



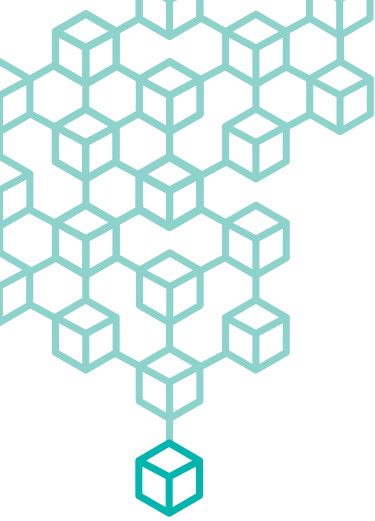
Deloitte Malta blockchain

Powering your innovation

Deloitte Malta 2018

Tax ●

Audit & Assurance ●



Introduction

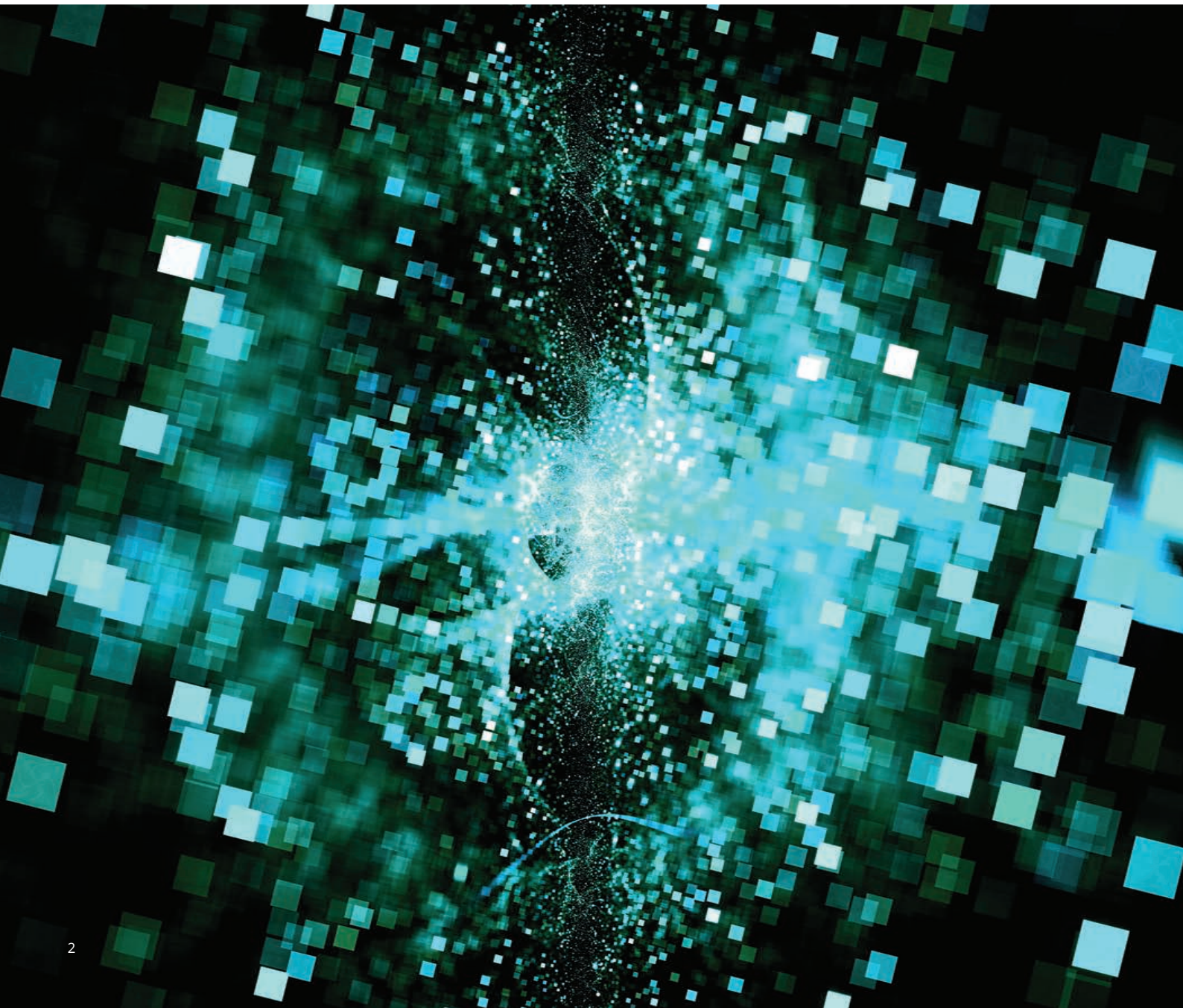
As your organisation begins to embark on a journey to develop and mature blockchain-related applications, it is important to consider and plan for risks.

