



Fact Sheets



MALTA GAMING AUTHORITY
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“ To regulate competently the various sectors of the gaming industry that fall under the Authority by ensuring gaming is fair and transparent to the players, preventing crime, corruption and money laundering and by protecting minor and vulnerable players. ”

GAMING
Application Process

Pre-Application

Prior to submission all applicants are advised to go through a pre-application process with one of the MGA's Senior Executives. This will ensure that the application has been correctly compiled and all the key ingredients are present. This process assists in speeding up the licensing process, as in the MGA's experience, most applications are slowed down due to missing or incomplete information.

The Application Process

Applicants can submit all the required information at one go electronically through the online portal and the MGA commits itself to the analysis of all information through multiple internal process streams.

In the application stage the MGA assesses whether an applicant:

1. Is fit and proper to conduct gaming business.
2. Is correctly prepared from a business strategy perspective.
3. Has the operational and statutory requirements to meet the obligations prescribed by law and policy.
4. Has correctly implemented what has been applied for, on a technical environment before going live.

01 Fit and Proper

The MGA conducts a fit and proper exercise on the applicant by assessing all information related to all shareholders, UBOs, and the relevant key persons; as well as on the business viability of the operation. The MGA conducts probity investigations with other national and international regulatory bodies and law enforcement agencies.

02 Business Planning

The MGA conducts an in-depth financial analysis of the applicant's business plan. The applicant's business plan is expected to have a detailed forecast of the operation, inclusive of marketing and distribution strategies, HR plan and growth targets.

03 Operational & Statutory Requirements

The applicant is examined on the instruments required to conduct the business. This process includes examining incorporation documents, the operational policies and procedures, the games and the gaming and control systems, the technical setup, including system, network and application architecture, the rules, terms, conditions and procedures of the games, and other documents which might be required.

Furthermore, a licensee is subject to minimum issued and paid-up share capital requirements. Gaming Service Licence with a Type 1 and 2 approvals are required to retain a minimum share capital of €100,000 whilst Gaming Service Licence with a Type 3 and Type 4 approvals are required to retain a minimum share capital of €40,000. Critical gaming supply licence holders are required to retain a minimum share capital of €40,000. Companies with multiple types are required to meet the above share capital requirements cumulatively up to a minimum capping of €240,000.

The above three components constitute the desk-based audit of the application requirements. Inconsistent and low quality applications will be dropped and the applicant will be subject to re-application.

04 System Review

Once all three areas are successfully completed the MGA will inform the applicant that the application was successful and will invite the applicant to implement onto a technical environment in preparation to going live. The applicant will be allowed 60 days to complete this operation after which the application will be considered as suspended and subject to re-application. At any point within those 60 days the applicant may trigger a request for an external System Review (performed by an independent 3rd party from the pre-approved list of Service Providers). The System Review will audit the staged environment against the proposed application.

At this stage the MGA expects minimal deviation from the application. Significant changes to the gaming system will require the applicant to re-apply through a new application.

On successful completion of the certification process, the Authority issues a ten-year licence.

Applicants may apply for either a Gaming Service Licence or a Critical Gaming Supply Licence:

Gaming service licence is a business-to-consumer licence (B2C) to offer or carry out a gaming service. A critical gaming supply licence is a business-to-business (B2B) licence to provide or carry out a critical gaming supply.

The following services shall each constitute a gaming service:

- a. offering, provision or operation of a gaming service;
- b. hosting by a person in his premises accessible to the public, the operation or making available for use a gaming device or gaming system.

The following services shall each constitute a critical gaming supply:

- a. supply and management of material elements of a game;
- b. supply and management of software, to generate, capture, control or process essential regulatory record and/or supply and management of the control system itself on which the software resides.

Applicants applying for a gaming service or a critical gaming supply can offer one or more of the following game types:

