



## Virtual Assets: The Emergence of a New Asset Class

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**Venue:** MFSA, Triq l-Imdina, Zone 1, Central Business District, Birkirkara

**Dates:** 9th - 11th September, 2019.



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## About the MFSA

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As the country's recent National Risk Assessment highlighted, money laundering and terrorist financing may represent a threat to the stability, profitability and integrity of the financial services sector.

As Malta continues to establish itself as a leading global player in remote gaming, e-money, digital currencies and FinTech innovations, it is critically important that the MFSA strengthens its regulatory setup to mitigate any current and future risks which jurisdictions like Malta may face in the future.

Earlier in February, the MFSA published the prudential and conduct anti-money laundering / countering financing of terrorism supervisory strategy. The strategy is focused on enhancing the MFSA's approach towards its role in AML/CFT supervision but also to enhance its supervisory standards in order to safeguard the integrity and trust in the Maltese financial services sector.

CEO Joseph Cuschieri highlighted that "The MFSA is committed to supporting the sector in seizing this opportunity in a safe and controlled manner by establishing a regulatory environment that fosters growth whilst clamping down on money laundering and terrorist financing." Mr Cuschieri added that "The MFSA will not accept compromises and complacency in this area. We want Malta to grow responsibly and set standards which are in line or better than those of our peers in Europe. That is why we have placed money laundering and terrorist financing as one of our key priorities in the strengthening of our regulatory system. In the coming months and years, the MFSA's challenge is to continue with its transformation programme so that it becomes a more modern financial supervisor which embraces technology and innovation, entering the FinTech space with optimism and preparedness".





## About the CFTC

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When the CFTC was created in 1974 with the enactment of the Commodity Futures Trading Commission Act, most futures trading took place in the agricultural sector. Over the years, the futures industry has become increasingly varied and complex.

## CFTC Responsibilities

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To promote market integrity, the CFTC polices the derivatives markets for various abuses. It also seeks to lower the risk of the futures and swaps markets to the economy and the public.

The agency oversees a variety of individuals and organizations. These include swap execution facilities, derivatives clearing organizations, designated contract markets, swap data repositories, swap dealers,

futures commission merchants, commodity pool operators, and other entities.

The Commission historically has been charged by the Commodity Exchange Act CEA with regulatory authority over the commodity futures markets. These markets have existed since the 1860s, beginning with agricultural commodities such as wheat, corn, and cotton.

Over time, these commodity futures markets, known as Designated Contract Markets (DCMs) regulated by the Commission, have grown to include those for energy and metals commodities such as crude oil, heating oil, gasoline, copper, gold, and silver. The agency now also oversees DCMs for financial products such as interest rates, stock indexes, and foreign currency.



# Virtual Assets:

## The Emergence of a New Asset Class

Following the developments of the Virtual Financial Assets ('VFA') Framework, the Malta Financial Services Authority ('MFSA') has partnered with the US Commodity Futures Trading Commission ('CFTC') to deliver this three-day training workshop.

While particular focus is given to financial crime in the context of virtual assets, this workshop will delve into other areas including: overviews of the respective aforementioned national frameworks in relation to virtual assets; the implications of the recently updated Financial Action Task Force ('FATF') recommendations; the importance of international cooperation in this field; and the various supervisory challenges posed by virtual assets to financial services regulators.



# Moderators and Speakers



Joseph Cuschieri  
Chief executive Officer  
MFSA

A Certified Public Accountant by profession and a fellow member of the Malta Institute of Accountants, Joseph is specialised in management accounting, corporate finance, economic regulation and business management. He also holds a Masters Degree in Business Administration from Henley Management College, UK and an Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants (CIMA), UK.

Throughout his professional career, he held various roles amongst which, COO at the Malta Communications Authority, CCO at Vodafone Malta, senior consultant with EY and Chairman and CEO at the Malta Gaming Authority.

