

Blockchain in Malta



LOCAL
KNOWLEDGE,
GLOBAL
EXPERTISE

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Capital City: Valletta



Maltese Passport:
7th strongest in the world



Languages:
English, Maltese



Economy: Malta's 2019 GDP
€14.99 billion



Population: 502,153 as
of 2019



Health Care: Highly reputed,
ranked 5th globally



A+ Credit Rating: FITCH
confirmed Malta's credit
rating of A+ with a stable
outlook. DBRS Ratings Ltd
changed Malta's rating from
Stable to Positive



Taxation Treaties: 70+ double
taxation treaties



Valletta Cruise Port: Awarded
top-rated Mediterranean
Cruise Destination



LGBTIQ Equality & Rights:
Permanent Residence in Top
EU Country for LGBTIQ Equality
& Rights

About MALTA

ABOUT MALTA

Malta, one of the smallest countries in the world is situated in the heart of the Mediterranean Sea between Europe and Africa. Due to its great strategic location, Malta was ruled by all the major world powers which include the Arabs, the Knights of St John, the French and the British, the latter under which Malta spent some 200 years under colonial rule.

Malta gained independence from the United Kingdom in 1964 and became a republic in 1974. After years of negotiations, Malta successfully became a member of the European Union in 2004 and presently forms part of the Schengen Agreement. In 2008 Malta acceded to the eurozone, making the Euro its currency, relinquishing the former Maltese Lira.

Its predominance of sunny days with only a very mild winter along with having English as one of its two official languages (the other being Maltese) helped Malta establish itself as a prime tourist destination over the years.

Malta as a Financial Hub

The financial services sector remained a key pillar of the Maltese economy in 2019 as it directly accounted for 6% of the country's Gross Value Added. The sector grew by 2.3% in terms of gross value added over 2018 and generated 430 jobs, bringing the total jobs within the sector to 12,230. This represents 4.9% of the total employment in Malta.

Malta's Financial Services industry is a driven ecosystem of financial sector diversity. The key industry sectors include Pensions, Private Wealth, Credit and Financial Institutions, Insurance and Asset Management.

Furthermore, the sector clusters include Asset Management, Investment Funds, Insurance Operations, Credit and Financial Institutions, Foundation Administration, Trustees, Fund Administrators, Retirement Schemes and Scheme Administrators.

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- Opening of bank accounts
- Payroll & Accounting
- VAT & Tax advice

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BLOCKCHAIN IN MALTA

DISTRIBUTED LEDGER TECHNOLOGY (DLT) AND VIRTUAL FINANCIAL ASSETS (VFA) IN MALTA

Malta has had a virtual financial assets regulatory framework since 2018.

As the regulator, the MFSA oversees the implementation of the VFA Act and the offering of four categories of VFA Licences to interested VFA Service Provider applicants as follows:

Class 1:

Licence holders authorised to receive and transmit orders and/ or provide investment advice in relation to one or more virtual financial assets and/ or the placing of virtual financial assets. Class 1 Licence Holders are not authorised to hold or control clients' assets or money.

Class 2:

Licence holders authorised to provide any VFA service but not to operate a VFA exchange or deal for their own account. Class 2 Licence Holders may hold or control clients' assets or money in conjunction with the provision of a VFA Service.

Class 3:

Licence holders authorised to provide any VFA service but not to operate a VFA exchange. Class 3 Licence Holders may hold or control clients' assets or money in conjunction with the provision of a VFA Service.

Class 4:

Licence holders authorised to provide any VFA service. Class 4 Licence Holders may hold or control clients' assets or money in conjunction with the provision of a VFA Service.

The MFSA introduced a Financial Instrument Test with the objective to determine whether a Distributed Ledger Technology (DLT) asset, based on its specific features, falls to be regulated under:

- (i) the existing EU legislation and the corresponding national legislation namely covering MIFID I and II and the E-Money Directive (in which case the provisions of the VFA would not apply),
- (ii) the Virtual Financial Assets (VFA) Act (in which case the provisions of the VFA would apply and applications

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