
Corporate Service Providers (Exemptions) Regulations 2001

Statutory Document No 53 /01



CORPORATE SERVICE PROVIDERS ACT 2000

**CORPORATE SERVICE PROVIDERS (EXEMPTIONS)
REGULATIONS 2001**

Approved by Tynwald on 24th April 2001

Coming into operation 15th March 2001

In exercise of the powers conferred on the Financial Supervision Commission under paragraph 1 of Part II of Schedule 2 to the Corporate Service Providers Act 2000^(a), and of all other enabling powers, the following Regulations are hereby made: -

Citation, commencement and interpretation

1. These Regulations may be cited as the Corporate Service Providers (Exemptions) Regulations 2001 and shall come into operation on the 15th March 2001.

Interpretation

2. In these Regulations –

“the Act” means the Corporate Service Providers Act 2000.

Exemption from section 2(1) and (2) of the Corporate Service Providers Act 2000

3. In Part 1 of Schedule 2 to the Act, after paragraph 1 insert –

“1A. Section 2(1) and (2) shall not apply in respect of any regulated activity which –

- (a) is undertaken by an accountant, an advocate or a registered legal practitioner;
- (b) is wholly incidental to, or forms part of, advice given or any other professional activity undertaken by such persons in their respective professional capacities; and
- (c) is undertaken at the time at which, or within a reasonable period after, the advice is given or the professional activity is completed.”

(a) 2000 c.13

Corporate Service Providers (Exemptions) Regulations 2001

4. After paragraph 10 of Part I of Schedule 2 to the Act insert –
- “10A. (1) Section 2(1) and (2) shall not apply in respect of any activity specified in paragraph 6(1) of Schedule 1 or to the regulated activity of acting as a nominee shareholder or nominee member of a company when the activity is undertaken by a nominee company and such activity is undertaken for or in respect of a client company of the parent.
- (2) In sub-paragraph (1) –
- “client company” means any company for which the parent by way of business provides services which are regulated activities;
- “nominee company” means a company which is a subsidiary of a holder of a CSP licence and whose business consists solely of acting as a director, secretary and/or nominee holder of shares or nominee member of or in a client company;
- “parent” means the holder of a CSP licence of which the nominee company is a subsidiary.”
5. In paragraph 11 of Part I of Schedule 2 to the Act, for “5 or 6” substitute “6(2)”.
6. For paragraph 12(1)(e) of Part 1 of Schedule 2 to the Act substitute –
- “(e) acting as a director or secretary of a company following the arrangement of his appointment as such by the holder of a CSP licence pursuant to a contract with the holder of the CSP licence which -
- (i) requires that the CSP is and remains satisfied that the person is suitable and competent for the office he holds;
 - (ii) requires that the CSP is and remains satisfied that the person understands the duties and responsibilities pertaining to the office he holds under the relevant laws;
 - (iii) requires that in respect of the CSP’s licence, the person satisfies the Commission that he is a fit and proper person (in accordance with section 3(3)(d)) and that he continues to satisfy the Commission that he is a fit and proper person (as required by section 4(2)(b));
 - (iv) provides that the contract shall be terminated if the person fails to meet the requirements of sub-paragraphs (i) to (iii); and
 - (v) has not been terminated pursuant to sub-paragraph (iv) or otherwise.”

Corporate Service Providers (Exemptions) Regulations 2001

Made this 14th day of March 2001.

[Signed by R P Braidwood]

_____ *Chairman*

[Signed by J R Aspden]

_____ *Chief Executive*

EXPLANATORY NOTE
(This note is not part of the Regulations)

These Regulations are made by the Financial Supervision Commission for the purpose of adding to and amending the exemptions in Part 1 of Schedule 2 of the Corporate Service Providers Act 2000 ("the Act") from the requirement under section 2(1) and (2) of the Act to hold a CSP licence when engaging in, by way of business, any regulated activity as defined in Part 1 of Schedule 1 of the Act.

The Regulations amend the Act to exempt an accountant, an advocate or a registered legal practitioner (within the meaning of the Legal Practitioners Registration Act 1986) from the requirement to hold a CSP licence when engaging in any regulated activity which is incidental to or forms part of a larger activity undertaken by him in his professional legal capacity, provided that the regulated activity is undertaken during the period of the larger transaction or within a reasonable period after the completion thereof.

The Regulations amend the Act to exempt a subsidiary (within the meaning of section 1 of the Companies Act 1974) of a holder of a CSP licence where the subsidiary is engaging in the regulated activities of acting as a director, secretary, shareholder or member of a company for which the parent of the subsidiary undertakes other regulated activities.

The amendment to paragraph 11 of Schedule 2 limits the exemption for employment agencies or employment businesses to undertaking the regulated activity of arranging for others to be officers of companies when this activity is undertaken wholly incidental to the business for which they are licensed under the Employment Agencies Act 1976.

The Regulations amend the exemption from the requirement to hold a CSP licence of any person who in or from within the Island acts as a director or secretary of a company following the arrangement of his appointment by the holder of a CSP licence. The exemption shall only apply where the person concerned has a continuing relationship with the holder of a CSP licence, which requires that the CSP is and remains satisfied that the person concerned is suitable and competent to undertake the function of the office he holds and in respect of the CSP's licence, that he has satisfied and continues to satisfy the Commission that he is a fit and proper person.