

# HOW TO COMPLETE THE FINANCIAL INSTRUMENT TEST

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SECURITIES AND MARKETS SUPERVISION UNIT

**MFSA**

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MALTA FINANCIAL SERVICES AUTHORITY

# FINANCIAL INSTRUMENT TEST & RELATED GUIDANCE NOTE



AVAILABLE ON THE MFSA VFA PAGE:

[HTTPS://MFSA.COM.MT/VFA](https://mfsa.com.mt/vfa)

# FIRST STAGE

## USER AND DLT ASSET DETAILS

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MALTA FINANCIAL SERVICES AUTHORITY

MALTA FINANCIAL SERVICES AUTHORITY				18 October 2018
Financial Instrument Test				
DETAILS SHEET				
USER DETAILS				
I-1	PREFIX	Mr		
I-2	NAME	John		
I-3	SURNAME	Doe		
I-4	POSITION	Administrator		
I-5	USER TYPE	Issuer		
I-6	VFA AGENT	XYA VFA Agent Ltd		
I-7	ISSUER NAME	ABC Ltd		
I-8	COMPANY NO.	12345678		
I-9	EMAIL	jdoe@abc.com		
I-10	DIRECT LINE	12345678		
I-11.1	Registered Address	BUILDING NO.	1	
I-11.2		ROAD	Notabile Road	
I-11.3		CITY / TOWN	Attard	
	COUNTRY	Malta		
DLT ASSET DETAILS				
I-12	CODE			
I-13	NAME			
I-14	WEBSITE (URL)			

# FIRST STAGE

VALIDATED

NOT VALIDATED

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MALTA FINANCIAL SERVICES AUTHORITY

# FIRST STAGE

	A	B	C	D	E	F
2	MALTA FINANCIAL SERVICES AUTHORITY					18 October 2018
3	<b>Financial Instrument Test</b>					
6	<b>DETAILS SHEET</b>				ABC_8945	
32	I-11.2	Register Address	ROAD	Notibile Road		
33	I-11.3		CITY / TOWN	Attard		
35			COUNTRY	Malta		
37	<b>DLT ASSET DETAILS</b>					
39	I-12		CODE	ABC		
41	I-13		NAME	ABC Token		
43	I-14		WEBSITE (URL)	abc.com		
45	I-15		LINK TO WHITEPAPER (URL)	abc.com/wp		
47	I-16		ISSUER	ABC Ltd		
	I-17		BRIEF DESCRIPTION (OPTIONAL)	...		
49						
52	V.2018.08.01					
	MFSA MALTA FINANCIAL SERVICES AUTHORITY					

3-LETTER CODE  
GIVEN TO THE ASSET  
BY THE ISSUER OR  
MARKET  
  
EG: BTC

# SECOND STAGE

## DLT ASSET DETERMINATION

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MALTA FINANCIAL SERVICES AUTHORITY

# SECOND STAGE

A	B	C	D	E	F
2	Financial Instrument Test				
3	T1 - Virtual Token				
6	Financial Instrument Test Ref.:		ABC_8945		
7	DLT Asset Name:		ABC Token		
8	User:		John Doe		
11	<b>Features of Virtual Token in terms of Article 2 of the VFA Act</b>				
12	Does the DLT asset have the following feature:				
13	T1-1	Does the Token Standard allow the DLT asset's conversion into another DLT asset type?	<div><div></div><div>Yes</div><div>No</div></div>		
14	T1-2	Does the Token Standard support Atomic Swapping or any other type of interoperability outside (i) the DLT platform on or in relation to which it was issued or (ii) a limited network of DLT platforms?			
15	T1-3	Does the issuer intend to list or admit a DLT asset to trading on an exchange, either locally or abroad?			
16	T1-4	...a form of digital medium recordation whose utility, value or application is restricted solely to the acquisition of goods or services?			
20	MFSA		Determination:		-
24	MALTA FINANCIAL SERVICES AUTHORITY		Proceed to:		-

