will put Class C CSPs at a disadvantage since these are required to comply with various rules and regulations while persons falling within the notification category have significantly less obligations.

A respondent also mentioned that individuals providing directorship or company secretarial roles and falling within the notification category may be preferred by companies seeking such services in view of the reduced governance, compliance and AML requests which would be made as part of the onboarding process and the ongoing regulatory compliance

and AML requirements. Hence the recommendation made by this respondent was to retain the threshold at 2 involvements for directors and 3 for company secretaries and introduce the notification concept for individuals remaining within these parameters.

A number of respondents raised the need for guidance on how the notification process would work both in relation to the notification to be submitted to the MFSA and how this would work when a new company or a form notifying of a change in director or company secretary is submitted to the Malta Business Registry (the 'MBR') as well as time frames. Other respondents specifically asked for guidance as to how an individual who is currently a Class B Under Threshold CSP can transition to becoming a notified person.

A respondent also indicated that the Authority should ensure that the notification requirement does not increase the bureaucratic process and should not increase costs of having a Maltese company, particularly if it results in CSPs having to carry out the notifications on behalf of the individual chosen by the client to act as director or company secretary. As a solution the respondent indicated that the MFSA should consider adopting an ex-post notification process and not an ex-ante one as the latter can significantly negatively affect Malta's competitiveness in the field of company services as in practice this could turn into an ex-ante approval process by default. The respondent also indicated that duplication of controls should be avoided recommending that the form of notification of a change in director and, or company secretary is still filed with the MBR with an added tick box where the applicant can tick that they wish that the form is also notified to the MFSA. The respondent also pointed out that resignations from office of director and, or company secretary would also need to be taken into consideration by the Authority to have a full picture of the individual's holdings. Another respondent pointed out that the notification form should be simple and not time consuming and it should be made clear that the individuals falling within this category will not be subject to other reporting obligations.

At a broader level the respondent said that, whilst the aim of the notification process should be sought and achieved, they are of the opinion that the actual notification process should be reconsidered and instead make use of the existing MBR notification processes and data that is already available.

The same respondent also pointed out that particular consideration is to be given to two large cohorts of Maltese registered companies which are typically micro enterprises and small companies formed by foreign investors. In this respondent's view these cohorts typically do not have enough turnover and profits to justify the engagement of a CSP and they would normally appoint a non-family member such as a trusted friend or foreign consultant (typically in the case of a foreign investor) to act as director or company secretary in their company structure. The respondent indicated that the MFSA may end up in a position where it would have to process an exponential amount of data and divert the Authority's resources from more added value supervisory efforts. The respondent argued that loss of competitiveness compared to other EU jurisdictions in relation to company incorporation processes and increase in costs should be an important consideration and if possible, whilst the aim of the notification process should be sought and achieved, the actual notification process should be reconsidered, with its removal and instead use of the existing MBR notification processes and data should be made.

MFSA Position

At the outset, the Authority would like to draw attention to the definition of the term 'group of companies' provided in the CSP Rulebook, which would need to be satisfied in order to satisfy the threshold set out with respect to the notification regime. The definition as provided in the CSP Rulebook is as follows: *"in relation to any company, means any body corporate which is that company's subsidiary or parent company, or a subsidiary of that company's parent company, and the term 'group' shall be construed accordingly as well as meaning a parent undertaking and all its subsidiary undertakings."*

Based on the Authority's analysis of the risks attached to individuals servicing more than 2 groups of companies, it was determined that the notification regime should be limited to a maximum of 2 groups within the individual's client base. In case that an individual holds more than 2 groups, such individual is to seek a registration or authorisation in accordance with the CSP Act or in case of doubt as determined by the Authority. The threshold of 2 groups of companies for the purposes of notification also takes into consideration that specific exemptions are already in place for individuals having specific involvements particularly as indicated under the Exemptions Regulations. For instance, in relation to entities that are listed on a recognised stock exchange, Regulation 3(1)(d) of the Exemptions Regulations already exempts involvements in listed entities as long as they satisfy the criteria in the said Regulation.

The limitation of 2 group of companies ensures that the relevant individual is able to dedicate sufficient and adequate time to such involvements especially with respect to groups consisting of a substantive number of entities. Furthermore, individuals falling within the notification regime, despite not being subject to any specific compliance obligations are still expected to be mindful of the risks which their involvements pose. In light of this and the Authority's consistency approach in the application of the requirements with regards to individuals falling with the notification regime, CSPs currently authorised as Class B Under Threshold who opt to surrender their authorisation and be subject to a notification would also be bound by two group limitation. Despite such Class B Under Threshold CSPs would have undergone the fitness and properness assessment by the Authority at authorisation stage, once the authorisation is surrendered, they would no longer be subject to the ongoing obligations under the CSP Act and CSP Rulebook requiring them to have the relevant set-up to ensure compliance with the applicable obligations.