Joseph is also a member of the Blockchain task force where he was involved in the development of a new regulatory framework for virtual currencies and distributed ledger technology.



Mark A. Schapiro  
Chargé d'Affaires  
U.S. Embassy in Malta

Mark A. Schapiro, a career member of the United States Foreign Service, began serving as Deputy Chief of Mission at the U.S. Embassy in Malta in July 2017. On September 29, 2018, he became Chargé d'Affaires, ad interim. Prior to arriving in Malta, Mark served as Director for Turkey, Greece, and Cyprus at the National Security Council from 2015-2016.

Mark has received multiple U.S. Department of State Superior and Meritorious Honor Awards, the Commander's Award for Public Service from General David Petraeus (2007) and the Superior Civilian Service Award from U.S. Army 3ID Commander MG Anthony Cucolo (2010). Mark has an undergraduate degree from Brown University, a graduate degree with Distinction from the London School of Economics, and most recently was a 2017 Distinguished Graduate of the National War College, where he received the Ambassador J. Christopher Stevens Award for Excellence in Strategic Writing.



# Moderators and Speakers



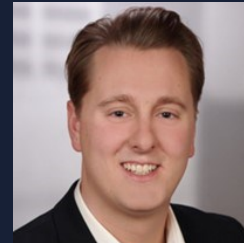
Dr Christopher P. Buttigieg is the Chief Officer Strategy, Policy and Innovation at the MFSA. Prior to this appointment, he was the Head of Securities and Markets supervision, responsible for work in the field of policy, regulation and supervision of securities, markets and FinTech.



Patrick K. Armstrong works in the Risk Analysis and Economics department of ESMA, with the financial innovation team. Topics the team recently addressed are crowdfunding, contingent convertibles and alternative indices



Marianne Scicluna was appointed as Chief Officer Supervision in August 2014. In this role, Marianne is responsible for the co-ordination of the supervisory and regulatory strategy across all the sectors under the remit of the MFSA.



Thomas Hagen Weiss is a Senior Officer with the German Federal Financial Supervisory Authority BaFin. As part of the securities supervision, his focus is on the regulation and assessment of crypto assets.



Kevin Piccoli's current role makes him responsible for the CFTC's international technical assistance program. He is also the US CFTC representative on the International Organization of Securities Commissions Asset Management Committee.



Renu Audit is a lawyer by training with more than 25 years of experience in commercial, corporate and financial services regulatory environment across jurisdictions like India, UK and Mauritius.



Brian Trackman is the Attorney Lead for LabCFTC and is Counsel on FinTech and Innovation in the Office of General Counsel. He advises on a wide range of FinTech issues and is a senior member of the FinTech Interdivisional Working Group.



Loretta Joseph is the blockchain consultant at the OSCE . Loretta is an external resource to GIABA, She advises a number of global organisations on responsible adoption of blockchain technology across policy makers, governments and industry .



# Moderators and Speakers



Martha Chetcuti is a Senior Manager at the MFSA. Prior to joining the Office of the Chief Officer for the Strategy, Policy and Innovation Directorate, Martha led the FinTech and Innovation Function under the same Directorate.



James Farrugia spearheads GANADO Advocates' Investment Services and Funds licensing and regulatory consultancy activities.



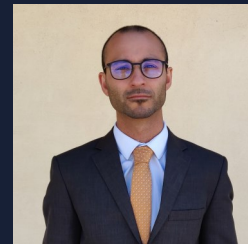
Christos Efthymiopoulos is a Senior Analyst within the MFSA's FinTech & Innovation Function and is managing the team responsible for the authorisation and supervision of Virtual Financial Assets (VFA) operators. Christos has been heavily involved in the development of the VFA framework



Dr Ian Gauci is the Managing Partner at GTG Advocates, Afiflexion Alliance and Caledo Group. Dr Gauci also provides consultancy on legal matters related to blockchain technology, smart contracts, crypto-currencies and ICO/ITO.



