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FOR IMMEDIATE RELEASE

MGA launches Phase 2 of its Sandbox Regulatory Framework

Following the implementation of the first phase of the Sandbox Regulatory Framework as of 1 January 2019, which established the possibility for authorised persons to be allowed to accept **Virtual Financial Assets (VFAs)** as a means of payment, the Malta Gaming Authority (MGA) is announcing the launch of the second phase of the Framework. During this phase, the MGA will be accepting applications for the use of **Innovative Technology Arrangements (ITAs)**, including **Distributed Ledger Technology (DLT)** platforms and smart contracts.

Further to the aforementioned, the MGA shall be extending the duration of the Sandbox Regulatory Framework until 31 December 2021. The [*Guidance on the use of Innovative Technology Arrangements and the acceptance of Virtual Financial Assets and Virtual Tokens through the implementation of a Sandbox Environment*](#) has been amended, in order to reflect the developments that have taken place in relation thereto. The Licensee Relationship Management System (LRMS) has been updated to the effect that both prospective and existing licence holders are now able to apply for the MGA's approval in order to integrate ITAs within their operation.

ITAs shall be required to be audited by auditors registered with the Malta Digital Innovation Authority (MDIA) in terms of the Innovative Technology Arrangements and Services (ITAS) Act (Chapter 592 of the Laws of Malta), and shall only be accepted by the MGA if the audit report consists of a positive opinion and the MGA is satisfied that the regulatory requirements shall be adhered to by the authorised person.

An approval to participate in the Sandbox Regulatory Framework is conditional on the applicant holding the relevant licence issued by the MGA, without prejudice to any other regulatory requirements stemming from other applicable legislation, including but not limited to, the Virtual Financial Assets Act (Chapter 590 of the Laws of Malta) and the regulations issued thereunder.

Kindly contact the Innovation Team on innovation.mga@mga.org.mt for any queries related to the above.

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