With regards to the respondent's feedback on the basis for the determination as to whether a natural person falls within the notification requirement or otherwise, the Authority would like to clarify that the factors indicative of acting '*by way of business*'² in the relevant rules and in the Authority's Guidance Note on the Application of the CSP Act are the starting point for any person who needs to determine whether a directorship and, or company secretarial role is being offered '*by way of business*' or otherwise. The '*by way of business*' assessment

² Reference is made to the definition of acting '*by way of business*' in the [CSP Rulebook](#) and the [Rulebook for Limited Company Service Providers](#)

emanates from the Fourth Anti-Money Laundering Directive³ which is implemented by virtue of the CSP Act insofar as it applies to company service providers. The number of involvements is required in order to determine whether one is subject to a registration or authorisation (and type of authorisation) once the '*by way of business*' assessment has been carried out. The notification concept is not intended as a stepped approach but rather is intended for those individuals who are not acting '*by way of business*' and satisfy the criteria for notification.

With respect to individuals who did not seek authorisation following the 2021 changes made to the CSP legal and regulatory framework, the Authority would like to point out that from 2021 onwards whoever did not apply for authorisation and remained within the maximum of 2 directorship or 3 company secretarial involvements, and as long as these persons were not acting '*by way of business*', they were acting within the legal and regulatory framework. Going forward these persons will still be deemed as not acting '*by way of business*', as long as they still do not satisfy the established criteria in the definition of '*by way of business*' in the applicable rules and the Authority's Guidance Note on the Application of the CSP Act. The Authority is of the view that with the introduction of the notification requirement for all individuals providing directorship and, or company secretary services which are not by means of employment or other specified circumstances (as specified comprehensively in section 2.3.1.1 of the Consultation Document and FAQ 40 of the FAQs) and which do not exceed 5 involvements with a maximum of 2 groups of companies the jurisdiction will have more visibility of the said category, and by conducting a risk assessment of this category the jurisdiction will be better prepared to assess what mitigating measures may be necessary, if applicable. The Authority would like to highlight that in respect of the respondent's feedback with regards to individuals acting as directors and/or company secretary through their employment are in an entirely different position to these categories of individuals as there are specific safeguards in place through their employers.

With respect to the respondent's feedback to introduce the notification requirement without increasing the number of involvements the Authority is of the view that given Malta's specific circumstances it is reasonable to allow up to 5 involvements for individuals falling within the notification category but to subject this to a maximum of 2 involvements in groups of companies. This is also based on the fact that as explained further above the Authority will be conducting a risk assessment on this category of notified persons and as a result will take the necessary steps to ensure that the risks are appropriately mitigated while taking into consideration Malta's specific circumstances.

With respect to the respondent's comment on the submission of the notification by non-executive directors the Authority would like to draw attention to the fact that the obligations of a director are the same at law, whether the individual is acting in an executive or non-executive capacity.

Furthermore, with regards to the respondent's feedback in relation to individuals holding a warrant to practice certain professions or is an authorised fiduciary service provider, the

³ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015, as may be amended from time to time.

Authority confirms that there is no exemption from notification for individuals in possession of a warrant to practice certain professions, such as warranted lawyers or auditors and the notification regime is applicable to all persons falling within this category as defined in the CSP Act as amended by virtue of Act X of 2025. Furthermore, where a person is in possession of an authorisation to act as trustee or provide other fiduciary duties under the [Trusts and Trustees Act](#) (Chapter 331 of the Laws of Malta) an exemption from seeking authorisation under Regulation 3(1)(a) of the Exemptions Regulations. Such persons are required to notify the Authority that they are availing themselves of the exemption allowed in terms of the said Exemption Regulations, prior to the provision of any company services. As such persons are deemed to be acting '*by way of business*' they would not be deemed to qualify for the notification regime and are therefore always required to submit the notification to the Authority in terms of Regulation 3(2) of the said Exemptions Regulations.

With respect to respondents' feedback on the impact of the changes on the other categories of CSPs, the Authority is of the view that by extending the number of involvements for Under Threshold Class B CSPs to 20 involvements (as opposed to the current maximum of 10 involvements) the proportionality principle will be enhanced as these CSPs will be required to have an authorisation in accordance with the legal and regulatory framework to provide up to 20 involvements whereas the persons having a registration will be restricted to a maximum of 10 involvements.

The MFSA would like to reiterate that the Consultation Document explains that the changes proposed focus on the enhancement of the regulatory regime for individuals acting as director and, or company secretary of companies, or holding equivalent positions in other legal entities. The Authority plans to review other aspects of the regulatory framework in the future based on its regulatory interactions with CSPs. A staggered approach is being adopted by the Authority taking an active engagement with stakeholders, monitoring local and international developments in this area, conducting extensive research on the operation and regulation of CSPs in other jurisdictions, holding meetings with stakeholders and regulators to identify the areas where proportionality can be further adopted. In early 2024 the MFSA has already started streamlining the regulatory submissions for CSPs as evidenced by the changes made to the CSP Rulebook in January 2024 as explained in the [Circular](#) published by the Authority on 23 January 2024. It should be noted that other CSPs, including Class C CSPs, have an entirely different business model to that of individuals carrying out the services of a Class B under threshold CSP. The latter is restricted both by reference to the nature of the company service provided and the quantity of services provided, hence the justification for the application of the proportionality principle. Furthermore, Class B under threshold CSPs are individuals who undergo a fitness and properness assessment and are therefore subject to market entry checks and requirements.

