



DLT and Cryptocurrencies Laws approved by Maltese Parliament

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On the 26th June, the Maltese Parliament made legislative history when it unanimously approved the Virtual Financial Assets Bill, the Malta Digital Innovation Authority Bill and the Innovative Technology Arrangements and Services Bill, making it the first jurisdiction to adopt a regulatory framework on DLT/Blockchain and Innovative Technology, legally embracing technological development.

The adoption of these technology-neutral Bills, which were presented to Parliament for their first reading last April, brings together the culmination of months of work with various experts and stakeholders, and the beginning of a new chapter for Malta and persons involved with DLT/Blockchain. Dr Ian Gauci, a partner at GTG Advocates and Afilexion Alliance, and the **legal expert on the National Blockchain Taskforce**, actively assisted in the drafting of these laws.

Malta will now provide a solid legal framework for anyone looking to invest in crypto currencies, crypto exchanges and other crypto-related services, whether as issuers or investors as well as a regulatory framework for Blockchain, smart contracts and other innovative technological arrangements.

The Bills followed an extensive [consultation process by the MFSA on Initial Coin Offerings, Virtual Currencies and Related Service Providers](#) as well as the issue of [Supplementary Conditions on Collective Investment Schemes investing in Virtual Currencies](#). This also follows the [public discussion on the establishment of a Maltese DLT Regulator](#) and the ongoing [MFSA consultation on the Financial Instrument Test](#).

The Bills establish legal definitions of numerous cryptocurrency and DLT-related concepts, offering legal certainty to business promoters and investors alike. The popularly-used term “cryptocurrencies” is coined as “Virtual Financial Assets” or “VFAs” and the VFA Bill goes on to define “VFA Services”, including the operation and licensing of a “VFA Exchange”. The concept of an “Initial Coin Offering” or as it is more commonly known, an “ICO”, is being termed as an “Initial VFA Offering” and this excludes the issue of a “virtual token”. On the other hand, the Innovative Technology Arrangements and Services Bill, establishes the definition of smart contracts and other technologies.

Malta is continuing to build on its robust financial services industry and has now opened its horizon not only to the Blockchain, but to the furthering of technological development in a legal framework.

Afilexion Alliance, together with our partner GTG Advocates, can provide assistance on the regulatory process, licensing and regulation of ICOs, cryptocurrencies and blockchain, and exchanges, as well as offering advice in assessing the potential and impact of these new developments on your business strategy. For more information on ICO / Virtual Financial Assets, DLT /Blockchain, Smart Contracts, Exchanges and related areas please contact Dr Ian Gauci on igauci@aflexion.com and Dr Bernice Saliba on bsaliba@aflexion.com

Disclaimer: This article is not intended to impart legal advice and readers are asked to seek verification of statements made before acting on them.



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