Dr Joshua Ellul was appointed as the first Chairman of the Malta Digital Innovation Authority. He is also the Director of the Centre for Distributed Ledger Technologies at the University of Malta.



Pierre Bonnici is an analyst within the MFSA's FinTech & Innovation Function. While assisting the team working on the authorisation process of the VFA Framework, his main area of focus is to develop and implement the supervisory process.



Gordon Pace is a Professor of Computer Science of Computer Science at the University of Malta. His research interests lie in the field of formal methods, developing techniques to ensure that computer systems work as expected. He also currently acts as advisor to the MDIA.



Trevor Sammut is the Chief Regulatory Officer at the Malta Digital Innovation Authority, responsible for the Management of the Authority's Regulatory Department, composed of the Authorisations, Compliance, and Enforcement functions.



# Moderators and Speakers



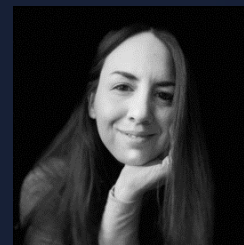
Dave Jevans has 20 years of experience in the security and payments markets. He also serves as the chairman of the Anti-Phishing Working Group. Dave is also a frequent speaker on blockchain, cryptocurrencies, and electronic crime.



An investor in Bitcoin and previous director at Coinsetter. Joseph Weinberg knows his way around the digital currency world. Currently, he is the co-founder of Shyft, the world's first blockchain-based trust network.



Sandra Saliba joined the Securities and Markets at the MFSA, responsible for investigations & policy, after having worked on Payments Policy at the Central Bank of Malta. Her professional interests include EU regulatory governance & cybersecurity.



Federica Taccogna is a strategic advisor on financial crime to the MFSA and leads teams performing financial crime investigations on its behalf and designing and devising its supervisory strategies and policies.



Diane Bugeja is a Senior Associate at Camilleri Preziosi. She provides advice to local and overseas clients on the impact of regulatory regime on their business models.



Philip Bugeja currently serves as an independent consultant and specializes in the prevention of financial crime, Bribery and Corruption, Risk, Anti Money Laundering and Terrorist Financing.



Dr Jonathan Phyll is a manager within the Legal and International Relations Section of the Financial Intelligence Analysis Unit. Jonathan has been involved in multiple projects related to AML/CFT including the drafting of related legislation.



George Frendo joined the Malta Police Force as an Inspector in 2017. His main areas of responsibility within the Economic Crime Squad include offences related to Gaming, Crypto Currencies, Online Fraud, Sports Manipulation and Match Fixing.



# Moderators and Speakers



Jesse Spiro is the Global Head of Policy & Regulatory Affairs for Chainalysis. Previously he was the Global Head of Threat Finance & Emerging Risks for Thomson Reuters and Refinitiv.



Dr Leonard Bonello is a Partner within GANADO Advocates' Banking and Finance team. Leonard also heads the Fintech group at GANADO Advocates and is involved in assisting a number of blockchain-based projects.



Godwin Schembri holds a B.Sc. degree in Mathematics and Computing and an MBA in eBusiness. He has a strong background in Software Development and held C-level positions within various companies.



Juanita Bencini is an ex-KPMG Malta partner where for 17 years she headed the Risk Consulting Advisory practice. Today, she works as a consultant to the financial services industry.



Rudolf Muscat is a compliance manager within the Compliance Section of FIAU, his primary focus being the monitoring of subject persons within the Gaming, Investment Services and VFAs sectors to ensure their compliance with AML/CFT obligations.



Matthew Pace is employed as a financial analyst within the Financial Analysis Section of the FIAU, and has joined the unit in the year 2017. Matthew graduated from the University of Malta with a B.A. (Hons.) in Criminology.



Dr Stefano Filletti is in private practice and has held various positions of trust. He also acts as an advisor to both private ac entities and has held various posts.