Similar to how the advent of the Internet led to an offspring of various new players, blockchain has already seen a similar rise in new market entrants, and as blockchain, distributed ledgers and cryptocurrencies continue going mainstream, stakeholders should consider their ability to mitigate the new risks that arise.

Deloitte Malta has developed services to address financial, technology, operational and regulatory aspects of the blockchain space.

As your 'preferred professional advisor' and strategic partner, we will have an in-depth knowledge of your activities and the sector in which you operate, and will place at your disposal a team of subject matter experts, built on a core of local and internationally based individuals with in-depth technical skills and industry knowledge. Most importantly, our team has a track record of successful engagements and understands the challenges associated with blockchain.

Deloitte is a global leader in providing multi-disciplinary blockchain advisory and technology delivery. It has over 1,500 dedicated blockchain practices across audit & assurance, consulting, tax, corporate finance and risk advisory as well as dedicated blockchain centres of excellence in New York (Americas), Dublin (EMEA) and Hong Kong (Asia Pacific).



Deloitte strategy on blockchain

One of Deloitte's core promises to our clients is to help them navigate a world of fast-paced, technology-led change and emerge with winning strategies to achieve growth, leverage established and emerging technologies to enable those strategies, and pursue impactful digital transformation initiatives for the benefit of their stakeholders, customers and employees.

Blockchain is just one of a number of technologies that our clients can use, but with a number of notable implications that have led Deloitte to develop dedicated centres of excellence specific to blockchain – these include speed of development, broad spectrum of disruption, significant regulatory implications and limited enterprise expertise. Blockchain as a platform technology has already disrupted global transfer of value (i.e. Bitcoin) but the broader implications are that entire industries (and traditional competitors) are

Regardless of how the overall landscape may play out in the next five to ten years, from an objective perspective, there is immediate and quantifiable business value

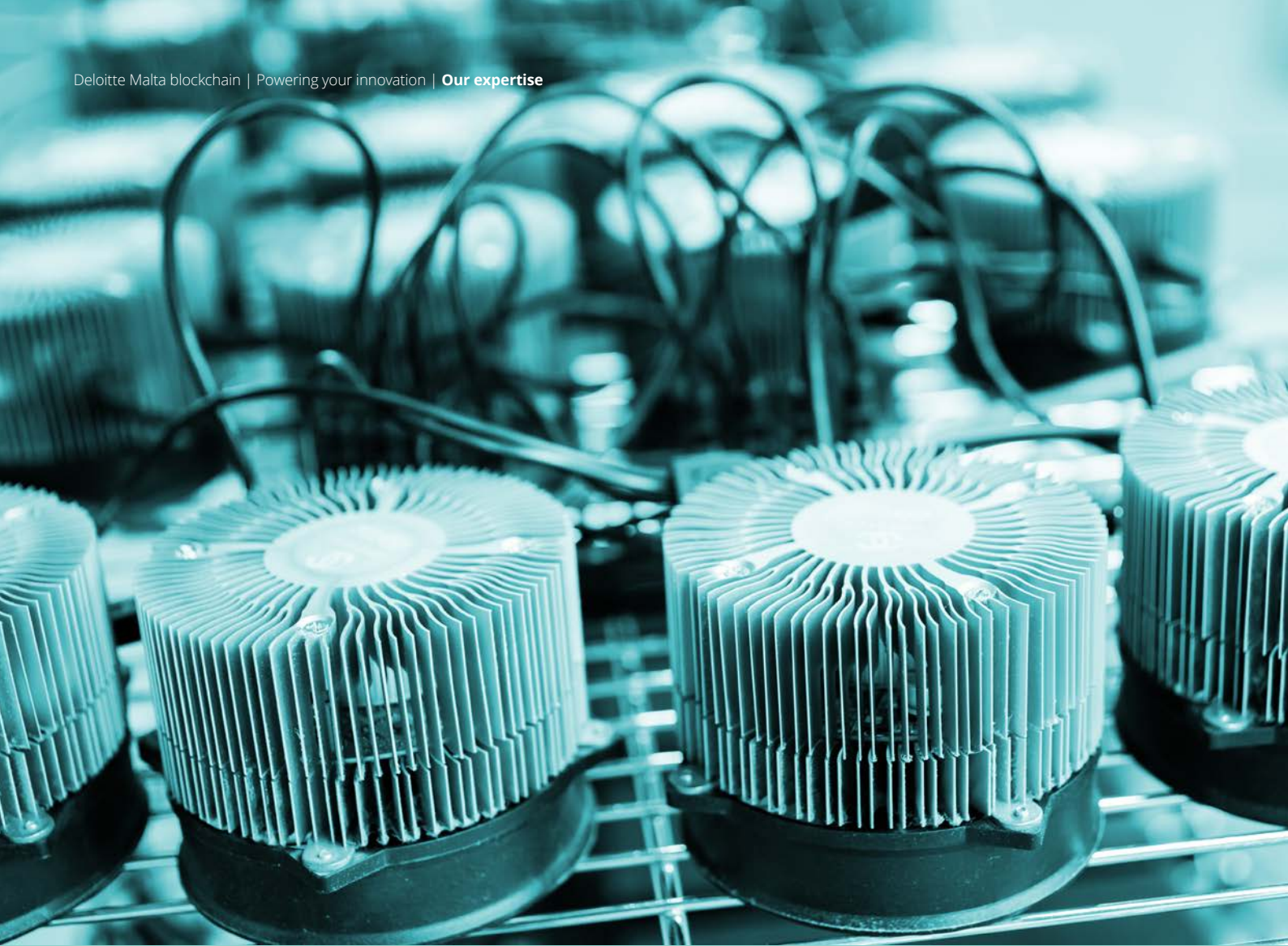
looking together at the potential for blockchain to transform the way value is created and shared, and how legacy processes can become disintermediated and decentralised. Many blockchain evangelists will call for the 'decentralisation of everything' on public, permissionless blockchains.

