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Chairman's Statement

On behalf of my Board and Management Team I am pleased to present the annual report of the Lotteries and Gaming Authority for 2011. In 2011 the LGA went all out for our new mission "To promote excellence by ensuring the legal and fair regulation of the gaming industry". Excellence is no mean task. 2011 saw the LGA look into itself and question each and every little component of its operation in a bid to rethink itself with a target of becoming leaner, more transparent, remain fair whilst becoming Europe's most efficient regulator. We succeeded, and New Europe confirmed it by awarding us the prestigious Fast 50 award.



It sounds easier said than done. A quick glimpse at a subset of the projects we undertook to achieve our objectives includes some very ambitious targets of which the most predominant feature:

- The LGA implementing a measurable strategic business plan;
- Re-designing the licensing process from scratch;
- Creating an auditing manual for remote gaming licences;
- Establishing the basis for a newly regulated gaming parlour market; and
- Re-dimensionalising the National Lottery.

We clearly built on last year's focus to remain a jurisdiction of repute. Keeping the word repute in mind drove the mission to look into ourselves punctiliously, at times to the point of exhaustion but always with the incessant

objective of making sure our processes reflect the law we are guardians of. We obviously could not remain the same size and grew by a staggering 20% in terms of headcount, including the recruitment of a powerful top management team. Notwithstanding the times of recession, the marked growth speaks for itself – the Malta segment of the world grew by 12%.

2012 will continue to implement the LGA's strategy with clear and measurable targets which focus on the establishment of new regulatory concepts and industry-emergent best practices which will nonetheless be a guiding element to execution.

I see 2012 as being a difficult year. Markets will continue to shrink. Other European jurisdictions will increasingly look at gaming for financial revenue. We will be tight with resources and at an

EU level the policy direction remains hazy. But frankly none of this really worries me. After all Malta has been hardened over the centuries, and one more time, I am confident that the LGA and the management team will come out shining.

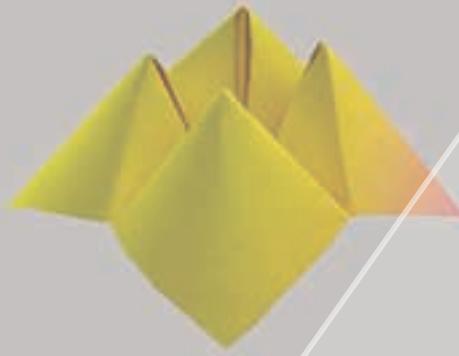
Finally, I would like to publically thank the management and staff of the Authority for their initiative and commitment throughout 2011. Indeed the results are owed squarely to them.



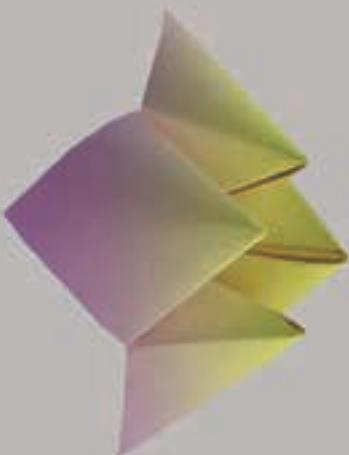
Nick Xuereb

CHAIRMAN





“Notwithstanding
the times of
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growth speaks for
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grew by 12%”



CEO's Report

This year has certainly not been a walk in the park for the LGA, with its resources fully focussed on consolidation, transformation and change, leading to increasingly fine-tuned and streamlined processes for fulfilling the regulatory obligations of such a dynamic and innovative industry.



“Such positive financial highlights were not achieved by mere chance, but were a result of all the efforts placed not only by the Authority, but also by all the industry stakeholders”

Highlights of Results

The results registered in 2011 were yet again positive in all aspects, whereby the LGA registered improvements over 2010 in terms of financial results, number of active licenses, international recognition (whereby the LGA was independently awarded as a Fast50 organisation worldwide and was identified as the best gaming regulator for 2011) and regulatory developments. More specifically, in 2011 the total revenue registered by the Authority increased by almost 5% over 2010 thus surpassing the **€51 million** mark, whilst the Authority registered a surplus **€47.7 million**, an increase of approximately 2% over 2010. Distribution of surplus to Government also reached **€47.7 million**. Such increases in revenue surpassed the 2011 revenue forecasts of the Authority.

Out of the €51 million, **€47.6 million** were gaming taxes and duties collected by the Authority on behalf of Government. This was a 2% increase over 2010. License Fees reached **€2.3 million**, an increase of over 70% over 2010. The increase in license fee revenues was mainly due to four factors, namely; (i) an increase in the number of gaming licensees, (ii) an increase in the annual casino license fee from €46,000 to €70,000 (in order to cover supervisory costs incurred by the Authority), (iii) an increase in the remote gaming license fee from €7,000 to €8,500 in order to cover increased post licensing costs, and (iv) the phasing out of the remote gaming provisional authorisation to the full licensing regime.