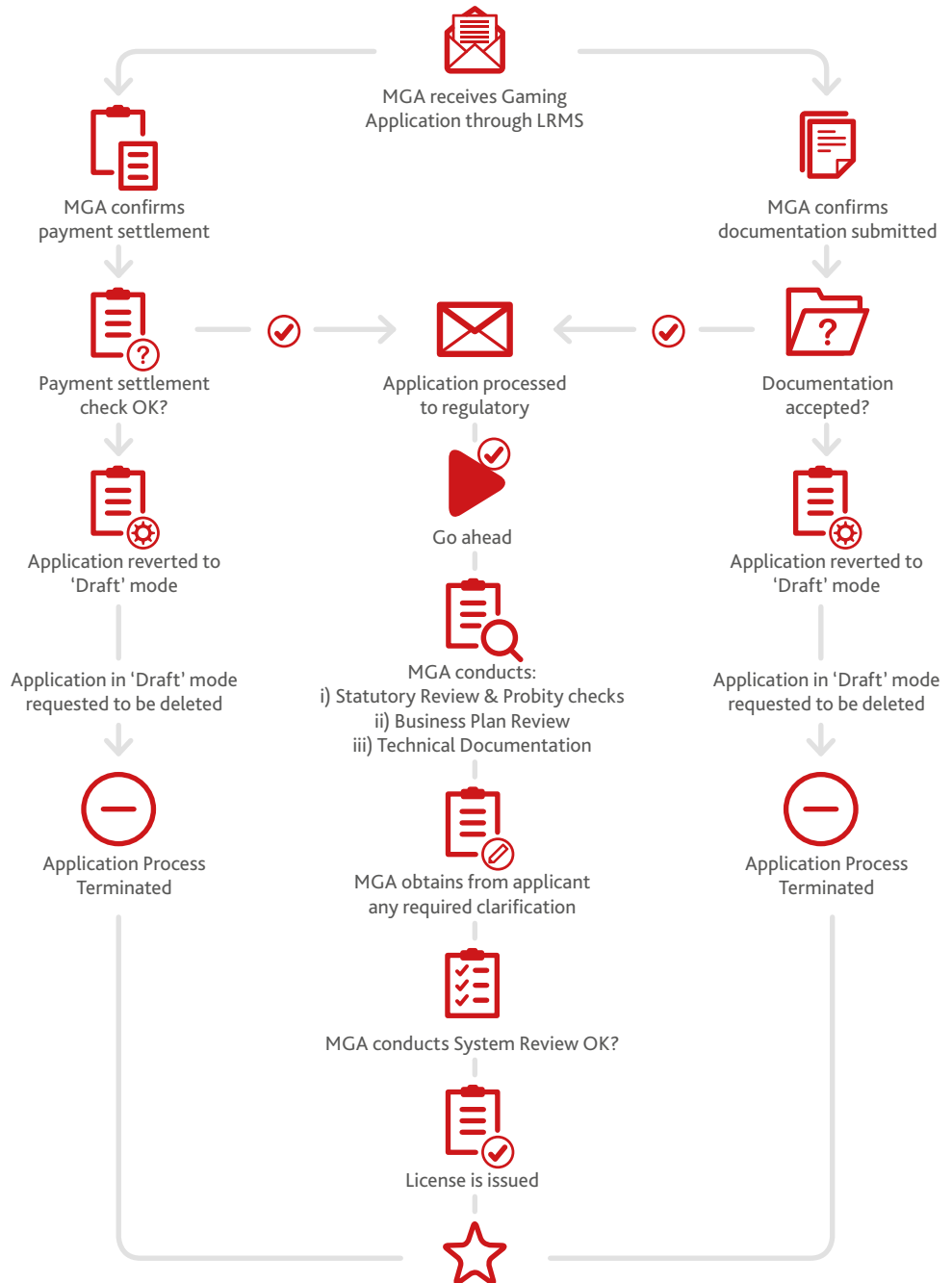
Type 1 – Games of chance played against the house, the outcome of which is determined by a random generator, and shall include casino type games, including roulette, blackjack, baccarat, poker played against the house, lotteries, secondary lotteries and virtual sports games; and/or

Type 2 – Games of chance played against the house, the outcome of which is not generated randomly, but is determined by the result of an event or competition extraneous to a game of chance, and whereby the operator manages his or her own risk by managing the odds offered to the player; and/or

Type 3 – Games of chance not played against the house and wherein the operator is not exposed to gaming risk, but generates revenue by taking a commission or other charge based on the stakes or the prize, and shall include player versus player games such as poker, bingo, betting exchange, and other commission based games; and/or

Type 4 – Controlled skill games as per regulation 8 of the Gaming Authorisations Regulations.

Companies providing a service and, or supply and, or targeting Maltese players require the necessary authorisation to operate in and from Malta.



Certificates

Key Function

Key function is an important function, role or task carried out by a person in connection with a gaming service or a gaming supply.