Our view is more pragmatic. We see established enterprises, institutions, regulators and governments having a major role to play in adoption and evolution of blockchain technology, further aided by investment from major technology providers (Microsoft, Amazon, Oracle, SAP), making it easier for enterprises to integrate blockchain platforms into their existing systems – suggesting more evolution than revolution, and in this vision Deloitte is well positioned to play an active role in leading industry transformations.

Deloitte's own vision, in support of our clients' ambitions, needs and challenges, is to be the #1 global,

multi-disciplinary, platform-agnostic blockchain consultancy that is able to contextualise the opportunity for blockchain within the broader sphere of digital transformation, provide deep industry and business area expertise to bring opportunities to life, and a global blockchain delivery capability that can take exciting propositions into live production.

Regardless of how the overall landscape may play out in the next five to ten years, from an objective perspective, there is immediate and quantifiable business value to be captured across all industries from adoption of a secure, decentralised platform technology to support the jobs that customers, companies and authorities have always needed to do. And the potential to leverage blockchain's digital capabilities to reduce costs, grow revenues and/or create new business models is there to be harnessed today.



Our expertise

Blockchain project teams are typically based on the specific scope, industry and technology requirements of our clients. These core multidisciplinary teams combine specialised skills including different blockchain development platforms, protocols and technologies.

Deloitte are members of key technology alliances where we contribute with architectural input, platform review assessments and attendance at community events, including:

- Enterprise Ethereum Alliance
- Hyperledger Foundation

We maintain relationships with established and emerging blockchain platform providers to conduct our own product reviews, participate in technical walkthroughs, test technology within our labs and provide feedback, including:

- IOTA
- Bigchain DB
- Multichain
- Corda

From a local perspective, we are actively involved in providing regular feedback to the competent regulatory authorities (MFSA and MDIA) for the various consultation documents that are being issued in relation to the blockchain ecosystem.