2011 revenue from license applications increased to **€344,118**, an increase of 18% over 2010. Such an increase shows the continued and vibrant interest by operators to be regulated in Malta. The success rate of the **108 applications** received in 2011 was of 70%. Other revenues increased by 50% over 2010 reaching **€729,686**. This significant increase was mainly attributed to an increase in revenues from administrative fines as a result of a strengthened enforcement management function and an increase in administrative processing fees for approvals of mergers, acquisitions and share transfers.

From the expenditure side, the total expenditure registered by the Authority, including depreciation charges and



REMOTE GAMING APPLICATIONS

	2009	2010	2011
REMOTE GAMING APPLICATIONS RECEIVED	121	119	108
REMOTE GAMING LICENSES TERMINATED / CANCELLED OR SUSPENDED	25	34	30
REMOTE GAMING LICENSES (ACTIVE AT END OF YEAR)	325	388	432

provision for doubtful debts was of **€3.3 million**, an increase of €668,000 over 2010. Such an increase in the expenditure level, which was slightly lower than the budgeted expenditure for 2011, was mainly due to (i) an increase of 11 full time equivalents (ii) an increase in salaries for a number of position categories (iii) and an increase in professional fees which mainly related to the engagement of a number of external reviewers which assisted the LGA personnel in processing and vetting processes of licensees in connection with the migration process of remote gaming provisional authorisations to the full licensing framework.

The number of registered individuals working with remote gaming licensed gaming operators reached **4,000 in 2011**. This is double the amount of registered individuals which worked with remote gaming companies in 2008. On the land based side, a further **3,000** individuals were registered with the authority.

Such positive financial highlights were not achieved by mere chance, but were a result of all the efforts placed not only by the Authority, but also by all the industry stakeholders – results which have a higher significance when considering the difficult economic conditions around Europe and the financial challenges which the industry is facing due to fragmented regulation across Europe.

Responsible Regulation

Moving away from the financial results, the LGA's prime responsibility however centres around making 'Responsible Regulation' work at all levels. In this context, Responsible Regulation and Responsible Gaming featured high on this year's agenda. A new "Play Responsibly" portal was launched along with the formal establishment of a Responsible Gaming fund which will be complementary to the already established Good Causes Fund. The portal addresses four main functions;

- An online self-barring process covering all land based gaming. This is aimed at providing an even wider reach for persons who seek to be self excluded from participating in gaming.
- A database for gaming devices, listing the various types of gaming devices categories and their respective fees.
- A database for gaming employees, where one can apply for an employee gaming license.
- A complaints handling system, where customers can file a report on land-based and online gaming operators.

On the EU front, the LGA gave its detailed contribution towards the green paper on online gambling in the Internal Market. The response was built from a coordinated effort of consultation processes with the service providers, licensed operators, and NGOs. The contribution which the LGA provided

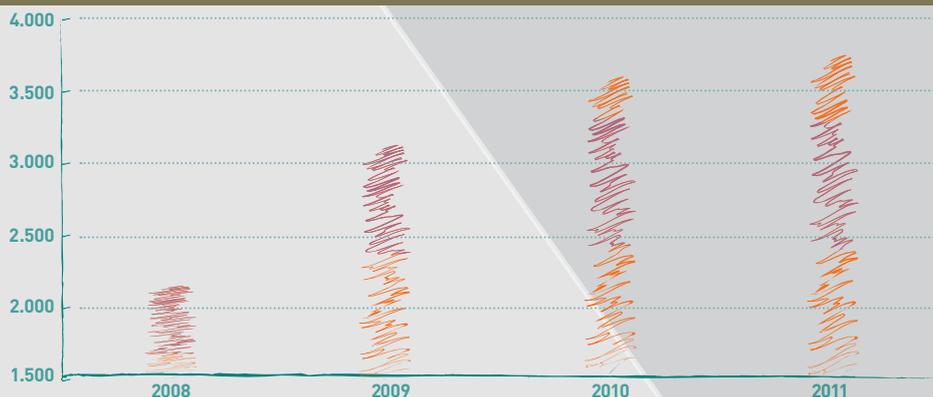
to Government was key in Malta responding to such a wide consultation process which was spearheaded by the European Commission, where Malta also placed its position and tabled constructive recommendations as to how this sector could be taken forward at a European Level and regulated responsibly.

LGA's international and European timetable was also quite full during 2011, whereby apart from LGA's participation as technical experts in Brussels, the LGA also was also very active in The Gaming Regulators European Forum (GREF) and in The International Association of Gaming Regulators (IAGR) where it exchanged its views and discussed policy on gaming matters with other EU regulators.

During 2011, the Lotteries and Gaming Authority consolidated its position with respect to the regulation of remote gaming operations. The Authority continued to receive the same constant flow of applications for remote gaming licenses, as in the previous years, whereby the average success rate of such applications was almost 70%.

