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| MALTA FINANCIAL SERVICES AUTHORITY | 14 January 2020 |
| **VFA Service Providers Application Form** |  |
| **Annex 2** |  |
| **BUSINESS PLAN - SYNOPSIS** | |
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| Kindly provide the relevant details to each of the following matters to be specified as required by the Guidance Note and specify where the respective section is found within the Business Plan. | |

| Section 1 – General Business Details | | | |
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|  |  | *Details* | *Reference* |
| 1.1 | Overview of the Organisation | | |
| 1.1.1 | Background Details about the Applicant and any Affiliated Entities | Provide background details about the applicant and any affiliated entities including their respective regulatory status and previous business history. | Ref. |
| 1.1.2 | Unitholding and Group Structure  Diagram | Indicate where the diagram of the entire Unitholding and Group Structure of the Applicant has been included in the business plan.  The diagram should reflect the relationships between the Applicant and its Beneficial Owners/Qualifying Unitholder and, if part of a group, other members of the group. | Ref. |
| 1.1.3 | Auditor | Provide details of the Auditor to be appointed by the entity. | Ref. |
| 1.1.4 | Principle bank/s | Provide details of the entity’s principal bank/s for the last three (3) years (where applicable). | Ref. |
| 1.2 | Strategy | | |
| 1.2.1 | Type of VFA Licence and Rationale | Provide details on the type of VFA Service Licence being applied for and the rationale for a VFA Service Provider licence. | Ref. |
| 1.2.2 | Business Strategy | Provide details on the Applicant’s business strategy. | Ref. |
| 1.2.3 | Other Services | Provide details on whether the Applicant intends to provide any other services other than those outlined in the Second Schedule of the VFA Act. | Ref. |
| 1.2.4 | Target Clients | Provide details on the Applicant’s current and/or target market and clients – (i) number; (ii) jurisdiction; and (iii) type (i.e. whether Experienced Investor and/or Non-Experienced Investor). | Ref. |
| 1.2.5 | Marketing Plan | Provide details on the Applicant’s marketing plan. | Ref. |
| 1.3 | Financials | | |
| 1.3.1 | Anticipated Level of Business | Provide details on the Applicant’s anticipated level of business and yearly development for the first three (3) years of operation. | Ref. |
| 1.3.2 | Summary of Financial Standing and Projections | Provide details on the Applicant’s current financial standing (for the last three years, if available) and its financial projections for the first three (3) years of operation. | Ref. |
| 1.3.3 | Audited Financial Statements | Where the Applicant has been established for more than 1 year, please attach the Audited Financial Statements up till the last preceding 3 years, as applicable. | Ref. |
| 1.3.4 | Budgeted Financial Forecast | Indicate where the budgeted financial forecast for the next three (3) years have been included in the Business Plan.  The Budgeted financial forecast should include the (i) statement of financial position; (ii) statement of profit and loss and other comprehensive income; (iii) statement of changes in equity; and (iv) statement of cash flows. | Ref. |
| 1.4 | VFA Agent | |  |
| 1.4.1 | VFA Agent | Provide details on the Applicant’s VFA Agent and the respective engagement letter/conditions. | Ref. |