We pride ourselves in being technology agnostic

Our credentials

Deloitte has built 50+ blockchain proof-of-concepts (PoCs) and prototypes for industries including financial services, insurance, life sciences & healthcare, consumer & industrial products, and cross-industry applications

Deloitte Global blockchain community



Blockchain PoCs developed globally



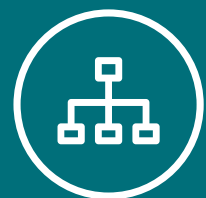
Industries where we have deep business process knowledge



Professionals in our blockchain community from 40 countries



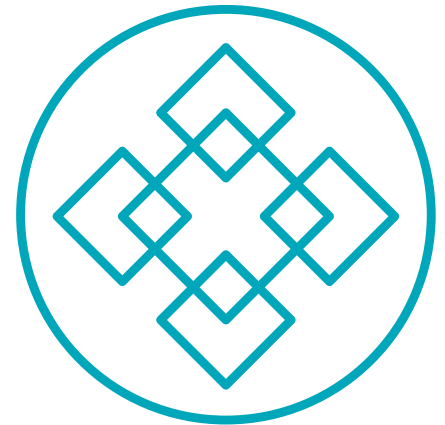
Global delivery network



Ecosystem of technology and innovation companies



Assurance offerings



Deloitte Malta is able to offer a broad range of services to entities operating across multiple sectors. The following have been identified as service offerings that are key to entities operating in the blockchain sector.

Regulatory compliance

Systems Audit Type I & II in line with VFA & ITAs Acts based upon the ISAE3000 framework

Technical assurance

Agreed upon procedures

Smart contract review

Fact finding report on the underlying smart contract security and enlisting the objectives of the implemented properties, functions and procedures in line with the corresponding whitepaper.

Key management review

Fact finding report on the security aspects of the cryptographic solutions in use by the entity.

Transaction monitoring

Agreed upon procedure

Reconciliation of transactions recorded by the provided wallet addresses against third party sources. Conventional crypto currencies are monitored and traced through public sources or independent Deloitte owned nodes in Japan or the United States.

Proof of ownership

Agreed upon procedure

Performance of procedures to report on the ownership of wallets which hold the specified assets and the value of the assets held.

Proof of origin (source of wealth)

Agreed upon procedure

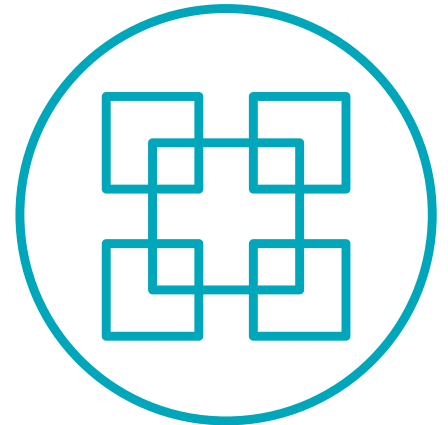
For each provided wallet address, we reconcile the transactions related to acquisition/holding of crypto assets positions against the corresponding fiat transaction with evidence in the form of cash transfer confirmation, bank wire confirmation, account information, loan agreements or similar documents from involved parties, e.g. shareholder, banks, exchanges, brokers, custodians.

Agreed Upon Procedure (AUP) engagements will be conducted in line with the requirements of ISRS 4400 (International Standard on Related Services 4400).

It is understood that all clients must be onboarded and services provided by Deloitte will be subject to Deloitte due diligence and KYC processes prior to acceptance.