In relation to the respondent's concerns vis-à-vis micro enterprises and small companies formed by foreign investors the Authority understands the need for competitiveness and has worked on creating a framework that will not increase bureaucracy unnecessarily by creating a streamlined notification process as described above without compromising Malta's obligations to its international commitments.

In relation to the feedback on the manner in which the notification process would work in practice, the Authority has addressed these concerns as will be detailed below and would like to assure stakeholders that the notification process is in no way intended to slow down the process of company registration or the registration of a change in director and, or company secretary. In fact, the Authority has issued a detailed step-by-step Guidance Note on the Notification Process on 16 May 2025 upon the publication of Act X of 2025 introducing the changes to the CSP Act. Furthermore, the Authority has introduced a user-friendly web-based notification form for a smoother experience when submitting the notification. In this regard, article 3B of the CSP Act provides that a notification form should be submitted by a restricted service provider within 14 days from their first appointment as director and, or company secretary in a company or a similar position. Furthermore, to address concerns in relation to the submission of notification forms in the context of companies yet to be formed, such individuals are encouraged to reach out to the Authority in such circumstances upon the submission of the notification form and the payment of the administrative fee, for the Authority to prioritise the processing of such notification form. The Authority would like to assure stakeholders that it has the necessary set-up in place to ensure processing of the notification forms in a timely manner. However, cooperation on the part of the individual seeking notification if necessary as they are to plan ahead and cooperate in line with the requirements of the legal and regulatory framework. The Authority has also issued a revised version of its FAQs, which amongst others also addresses the feedback in relation to those Class B Under Threshold CSPs that would wish to surrender their licence and be subject to a notification instead.

For sake of clarity the Authority would also like to point out that notification is a one-off requirement, which is to be submitted upon the first appointment of the individual as director and, or company secretary. This might be reconsidered once the Authority carries out the risk assessment on the basis of the information submitted in the notification forms however the industry will be notified accordingly in case of any changes.

With respect to the respondents' comments for the MFSA to utilise the pre-existing MBR notification processes, the MFSA would like to highlight that its remit is different to that of the MBR as in the case of the enhancements to the CSP legal and regulatory framework it is intending to collect risk based data through the notification form, so this aim cannot be reached solely by information already collected by the MBR when an individual is appointed as director and, or company secretary of a company. Hence, the purpose of the notification is different from the collection of data by the MBR so this is not a case of duplication of work. The MFSA has, as mentioned elsewhere in this document, carried out extensive research in order to enhance the legal and regulatory framework for CSPs in its continuous stride to safeguard the jurisdiction.

1.2. Proposed Introduction of a Registration Requirement Resulting in a New Category: Registered Persons

Feedback Received

The proposal to create a category of Registered Persons⁴ was generally positive. A respondent indicated that this could be an interesting approach particularly in reducing the regulatory requirements and burden of those offering directorships and company secretarial services to a maximum of 10 involvements.

A respondent suggested that the maximum number of involvements for Registered Persons should be 20 involvements (as opposed to 10 involvements as per the Authority's proposal) on the basis that CSPs are professional enough to judge their time management and willingness to extend their client base.

A respondent recommended that the Authority should make the difference between authorisation and registration clear and that the latter will simplify procedures rather than add unnecessary complexity. Another respondent requested more information on the Authority's plans for compliance requirements, policies and annual reporting / submissions for Registered Persons. A body representing stakeholders expressed concern with regards to a potential competitive disadvantage this new framework may create specifically due to the introduction of the new "Registered Persons" category due to smaller providers being able to operate with fewer regulatory restrictions thus increasing exposure to unaddressed risks, particular in preventing money laundering and terrorist financing. Furthermore, it was argued that establishing compliance frameworks for CSPs involves significant costs, and many larger CSPs have made substantial investments to meet the stringent requirements of Class B and Class C licenses, consequently introducing lighter regulatory categories, risks devaluing these investments, potentially discouraging further spending on compliance infrastructure and weakening the industry's established compliance culture possibly also promoting regulatory arbitrage. Similarly, a Class C CSP indicated that waiving the requirement of the compliance function in view that these individuals are carrying the compliance function themselves is no different from a Class C CSP being appointed as a director (while still having to satisfy the compliance function requirement). An example was given in this regard of company formation as this is an occasional transaction. A point was made by a respondent that sophisticated money launderers will use the weakness in Malta's CSP regulation by using the service providers subject to the lower level of regulation and that, to their knowledge, similar jurisdictions do not apply a light touch regulation for small CSPs.

Another body representing stakeholders indicated that it is important that detailed guidance is issued clearly setting out the ongoing obligations under the new Registered Persons category.

⁴ Registered Persons are also referred to as 'Limited Company Service Providers' in accordance with the definition provided under article 2 of the CSP Act.

Another clarification was sought as to whether individuals falling within the registration category will be considered as 'subject persons' from an AML perspective and whether they will have AML obligations at onboarding stage and on an ongoing basis.

