Consultation Exercise relative to the Application of AML/CFT Obligations to the Virtual Financial Assets Sector

The Virtual Financial Assets Act is set to come into force on 1 November 2018. The said Act provides that VFA Agents, issuers and licence holders are to be considered as subject persons in terms of the Prevention of Money Laundering and Funding of Terrorism Regulations (“PMLFTR”). Furthermore, the said Regulations are in the process of being amended so as to explicitly bring the activities of VFA Agents, issuers and licence holders within the ambit of these Regulations.

Being conscious that issuers and licence holders may not be very familiar with the anti-money laundering and countering the funding of terrorism (“AML/CFT”) obligations arising from the PMLFTR and that Virtual Financial Assets activities present particular risks and challenges, the Financial Intelligence Analysis Unit (“FIAU”) has decided to provide VFA Agents, issuers and licence holders with sector-specific guidance on how they can meet their AML/CFT obligations. This document, which was prepared together with the Institute of Financial Service Providers and with the input of the Malta Financial Services Authority, sets out the proposals of the FIAU in this regard. Whilst it is acknowledged that this document is not final, it already sets out how the FIAU considers that VFA agents, issuers and licence holders can meet their AML/CFT obligations.

Prospective VFA Agents, issuers, licence holders and interested parties are therefore invited to consider the proposals contained in this document and provide the FIAU with any feedback they may have. The consultation period ends on 23 November 2018 and anyone wishing to submit feedback can do so by email on the following email address – legal@fiumalta.org.

The FIAU wishes to draw the attention of prospective VFA Agents, issuers and licence holders that simultaneously with this consultation exercise, it has also issued a revised version of its Implementing Procedures – Part I for consultation. The Implementing Procedures – Part I is the general part of the implementing procedures issued by the FIAU and is applicable to all subject person, including to VFA Agents, issuers and licence holders. To be able to appreciate any sector-specific Implementing Procedures issued by the FIAU, such as those intended for the VFA Sector, it is necessary to read the same together with the Implementing Procedures - Part I.

Prospective VFA Agents, issuers and licence holders are therefore invited to also consider the proposals made in relation to the FIAU’s Implementing Procedures and participate in the relative consultation exercise.

31 October 2018