Tax offerings

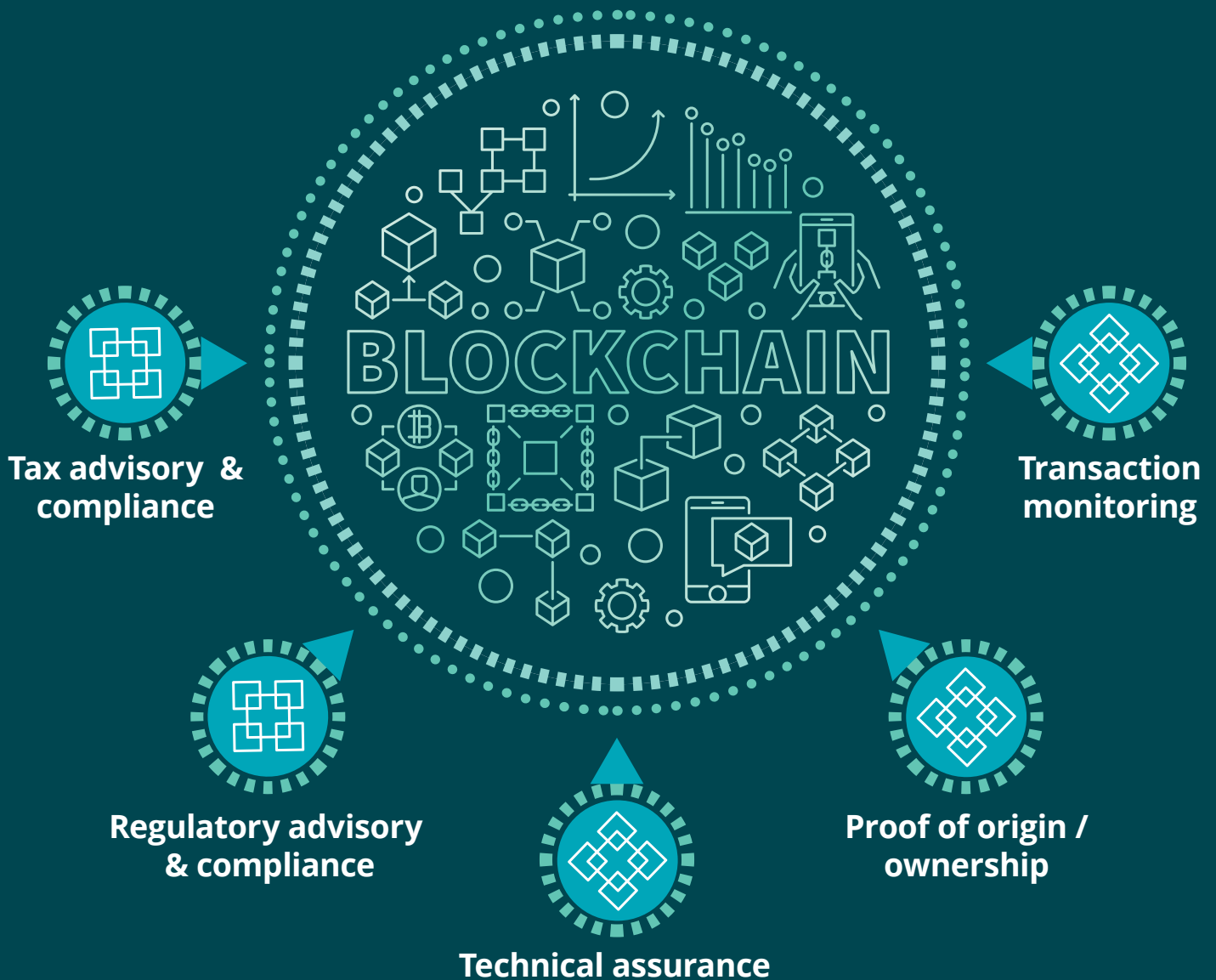
Deloitte offers a wide variety of tax related and regulatory advisory services to operators across various sectors. Deloitte has provided tax and regulatory guidance in connection with a number of token launches as well as on the setting up of cryptocurrency exchanges. Deloitte in Malta can provide advice from a regulatory, direct tax, indirect tax and stamp duty perspective, together with assistance with ongoing local tax registration and compliance obligations. Services we offer include:



- **Tax advisory services**
- **Tax compliance services**
- **Assistance with dividend distributions and Malta tax refund claims**
- **Application for a stamp duty exemptions**
- **Malta regulatory advice**
- **Company incorporation services**

The impact along the journey

End to end support services



About Deloitte Malta

Global strength, local delivery

Deloitte Malta is a multidisciplinary firm that offers a wide range of services. Our firm is a leading provider of auditing, taxation, financial advisory, risk advisory and consulting and other related services to an extensive client base. We serve large international and domestic clients as well as smaller family-owned businesses, which all benefit from the firm's traditional policy of personal director

involvement. We are firmly established as one of Malta's leading providers of professional services. We have the largest international tax and corporate services related practice serving a range of multinationals who take advantage of our skills, competitive cost base, regulatory environment, EU membership, and favourable tax environment.



Mission statement

The firm's mission statement is to "help our clients and people excel" and this underpins all that we do.

Ready to respond

The firm focuses on clients. We take great pride in our ability to provide quality services—whether they are owner managed businesses, large multinational corporations or governmental entities. We are a multiskilled, multidisciplinary firm and we offer clients a wide range of industry-focused business solutions.

Firm recognition

We recognise the wisdom in the old adage 'self praise is no recommendation'. However, we also recognise that you require peace of mind on the service providers who will attend to your companies. As a small jurisdiction, Malta does not have any formal established recognition awards for practising service providers, however, we have done extremely well in terms of international awards:

- Awarded 'National Tax Firm of The Year 2017' by the International Tax Review at the International Tax Review European Tax Awards. Deloitte Malta has won this award five times.
- We have been listed as a 'Tier One' tax practice in Malta by International Tax Review ever since Malta started being featured.