A respondent indicated that for Registered Persons an exemption from retaining documents which will be found in the Central Data Repository ('CDR') of the MBR should be considered as this would reduce duplication of work and administrative burden whilst also contributing to the digital enablement and tangibly practicing ESG initiatives. The respondent further indicated that the new registration category should term these practitioners as registered officials of legal entities and no longer as CSPs and so classified as outside scope of CSP Act, but subject only to the new rulebook applicable to this new category. It was further indicated that this category should not be allowed to arrange for another person to act as a director or secretary, but the registration should allow them to serve as officials of legal entities whether by way of director and, or company secretary.

MFSA Position

In relation to the respondent's feedback that the number of involvements for Registered Persons should be 20 involvements, the Authority's view, based on research and its assessment of the '*by way of business*' concept is that 10 involvements is an adequate number of involvements for persons who will apply for registration and be considered as registered persons.

The Authority would like to highlight that a new Rulebook for Limited CSPs has been issued specifically regulating this new category of CSPs tailored for their particular circumstances. Furthermore, the Authority has also issued a revised version of the FAQs providing further guidance on the new category of Registered Persons. With regards to the compliance function, this requirement has been waived by the Authority taking into account the nature, size and volume of the business. However, Registered Persons are expected to ensure compliance with all its applicable legal and regulatory obligations particularly under the CSP Act and the Rulebook for Limited CSPs. With respect to the Class C CSP respondent the Authority would like to stress that Class C CSPs have a different business model, including other regulated services, which is considered to pose more risks than Registered Persons whose compliance function has been adapted to reflect their business model and risks thereof.

With respect to the respondent's feedback in relation to service providers subject to lower level of regulation may be targeted by sophisticated money launderers, the Authority's response in this regard is that supervision is taking place in relation to Registered Persons as well and the Authority has published the Rulebook for Limited CSPs laying down the obligations they are required to comply with commensurate with their type and level of business. Furthermore, as indicated above, Registered Persons are subject persons so they have obligations under AML/CFT legislation and regulations. As for individuals who will fall within the notification regime and will therefore be required to submit a notification to the Authority, the process will help the Authority identify the individuals concerned and risk assess this particular category of persons providing limited company services not '*by way*

of business' and based on these findings Malta as a jurisdiction will be in a position to introduce mitigating measures, if necessary.

The Authority would also like to confirm that Registered Persons will be considered as 'subject persons' for the purposes of AML/CFT legislation in view of the provision of CSP services by way of business to third parties. However, as explained in the Consultation Document these individuals would no longer be required to register on CASPAR and submit REQs with the Financial Intelligence Analysis Unit (FIAU). In fact, in relation to regulatory returns, the Authority is working closely with the FIAU' to facilitate and streamline the submission of information by issuing a single regulatory return for Registered Persons. Additional information will be issued by the Authority in due course.

The Authority welcomes the respondent's suggestion in relation to the CDR to be implemented by the MBR. As this repository is currently work in progress the Authority is closely following developments and will consider this proposal in the light of such developments whilst ensuring that Registered Positions are in a position to maintain the relevant records in terms of their applicable legal and regulatory obligations.

In the respect of the said respondent's feedback with regards to the new category of Registered Persons not being considered as CSPs, the Authority would like to clarify that the CSP Act is the legislation in terms of which the Fourth Anti-Money Laundering Directive insofar as it's applicable for CSPs is transposed into Maltese law, and in terms of which the Authority is appointed competent authority under the said CSP Act. As Registered Persons are acting by way of business providing the service to third parties and are providing a company service⁵ in terms of the CSP Act, they cannot exist in a vacuum but are part of the legal and regulatory framework applicable to CSPs. As will be explained further below, Registered Persons were not intended to be allowed to arrange for another person to act as director and, or company secretary as this was not a proposal in the Consultation Document. In fact, the amendments made to the CSP Act by virtue of Act X of 2025 which amongst others introduced the new category of registration does not allow for arranging, as reflected in the definition of 'limited company service providers'⁶ provided under article 2 of the CSP Act.

⁵ The term 'company service' is defined under article 2 of the CSP Act as "means any of the following services: (a) the formation of companies or other legal entities; (b) acting as, or making arrangements for another person to act as, director or secretary of a company, a partner in a partnership or hold a similar position in relation other legal entities; (c) the 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.

⁶ The term 'limited company service provider' is under article 2 of the CSP Act as "any natural person who: (a) provides or holds himself out as providing, by way of business, any of the following services to third parties: (i) acting as a director and, or a company secretary in a company and, or a partner in a partnership; and, or (ii) 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 ".

2. Proposal to Create a Specific Rulebook for Registered Persons and Streamlining of Regulatory Submissions

Feedback Received

The majority of respondents agreed that a specific rulebook for registered persons should be issued by the Authority as this reduces the administrative burdens and that the rulebook should reflect what is expected of them as registered officials of legal entities. It was also pointed out that a specific rulebook for registered persons allows such persons to easily identify their obligations and that the rulebook should identify obligations that are only applicable to registered persons. A respondent suggested that the rulebook for registered persons should state that such individuals will no longer be allowed to arrange for another person to act as a director or company secretary.

