

VIRTUAL FINANCIAL ASSETS FRAMEWORK  
GLOSSARY

MFSA

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MALTA FINANCIAL SERVICES AUTHORITY

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## REVISIONS LOG

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## GLOSSARY



*This Glossary should be read in conjunction with the Virtual Financial Assets Rules as well as any other publications issued by the MFSA in relation to the Virtual Financial Assets framework.*

*In the event that definitions contained in hereunder conflict with those stipulated in the Virtual Financial Assets Act or the Regulations issued thereunder, the definitions set out in the Act or the Regulations issued thereunder shall prevail.*

Term	A	Definitions
<b>Act</b>		refers to the Virtual Financial Assets Act, Chapter 590 of the Laws of Malta.
<b>Administrator</b>		shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Advertisement</b>		shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Alternative Investment Fund or AIF</b>		shall have the same meaning as assigned to it under Article 2 (1) of the Investment Services Act.
<b>Applicant</b>		shall refer to the person seeking authorisation under the Act.
<b>Appointed Person</b>		shall refer to an Administrator, Senior Manager or any other person that requires approval by the MFSA, such as, <i>inter alia</i> , Compliance Officer and MLRO.
<b>Assets</b>		shall have the same meaning as assigned to it under Article 2 (2) of the Act.

**Atomic Swapping**

means the peer-to-peer cross-chain exchange of one DLT asset to another DLT asset without any trusted third party.

**Authorised Person**

shall refer to a person authorised under the Act.

**B**

**Banking Act**

refers to the Banking Act, Chapter 371 of the Laws of Malta.

**Benchmark**

shall have the same meaning as assigned to it under Article 2 (2) of the Act.

**Beneficial Owner**

shall have the same meaning as assigned to it under Regulation 2 of the PMLFTR.

**C**

**Central Bank of Malta or CBM**

refers to the Central Bank of Malta, as established by the Central Bank of Malta Act, Chapter 204 of the Laws of Malta.

**Client**

shall have the same meaning as assigned to it under Regulation 2 (1) of the Regulations.

**Collective Investment Scheme or CIS**

shall have the same meaning as assigned to it under Article 2(1) of the Investment Services Act.

**Committee of European Securities Regulators or CESR**

refers to the Committee of European Securities Regulators, as established in terms of European Commission's Decision of 6 June 2001 (2001/527/EC).

**Commodity Derivatives**

shall have the same meaning as assigned to it under point (44)(C) of Article 4(1) of MiFID.


**Companies Act**

refers to the Companies Act, Chapter 386 of the Laws of Malta.

<b>Company</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Competent Authority</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Contract for Difference or CFD</b>	shall have the same meaning as assigned to it under ESMA/2015/319.
<b>Control of Assets</b>	shall have the same meaning as assigned to it under Regulation 2 (1) of the Regulations.
<b>Court</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>CPE</b>	means Continuous Professional Education.
<b>Credit Institution</b>	shall have the same meaning as assigned to it under the Banking Act.
<b>Currencies</b>	shall have the same meaning as assigned to it under the Central Bank of Malta Act.
<b>Custodian</b>	shall have the same meaning as assigned to it under Regulation 2 (1) of the Regulations.

## D

<b>Debentures</b>	shall have the same meaning as assigned to it under Article 2 of the Companies Act.
<b>Decision</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Derivatives</b>	shall have the same meaning as assigned to it under point (44)( C) of Article 4(1) and Annex I, Section C (4) to (10) of MiFID.

<b>Designated Person</b>	shall refer to a person appointed by a VFA Agent responsible for performing the activity or activities of a VFA Agent under the Act.
<b>Directive 2003/87/EC</b>	refers to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, as may be amended from time to time.
<b>Directive 2013/36/EU</b>	refers to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and investment firms, as may be amended from time to time.
<b>Distributed Ledger Technology or DLT</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>DLT Exchange</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Document or Documentation</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
	
<b>Electronic Money</b>	shall have the same meaning as assigned to it under the Financial Institutions Act.
<b>Electronic Money Institution</b>	shall have the same meaning as assigned to it under the Financial Institutions Act;
<b>Emissions</b>	shall have the same meaning as assigned to it under Article 3 (b) of Directive 2003/87/EC.
<b>European Banking Authority or EBA</b>	refers to the European Banking Authority, as established by Regulation (EU) No 1093/2010.