More importantly, we feel that the best accolades we can get are from our fellow service practitioners. We strongly believe that we enjoy a sterling reputation amongst several banking institutions and investment management providers on the island.

Our approach

We help our clients perform better. We listen to their needs, think about the business implications, and tailor our approach accordingly. Our aim has, and will continue to be, to exceed our clients' expectations and to add value to their business. We aim to make an impact that matters.

Our services

The firm is made up of 16 directors, 7 principals and approximately 350 full time staff across the following service lines: Tax, Audit & Assurance, Financial Advisory, Consulting, and Risk Advisory.

Tax

Our award-winning tax practice has eight directors and specialises in the use of international structures routed through Malta whilst also providing support to companies operating within the Maltese economy. Our directors are all deeply involved in the key professional organisations in Malta including the Malta Institute of Accountants, the Institute of Financial Services Practitioners, Finance Malta, the Malta Institute of Taxation, International Fiscal Association (Malta

branch), and the Society for Trust & Estate Practitioners (STEP) Malta branch.

We offer a full range of tax services including Malta income tax and VAT advisory services, direct and indirect tax compliance, deal structuring and transaction services, cross border solutions, expatriate and private client services. Ancillary services such as company incorporation, corporate administration services, and coordination with domiciliation and trust companies are also offered, subject to applicable independence restrictions, so that we may act as a 'one stop shop' in Malta.

Business Process Solutions (BPS)

At Deloitte we recognise that entities need to concentrate their internal resources on their operations in order to maximise value for their clients. We believe that we can add value to the operations of an enterprise by offering a specialised service which will guide entities through the various intricacies of their accountancy requirements.

We have therefore drawn from the expertise built over the years in the



various accountancy functions to create a specialised team which can offer a tailor-made service according to the specific exigencies of the client. The range of services offered include:

- Maintaining books of account as required by law;
- Preparation of periodical management accounts;
- Payroll preparation and filing of related statutory documentation;
- Technical assistance on application of International Financial Reporting Standards generally or to specific fact patterns; and
- Preparation of statutory annual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU.

Indirect tax

Deloitte offers a range of customs and global trade and VAT, GST and sales and use tax services. Deloitte's network of indirect tax experts is well informed and understands the nuances of regulations, the importance of deep industry knowledge and the growing role of technology experience.

Audit & Assurance

Our audit function comprises over 140 professionals, including six directors and two principals. Our team is highly trained and fully committed to provide audit and assurance services to the highest standards. A substantial number of our professional staff have had the opportunity to work alongside their counterparts and develop skills with Deloitte offices overseas. These skills translate into higher quality audits which add value to our clients.

We take great pride in our ability to provide quality services—whether they are owner managed businesses, large multinational corporations or governmental entities.

In order to ensure high-quality financial information, our auditors' work is governed by International Standards on Auditing, which are in accordance with those applicable in all of the world's major financial centres.

We service clients operating both locally and internationally and these include companies involved in a broad cross section of industries including:

- Financial services, comprising banks, insurance related entities, and investment services companies;
- Tourism, hospitality and leisure, including internet gaming companies;
- Real estate and construction;
- Manufacturing, comprising entities benefitting from incentives through Malta Enterprise;
- Consumer business;
- Transportation, including ports and shipping companies and (more recently) aviation structures; and
- Technology, media and telecommunications.

Amongst our list of clients are traditional, long-standing, family-run businesses which have grown steadily over the years, small and medium sized companies as well as a number of listed companies and regulated entities.

Financial Advisory

Financial Advisory comprises a wide range of services covering corporate finance, transaction services, valuation services, corporate recovery, and forensic and dispute services.

Our *Corporate Finance* team is drawn from many backgrounds and offers an extensive range of strategic advisory services. We aim to create and enhance stakeholder value by providing expert corporate finance advice in complex areas such as:

- Acquisitions and disposals;
- Capital raising;
- Valuations;
- Project finance;
- Business modelling;
- Business intelligence; and
- Debt advisory.