SELECT  
OPTION

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# SECOND STAGE

## VIRTUAL TOKEN

LIMITED TO ONE DLT PLATFORM

NOT CAPABLE OF BEING LISTED

NOT CONVERTIBLE INTO ANOTHER DLT ASSET TYPE

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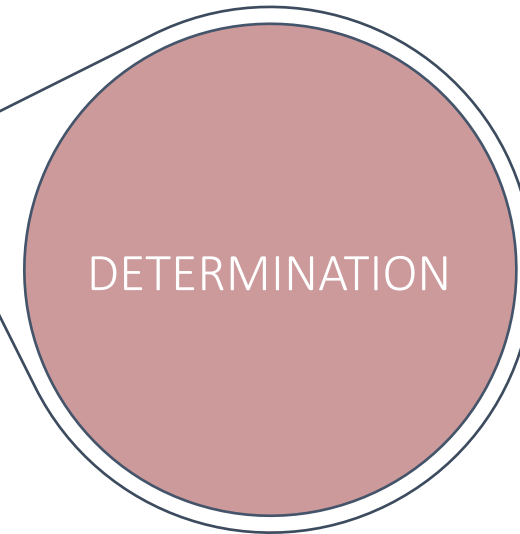
# SECOND STAGE

A	B	C	D	E	F
2	Financial Instrument Test				
3	T1 - Virtual Token				
6	Financial Instrument Test Ref.:		ABC_8945		
7	DLT Asset Name:		ABC Token		
8	User:		John Doe		
11	<b>Features of Virtual Token in terms of Article 2 of the VFA Act</b>				
12	Does the DLT asset have the following feature:				
13	T1-1	Does the Token Standard allow the DLT asset's conversion into another DLT asset type?	No		
14	T1-2	Does the Token Standard support Atomic Swapping or any other type of interoperability outside (i) the DLT platform on or in relation to which it was issued or (ii) a limited network of DLT platforms?	No		
15	T1-3	Does the issuer intend to list or admit a DLT asset to trading on an exchange, either locally or abroad?	No		
16	T1-4	...a form of digital medium recordation whose utility, value or application is restricted solely to the acquisition of goods or services?	Yes		
20	MFSA		Determination:		Virtual Token
24	MALTA FINANCIAL SERVICES AUTHORITY		Proceed to:		II_DECLARATIONS

PROCEED TO  
DECLARATIONS

# SECOND STAGE

MALTA FINANCIAL SERVICES AUTHORITY	
Financial Instrument Test	
DECLARATIONS SHEET	
ABC_8945	
DETERMINATION	
II-1	ON THE BASIS OF THIS FINACIAL INSTRUMENT TEST THE DLT ASSET QUALIFIES AS A: Virtual Token
DECLARATION	
USER	
II-2	I, the undersigned, John Doe, with the details specified on the Cover Sheet, have prepared on behalf of the Issuer, ABC Ltd, with the details specified on the Cover Sheet, declare that:  I. the Test is prepared in accordance with the VFA Act and its Guidelines;  II. the information provided in the Test is truthful and complete; and  III. I shall undertake the Test again immediately upon becoming aware that any of the DLT assets' features, as herein described, have changed during its lifecycle and shall re-submit it to the MFSA without undue delay.
Signature	
18/10/2018	
DECLARATION	
VFA AGENT/COMPLIANCE OFFICER/LEGAL ADVISOR	
I, the undersigned, appointed as a Designate Person XYA VFA Agent Ltd with the above stated User, agree	



# SECOND STAGE

A	B	C	D	E	F
2	Financial Instrument Test				
3	T1 - Virtual Token				
6	Financial Instrument Test Ref.:		ABC_8945		
7	DLT Asset Name:		ABC Token		
8	User:		John Doe		
11	<b>Features of Virtual Token in terms of Article 2 of the VFA Act</b>				
12	Does the DLT asset have the following feature:				
13	T1-1	Does the Token Standard allow the DLT asset's conversion into another DLT asset type?		No	
14	T1-2	Does the Token Standard support Atomic Swapping or any other type of interoperability outside (i) the DLT platform on or in relation to which it was issued or (ii) a limited network of DLT platforms?		No	
15	T1-3	Does the issuer intend to list or admit a DLT asset to trading on an exchange, either locally or abroad?		No	
16	T1-4	...a form of digital medium recordation whose utility, value or application is restricted solely to the acquisition of goods or services?		No	
20	MFSA		Determination:		-
24	MALTA FINANCIAL SERVICES AUTHORITY		Proceed to:		T2_TS