Ruth Aisthorpe Gauci is employed as a manager within the Financial Analysis Section of the FIAU. Ruth graduated from the University of Malta in 2011 with a BA(Hons) in Criminology and completed a Diploma in Financial Services Operations and Compliance.

# Programme | 9<sup>th</sup> September

08.30 – 09.00 | Registration and welcome coffee

09:00 – 09:15 | Welcome address

**Speaker:** Joseph Cuschieri | CEO - MFSA

09:15 – 09.30 | Opening address

**Speaker:** Mark A. Schapiro | Chargé d'Affaires - U.S. Embassy

09.30 – 10.30 | Demystifying the buzzwords: Blockchain and Smart Contracts

**Speakers:** - Dr Joshua Ellul | Chaiman - MDIA  
- Prof. Gordon Pace | Advisor to the MDIA

10.30 – 11.00 | Applicability of Distributed Ledger Technology ('DLT') within the financial services industry – Case studies on crypto exchanges (fiat-to-crypto and crypto-to-crypto) and custodial wallet providers

**Speaker:** Brian Trackman | Attorney Lead, LabCFTC - CFTC

11.00 – 11.30 | **Coffee break**

11.30 – 12.15 | Overview of US Virtual Assets framework

**Speaker:** Kevin Piccoli | Deputy Director, Office of International Affairs - CFTC

12.15 – 13.00 | Overview of Germany STO framework and future plans

**Speaker:** Hagen Thomas Weiß | Senior Officer - BaFin

13.00 – 14.00 | **Lunch break**

14.00 – 14.45 | Overview of Mauritius Virtual Assets framework

**Speaker:** Renu Audit | Director of Authorisation and Supervision - Financial Services Commission

14.45 – 15.30 | Overview of Malta Virtual Assets framework

**Speakers:** James Farrugia | Partner - GANADO Advocates

15.30 – 16.00 | **Coffee break**

16.00 – 17.00 | **Panel Discussion 1:** Comparability of the Maltese laws with other jurisdictions

**Panel:**

- Kevin Piccoli | Deputy Director, Office of International Affairs - CFTC
- Renu Audit | Director of Authorisation and Supervision - Financial Services Commission
- Hagen Thomas Weiß | Senior Officer - BaFin
- James Farrugia | Partner - GANADO Advocates
- Dr Ian Gauci | Managing Partner - GTG Advocates

**Moderator:** Pierre Bonnici | Analyst, FinTech & Innovation MFSA

17.00 – 17.15 | **Q&A Session**

17.15 – 17:20 | **Closing remarks**

**Speaker:** Dr Christopher P. Buttigieg | Chief Officer, Strategy, Policy & Innovation - MFSA



# Programme | 10<sup>th</sup> September

08.30 – 09.00 | Emerging threats in the crypto sector – fraudulent ICOs; ransomware attacks, hacks; cyber theft; market manipulation  
**Speaker:** Brian Trackman | Attorney Lead, LabCFTC - CFTC

09.00 – 09.30 | Security Concerns and Vulnerabilities in Blockchain Systems

- Security concerns at the Blockchain layer:
  - consensus algorithms and vulnerabilities
  - public vs private Blockchain concerns
- Security concerns at the smart contract logic layer:
  - bugs and vulnerabilities in the smart contract logic
  - malicious code
  - vulnerabilities at the Blockchain level
- Security concerns at the edge of the Blockchain:
  - traditional vulnerabilities through off-chain access of Blockchain and smart contract
  - human factors in security concerns.