While maintaining its fundamental principles in its regulatory approach, the Authority introduced a more advanced risk management approach in reviewing its applications ensuring that the gaming companies implemented all the controls and functions required to operate a gaming operation. Moreover, the Authority further strengthened its post-licensing function ensuring

EMPLOYMENT GENERATED IN REMOTE GAMING



that its licensees comply with the regulatory requirements throughout the life-time of the license. The effective implementation of this framework was made possible through the efforts placed by the staff within the Regulatory Division, whilst the Licensee Relationship Directorate established the required information flow and assistance to licensees to understand the changes that were being implemented.

One of the key objectives which the Authority set on itself to achieve in 2011 was to establish more 'educational' possibilities for operators and their employees in specific gaming fields, such as responsible gaming, information security and the prevention of money laundering and funding for terrorism. In this regard the Authority approved e-learning courses in these three fields which were specifically tailored made for the gaming industry and also based on the Maltese Gaming Regulations. These eLearning modules will be available as from 2012 for anyone employed directly or indirectly in the gaming industry and anyone else wishing to learn about these subjects. Furthermore, the LGA embarked on an exploratory mission to gauge the possibility of having enhanced e-learning subjects and course material specific to the gaming industry which could be recognised internationally at a tertiary level. The objective in this respect is to potentially have a suite of e-learning modules covering all areas of gaming by 2014.

LGA Awarded the Equality Mark Certification

The Lotteries and Gaming Authority (LGA), was recognised with the Equality Mark certification by the National Commission for the Promotion of Equality (NCPE). This award was announced in July 2011 and is an external recognition of the LGA's efforts in supporting career progression, lifelong learning, family friendly measures and other key measures that make a sound difference in employment practices.

Looking Forward

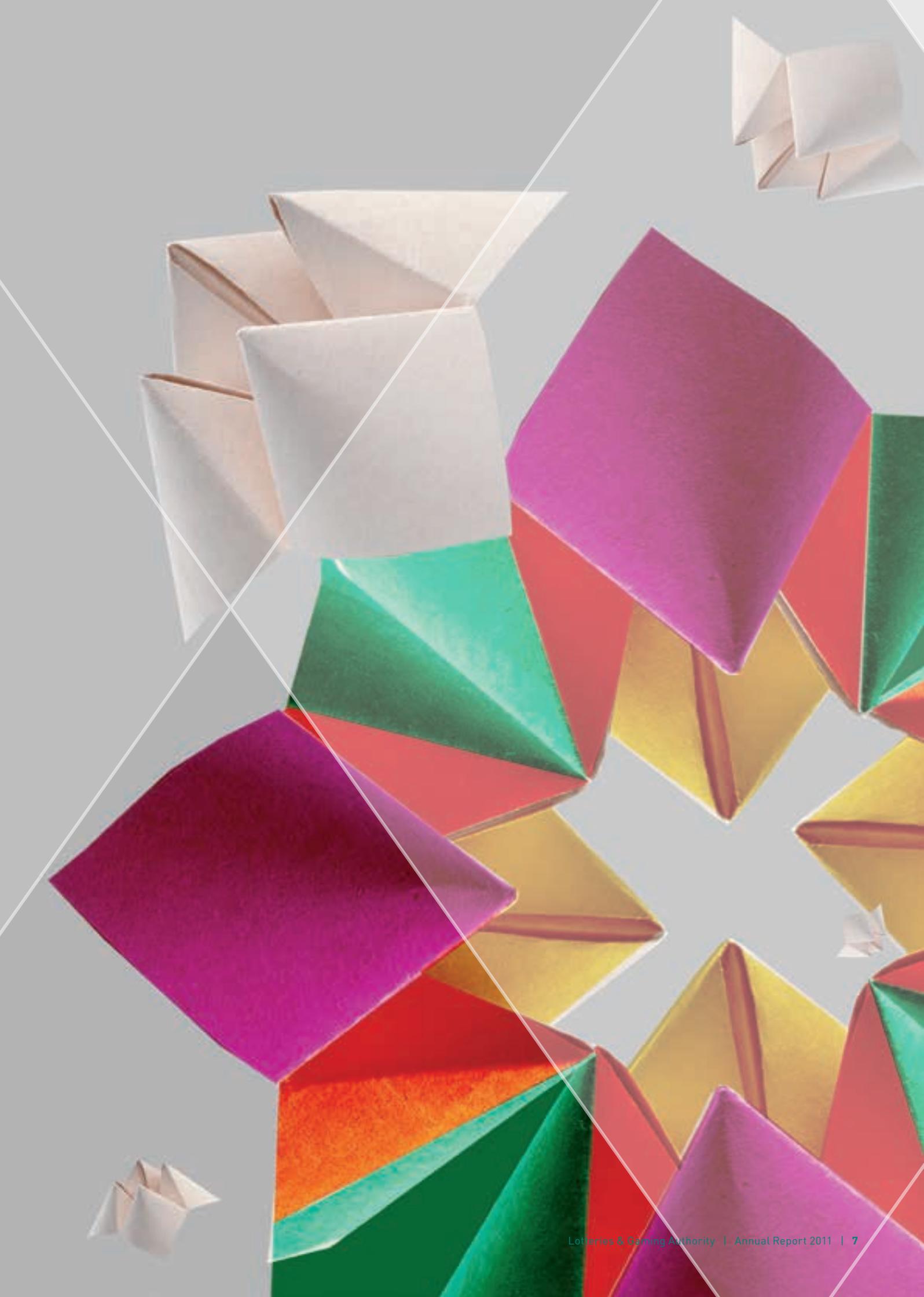
The Authority embarked on a number of projects in 2011 which will be concluded in 2012. One of such projects relates to the creation of a '**Dynamic Seal of Authorisation**' for remote gaming licensees which essentially would replace the static LGA License kite mark displayed on Gaming Licensees' websites, to one where gaming consumers would be able to click on and receive up to date license information on the site which they would be about to start transacting with. Such a dynamic seal will clearly indicate to consumers that the online gaming operation is appropriately authorised to carry out a remote gaming operation under the Maltese jurisdiction, whereby the remotely controlled graphical seal (from LGA Servers) will clearly indicate if the licensee is compliant with the Remote Gaming Regulations and licence conditions. The seal will be back-linked