Key functions may only be provided by natural persons. Persons who provide a key function to a licensee shall be required to hold a certificate of approval issued by the Authority and each licensee shall notify the Authority, the key persons who perform one or more key functions for such licensee.

Recognition Notice

A Recognition Notice is a certificate issued by the Authority whereby an authorisation issued by another Member State of the EU or the EEA, or a State which is deemed by the Authority to offer safeguards largely equivalent to those offered by Maltese law, is recognised as having the same effect as an authorisation issued by the Authority for the purpose of providing a gaming service or gaming supply in or from Malta.

Material Gaming Supply

Material Gaming Supply is a gaming supply of such importance that any weakness or failure in its provision could have a significant impact on the operator's ability:

- a. to meet the operator's obligations under the Act and all applicable regulatory instruments; or
- b. to manage the risks related to such supply; or
- c. to continue in business.

Any person offering a material gaming supply listed hereunder to an authorised person may request a material gaming supply certificate from the Authority:

- a. Manufacturing, assembling, placing on the market, distributing, supplying, selling, leasing or transferring a gaming device;
- b. Providing risk management services for the operation of a licensable game;
- c. Providing event, content and, or odds;
- d. Providing fraud management services for the operation of a licensable game;
- e. Holding and, or managing player funds;
- f. Providing services relating to customer due diligence;
- g. Providing services related to player identity verification;
- h. Providing co-location services and other managed information technology services, including cloud computing services and, or decentralised hosting protocols where the latter do not amount to a critical gaming supply; and
- i. Providing back-up and disaster recovery services.



**Financial &
Operational Activity**
REPORTING



Financial and Operational Activity Reporting

On successful completion of a gaming licence application process, the applicant, now a Licensee, is granted a ten (10) year Licence.

The Licensee is deemed to commence activity upon acquiring the gaming licence. Any changes to the gaming equipment, such as rules of the game or any other intended divergences from the original Licence application must be submitted to the Authority for approval.

Other key reports required by the Authority to monitor the overall gaming activity are listed hereunder.

01 Yearly Audited Accounts.

An audited set of financial statements prepared and audited in accordance with the International Financial Reporting Standards and including a Directors' Report. These are to be submitted within 180 days from the end of the company's financial year.



02 Half-Yearly Reports.

Management Accounts covering the first 6 months of a company's financial year are to be submitted by the end of the 8th month of its financial year.

Industry Returns, with the aim of collecting industry performance data are to be submitted to the MGA for the period January to June and January to December each year.

03 Monthly Reports.

The Licensee is required to report the following on a monthly basis:

1. Gaming Tax report
2. Player Funds report

This list of reports is not an exhaustive one and others may be requested from time to time.

Compliance Review

The MGA mandates that after going live, a Licensee must undergo a number of compliance audits of its operations performed by an approved Service Provider appointed by the Licensee. Such audits need to be completed by the Service Provider within 90 days from the MGA's notice.

The MGA will require the audit to adhere to the following schedule:

1. After the first year of operation following issuance of the MGA licence;
2. Any other audit depending on the compliance plan set by the MGA.

Failure of a compliance audit could lead to the suspension or termination of a licence.

ADMINISTRATIVE
Fees & Taxation

Administrative Fees

FEE	€	
Application Fee for New Licence	5,000	Paid upon application for a Gaming Licence
Application Fee for Renewal of Licence	5,000	Paid upon application for renewal of Licence
Key Function Certificate	50	Paid upon application for a Key Function Certificate
Transfer of a Qualifying Interest in a Licensee	1,500	Paid upon the request for the transfer
Application Fee for a Material supply Certificate	1,000	Paid upon application for a Material supply Certificate
Maintenance Fee for a Material supply Certificate	500	Paid yearly in advance
Fee for a Recognition Notice	5,000	Paid yearly in advance

Other administrative fees apply.

Licence and Compliance Dues

Any person in possession of a licence issued by the MGA shall pay the Authority the appropriate non-refundable fixed annual licence fee. Licensees shall also pay the compliance contribution depending on the type of approval issued by the Authority.

