

# MFSA

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## MALTA FINANCIAL SERVICES AUTHORITY

### **MFSA Consults on Investments in Virtual Currencies**

In line with the Government's policy to develop the digital economy, the Malta Financial Services Authority ("MFSA") is considering the manner in which further rules may be introduced to ensure investor protection and market integrity in the context of investments in virtual currencies. In this context, the MFSA has launched a consultation document publishing a framework for such regulation and is inviting relevant stakeholders to provide comments and feedback in this process.

The MFSA is developing a rulebook to regulate Professional Investor Funds ("PIFs") which have the investment in virtual currencies as their investment objective. The MFSA is presently considering whether Alternative Investment Funds and Notified Alternative Investment Funds should also be allowed to invest in virtual currencies.

In view of the risk associated with the investment model of collective investment schemes investing in virtual currencies, it has been decided that, for the time being, the legal structures for PIFs making such investments should be limited to SICAV and INVCO structures, which are required to have a board of directors responsible for the overall conduct of business of the collective investment scheme.

The rulebook published for consultation builds on the existing rules applicable to PIFs and adds further rules, which specifically aim to mitigate the potential risks of investing in virtual currencies. The main proposals introduced within this new rulebook aim at safeguarding the interest of investors and the integrity of the financial market in the context of virtual currencies. In this regard, the rulebook imposes specific requirements on the governing bodies of the collective investment schemes and, in certain instances, the collective investment schemes' service providers, in relation to competence, risk warnings, quality assessment, risk management and valuation.

These proposals are not binding and are subject to changes and revisions following receipt of feedback from the industry. The industry is invited to submit, for the consideration of the MFSA, any additional changes or improvements to the draft Rules intended to enhance this rulebook. A copy of the proposed rulebook can be downloaded [here](#).

The MFSA is inviting stakeholders to send their comments and feedback by 10<sup>th</sup> November 2017, on the following email: [vcfunds@mfsa.com.mt](mailto:vcfunds@mfsa.com.mt).

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