to a dynamic database which will provide the public with information on the respective license.

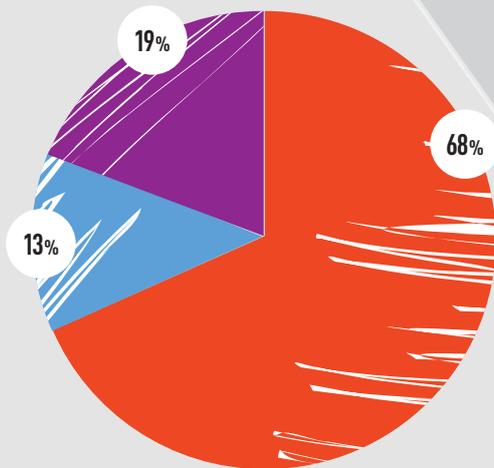
The Seal of Authorisation will be the LGA's guarantee of the reliability and quality of the Maltese Licensed remote gaming operators, and one of the initiatives to further boost consumer confidence. Such an initiative was one of the many responsible gaming recommendations tabled by Malta in the European Online Gaming Consultation process and which was positively received by the Commission.

Further projects which initiated in 2011 also include a study on the parameters as to how to regulate online gaming operators using cloud technologies, the roll out of a central player self exclusion system for all online gaming licensees, a study on the regulatory and technical requirements for potentially regulating games of skill with prize, and a consultation process on the dynamics of regulating casinos on cruise ships. All these projects are planned to be concluded in 2012.

Looking forward, I believe that the industry will continue to face major challenges in 2012 and 2013, particularly on the remote gaming side which will see the need of gaming operators to effect major restructuring efforts in order to be able to operate within a fragmented European gaming market. Such efforts were already felt in 2011, with a number of gaming operators merging or being acquired in order to



EMPLOYMENT GENERATED BY SECTOR IN 2011



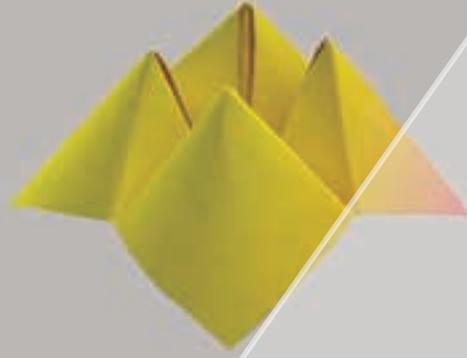
EMPLOYMENT IS MEASURED ACCORDING TO THE QUANTITY OF PERSONAL PERMITS ISSUED BY LGA



increase economies of scale. From a regulatory point of view this evolution will certainly pose challenges to the regulator, although the trend so far was that gaming operators licensed in Malta are consolidating in Malta and not away from Malta, and where the majority of applicants for gaming licenses in other EEA jurisdictions are in fact Maltese licensed operators. The latter will

surely instigate the need for further regulatory cooperation between EEA regulatory bodies, a drive which was very topical at a European Level. With the support of the Authority's Board, the drive of the executive management team, and the dedication of our people, I am confident that the LGA will manage to address such challenges successfully.

Reuben Portanier
CHIEF EXECUTIVE OFFICER



Who we are

The LGA was established by virtue of the enactment of the Lotteries and Other Games Act, 2001, whereby a Board of Authority members hold the role to oversee the strategic development of the Authority and advise the Government on the strategic development of regulating the industry.

A chairman and four members constitute the non-executive board. The LGA board has an Internal Audit function for corporate governance purposes which reports directly to the board.

LGA Board

Standing Left to Right

Dr Roberta Fenech Gauci

Dr Stanley Portelli

Dr Pauline Debono

Sitting Left to Right

Mr Nick Xuereb

Dr Natasha Galea Sciberras

The LGA Board is made up of the following:

Chairman:

Mr Nick Xuereb

Board Members:

- Dr Pauline Debono
- Dr Roberta Fenech Gauci
- Dr Stanley Portelli
- Mr Jesmond Pace

Secretary to the Board:

Dr Natasha Galea Sciberras



The regulatory functions of the LGA are administered through the Executive arm of the Authority which is headed by the Chief Executive Officer and an Executive Management Committee.