| Section 2 – Governance | | | |
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|  | | *Details* | *Reference* |
| 2.1 | Governance | | |
| 2.1.1 | Governance Arrangements | Provide details of the Applicant’s Governance arrangements as required in R3-3.1.2.1 of the VFA Rulebook. | Ref. |
| 2.1.2 | Establishment of a Board of Administration | Provide details of the Applicant’s Board of Administration as required in terms of R3-3.1.2.2 of the VFA Rulebook. | Ref. |
| 2.1.3 | Responsibility of Senior Management | Provide background details of the Applicant’s management body and its responsibilities as required in terms of R3-3.1.2.3 of the VFA Rulebook. | Ref. |
| 2.1.4 | Operational  Reporting Lines | Provide details of the internal operational structure of the Applicant’s business, indicating the names, reporting lines and roles. | Ref. |
| 2.1.5 | Operational Structure  Diagram | Indicate where the diagram of the entire operational structure of the Applicant has been included in the business plan. The diagram should reflect the relationships (indicating the names, reporting lines and roles) between the Applicant’s Board of Administration, Senior Management, Compliance Function, Risk Function, Outsourcing Arrangements and any other key function detrimental to the functioning of the Applicant. | Ref. |
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| Section 3 – Risk Management | | | |
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|  |  | *Details* | *Reference* |
| 3.1 | Policies and Procedures | Provide an overview of the Applicant’s risk management policies and procedures as required in terms of R3-3.1.3.1 of the VFA Rulebook. | Ref. |
| 3.2 | Risk Management Function | Provide details on the Applicant’s proposed risk management function as required in terms of R3-3.1.3.1.3 of the VFA Rulebook. | Ref. |
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| Section 4 – Compliance | | | |
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|  |  | *Details* | *Reference* |
| 4.1 | General | | |
| 4.1.1 | Policies and Procedures | Provide details on the Applicant’s proposed compliance policies and procedures as required in terms of R3-3.1.4.1.1 of the VFA Rulebook. | Ref. |
| 4.1.2 | Compliance Function | Provide details on the Applicant’s proposed compliance function as required in terms of R3-3.1.4.1.2 to R3-3.1.4.1.5 of the VFA Rulebook. | Ref. |
| 4.2 | Compliance Certificate | Provide details as to how the Applicant’s proposed compliance policies and procedures satisfy the requirements set out in R3-3.1.4.2 of the VFA Rulebook. | Ref. |
| 4.3 | Financial Instrument Test | Provide details as to how the Applicant’s proposed compliance policies and procedures relating to the Financial Instrument Test satisfy the requirements set out in R3-3.1.4.3 of the VFA Rulebook. | Ref. |
| 4.4 | Money Laundering Reporting Officer | | |
| 4.4.1 | General | Provide details as to how the Applicant’s proposed Money Laundering Reporting Officer as required in terms of R3-3.1.4.4.1 the VFA Rulebook. | Ref. |
| 4.4.2 | Due Diligence System and Controls | Provide details of the proposed due diligence systems, tools, processes and controls that the Applicant will have in place in order to enable it to fulfil its obligations in terms of R3-3.1.4.4.2 of the VFA Rulebook. | Ref. |
| 4.4.3 | Client Onboarding | Provide an overview of the policy and procedure for the onboarding of clients. | Ref. |

| Section 5 – Safeguarding of Client’s Assets | | | |
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|  |  | *Details* | *Reference* |
| 5.1 | General Requirements | | |
| 5.1.1 | General Requirements | Provide details as to how the Applicant’s policies and procedures satisfy the requirements set out in R3-3.1.5.1 of the VFA Rulebook. | Ref. |
| 5.1.2 | Custody of Clients’ Assets  (Excl. Clients’ Money) | Provide details on the Applicant’s proposed custody arrangements in relation to the custody of Clients’ Assets (excluding Clients’ Money) as required in terms of R3-3.1.5.1.1 of the VFA Rulebook. | Ref. |
| 5.1.3 | Custody of Clients’ Money | Provide details on the Applicant’s proposed custody arrangements in relation to the Custody of Clients’ Money requirements as required in terms of R3-3.1.5.1.1 of the VFA Rulebook. | Ref. |
| 5.1.4 | Custody | Provide details on the Applicant’s custody arrangement/s as required in terms of R3-3.1.5.4 of the VFA Rulebook. | Ref. |
| 5.2 | Reconciliation of Clients’ Assets | | |
| 5.2.1 | Reconciliation of Clients’ Assets  (Excl. Clients’ Money) | Provide details on how the Applicant’s proposed policies and procedures intend to satisfy the requirements set out in R3-3.1.5.3 of the VFA Rulebook. | Ref. |
| 5.2.2 | Reconciliation of Clients’ Money | Provide details on how the Applicant’s proposed policies and procedures intend to satisfy the requirements set out in R3-3.1.5.2 of the VFA Rulebook. | Ref. |