It was suggested by a respondent that the Authority should consider adopting the same rulebook format and structure which is currently adopted in respect of other license holders for registered persons. Namely, it is being suggested that a general part is adopted which identifies the different types of CSPs and the respective notification, registration and authorisation process and supplemented with another part laying down the applicable ongoing obligations. While one respondent commented that the rule books should be grouped into one, the majority of respondents agreed with the proposal to have one rulebook for Registered Persons.

A body representing stakeholders pointed out that it is important to ensure that the Registered Person is not obliged to disclose information which they would be precluded from disclosing to any other person or entity, including the MFSA due to restrictions contained under applicable law. The need for detailed guidance clearly setting out the ongoing obligations under the new Registered Persons category was emphasised.

The streamlining of regulatory submissions was also generally welcomed. Some respondents suggested that the streamlining of regulatory submissions by the Authority and the FIAU should be done for all licenses not just for Registered Persons given there is considerable overlap between the submissions required by the two authorities. In terms of reporting requirements, a proposal was made so that for the avoidance of confusion when submitting Annual Compliance Return ('ACR') covering the previous calendar year, the CSP's category status as at the previous year will apply and will determine the subsequent reporting for that year.

MFSA Position

In regard the respondent's feedback in relation to the provision of arranging services, the Authority would like to clarify, as highlighted under section 1.2 above, Class B Under Threshold CSPs are not able to carry out arranging activities and the proposal in relation to Registered Persons explained in the Consultation Document and ultimately as introduced in the CSP Act by virtue of the changes made to it by Act X of 2025 does not allow that such

Registered Persons conduct such arranging activities. In fact, the activity of arranging for a person to act as director or secretary of a company, a partner of a partnership, or equivalent position in another legal entity is only carried out by Class B Over Threshold CSPs and Class C CSPs.

The Authority taking into account some of the feedback provided above in relation to the rulebook for Registered Persons has in fact followed the same structure and format for the Rulebook for Limited CSPs as that contained in the CSP Rulebook however it has been adapted to cater for Registered Persons. In relation to the respondent's feedback with regards to requests for information to Registered Persons, the Authority would like to stress that it will be requesting information that it is empowered to obtain in terms of law. With regards to ongoing obligations Registered Persons are to be refer to the Rulebook for Limited CSPs which lays down such obligations and to refer to the revised FAQs issued by the Authority.

With regards to the streamlining of regulatory submissions, the Authority takes note of such feedback, in fact, as indicated under section 1.2 above the process to implement a single regulatory return for Registered Persons together with the FIAU is already in progress. The Authority will utilise such return as a pilot project for CSPs and will consider a similar approach for other types of CSPs in the future.

The Authority has taken onboard the feedback with respect to the submission of the ACR in the revised FAQs under FAQ 73 which caters particularly for those Class B Under Threshold who convert to a Registration. The Authority will issue further communication on the submission of the ACR by Registered Persons in due course.

3. Proposal to Extend Number of Involvements of Class B under threshold CSPs to 20

Feedback Received

Generally, the feedback received indicated that this proposal is beneficial and welcome to the current Under Threshold Class B CSPs in view of the rigorous regulatory requirements for this particular category of CSPs. It was pointed out by respondents that this will allow Under Threshold Class B CSPs to grow their current business without the need to invest significantly especially for those who have nearly or exactly 10 involvements.

It was queried whether the current discharge available to Under Threshold Class B CSPs from appointing an independent Compliance Officer will be retained.

Some stakeholders argued that the proposal to allow Class B Under Threshold individuals to hold more than 10 involvements and not more than 20 involvements as director or company secretary, puts this category of CSPs in a more advantageous position than other CSPs as the latter must adhere to the full obligations under the

applicable rules. These stakeholders questioned why other CSPs, such as Class C CSPs have to adhere to all the rules but these individuals do not. A body representing stakeholders argued that the thresholds should remain unchanged on the basis that it is assumed that having 20 directorships demands a higher level of robust systems and compliance and relaxing regulations for CSPs operating at this scale distorts market fairness, disadvantaging those that uphold more rigorous standards potentially opening the door for sophisticated money launderers seeking to exploit weaknesses in Malta CSP legal and regulatory framework by utilizing service providers subject to reduced oversight. Others argued that having 20 directorships requires a sophistication of requirements, robust systems and adherence to compliance.

MFSA Position

The Authority would like to confirm that Class B Under Threshold CSPs will continue to be discharged from having an independent Compliance Officer.