The Executive is composed of three main divisions namely the Regulatory

Division, Enforcement Management and Corporate Affairs Division.

The Regulatory Division incorporates all the regulatory functions ranging from pre-licensing to post licensing compliance checks, monitoring and investigations.

The Enforcement Management function assesses, coordinates and determines any necessary enforcement action whilst the Corporate Affairs Division is a support function to the other divisions, including Legal and European Affairs, Corporate Strategy and Corporate Services.



“In 2011, efforts were also carried out by the Management to attract gaming companies to contribute towards l-ISTRINA”



Our Corporate Social Responsibility

Corporate social responsibility is important. At LGA we firmly believe in it and to this effect we established the Sports and Social committee (S&S) with the main scope of organising events and introducing new initiatives to improve the environment of the workplace and that of those in need outside the LGA.

The main concept of the committee is to organise events for the LGA employees in order to contribute towards good causes on a voluntary basis. In 2011, the S&S committee managed this in a variety of ways, including blood donation, sponsoring employees to take part in sports activities for good causes and 'helping hands'. This committee has also introduced a Friday dress down day whereby €1 is being collected from each employee taking part in this initiative.

Last year, money collected from the dress down day initiative was mainly used to purchase the white goods for Angela House, an orphanage in Gwardamangia, Malta. This House experienced several damages from leaking drainage pipes throughout the whole building and these substantial damages left a negative effect on

the children living there. The LGA employees did their share by spending a whole week at Angela House to refurbish one of the said apartments to a state of near completion. Maintenance and refurbishing work included whitewashing of ceiling and walls, removing of electrical wires, painting of doors, demolishing of tiles and cleaning. LGA employees took this challenge as a team building event.

The challenges for the Committee are endless. The S&S Committee is now working towards helping Dar Sagra Familja in Zabbar since most of the roofs are extensively damaged. Together and with dedication built up throughout 2011, our help in this building will make the development habitable once again. In 2011, efforts were also carried out by the Management to attract gaming companies to contribute towards

l-ISTRINA. In an official ceremony in December 2011, the sum of €70,000 was presented to his Excellency George Abela, the President of Malta. Quoting Sister Luciana from Angela House, "this Committee is important as money is being collected through fun activities. You managed to turn a 'fun' day into a 'fund' day". In 2011, the LGA also sponsored the National Children's Week called 'ziguzajg', which included a series of events to fuse fun with culture for children.

The net effect of our commitment has been so strong that other tenants within the same office block have joined forces with the LGA to maximize the economies of scale. We feel that this is truly social responsibility as it should be done in both its moral and practical potential.



Mr Nick Xuereb & Mr Reuben Portanier with various CEOs of LGA licensees meeting His Excellency George Abela, the President of Malta

Regulating the Fusion of technology with gaming

The LGA regulates the Gaming Industry by virtue of two Acts of Parliament, namely the Gaming Act 1998, which specifically addresses the regulation of casinos, and the Lotteries and Other Games Act 2001, which includes all other forms of gaming, including amusement machines, commercial bingo halls, gaming devices, remote gaming and the National Lottery.

The Main Regulated Sectors at a Glance

Casinos

Similarly to 2010, 2011 was a very challenging year for Casinos world-wide as the world economy lingered into an unprecedented crisis. Nevertheless, the Casino industry in Malta has exceeded the expectations and recorded a very favourable year in terms of revenues. It suffices to note that the Casinos paid almost €1.2 million more in taxes in 2011 when compared to the preceding year.

Gaming Parlours

It would be irresponsible for a country and its governing entities to disregard the fact that gaming is a reality which exists, whether it is regulated, tolerated or banned. History taught us that wherever a total ban on gaming was implemented, the underground industry flourished whereby the only ones to benefit were the illegal operators, leaving individuals unprotected and abused of – Thus what was assumed to be a ban in the public interest, ended up having the opposite effect, to the detriment of the public at large and especially to the detriment of vulnerable persons.

For half a century, gaming devices, or as they are more commonly known, slot machines, have been present on the islands of Malta and Gozo. Some were placed on the market by operators which were portraying them as amusement machines, and were available in

dedicated premises, bars, social and sports clubs, band clubs, and even football nurseries, while others were placing them in underground cellars or hidden backrooms. Persons playing on these machines were not protected and some operators used to take advantage of this by manipulating game outcomes, payout percentages and by trying to attract the most vulnerable persons towards their establishments. Towards 2009 some establishments transformed themselves as gaming shops, and this placed the spotlight on such an ill-practice, where more than 100 establishments were closed down. Since then, the Authority with the assistance of the police has carried out continuous enforcement action. Throughout the past years, hundreds of illegal machines have been seized from bars and clubs, with many others mushrooming throughout the Islands. This proves that a total ban does not work.

