

**CIRCULAR**  
**PUBLICATION OF THE**  
**VIRTUAL FINANCIAL ASSETS RULES FOR VFA SERVICE PROVIDERS**

**1. Background**

The MFSA has today published [Chapter 3 of the Virtual Financial Assets Rulebook: Virtual Financial Assets Rules for VFA Service Providers](#).

The publication of the rules applicable to VFA Service Providers ('the Rules') follows the [Consultation Paper on the Virtual Financial Assets Rules for VFA Service Providers](#) published by the Authority on 31 August 2018.

This Chapter shall apply to VFA Service Providers licensed in terms of the Virtual Financial Assets Act ('the Act') and Applicants seeking Licensing as VFA Service Providers under the Act, as applicable.

The Chapter is sub-divided into four titles which respectively set out: [i] the high level principles which should guide VFA Service Providers in the provision of their VFA service/s in or from within Malta; [ii] the licensing requirements and the respective licensing process for VFA Service Providers; [iii] the ongoing obligations which VFA Service Providers must adhere to; and [iv] enforcement and sanctions in the event of misconduct by VFA Service Providers.

**2. Glossary of Terms**

It should be noted that the Authority will be publishing a number of definitions in relation to Chapter 3 within the [Glossary of Terms](#) of the Virtual Financial Assets Rulebook in the coming days.

### **3. Submission of Applications for licences**

A person seeking licensing under the Act to provide any service falling within the Second Schedule to the Act in relation to VFAs ('VFA Service') shall appoint a VFA Agent duly registered with the MFSA. The MFSA is currently processing applications in relation to persons seeking to be registered as VFA Agents and, once registered, these will be listed in the MFSA Financial Services Register. The MFSA shall be issuing information and guidance on the submission of applications for VFA Services licences once there are registered VFA Agents.

### **4. Transitory Period**

VFA Service Providers benefitting from the transitory provisions provided under Article 62 of the Act shall, in so far as applicable, comply with the applicable Rules on a best efforts basis.

Such service providers shall be required to [i] engage the services of a person who: (a) is registered as a VFA Agent in accordance with Article 14 of the Act; or (b) has the intention to apply for registration as a VFA Agent in accordance with Article 14 of the Act, provided that such person has at least three proposed Designated Persons who have successfully completed a course approved by the Authority; [ii] provide evidence to the Authority that it has successfully passed a fitness and propriety assessment, conducted by the service provider specified in point [i], in terms of Chapter 1 of the Virtual Financial Assets Rulebook; and [iii] provide evidence to the Authority that it has appropriate systems in place to satisfy the AML/CFT requirements applicable to VFA Service Providers.

Further to the above and pursuant to Article 62(1)(c) of the Act, persons providing a VFA service shall, within twelve months from the date of coming into force of the Act, apply to the MFSA for a licence in terms of Article 14. Provided that where the MFSA communicates its refusal to grant a VFA Services licence, that person shall immediately cease to provide VFA services in or from Malta.

Further updates and developments on the Virtual Financial Assets Framework will be made public on: [www.mfsa.com.mt/fintech](http://www.mfsa.com.mt/fintech).

**Communications Unit**