

Blockchain & Fintech in Malta

Overview

Malta has paved the way becoming one of the first jurisdictions worldwide to have introduced a clear legal and regulatory framework relating to VFA, Blockchain and Fintech. This has been achieved through 3 Acts of Law entitled the Virtual Financial Assets Act (VFA Act), The Malta Digital Innovation Authority Act (MDIA Act) and the The Innovative Technology Arrangements and Service Act (ITAS Act).

Virtual Financial Assets

The law outlines a Virtual Financial Asset (VFA) as a digital medium of recordation which is a digital medium of exchange, unit of account or store of value. It also outlines what a VFA is not, namely:

- Electronic money;
- Financial instrument; or
- Virtual tokens.

Exchanges

The Act has also regulated VFA Exchanges and DLT Exchanges. The difference between the two is that a DLT Exchange is a trading venue, where any form of DLT Asset that is intrinsically based on DLT can be traded, whereas the VFA Exchange is an exchange where only Virtual Financial Assets may be transacted.

VFA Agents

The legislation has created an entity within the sector known as a VFA Agent. This means that service providers in Malta wishing to assist Issuers or other VFA Service Providers need to be registered with the Malta Financial Services Authority (MFSA) which has set out applicable rules and regulations to certify that local agents can provide such services.

Issuers

To issue a token in or from Malta through an ICO first requires the undertaking of the financial instrument test and registering with the MFSA through a VFA Agent. The test determines whether the features of the particular token enable it to be regulated by Maltese Legislation and classified as a Virtual Financial Asset as provided for by the Virtual Financial Assets Act (VFAA). A licensed VFA Agent is necessary to conduct preliminary work including the drafting and review of applicable Whitepapers as well as certifying the ongoing compliance of the relevant ICO.

For more information on how Zeta can assist you please contact our Business Development department on bd@zeta-financial.com.

Get in touch

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