**Speaker:** Prof. Gordon Pace | Advisor to the MDIA

09.30 – 10.15 | Cyber security guidance and best practices Password and Key Management

- Penetration testing
- Maintenance of audit trails to detect and respond to cybersecurity events
- Establishment of an incident response and recovery plan
- Establishment of business continuity plan

**Speakers:** - Kevin Piccoli | Deputy Director, Office of International Affairs- CFTC  
- Brian Trackman | Attorney Lead, LabCFTC - CFTC

10.15 – 10.45 | **Panel Discussion 2:** International cooperation on cybersecurity - the way forward

**Panel:**

- Kevin Piccoli | Deputy Director, Office of International Affairs - CFTC
- Trevor Sammut | CRO - MDIA
- Dave Jevans | CEO - Ciphertrace

**Moderator:** Sandra Saliba | Senior Analyst, Securities & Markets Supervision - MFSA

10.45 – 10.55 | **Q&A Session**

10.55 – 11.25 | **Coffee break**

11.25 – 11.40 | Update on the FATF recommendations on Virtual Assets and EU initiatives

**Speaker:** Dr Diane Bugeja | Senior Associate - Camilleri Preziosi Advocates

11.40 – 12.25 | **Panel Discussion 3:** AML/CFT framework applicable to crypto assets in various jurisdictions – What lies ahead in view of the recent FATF recommendations?

**Panel:**

- Kevin Piccoli | Deputy Director, Office of International Affairs - CFTC
- Dr Jonathan Phyll | Manager, Legal & International Relations- FIAU
- Loretta Joseph | Crypto Consultant - OSCE
- Dave Jevans | CEO - Ciphertrace
- Joseph Weinberg | Co-Founder of Shyft, Special Advisor to OECD

**Moderator:** Dr Diane Bugeja | Senior Associate - Camilleri Preziosi Advocates

# Programme | 10<sup>th</sup> September

12:25 – 12:35 | **Q&A Session**

12:35 – 13:05 | **Panel Discussion 4:** Identifying the characteristics of crypto assets and ML/FT threats and vulnerabilities (placement, layering and integration; crypto-cleansing typologies)

**Panel:**

- Federica Taccogna | FTI Consulting
- Philip Bugeja | AML/CFT Consultant
- Inspector George Frendo | Economic Crime Squad - Financial Crimes Investigations Department
- Dr Jonathan Phyll | Manager, Legal & International Relations- FIAU

**Moderator:** Marianne Scicluna | Chief Officer Supervision - MFSA

13:05 – 13:15 | **Q&A Session**

13:15 – 14:15 | **Lunch break**

14:15 – 15:00 | **Panel Discussion 5:** DLT Analysis RegTech solutions, challenges in monitoring crypto asset transactions (privacy coins, tumblers/ mixers, TOR, coinjoin, off-chain channels, darknets etc.), expert investigative techniques and best practices in relation to crypto assets

**Panel:**

- Jesse Spiro | Global Head of Policy-Chainalysis
- Dave Jevans | CEO- Ciphertrace
- Godwin Schembri | Co-Founder & CTO- KnowMeNow

**Moderator:** Patrick Armstrong | Senior Analyst, Financial Innovation - European Securities and Markets Association

15:00 – 15:10 | **Q&A Session**

15:10 – 15:55 | **Panel Discussion 6:** Identifying effective systems to conduct risk-based monitoring or supervision of crypto-asset related business operators

**Panel:**

- Kevin Piccoli | Deputy Director, Office of International Affairs - CFTC
- Rudolf Muscat | Compliance Manager - FIAU
- Loretta Joseph | Crypto Consultant - OSCE

**Moderator:** Dr Diane Bugeja | Senior Associate - Camilleri Preziosi Advocates

15:55 – 16:05 | **Q&A Session**

16:05 – 16:35 | **Coffee break**

16:35 – 17:20 | **Panel Discussion 7:** Application of Freezing and Confiscation Orders in practice – Key challenges and best practices (law enforcement proprietary crypto wallets; distinction between centralised and decentralised schemes)

**Panel:**

- Kevin Piccoli | Deputy Director, Office of International Affairs - CFTC
- Inspector George Frendo | Economic Crime Squad Financial Crimes Investigations Department
- Dr Stefano Filletti | Senior Managing Partner - Filletti & Filletti Advocates | Head of Department of Criminal Law within the Law Faculty at the UoM