PROCEED TO  
T2\_TS

# SECOND STAGE

## TRANSFERABLE SECURITY

397 DAYS MATURITY

EXCHANGEABLE

RIGHTS TO DIVIDENDS

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

# SECOND STAGE

A	B	C	D	E	F
2	Financial Instrument Test				
3	T2 - Transferable Securities				
6	Financial Instrument Test Ref.:		ABC_8945		
7	DLT Asset Name:		ABC Token		
8	User:		John Doe		
11	<b>Maturity</b>				
11	Does the DLT asset have...				
13	T2-1	...a maturity at issuance of more than 397 days?		Yes	
15	<b>Instrument of Payment</b>				
15	Is the DLT asset... [T3_2 or T3_3] ...to initiate or conclude transaction/s to buy goods or services as agreed between two or more parties?				
17	T2-2	... function as a medium of exchange...		No	
18	T2-3	...an established means of payment...		No	
20	<b>Exchangeability</b>				
20	Is the DLT asset negotiable or capable of being traded on the capital market?				
22	T2-4	Does the holder of the DLT asset have the right to deal freely with his instrument and to transfer any or all of them to whomsoever he or she pleases?		Yes	
23	T2-5	In the event that T2-4 is no, do the restrictions placed on negotiability and transferability, allow holders to negotiate and/or transfer the DLT asset to a person other than the issuer?		No	

LDDETAILS

T1\_VT

T2\_TS

T3\_MI

T4\_CS

T5\_C(4)

T6\_C(5-7)

T7\_C(8)

...

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:

MATURITY

NOT AN  
INSTRUMENT OF  
PAYMENT

EXCHANGEABILITY

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

A	B	C	D	E	F
2	Financial Instrument Test				
3	<b>T2 - Transferable Securities</b>				
6	Financial Instrument Test Ref.:		ABC_8945		
7	DLT Asset Name:		ABC Token		
8	User:		John Doe		
25	<b>Features of Transferable Securities</b>				
26	Does the DLT asset have the following features:				
27	T2-6	Right to participate in the capital of the issuer	Yes		
28	T2-7	Right to receive proceeds from the liquidation of issuer in excess of nominal value	No		
29	T2-8	Entry in the register of shareholders	No		
30	T2-9	Right to a principal amount due of fixed sum with fixed/ variable maturity	No		
31	T2-10	Entry in the register of debenture holders	No		
32	T2-11	Right to acquire or sell a transferable security	No		
33	T2-12	Right to an amount settled in cash determined by reference to transferable securities, currencies[1], interest rates or yields, commodities or other indices or measures	No		
37	MFSA		Determination: Transferable Securities		
41	MALTA FINANCIAL SERVICES AUTHORITY		Proceed to: II_DECLARATIONS		

# SECOND STAGE

RIGHT TO  
DIVIDENDS

PROCEED TO  
DECLARATIONS

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

# SECOND STAGE

MALTA FINANCIAL SERVICES AUTHORITY									
Financial Instrument Test									
DECLARATIONS SHEET									
ABC_8945									
DETERMINATION									
II-1 ON THE BASIS OF THIS FINANCIAL INSTRUMENT TEST THE DLT ASSET QUALIFIES AS A:									
Transferable Securities									
DECLARATION									
USER									
II-2 I, the undersigned, John Doe, with the details specified on the Cover Sheet, have prepared on behalf of the Issuer, ABC Ltd, with the details specified on the Cover Sheet, declare that:									
I. the Test is prepared in accordance with the VFA Act and its Guidelines;									
II. the information provided in the Test is truthful and complete; and									
III. I shall undertake the Test again immediately upon becoming aware that any of the DLT assets' features, as herein described, have changed during its lifecycle and shall re-submit it to the MFSA without undue delay.									
Signature									
18/10/2018									
DECLARATION									
VFA AGENT/COMPLIANCE OFFICER/LEGAL ADVISOR									
I, the undersigned, appointed as a Designate Person XYA VFA Agent Ltd with the above stated User, agree with the User Declaration as specified in II.2 above and with the determination of this Financial Instrument									

DETERMINATION

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## SECOND STAGE

# VIRTUAL FINANCIAL ASSET

WHERE THE DLT ASSET DOES NOT HAVE THE CHARACTERISTICS OF:

- VIRTUAL TOKEN;
- FINANCIAL INSTRUMENT; OR
- ELECTRONIC MONEY

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MALTA FINANCIAL SERVICES AUTHORITY



# SECOND STAGE

A	B	C	D	E	F	G	H	I
2	MALTA FINANCIAL SERVICES AUTHORITY							
3	Financial Instrument Test							
6	DECLARATIONS SHEET				ABC_8945			
9	<b>DETERMINATION</b>							
11	II-1	ON THE BASIS OF THIS FINANCIAL INSTRUMENT TEST THE DLT ASSET QUALIFIES AS A:					Virtual Financial Asset	
13	<b>DECLARATION</b>							
13	USER							
15	II-2	I, the undersigned, John Doe, with the details specified on the Cover Sheet, have prepared on behalf of the Issuer, ABC Ltd, with the details specified on the Cover Sheet, declare that:						
16		I. the Test is prepared in accordance with the VFA Act and its Guidelines;						
16		II. the information provided in the Test is truthful and complete; and						
16		III. I shall undertake the Test again immediately upon becoming aware that any of the DLT assets' features, as herein described, have changed during its lifecycle and shall re-submit it to the MFSA without undue delay.						
18							<b>Signature</b>	
20							18/10/2018	
22	<b>DECLARATION</b>							
22	VFA AGENT/COMPLIANCE OFFICER/LEGAL ADVISOR							
22	I, the undersigned, appointed as a Designate Person XYA VFA Agent Ltd with the above stated User, agree							