In 2010, the Members of the House of Representatives unanimously decided that such an industry needed to be regulated in the public interest. It therefore adopted an amendment to the Lotteries and Other Games Act granting the power to the Government to issue Regulations which provided legal certainty as to what constitutes a gaming device, whilst allowing the Authority to regulate the sector through a licensing regime within a strict regulatory environment. Such Regulations were issued on the 16th of May 2011.

These regulations were designed in a technology-neutral fashion in order to allow the Authority to keep up with technological developments. More importantly, the Regulations are player centric and are designed to protect minors and vulnerable persons, ensure the fairness of the gaming services being provided and ensure that money laundering and other criminal activities are kept away from gaming.

In order to protect minors and vulnerable persons, the Regulations state that no person may enter licensed premises unless such person is duly identified and registered. Entry is subject to a minimum age of eighteen years (18). Any person may decide to self exclude him or herself from entering such premises, including entry to any other parlours, Casino and Bingo Hall. Numerous player protection mechanisms are available at the request of the player, including visibility of payout percentages, money and time spent playing and the odds of the games. Licensees must adhere to a number of technical requirements such as a minimum payout percentage to players of eighty-five per cent (85%), maximum bets and low maximum winnings. Each establishment cannot host more than 10 devices and may only open between 11am and 11pm.

Gaming Parlours have to be at least seventy-five (75) meters away from certain premises listed in a Directive issued by the Authority, which includes schools, places of worship (Churches, Mosques, etc.), senior citizens' health



facilities, playgrounds and other establishments which are mainly frequented by children or vulnerable persons. Before the authorisation is issued, the Authority obliges the licensed operator to place a notice on the façade of its premises giving ten (10) days for the public to make objections to the Authority on the basis of the Directive.

In 2011, a total of two Class 1 licenses, six Class 2 licenses and eight Class 3 licenses were issued by the LGA. This means that 8 operators will be able to open and operate gaming parlours around Malta and Gozo under the strict regime outlined above. Approximately 30 outlets are expected to be opened in 2012 between the eight licensees in possession of a Licence.

Bingo Halls

The duty paid by the licensees is more or less the same when compared to 2010.

The National Lottery

The current National Lottery licence expired on the 4th of July 2011 and

was extended by one year in terms of the provisions of the National Lottery Licence issued in 2004. As expected, 2011 saw much less investment in marketing and innovation by the current licensee. Simultaneously, the Government with the assistance of the Authority initiated a process for the issuance of a new tender which shall be concluded in 2012 with the selection of an operator to take over the National Lottery operations for the next 10 years, starting from the 4th of July 2012. The duty paid by the licensees is more or less the same when compared to 2010.

Remote Gaming

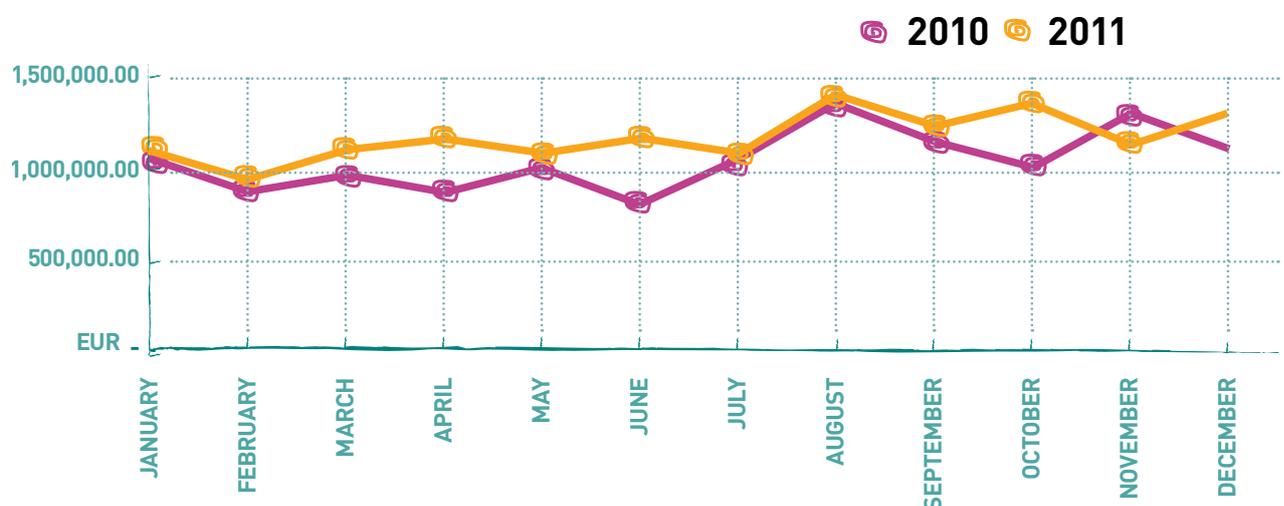
During 2011 the LGA received 107 new remote gaming applications from companies interested in operating in a renowned and well regulated environment.

Such applications came from current licensees that were interested in further strengthening their position in the gaming market, start-ups and established operators. The Authority also received 21 applications from licensed companies that requested the renewal of their 5-year remote gaming license.