Fixed Annual Licence Fee (B2C Only)

	FIXED ANNUAL LICENCE FEE
Non-refundable Fixed Annual Licence Fee	€25,000
Non-refundable Fixed Annual Licence Fee for operators providing solely Type 4 gaming services	€10,000

Compliance Contribution

Gaming Service Licence – B2C

B2C – Type 1 Gaming Services (Minimum* €15,000; Maximum €375,000)

Compliance Contribution for the Financial Year**	Rate
For every euro of the first €3,000,000	1.25%
For every euro of the next €4,500,000	1.00%
For every euro of the next €5,000,000	0.85%
For every euro of the next €7,500,000	0.70%
For every euro of the next €10,000,000	0.55%
For every euro of the remainder	0.40%

B2C – Type 2 Gaming Services (Minimum* €25,000; Maximum €600,000)

Compliance Contribution for the Financial Year**	Rate
For every euro of the first €3,000,000	4.00%
For every euro of the next €4,500,000	3.00%
For every euro of the next €5,000,000	2.00%
For every euro of the next €7,500,000	1.00%
For every euro of the next €10,000,000	0.80%
For every euro of the next €10,000,000	0.60%
For every euro of the remainder	0.40%

B2C – Type 3 Gaming Services (Minimum* €25,000; Maximum €500,000)

Compliance Contribution for the Financial Year**	Rate
For every euro of the first €2,000,000	4.00%
For every euro of the next €3,000,000	3.00%
For every euro of the next €5,000,000	2.00%
For every euro of the next €5,000,000	1.00%
For every euro of the next €5,000,000	0.80%
For every euro of the next €10,000,000	0.60%
For every euro of the remainder	0.40%

B2C – Type 4 Gaming Services (Minimum* €5,000; Maximum €500,000)

Compliance Contribution for the Financial Year**	Rate
For every euro of the first €2,000,000	0.50%
For every euro of the next €3,000,000	0.75%
For every euro of the next €5,000,000	1.00%
For every euro of the next €5,000,000	1.25%
For every euro of the next €5,000,000	1.50%
For every euro of the next €10,000,000	1.75%
For every euro of the remainder	2.00%

Critical Gaming Supply Licence – B2B

B2B – Critical Gaming Supply | Annual Licences fees used (supply & manage material elements of the game)

Licence Fees on Annual Revenue	Fee
Where annual revenue does not exceed €5,000,000	€25,000
Where annual revenue exceeds €5,000,000 but does not exceed €10,000,000	€30,000
Where annual revenue exceeds €10,000,000	€35,000
Licence Fee for Providers supplying solely Type 4 gaming supplies	€10,000

B2B – Critical Gaming Supply | Annual Licences fees used (supply & management of software)

Licence Fees on Annual Revenue	Fee
Where annual revenue does not exceed €1,000,000	€3,000
Where annual revenue in excess of €10,000,000	€5,000

5% Gaming Tax

5% Gaming Tax is applied on Gaming Revenue generated from Malta based players. Determination of taxability is whether the player is established, has his permanent address and/or usually resides in Malta.

- * *Minimum compliance contribution for new operators will not apply until the first financial year end of operations following licence acquisition.*
- ** *Start-Ups who qualify under the Directive on Start-Up Undertakings will benefit from a moratorium period of 12 months during which they are exempt from paying compliance contribution.*

***Prevention of
Money Laundering &
Funding of Terrorism***



As a member of the European Union, Malta has implemented all EU Directives on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing. Furthermore, Malta is a member of MONEYVAL (the Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures (formerly PC-R-EV), established in September 1997 by the Committee of Ministers of the Council of Europe to conduct self- and mutual- assessment exercises of the anti-money laundering measures implemented in Council of Europe countries.

Maltese Casinos have ever since 1989 started to introduce anti-money laundering procedures. Furthermore, throughout the years, there has been a continued evolution on the prevention of money laundering, particularly in view of the continuous advancements to the Maltese AML framework with the transposition of the Directives of the European Union.

Malta is not listed in any international blacklist of countries which are likely to be used for money laundering activities. Malta actively participates in initiatives adopted at international levels such as by the EU Committee on the Prevention of Money Laundering and Terrorist Financing, the MONEYVAL Committee of the Council of Europe, the Financial Action Task Force against money laundering and the OECD.

The Maltese primary legislations on money laundering as a criminal activity and the prevention thereof are the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta), and the Criminal Code (Cap. 9 of the Laws of Malta). The former Act is further supplemented by, the Prevention of Money Laundering and Funding of Terrorism Regulations, S.L. 373.01 of the Laws of Malta (PMLFTR). Furthermore, subject persons are also required to comply with the Implementing Procedures Part I, applicable to all subject persons and Part II, specifically addressing the land-based and remote gaming sector, published by the Financial Intelligence Analysis Unit (FIAU) in conjunction with the Malta Gaming Authority (MGA).