The Authority refers to its explanation in section 1 hereof, that the Consultation Document initiated proposals for changes focusing on the enhancement to the regulatory regime for individuals acting as director and, or company secretary of companies, or holding equivalent positions in other legal entities and it plans to review other aspects of the regulatory framework in the future based on its regulatory interactions with CSPs. With respect to feedback on the adequacy of the compliance function in the context of the holding of 20 involvements by Class B Under Threshold CSPs, the Authority in fact has carried out an analysis of the compliance culture of the current Under Threshold Class B CSPs and the investment that they have carried out in compliance. Through the regulatory engagements conducted by the Authority with this class of CSPs it has been noted that there is a clear understanding by these service providers of their compliance and AML/CFT obligations. The Authority acknowledges that the CSP reform has positively instilled a compliance culture within the newly authorised population of CSPs and has continued to enhance a robust governance, risk and compliance culture across the whole sector. Additionally, the Authority has conducted research and devised a framework that reflects the circumstances of the Maltese jurisdiction based on regulatory experience. By making these changes current Under Threshold Class B CSPs who already went through a rigorous fitness and properness assessment and also invested heavily to enhance their compliance and risk standards to expand their business, whilst still availing themselves of the adapted requirements implemented for 'Under Threshold' CSPs from a proportionality perspective.

4. General Feedback and Clarifications

Feedback Received

Overall respondents agreed with the proposed changes to introduce the registration and notification categories, the increase in involvement limits for individuals who are authorised to act as Class B Under Threshold CSPs and the streamlining of regulatory submissions for individuals falling with the registration category. Some reasons given for this being that these changes will balance regulatory oversight with administrative efficiency and enhance compliance and risk management. Others pointed out that the changes will allow operators to better service their clients without raising the Maltese jurisdiction's risk. Some respondents raised points and made suggestions that are being addressed in this section of this statement as they were relevant to the enhancements but did not fall squarely within the specific questions posed in the Authority's Consultation Document.

An industry body pointed out that the Consultation should address the issue of foreigners acting as directors and, or company secretary without authorisation under the applicable law, being the CSP Act, thus ensuring that the same standards and requirements apply to both Maltese and foreign directors and, or company secretaries to maintain a fair and consistent regulatory framework.

A respondent suggested that the MFSA should have a register of all directors and, or company secretaries on every entity registered in Malta in line with the MBR on the basis that this would streamline the information held by the two authorities and also strengthen the MFSA's review of involvements held by individuals.

A respondent indicated that Class B CSPs should be permitted to offer registered office services to the entities where they act as director or company secretary. The respondent also suggested that Under Threshold Class B CSPs or Registered Persons should be allowed to operate from a company set-up and the CSP should be able to be the sole director and their own MLRO too. The suggestion, it was explained, would remove the current anomaly that expenses incurred by a CSP operating as an individual are not tax deductible and will allow the CSP sector locally to become optically more organised and professional.

A respondent argued that the Authority should publish a list of jurisdictions that it considers equivalent to Malta in terms of permitting wholly owned subsidiaries of publicly listed entities in those jurisdictions to be exempt involvements, in line with Maltese based listings. This respondent argued that a sole practitioner does not have the resources to undertake a detailed analysis of the AML/CFT procedures of the jurisdiction where the foreign company is registered to ascertain whether these are aligned with Maltese AML/CFT rules and procedures. Similarly another respondent referred to the equivalence granted to EU member states in the definition of 'approved jurisdiction' as defined article 2(1) of the CSP Act and considers that the equivalence should be extended to certain jurisdictions outside the EU without the need for service providers to seek a legal opinion assessing the alignment of AML/CFT procedures of such non-EU jurisdictions with Malta's AML/CFT procedures as the MFSA is aware of the regulatory regimes in non-EU jurisdictions (such as the United

Kingdom, the Cayman Islands and the United States of America) including the involvement of the regulator and the strength of the AML/CFT framework in each case. The respondent argued that the MFSA is in a position to comment upon non-EU jurisdictions' alignment or otherwise and in particular in relation to the three jurisdictions mentioned, the MFSA could comment positively based on its knowledge and interaction with those jurisdictions.

Another respondent pointed out that subsidiaries of companies whose financial instruments are quoted on the Malta Stock Exchanges ('MSE') are exempt from authorisation. In terms of this proposal the exemption would be extended to include stock exchanges which are considered equivalent to the MSE. The respondent also requested the Authority to consider listing these 'recognised jurisdictions'.

A respondent also queried whether an Under Threshold Class B CSP who is currently authorised and opts to convert their authorisation to registration in view that they hold up to 10 involvements, would be able to go back to an authorisation as an Under Threshold Class B CSP should they decide to increase their business to beyond 10 involvements. The respondent also asked what the application process will involve in such a scenario. Similarly, a respondent suggested that where an authorised person has surrendered their authorisation as they subsequently fell within the registration threshold, the Authority should take into account the previously held authorisation should the individual then opt to reconvert to an authorisation.

A respondent also queried what would be the position for those individuals currently authorised as Under Threshold Class B CSPs that do not opt to convert their authorisation to a registration and whether anything will change if they increase their involvements to beyond 10.