<b>European Economic Area or EEA State</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>European Insurance and Occupational Pensions Authority or EIOPA</b>	refers to the European Insurance and Occupational Pensions Authority, as established by Regulation (EU) No 1094/2010.
<b>European Regulatory Authority</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>European Right</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>European Securities and Markets Authority or ESMA</b>	refers to the European Securities and Markets Authority, as established by Regulation (EU) No 1095/2010.
<b>European Supervisory Authorities or ESAs</b>	shall have the same meaning as assigned to it under Article 2 (2) of the VFA Act.
<b>European Systemic Risk Board or ESRB</b>	refers to the European Systemic Risk Board, as established by Regulation (EU) 1092/2010.

## F

<b>Financial Institutions Act</b>	refers to the Financial Institutions Act, Chapter 376 of the Laws of Malta.
<b>Financial Instrument</b>	shall have the same meaning as assigned to it under the Second Schedule to the Investment Services Act, whether or not issued in Malta.
<b>Financial Services Tribunal or Tribunal</b>	refers to the Financial Services Tribunal, as established under Article 21 of the Malta Financial Services Authority Act.
<b>Fourth Anti-Money Laundering Directive or 4AMLD</b>	refers to Directive 2015/849/EU of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing,



	amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, as may be amended from time to time.
<b>Funds</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>G</b>	
<b>General Data Protection Regulation or GDPR</b>	refers to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.
<b>Generally Accepted Accounting Principles or GAAP</b>	shall have the same meaning as assigned to it under the Accountancy Profession Act, Chapter 281 of the Laws of Malta.
<b>I</b>	
<b>Initial Virtual Financial Asset Offering or Initial VFA Offering</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Innovative Technology Arrangement</b>	shall have the same meaning as assigned to it under Article 2 (2) the Innovative Technology Arrangements and Services Act, Chapter 592 of the Laws of Malta.
<b>Inspector</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Investment Services Act</b>	refers to the Investment Services Act, Chapter 370 of the Laws of Malta.

<b>Issuer</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>L</b>	
<b>Licence</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Licence Holder</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>M</b>	
<b>Major Currencies</b>	shall have the same meaning as assigned to it under Article 10(3) of Commission Delegated Regulation (EU) 2017/565.
<b>Malta Digital Innovation Authority or MDIA</b>	refers to the Malta Digital Innovation Authority, as established by the Malta Digital Innovation Authority Act, Chapter 591 of the Laws of Malta.
<b>Malta Financial Services Authority or MFSA</b>	refers to the Malta Financial Services Authority, as established by the Malta Financial Services Authority Act, Chapter 330 of the Laws of Malta.
<b>Malta's International Commitments</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Market Abuse</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Market Maker</b>	shall have the same meaning as assigned to it under Regulation 2 (1) of the Regulations.
<b>Markets in Financial Instrument Directive or MiFID</b>	refers to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014, on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended from

	time to time, and includes any implementing measures that have been or may be issued thereunder.
<b>Member State</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Minister</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Money Laundering Reporting Officer or MLRO</b>	refers to the person appointed by an Issuer, VFA Agent or Licence Holder in terms of Regulation 15 of the PLMFTR.
<b>Money Market Fund</b>	shall have the same meaning as assigned to it under Regulation 2 (1) of the Regulations.
<b>Money-Market Instruments</b>	shall have the same meaning as assigned to it under Article 4 (1) (17) of MiFID.
<b>Multilateral Trading Facility or MTF</b>	shall have the same meaning as assigned to it under Article 4 (1) (22) of MiFID.
	