| Section 6 – Other Requirements | | | |
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|  |  | *Details* | *Reference* |
| 6.1 | Internal Audit | Provide details on the Applicant’s proposed internal audit function as required in terms of R3-3.1.6.1 of the VFA Rulebook. | Ref. |
| 6.2 | Insurance Requirement | Provide an overview of the Applicant’s proposed insurance policies as required in terms of R3-3.1.6.2 of the VFA Rulebook. | Ref. |
| 6.3 | Business Continuity Process | Provide details on the Applicant’s proposed business continuity process (including (i) Disaster Recovery plan, (ii) Business Continuity Plan and (iii) Business Continuity Management) as required in terms of R3-3.1.6.3 of the VFA Rulebook. | Ref. |
| 6.4 | Outsourcing Arrangements | Provide an overview of the outsourcing policy procedures.  If the Applicants intends to outsource or has outsourced a particular function, provide details on such arrangements as required in terms of R3-3.1.6.4 of the VFA Rulebook. | Ref. |
| 6.5 | White Label Agreements | If applicable, provide details on whether the Applicant has entered into or intends to enter into white label agreements. | Ref. |
| 6.6 | Systems Auditor | Where the Applicant is utilising an ITA/s – provide details of the appointed systems auditor and the respective engagement agreement/conditions in accordance with R3-2.1.4.1 of the VFA Rulebook. | Ref. |
| 6.7 | IT Auditor | Where the Applicant is NOT utilising an ITA/s – provide details of the appointed IT auditor and the respective engagement agreement/conditions in accordance with R3-2.1.5.1 of the VFA Rulebook. | Ref. |
| 6.8 | Live Audit Log | Provide details on the Applicant’s Live Audit Log and the person who will be responsible for intervening in response to any request for information regarding legal compliance and the operational behaviour of the system in accordance with Sub-section 6, Section 1, Title 3, Chapter 3 of the VFA Rulebook. | Ref. |
| 6.9 | Cybersecurity | Provide an over view of the cyber security policies and procedures together with a detailed description of the security mechanisms the Applicant shall have in place to guarantee the security and authentication of the means of transfer of information, minimise the risk of data corruption and unauthorised access, and to prevent information leakage maintaining confidentiality of data at all times. The term ‘security’ includes cyber security.  Provide details on the person who will be responsible for this function. | Ref. |
| 6.10 | Other Policies and Procedures | Provide a overview of the following policies and procedures as applicable: [i] Personal Account Dealing; and [ii] Trade monitoring. | Ref. |

| Section 7 – Procedure for Reporting Breaches | | | |
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|  |  | *Details* | *Reference* |
| 7.1 | General Requirement | Provide details on the Applicant’s procedures for employees to report breaches as required in terms of Sub-section 7, Section 1, Title 3, of Chapter 3 of the VFA Rulebook. | Ref. |

| Section 8 – Prudential Requirements | | | |
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|  |  | *Details* | *Reference* |
| 8.1 | Own Funds and Initial Capital | Provide details on how Applicant intends to meet the initial capital requirement, as per Sub-section 3, Section 3 of Title 3 of the VFA Rulebook, and how this requirement will be structured in terms of Own Funds, set out in Sub-section 2, Section 3 of Title 3 of Chapter 3 of the VFA Rulebook. | Ref. |
| 8.2 | Capital Requirement | Provide details on how Applicant intends to meet the capital requirement post authorisation, and how this equipment will be structured in terms of Own Funds. The Applicant should also specify how it intends to recapitalise in cases of breaching the capital requirement in terms of Sub-section 4, Section 3 of Title 3 of Chapter 3 of the Rulebook. | Ref. |
| 8.3 | Internal Capital Adequacy Assessment Process | Provide details on the Applicant’s proposed Internal Capital Adequacy Assessment Process policy Sub-section 7, Section 3, Title 3, of Chapter 3 of the VFA Rulebook and how these satisfy the requirements set out in R3-3.1.4.1 of the VFA Rulebook. | Ref. |
| 8.4 | Liquidity Requirement | Provide details on the Applicant’s proposed internal liquidity management policy & how it satisfies the requirements set out in Sub-section 8, Section 3, Title 3, of Chapter 3 of the VFA Rulebook. The Applicant should also specify how it intends to mitigate a breach of this requirement. | Ref. |