A further query was raised in relation to the use of the term 'exclusively' in the Consultation Document vis-à-vis the Exemptions Regulations and those persons who are required to act as a director and/or company secretary as a result of their employment, a beneficial interest or a family relationship. The respondent gave an example of an individual holding directorship or company secretarial roles that are exempt in terms of the Exemptions Regulations or not '*by way of business*' and other involvements that are not exempt or provided '*by way of business*' and asked whether having this mixture of involvements would require him to count all involvements for the purposes of the CSP legal and regulatory framework. Similarly, a body representing stakeholders suggested the adoption of language for the notification category and in the rulebook to be applicable to registered persons to eliminate any unclarity regarding exemptions and adopting the language used in the guidance note issued by the Authority in relation to the application of the '*by way of business*' assessment. This would involve listing the scenarios where an individual acts as director and, or company secretary due to a contract of employment, a beneficial interest in the company or a familial relationship.

A body representing stakeholders pointed out that the Authority should consider granting an exemption from the legal and regulatory framework where the involvement as director and, or company secretary is in entities that are holding companies of regulated or listed entities on the basis that:

- i. all holding companies of regulated entities or listed entities are subject to regulatory and supervisory scrutiny by the MFSA and the FIAU, and by extension, the exemption applicable to regulated and listed entities, should also extend to the holding companies of such regulated and listed entities;
- ii. such entities do not have any business which is separate or different from the business of the licensed or listed entity, but are purely established for the purpose of holding shares in the underlying regulated or listed entity and are typically established for corporate structuring considerations;
- iii. since holding companies do not undertake any trading activity, the risks arising from such holding entities are therefore exclusively limited to the risks resulting from the activities of the underlying regulated or listed entity.

Specifically in relation to the parent company of a licensed entity, a respondent raised the valid point that the exemption for persons who act as director or secretary of a company who is authorised or otherwise licensed by the Authority in Regulation 3(1)(c) of the Exemptions Regulations as published by virtue of [Legal Notice 105 of 2021](#) did not extend to an individual's involvement as director and, or company secretary in the parent company. The respondent pointed out that shareholders nearly always want directors from the board of the authorised company on the board of the parent company and from a regulatory perspective the parent company is subject to some oversight, particularly in terms of shareholders, so it should be considered as part of the regulatory business.

The same body representing stakeholders also proposed exempting non-remunerated involvements in entities which qualify as registered Non-Governmental Organisations ("NGOs") or other form of voluntary or charitable entities, associations or organisations having legal personality as these foster greater social solidarity by individuals of good standing and repute within the professional community. A respondent pointed out that administering multiple CSP categories with varying thresholds and reporting obligations could place additional strain on the MFSA's resources and that MFSA needs to ensure that it is properly resourced in terms of human resources with the required skills and expertise as well as technology to facilitate monitoring.

A respondent representing a number of stakeholders advised that it looks favourably upon the Authority's reconsideration of the CSP regime, applicable to individual CSPs and it looks forward to the Authority's reassessment of the regime applicable to authorized entities in order to further align the objectives of the regime with the practical implementation of prudential obligations applicable to authorised entities, to ensure their continued effectiveness.

MFSA Position

With respect to the respondent's feedback on foreign directors and/or company secretaries the Authority emphasises that the law has imposed a requirement on any person who operates in or from Malta and provides company services by way of business to third parties to seek authorisation in terms of the CSP Act since March 2021. The Authority would like to emphasise that such requirement is applicable to persons situated or resident outside Malta acting as directors and/or company secretaries in a company incorporated in Malta.

Therefore, any person who does not comply with this requirement under the Act is in breach of the law and is potentially subject to enforcement action by the Authority.

In regards to the respondent's feedback on the maintenance of a register of directors and company secretaries, the Authority would like to clarify that one of its roles as competent authority under the CSP Act is that of regulating persons operating in or from Malta who are authorised to provide company services in terms of the Act and this information is made publicly available through the [Financial Services Register](#). This register is in place for the public to be able to ascertain who can act as a company service provider in terms of the CSP Act. Pursuant to the changes made to the CSP Act by virtue of Act X of 2025 Registered Persons will be listed on the Financial Services Register whilst Notified Persons will be listed in a register maintained by the Authority which is not publicly available. Reference is made to the respondent's comments in relation to the provision of other services by Class B CSPs. This suggestion was already addressed in the [Feedback Statement to the Consultation Document on the Updated CSP Rules](#) as the Authority's position was that the variety of services that would be provided by Class B CSPs without any limit linked to revenue or roles is already covered in the Class C category which essentially allows anyone whether an individual or a firm to conduct any CSP service without limitation on revenue or number of roles.

With regards to the issuance of a list of equivalent jurisdictions the Authority would like to highlight that it is important that CSPs do not only look at the jurisdictional alignment with Malta in the case of non-EU jurisdictions but also at the circumstances that apply in each case. The Authority does not provide a list of non-EU jurisdictions precisely for this reason as one has to conduct an analysis of the AML/CFT framework that applies to the case in point and other factors such as the type of product being offered and the regulatory infrastructure applicable to the sector. This is a process that should be undertaken during the due diligence process before taking on the business so there is a full understanding of the relationship and context. The Authority has also issued a specific FAQ under FAQ 36 of the FAQs to address this feedback.

