

MALTA'S INTERNATIONAL LEGAL & ADVISORY GROUP

Electronic Money Providers E - Money Institutions

100% EU & OECD Compliant – A Legitimate Fiscal & Tax Competitive EU Jurisdiction A Legitimate Low Tax EU Country.



As one of the first jurisdictions to regulate online gaming, Malta's telecommunications and technology infrastructure, combined with a multilingual workforce makes its an ideal location to set-up technology intensive sectors such as e-money institutions.

Added to which, with low tax rates and regulatory costs for e-money companies set up and on going management, Malta is a very attractive jurisdiction for this sector.

What is E-Money?

Regulated under the Financial Institutions Act and Financial Institutions Rules and is defined as:

"electronically, including magnetically, stored monetary value as represented by a claim on the issuer which is issued on receipt of funds for the purpose of making payment transactions ... and which is accepted by a natural or legal person other than the financial institutions that issued the electronic money"

Permitted activities

Permitted activities in addition to the issuing of e-money are:

- Provision of certain payment services
- Allowed to issue debit cards (such as a chip device) but not credit cards since such institutions are not permitted to undertake lending or other bank related activities
- Allowed to outsource services subject to MFSA approval
- Granting of credit related to certain payment services subject to the requirement that any credit is not be granted from the funds received in exchange of electronic money and held in accordance with the prescribed safeguarding requirements

- The provision of operational services and closely related ancillary services, in respect of the issuing of electronic money or to the provision of payment services referred to above
- Operation of payment systems
- Business activities other than the issuance of electronic money, with regards to the applicable law regulating such activities.

Licensing Requirements

- Initial capital of at least €350,000
- At least 2 individuals who will effectively direct the business of the e-money institution in Malta
- In addition, the company and those directing it must exercise prudent conduct; be fit and proper persons; have integrity and professionalism and have adequate flows of information; as well as the possibility of consolidated supervision.

Licence Application

An application to the Malta Financial Services Authority (MFSA) consists of two processes:

- (i) a business plan analysis (including financial projections) and
- (ii) due diligence exercises on directors, senior managers and shareholders.

E-Money Providers are required to submit the following documents:

- Programme of operations
- A copy of the Memorandum and Articles of Association of the institution or the deed of partnership

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- Audited financial statements for the last three years
- A business plan including the structure, organisation and management systems of the institution
- Description of the internal control mechanisms
- Description of the structural organisation
- Measures concerning safeguarding of funds where applicable.

Time Frame

Subject to all documents being in order and timely submitted to the MFSA, a decision in respect of the licence will be made within three months of receipt of application.

Regulatory Costs

- One time application and processing fee payable upon the application's submission of €1,200
- One-time licensing fee payable upon the grant of the license of €1,800
- Annual supervision fee (equivalent to a percentage of the total items in the balance sheet) of not less than €2,500 and not more than €50,000.

Licence fees are payable on the date of the grant of a licence and are pro-rata to 31 December. Thereafter fees are paid on an annual basis on the 1st of January – payable on a six monthly basis and are not refundable.

Passporting

Once the Malta licence is obtained, the Electronic Money Provider would benefit from the right to passport the Malta licence into other EU Member State countries upon submission of certain notification. This allows the Electronic Money Provider to offer its services within the relevant Member State/s and/or EEA State/s either through the establishment of a branch or remotely, under the freedom to provide services directives.

For more information about setting up Electronic Money Providers in Malta, please contact us.