<b>Organised Trading Facility or OTF</b>	shall have the same meaning as assigned to it under Article 4 (1) (23) of MiFID.
<b>Other Derivative Contracts</b>	shall have the same meaning as assigned to it under Article 7 (1) of the Commission Delegated Regulation (EU) 2017/565.
<b>Overseas Regulatory Authority</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
	
<b>Payment Institution</b>	shall have the same meaning as assigned to it under the Financial Institutions Act.

<b>Person</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Prescribed</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Prevention of Money Laundering and Funding of Terrorism Regulations or PMLFTR</b>	refers to the Prevention of Money Laundering and Funding of Terrorism Regulations, Subsidiary Legislation 373.01 of the Laws of Malta.
<b>Q</b>	
<b>Qualifying Holding</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>R</b>	
<b>Recognised Jurisdiction</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Regulated Market</b>	shall have the same meaning as assigned to it under Article 4 (1) (21) of MiFID.
<b>Resident in Malta</b>	Shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Revenue</b>	shall have the same meaning as assigned to it under Regulation 2 (1) of the Regulations.
<b>Rules</b>	Shall have the same meaning as assigned to it under Article 2 (2) of the Act.

## S

<b>Senior Manager</b>	means the person occupying the most senior role following that of Administrator. In the event of various management grades, it is the most senior manager who will require the MFSA's authorisation.
<b>Smart Contract</b>	shall have the same meaning as assigned to it under Article 2 (2) of the Act.
<b>Subject Person</b>	shall have the same meaning as assigned to it under Regulation 2 (1) of the Regulations.
<b>Subsidiary</b>	shall have the same meaning as assigned to it under Article 2 of the Companies Act.

## T

<b>Test</b>	refers to the Financial Instrument Test.
<b>Third country</b>	shall have the same meaning as assigned to it under Regulation 2 (1) of the Regulations.
<b>Token Standard</b>	means a technical specification that defines a common list of rules applying to every DLT asset on a particular DLT network and by which every DLT asset interacts with others on the said network.
<b>Trading Day</b>	shall have the same meaning as assigned to it under article 10(4) of the Commission Delegated Regulation (EU) 2017/565.
<b>Trusts and Trustees Act</b>	refers to the Trusts and Trustees Act, Chapter 331 of the Laws of Malta.

## U

### Undertakings for Collective Investment in Transferable Securities Directive or UCITS Directive

refers to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of the laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as may be amended from time to time.

### Unit

shall have the same meaning as assigned to it under Article 2 (2) of the Act.

### User

means the person completing the Test.

## V

### VFA Agent

shall have the same meaning as assigned to it under Article 2 (2) of the Act.

### VFA Agreement

shall have the same meaning as assigned to it under Article 2 (2) of the Act.

### VFA Exchange

shall have the same meaning as assigned to it under Article 2 (2) of the Act.

### VFA Exchange Operator

shall have the same meaning as assigned to it under Article 2 (2) of the Act.

### VFA service

shall have the same meaning as assigned to it under Article 2 (2) of the Act.

### VFA Services Licence

shall have the same meaning as the term 'Licence', as defined in this Glossary.

### Virtual Financial Asset or VFA

shall have the same meaning as assigned to it under Article 2 (2) of the Act.

**Virtual Financial Assets Regulations  
or the Regulations**

refers to the Virtual Financial Assets Regulations, Subsidiary Legislation 590.XX (provisional) of the Laws of Malta.

**Virtual Financial Assets Rulebook or  
the Rules**

refers to the Virtual Financial Assets Rulebook, issued under the Act, and as may be amended from time to time.

**Virtual Token or VT**

shall have the same meaning as assigned to it under Article 2 (2) of the Act.

## W

**Whitepaper**

shall have the same meaning as assigned to it under Article 2 (2) of the Act.

**Written consent**

shall have the same meaning as assigned to it under Article 2 (1) of the Regulations.

**MFSA**

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