The LGA closely monitored the gaming operations of 278 operators holding 432 remote gaming licenses issued by the Authority. Despite the international economic climate, the gaming industry faced the challenges and also ventured in new undertakings. This resulted in the payment of gaming tax amounting to a total of €20.8 million. This amounts to 44% of the total duties received by the Authority for 2011. It is very interesting to note that the major contributors to this are the operators holding a Class 2 license. Furthermore, remote gaming licenses collected by the Authority for the same year amounted to Eur 2.8 million which contribute to 79% of the total license fees received by the Authority.

As part of the Authority's continuous improvement programme and together with the re-designed license application process, the LGA achieved a more timely and effective licensing assessments, successful delivery of the license process management and better regulation. 2011 also saw 30 licences which were either terminated, cancelled, or suspended.

TAXES FROM CASINOS



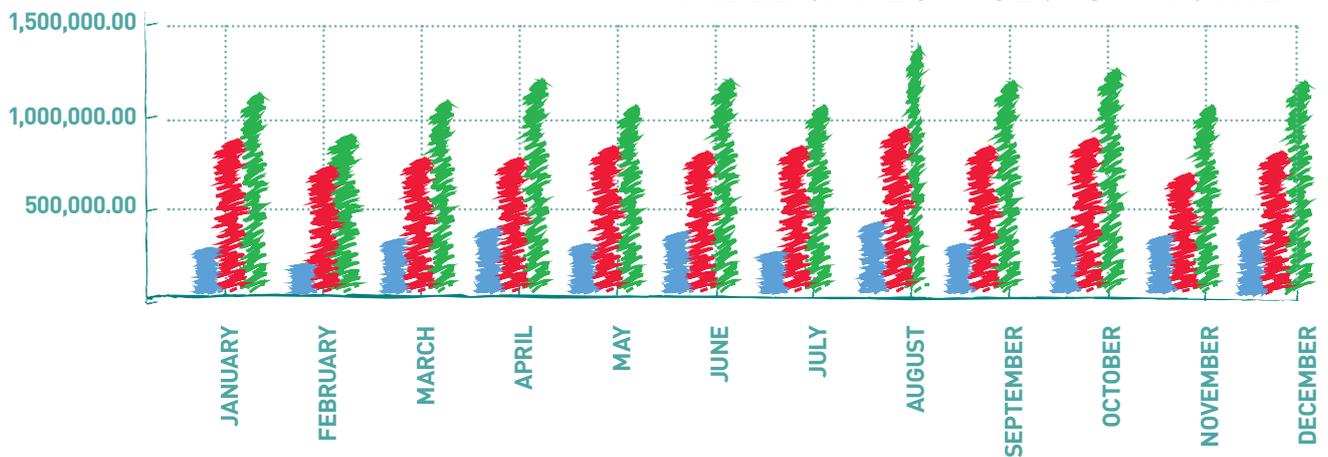
CASINO ATTENDANCES IN 2011

📍 MALTESE 📍 FOREIGNERS

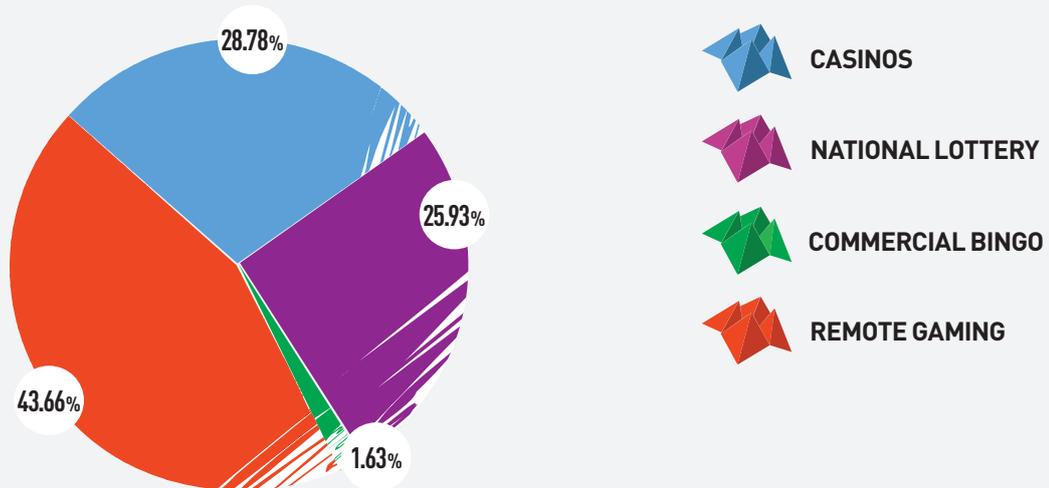


TAXES BY GAME TYPE IN 2011

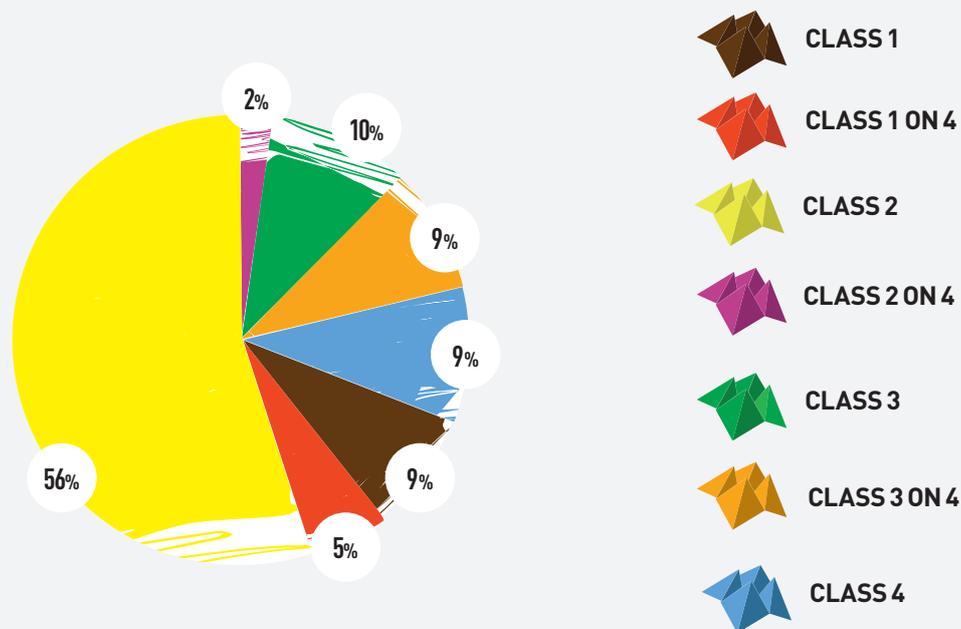
📍 TABLE GAMES 📍 SLOTS 📍 TOTAL



DUTIES



DUTIES FROM REMOTE GAMING



Class 1	A remote gaming licence (eg. - casino type games, online lotteries) whereby operators manage their own risk on repetitive games.
Class 1 on 4	Licence where the Class 1 licensee operates its games on the software and in certain cases through the equipment of a Class 4 licensee.
Class 2	A remote betting licence (eg. - fixed-odds betting) whereby operators manage their own risk on events based on a matchbook.
Class 2 on 4	Licence where the Class 2 licensee operates on the software and in certain cases through the equipment of a Class 4 licensee.
Class 3	A licence to promote and/or abet remote gaming in or from Malta (eg. - poker networks, peer-to-peer (P2P) gaming, game portals) whereby operators take a commission from promoting and/or abetting games.
Class 3 on 4	Licence where the operator uses a licenced Class 4 as its platform.