In *Transaction Services*, we provide comprehensive, focused support to acquirers and vendors, assessing the strengths and weaknesses of a business, and the likely value it will bring to our client. We provide expert advice in the following areas:

- Acquisition and vendor due diligence;
- Reports to support a stock exchange listing;
- Pre-deal evaluation;
- Business model reviews;
- Merger and acquisition integration; and
- Advice on share purchase agreements; Post completion support and advice.

Our *Reorganisation Services* team provides the full range of company restructuring and reorganisation services to underperforming companies, together with acting in a formal capacity as Liquidator.

In our *Forensic and Dispute Services*, we provide specialist advice on resolving shareholder disputes, in breach of contract cases, on loss of profit claims, and in investigating fraud, and are frequently called upon to provide expert evidence to court.

In *Valuation Services* we provide estimations of value for assets, liabilities, business interests, business enterprises, or securities. Our services generally involve the use of one or more of the commonly accepted valuation approaches - the cost, income, or market approach - to develop such estimates, indications, or analysis.

Consulting

Deloitte is recognised as being one of the world's leading management consulting firms with over 100,000 consultants worldwide. Deloitte's consulting practice has a strong reputation and track record. We are a recognised leader in helping clients solve complex business problems, differentiated by our ability to execute on the advice we provide.

Our multidisciplinary competencies allow us to address issues from every angle. Our consultants work hand-in-hand with clients to improve business performance, drive shareholder value, and create competitive advantage. We offer a wide range of services – from corporate strategy, to technology integration, to information management, to organisational performance.

Technology

In 2015, an agreement was reached for the Alert Group to integrate with Deloitte Malta's Consulting practice, bringing to Deloitte a team of 45 IT and digital professionals. The team excels at developing bespoke web/mobile applications and software that meet clients' exacting requirements. The team's extensive experience in application development has resulted in a unique perspective towards quality and scalability. Our Technology Consulting arm brings together creative and technical aspects of the internet, including design, development, advertising and sales. We are leaders in social media marketing, offering SEO and PPC services that result in excellent ROI for our clients.

In 2016, Deloitte Malta obtained Deloitte Digital accreditation to operate its technology services under the Deloitte Digital brand. Deloitte Digital is recognised worldwide as an innovative leader that can support organisations across the digital lifecycle - from working to define a bold digital strategy to designing and building online and mobile presence; using agile methods that move quickly from digital concept to digital reality; innovative mobile, web, and social solutions to increase the impact of digital for its people and its clients.

Its focus is on the areas of digital strategy, mobile, social/web, content management and managed services. Underpinned by digital tech architecture, application implementation and development expertise, the approach of Deloitte Digital's work is with great energy and passion as they align the client's business aspirations.

Bringing talent and skills from across the consulting business, Deloitte Digital's people have the business acumen of a strategic advisor, the design capability of a creative agency and the engineering depth of a technology firm. Deloitte Digital can shape their range of capabilities into an integrated solution for those transformation projects requiring expertise in areas such as operations, human capital management, risk management and data analytics.

Risk Advisory

At Deloitte, our reputation for excellence in the Risk Advisory arena is based upon the depth and breadth of services we offer, combining in-depth industry knowledge and technical expertise with a genuine local presence, with a view to delivering effective market leading advice. In Malta the types of services we provide to clients include the following:

- Internal audit, third part assurance and internal controls reviews.
- Corporate governance and risk management advisory.
- IT audit and all aspects of IT security, data analytics and cyber risk.
- Regulatory advisory covering banking, insurance and investment services regulation.
- Other regulatory advisory such as privacy (GDPR) and Anti-Money Laundering.

Supported by a global network of thousands of Risk Advisory professionals, our dedicated team here in Malta has the tools and techniques to help you achieve a competitive edge in the area of risk management. Deloitte Risk Advisory is a ready partner in achieving your corporate success.

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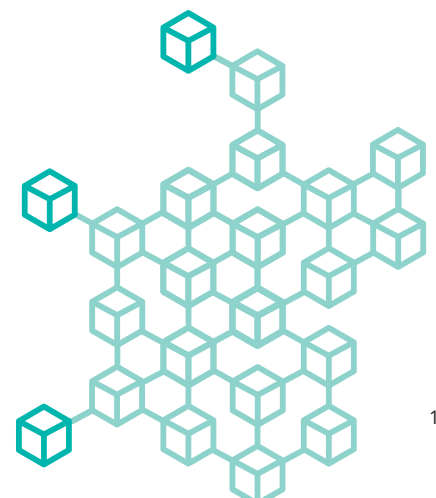
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Deloitte.

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