| Section 9 – Conduct of Business Requirements | | | | |
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|  |  | *Details* | | *Reference* |
| 9.1 | Conflicts of Interest | Provide details on the Applicant’s proposed conflict of interest policy as required in terms of Sub-section 2, Section 4, Title 3, of Chapter 3 of the VFA Rulebook. | | Ref. |
| 9.2 | Sale Processes and Selling Practices | | | |
| 9.2.1 | General Principles | | Provide details on the Applicant’s proposed general principles in relation to sale processes & selling practices as required in terms of R3-3.4.3.1 of the VFA Rulebook. | Ref. |
| 9.2.2 | Client Categorisation | | Provide details on the Applicant’s proposed policies and procedures in relation to sales processes & selling practices - client categorisation as required in terms of R3-3.4.3.3 of the VFA Rulebook. | Ref. |
| 9.2.3 | Assessment of Clients’ Suitability | | Provide details on the Applicant’s proposed policies and procedures in relation to sale processes and selling practices - assessment of clients’ suitability as required in terms of R3-3.4.3.5 to R3-3.4.3.10 of the VFA Rulebook. | Ref. |
| 9.2.4 | Complaints Handling | | Provide details on the Applicant’s proposed policies and procedures in relation to sale processes and selling practices - complaints handling as required in terms of R3-3.4.3.11 of the VFA Rulebook. | Ref. |
| 9.3 | Execution of Clients’ Orders | | Provide details on the Applicant’s proposed policies and procedures in relation to the execution of clients’ orders as required in terms of Sub-section 4, Section 4, Title 3, of Chapter 3 of the VFA Rulebook. | Ref. |
| 9.4 | Virtual Financial Assets in Relation to which Services may be Conducted | | Provide details on the Applicant’s proposed policies and procedures in relation to deciding on its Virtual Financial Assets in relation to which services may be conducted as required in terms of Sub-section 5, Section 4, Title 3, of Chapter 3 of the VFA Rulebook. | Ref. |

| Section 10 – Record Keeping and Reporting | | | |
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|  |  | *Details* | *Reference* |
| 10.1 | Record Keeping and Accounting Records | Provide details on the Applicant’s proposed record keeping and accounting records policies & procedures as required in terms of Sub-section 2, Section 5, Title 3, of Chapter 3 of the VFA Rulebook. | Ref. |
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| Section 11 – Supplementary Conditions to Class 4 VFA Services Providers | | | Choose an item. |
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|  |  | *Details* | *Reference* |
| 11.1 | Supplementary Conditions Applicable to VFA Exchanges | | |
| 11.1.1 | Listing Criteria | Provide details on the Applicant’s policies and procedures in relation to its listing criteria as required in terms of R3-3.2.2.1 of the VFA Rulebook. | Ref. |
| 11.1.2 | Order Matching | Provide details on the Applicant’s order matching systems as required in terms of R3-3.2.2.3 of the VFA Rulebook. | Ref. |
| 11.1.3 | Pre-trade and Post-trade transparency | Provide details on the Applicant’s pre-trade and post-trade transparency policies as required in terms of R3-3.2.2.4 of the VFA Rulebook. | Ref. |
| 11.1.4 | Client Record Keeping | Provide details on the Applicant’s client record keeping policies as required in terms of R3-3.2.2.5 of the VFA Rulebook. | Ref. |
| 11.1.5 | Reporting of Suspicious Transactions | Provide details on the Applicant’s proposed procedures for reporting of suspicious transactions as required in terms of R3-3.2.2.6 of the VFA Rulebook. | Ref. |
| 11.1.6 | System Resilience | Provide details on the Applicant’s systems, procedures and arrangements and how these satisfy the requirements as required in terms of R3-3.2.2.7 of the VFA Rulebook. | Ref. |
| 11.1.7 | Settlement | Provide details on the Applicant’s proposed settlement procedures as required in terms of R3-3.2.2.8 of the VFA Rulebook. | .Ref. |
| 11.1.8 | Bye-Laws | Attach to the bye-laws in terms of R3-3.2.2.9 to the VFA Rulebook to the business plan and indicate where in the business plan these have been included. | Ref. |
| 11.1.9 | Inability to Discharge Functions | Provide details on the Applicant’s proposed procedures in the event that it is not a position to discharge its functions in accordance with R3-3.2.2.10 of the VFA Rulebook. | Ref. |
| 11.1.10 | Disciplinary Action | Provide details on the Applicant’s proposed procedures in the event that it takes disciplinary action against any of its clients. | Ref. |
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