Navigation: T9\_C(10) | T10\_ODCC | T11\_ODFI | T12\_EA | T13\_EM | **II\_DECLARATIONS**

DETERMINATION

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# THIRD STAGE DECLARATIONS

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# THIRD STAGE

A	B	C	D	E	F	G	H	I
2	MALTA FINANCIAL SERVICES AUTHORITY							
3	Financial Instrument Test							
6	DECLARATIONS SHEET				ABC_8945			
9	<b>DETERMINATION</b>							
11	II-1	ON THE BASIS OF THIS FINACIAL INSTRUMENT TEST THE DLT ASSET QUALIFIES AS A:					Virtual Financial Asset	
13	<b>DECLARATION USER</b>							
15	II-2	I, the undersigned, John Doe, with the details specified on the Cover Sheet, have prepared on behalf of the Issuer, ABC Ltd, with the details specified on the Cover Sheet, declare that:						
16		I. the Test is prepared in accordance with the VFA Act and its Guidelines;						
		II. the information provided in the Test is truthful and complete; and						
		III. I shall undertake the Test again immediately upon becoming aware that any of the DLT assets' features, as herein described, have changed during its lifecycle and shall re-submit it to the MFSA without undue delay.						
18							<i>Signature</i>	
20							18/10/2018	
22	<b>DECLARATION</b> VFA AGENT/COMPLIANCE OFFICER/LEGAL ADVISOR							
	I, the undersigned, appointed as a Designate Person XYA VFA Agent Ltd with the above stated User, agree							

Navigation: T9\_C(10) | T10\_ODCC | T11\_ODFI | T12\_EA | T13\_EM | **II\_DECLARATIONS**

DETERMINATION

ORIGINAL  
SIGNATURE OF  
USER

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

# THIRD STAGE

	A	B	C	D	E	F	G	H
18						<i>Signature</i>		
20							18/10/2018	
22								
24								
26								
28								
30								
32								
34								
36								
38								
39								

**DECLARATION**  
VFA AGENT/COMPLIANCE OFFICER/LEGAL ADVISOR

II-3 I, the undersigned, appointed as a Designate Person XYA VFA Agent Ltd with the above stated User, agree with the User Declaration as specified in II-2 above and with the determination of this Financial Instrument Test.

*Name and Surname*

*Signature*

18/10/2018

**DISCLAIMER:**

THE MFSA SHALL NOT BE LIABLE FOR ANY ALTERATIONS TO THIS FINANCIAL INSTRUMENT TEST AND ANY SHEETS THEREOF. THE AUTHORITY ALSO RESERVES THE RIGHT TO REVIEW AND PUBLISH THE DETERMINATION IN ANY WAY IT MAY DEEM NECESSARY.

THE MFSA ENSURES THAT ANY PROCESSING OF PERSONAL DATA IS CONDUCTED IN ACCORDANCE WITH REGULATION (EU) 2016/679 (GENERAL DATA PROTECTION REGULATION), THE DATA PROTECTION ACT (CHAPTER 586 OF THE LAWS OF MALTA) AND ANY OTHER RELEVANT EUROPEAN UNION AND NATIONAL LAW. FOR FURTHER DETAILS, YOU MAY REFER TO THE MFSA PRIVACY NOTICE AVAILABLE ON THE MFSA WEBPAGE WWW.MFSA.COM.MT.

**MFSA**  
MALTA FINANCIAL SERVICES AUTHORITY

NAME &  
SURNAME OF  
PERSON  
VERIFYING THE  
TEST

ORIGINAL  
SIGNATURE OF  
PERSON  
VERIFYING THE  
TEST

THE INFORMATION PROVIDED IN THIS PRESENTATION IS SOLELY FOR GENERAL GUIDANCE AND IS TO BE CONSTRUED NEITHER AS ADVICE NOR AS ANY TYPE OF COMMITMENT WHATSOEVER ON BEHALF OF THE MFSA.

CONTACT:

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**MFSA**

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