In relation to the respondent's feedback on the exemption of entities listed stock exchanges considered equivalent to the MSE the Authority would like to point out that the existing exemption under Regulation 3(1)(d) of the Exemption Regulations covers involvements by individuals acting as director and, or company secretary in a company whose financial instruments are listed on a regulated market in Malta in terms of [Financial Markets Act](#) (Chapter 345 of the Laws of Malta), in this case the MSE is such a regulated market. Additionally, this exemption extends to an individual's involvements as director and, or company secretary on a company whose financial instruments have been admitted to listing on a regulated market by an overseas regulatory authority in a recognised jurisdiction⁷. This exemption albeit applicable to entities whose financial instruments are listed in Malta and in a recognised jurisdiction does not extend to subsidiaries of such listed entities whether in Malta or abroad. As explained above, all EEA and EU jurisdictions are automatically considered 'recognised jurisdictions' in accordance with the definition of this term in the

⁷ The term 'recognised jurisdiction' is defined under Regulation 2(1) of the Exemptions Regulations as 'an EEA State or an EU Member State or any other jurisdiction which, in the opinion of the Authority, has an equal or comparable level of financial services regulation to that in Malta'.

said Exemptions Regulations. However, also as explained above, the Authority expects an assessment to be carried out on a case-by-case basis.

In relation to the conversion of authorisation to registration, the Authority confirms that it is possible to convert from authorisation to registration. In fact the Authority issued a [Circular](#) on 02 June 2025 providing guidance for Under Threshold Class B CSPs to convert to a registration together with the documentation which is to be submitted to this effect. The Authority would like to highlight that Class B Under Threshold CSPs who convert to a registration, but subsequently would wish to convert back to Class B Under Threshold CSPs, they would have to go through the full standard authorisation process with the Authority. The Authority refers to FAQ 62 of the FAQs which provides guidance on this point. The Authority would also like to point out that the fees in accordance with the Fees Regulations in relation to such changes would also need to be paid when submitting the request for the changes to be processed by the Authority. In this respect of Class B Under Threshold CSPs the Authority would like to clarify that following the entry into force of the changes to the CSP Act by virtue of Act X of 2025, they can automatically increase their involvements to a maximum of 20 without having to take any action with the Authority.

The Authority refers to the feedback received in relation to the exemptions and interpretations as laid down in the Consultation Document. The Authority would like to highlight that the Consultation Document identifies the instances where an involvement is not deemed to be provided '*by way of business*' and would also like to clarify that the Guidance Note on the Application of the CSP Act issued by the Authority and as amended to take into account the changes introduced to the CSP Act by virtue of Act X of 2025, remains applicable. In this respect the Authority would like to point out that there is a distinction between the exemptions in the Exemptions Regulations, and the interpretation in relation to the not acting '*by way of business*' which is explained in the said Guidance Note on the Application of the CSP Act. The starting point is to determine if a person is acting '*by way of business*' and if in the affirmative, to then determine if an exemption in terms of the Exemptions Regulations applies to their particular situation. For the avoidance of doubt where an individual acts as director and, or company secretary exclusively due to a contract of employment, a beneficial interest in the company or a familial relationship the individual is not considered as acting '*by way of business*' and is therefore not subject to the registration or authorisation requirements under the CSP Act, nor would such individual be required to submit a notification to the Authority. This is also reflected in FAQ 40 of the FAQs.

The Authority considered the points raised in relation to the exemption of involvements in parent entities of authorised licence holders as valid ones and as a result introduced the necessary changes to the Exemptions Regulations by virtue of Legal Notice 90 of 2025 allowing an involvement by an individual as director and, or company secretary in the parent company of an authorised or licensed company by the MFSA or an overseas regulatory authority in a recognised jurisdiction to be exempt. In relation to the proposal to exempt involvements as director and, or company secretary in parent companies of listed companies, the Authority considered the proposal but determined that it does not have entire visibility of the holding company's affairs, hence it did not consider it possible to exempt the involvements of an individual as director and, or company secretary on the

holding company of a listed entity. The MFSA would like to clarify that the fitness and properness checks would have been undertaken for the regulated entities and the entire holding structure but this might not have taken place for the holding company of a listed entity.

Regarding the exemption of involvements in NGOs, the Authority considers that individuals appointed to the board of NGOs, who either do not receive remuneration or receive nominal remuneration to cover disbursements incurred by them in the provision of the service, should not be considered as acting '*by way of business*' as a matter of course. In cases where directors are charging for properly incurred disbursements, such payments are not considered remuneration. The Authority would like to highlight that a case-by-case assessment should be carried out in the instance of involvements in NGOs and reference should be made to the Guidance Note on the Application of the CSP Act with respect to the assessment of "*by way of business*". The revised FAQs under FAQ 22 contains guidance on this subject.

The Authority would also like to assure stakeholders that the MFSA has taken into consideration the challenges to address the issues raised in relation to the administration of different categories of registration and authorisation and has been preparing for these since 2024 when the initial preparations started for the enhancements to the CSP framework to ensure that it has in place all the necessary resources to implement such enhancements. The Authority would also like to reiterate its continued commitment to enhance proportionality in the current framework applicable to individuals acting as directors and, or company secretaries. In terms of the next steps the Authority will be focusing on its findings through risk assessment and supervisory interactions and consider the position of other CSPs in the future.