

23 December 2020

## MFSA publishes document on Supervision in the VFA Sector

- an overview of the VFA Framework and its implementation.
- highlights work conducted by the VFA Function during the past year, identifying the general findings and prevalent risks.
- **sets out the MFSA's expectations for the sector.**

The Malta Financial Services Authority has today issued the second Volume of the publication "[The Nature and Art of Financial Supervision](#)". This publication focuses on supervision in the Virtual Financial Assets ('VFA') sector providing an overview of the VFA Framework and how it is being implemented, vis-à-vis the authorisation and supervision of VFA Agents and VFA Service Providers, as well as the registration of whitepapers in relation to Initial VFA Offerings. The document highlights the main observations made by the Authority over the past year, and clearly sets out its expectations. In this respect, the MFSA expects VFA licence holders, as well as prospective applicants under the Act, to take careful note of this publication and the recommendations being made, to benchmark themselves and their operations, and to take corrective action where applicable.

The publication also makes reference to the European Union's adoption of the Digital Finance Package, including legislative proposals on the regulation of Markets in Crypto Assets ('MiCA'). A comparative analysis with the VFA framework is also provided. In 2021, the MFSA shall be consulting with the industry on the alignment of the VFA framework with MiCA.

MFSA CEO ad interim, Dr Christopher P. Buttigieg, commented that "the VFA Sector is relatively new. Today's publication, the second of this series, provides an overview of the Authority's work, observations, and expectations in this area. Reputation is key and therefore firms' full compliance with the framework is crucial." Mr Herman Ciappara, Head of the Authority's VFA function, stated that "the publication of this document is an important milestone as it sets out our expectations for the sector. Next year will see the licensing of a number of VFA Service providers and we shall thoroughly be supervising the sector. Moreover, we will also be proposing updates to the Rulebook to ascertain that the framework remains robust and continues to achieve its objectives."

The document is publicly available on the [MFSA website](#).

### About MFSA

The Malta Financial Services Authority (MFSA) is the single regulator of financial services in Malta, covering banks, insurance companies, investment services, trusts and pensions. In 2018, the MFSA became the first European regulator to develop a framework to regulate virtual financial assets. The MFSA's mission, as enshrined in its Vision 2021, is to enhance its position as an independent, proactive and trustworthy supervisory authority with the main purpose of safeguarding the integrity of markets and maintaining stability within the financial sector, for the benefit and protection of consumers. Over 2,200 entities are licensed by the MFSA to operate in the financial services sector, which directly account for 6% of the economy total.



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