

6 September 2019

Circular to Virtual Financial Asset Service Providers

1. Background

Further to the transitory provision set out in Article 62 of the Virtual Financial Assets Act (Chapter 590 of the Laws of Malta) (VFA Act), any persons wishing to continue providing VFA Services following the expiry of the transitory period shall be required to commence the VFA Services License application process pursuant to R3-2.1.2.2 of Chapter 3 of the Virtual Financial Assets (VFA) Rulebook by **not later than 31 October 2019**. This circular sets out the procedure to be followed by persons **[i]** wishing to commence the VFA Services License application process and **[ii]** intending to cease providing VFA services prior to, or upon, the expiry of the said transitory period.

2. VFA Services License Application Process

As set out in R3-2.3.3.2.1 and R3-2.3.3.2.2 of Chapter 3 of the VFA Rulebook, the application process shall commence upon the receipt of a **letter of intent**, which sets out *inter alia*:

- i. a comprehensive written description of the proposed structure;
- ii. the VFA Service/s for which licensing is to be sought identifying the persons proposed to hold key positions thereto; and
- iii. a legal opinion that the proposed activity does not fall within the scope of traditional financial services legislation.

Upon receipt of the letter of intent, the Authority shall schedule a preliminary meeting with the applicant and its VFA Agent, after which the applicant shall have sixty (60) days to submit an application form with any supporting documentation as specified therein.

Attention is also drawn to Section 3 of Title 2 of Chapter 3 of the VFA Rulebook which sets out the application process for prospective VFA Service Providers, and the [Guidelines](#) for the completion of the VFA Service Providers Application Form.

Persons operating under the transitory provision set out in Article 62 of the VFA Act are reminded that failure to commence the VFA Services License application process, as set out hereinabove, **by 31 October 2019** may result in regulatory action being taken by the Authority.

Prospective applicants are reminded that any communication, meetings, notifications and submissions relating to the application process are to be made through their registered VFA Agent.

3. Cessation process for persons operating under the transitory provision

Persons currently providing VFA services under Article 62 of the VFA Act and not intending to apply for a VFA Services License are required to cease their operations and submit a notification to the Authority in this regard **by not later than 31 October 2019**.

Furthermore, along with the above mentioned notification, the MFS A would also require:

- i. a signed declaration from the Board of the entity that it is not providing, or holding itself out as providing, a VFA service in or from Malta; and
- ii. a signed confirmation that the entity has no obligations towards its clients in this regard.

Persons operating under the transitory provision set out in Article 62 of the VFA Act and not intending to apply for a VFA Services License are reminded that failure to cease their operations and submit a notification to the Authority, as set out hereinabove, **by 31 October 2019** may result in regulatory action being taken by the Authority.

4. Conclusion

Further updates and developments on the VFA Framework will be made public on: <https://www.mfsa.mt/fintech/>. Queries in relation to the above should be addressed to fintech@mfsa.com.mt.