As a Supervisory Authority under the PMLFTR, the MGA is bound to monitor the operations of all its licensees and to report to the FIAU any knowledge or suspicion of money laundering or terrorist funding activities. Furthermore, under the Authorisations Regulations (S.L. 583.05), the MGA is entrusted with the responsibility of ascertaining that all persons involved in an applicant company for a Maltese gaming licence or for its renewal are fit and proper persons. Throughout this process, the MGA further assesses how the applicant undertakes to set policies and controls in place in order to prevent its business from being exploited for money laundering or terrorist financing activities.

Henceforth, the applicant is obliged to provide the MGA with the necessary due diligence documents in respect of its relevant key functions, directors and shareholders. The due diligence exercise ensures the suitability of all persons involved in the conduct of gaming operations in and from Malta.

Gaming licensees are considered subject persons under the PMLFTR. Hence, they are obliged to ensure abidance with the provision of the PMLA and any Regulations issued thereunder as well as with the AML/CFT requirements stemming from the aforementioned Implementing Procedures. In particular, gaming licensees shall:

- conduct a AML/CFT Business Risk Assessment;
- draw up a Customer Acceptance Policy;
- have AML/CFT Policies and Procedures in place;
- carry out customer due diligence procedures on a risk-sensitive basis once the relative threshold is reached;
- develop a risk profile on the basis of a customer risk assessment;
- report suspicious transactions to the FIAU via STRs;
- provide AML/CFT training to employees on an ongoing basis;
- retain all the relevant documentation for record keeping purposes.



***Innovative Technology Arrangements
and the acceptance of Virtual Financial
Assets and Virtual Tokens***



VFAs and their underlying technology, Distributed Ledger Technology (DLT), are a new disruptive phenomenon in the digital currency and technology arena. The hype around their potential as a disrupter has been intense, with gaming as one of the sectors that may benefit from the use of VFAs and DLT technology. The Malta Gaming Authority's (MGA) strategy to be at the forefront of gaming regulation while embracing innovation, is balanced with the recognition that a prudent approach in this area is sensible and needed.

01 DLT assets used by operators

Prior to applying with the MGA for the required approval to use a DLT asset within the context of the gaming operation, an operator shall conduct the Financial Instrument Test issued by the MFSA to determine the nature, from a financial perspective, of the DLT asset. The result, together with the pertinent documentation, shall be submitted to the MGA as part of the application for the sandbox approval.

1. VFAs. If the DLT asset is classified as a VFA, any regulatory requirements stemming from the VFA Act and any regulations and other instruments issued thereunder shall be adhered to, without prejudice to any other applicable laws. Operators can accept VFAs which are overseen by the MFSA in accordance with the VFA Act or in an equivalent manner by an EU/EEA regulator, or a regulator in a recognised jurisdiction in terms of the VFA Act. DLT assets that fall to be regulated as financial instruments as defined in the Investment Services Act (Cap. 370 of the Laws of Malta), or as electronic money as defined in the Financial Institutions Act (Cap. 376 of the Laws of Malta) may only be accepted as a means of payment if specifically approved on a case-by-case basis by the MGA.



2. Virtual Tokens. With respect to DLT assets that fall to be classified as virtual tokens, the MGA shall assess whether to accept or reject the use of such tokens on a case-by-case basis and be guided by the DLT asset economics, and an evaluation of the following characteristics of the applicant more generally:
 - technology;
 - company structure;
 - market applications;
 - security; and
 - human resources.

In addition, the MGA also reserves the right, in its sole discretion and applying a risk-based approach, to add and/or remove commercial digital coins' authentication for this project.

02 DLT platforms and smart contracts

In order for an operator to leverage an ITA, including DLT platforms and smart contracts, within its key technical equipment, it requires the specific approval of the MGA and inclusion within the sandbox framework. Innovative technology arrangements shall be audited by auditors registered with the MDIA in terms of the ITAS Act, and shall only be accepted by the MGA if the audit report has a positive opinion as its outcome and the MGA is satisfied that the regulatory requirements shall be adhered to by the operator.

03 Eligibility

For the sake of clarity, an approval to participate in the sandbox 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 VFA Act and regulations issued thereunder.

Notes