**Moderator:** Dr Leonard Bonello | Partner - GANADO Advocates

17:20 – 17:30 | **Q&A Session**

17:30 – 17:35 | **Closing remarks**

**Speaker:** Christos Efthymiopoulos | Senior Analyst, FinTech & Innovation- MFSA



# Programme | 11<sup>th</sup> September

09.00 – 10.00 | **Panel Discussion 8:** Identifying gaps in AML/CFT supervision and enforcement: sharing information and developing detailed typologies of the use of crypto-assets in financial crime and money laundering to enable a better understanding of the evolving risks

**Panel:**

- Kevin Piccoli | Deputy Director, Office of International Affairs - CFTC
- Renu Audit | Director of Authorisation and Supervision - Mauritius Financial Services Commission
- Inspector George Frendo | Economic Crime Squad Financial Crimes Investigations Department
- Juanita Bencini | Chairman of AML Committee- IFSP

**Moderator:** Dr Jonathan Phyll | Manager, Legal & International Relations- FIAU

10.00 – 10.10 | **Q&A Session**

10.10 – 10.25 | Quality Suspicious Transaction Reporting and Red Flags

**Speaker:** Federica Taccogna | FTI Consulting

10.25 – 10.55 | Designing specific key processes for enforcement, investigation and prosecution in relation to crypto assets

**Speaker:** Kevin Piccoli | Deputy Director, Office of International Affairs - CFTC

10.55 – 11.25 | **Coffee break**

11.25 – 12.25 | Case Studies from different jurisdictions - Investigations; From red flags to actual enforcement measures

**Speakers:** Matthew Pace & Ruth Aisthorpe Gauci | FIAU [*& CFTC*]

12.25 – 13.25 | **Interactive Workshop** – Think like the criminal (attendants to be divided into groups; each group will be given the same two case studies and will be tasked to come up with a solution on how to launder money/ defraud investors through crypto-business operations)

13.25 – 13.30 | **Closing remarks and workshop takeaways**

**Speaker:** Martha Chetcuti | Senior Manager, Office of Chief Officer Strategy, Policy & Innovation- MFSA



## About Malta

Megaliths, medieval dungeons and Calypso's Cave – The Maltese Islands are positively mythic. The narrow meandering streets of their towns and villages lead to the main square, which is invariably dominated by the huge baroque church. As the countryside is dotted with medieval towers, wayside chapels and the oldest known human structures in the world, the Islands have rightly been described as an open-air museum.

The Maltese archipelago lies virtually at the centre of the Mediterranean, 93 km south of Sicily and 288 km north of Africa. The archipelago consists of three islands: Malta, Gozo and Comino with a total population of over 400,000 inhabitants occupying an area of 316 square kilometers.

Malta is the largest island and the cultural, commercial and administrative centre. Gozo is the second largest island and is more rural, characterised by fishing, tourism, crafts and agriculture. Comino, the smallest of the trio, has one hotel and is largely uninhabited.

With superbly sunny weather, attractive beaches, a thriving nightlife and 7,000 years of intriguing history, there is a great deal to see and do.







## About Valletta

Valletta is Malta's lilliputian capital, built by the Knights of St John on a peninsula that's only 1 km by 600m. Its founder decreed that it should be 'a city built by gentlemen for gentlemen', and it retains its 16th-century elegance. It may be small, but it's packed full of sights; when Unesco named Valletta a World Heritage site, it described it as 'one of the most concentrated historic areas in the world'.

The Renzo Piano–designed City Gate, Parliament Building and Opera House have changed the cityscape and galvanised it into life. These sights, along with Valletta's status as European Capital of Culture for 2018, have seen the city reborn, with new museums, restored golden-stone fortresses, and new hotels, bars and restaurants in 16th-century mansions.