Class 4	A licence to host and manage remote gaming operators, excluding the licensee itself, whereby software vendors provide management and hosting facilities on their platform. In essence this is a business to business (B2B) gaming licence.



The Future, Today

The Lotteries and Gaming Authority is considered as the veteran regulator in the field of remote gaming in Europe, as Malta was the first EU Member State to regulate this sector on its accession in 2004.

Right Touch regulation

2012 will be a year of flux. 2012 is a year that triggers three innate global permutations in regulation:

1. Light touch regulation has failed;
2. The state run monopoly model is undergoing a radical re-think process.
3. Heavy-handed regulation kills the industry.

It is with these concepts in mind that the LGA has once again gone back to the drawing board, studying global trends, industry standards, operator best practices and more importantly assessing methods of further upholding our 'player centric' philosophy. Our target is a simple one – by the end of 2012 the LGA will be the world's first 'Right Touch' regulator. Obviously the claim is easy to say and difficult to sustain. Right touch regulation comes from a hybrid of all of the best including at times heavy-handed approaches and light touch where acceptable. The true issue with achieving right touch regulation is the measurement criteria adopted to specify whether the correct amount of regulation is being applied and whether as a regulator you are indeed fulfilling the requirements needed by law, and then again whether the law itself fulfils its purpose as was intended. In essence, right touch regulation is the next evolution of risk based regulatory approaches.

2011 saw the implementation of

“In 2012 the LGA will be conducting an on-the-ground pilot of a regulatory permutation that will allow the hosting of gaming systems in cloud environments and near-shoring to customers.”

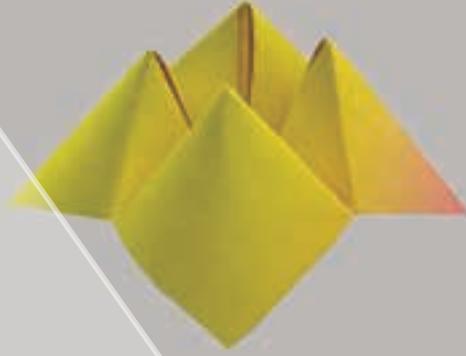
measurable criteria across the LGA with the single purpose of making regulation as scientific as possible whilst at the same time not falling in the trap of adopting a tick box approach. The system worked and left positive results across the board, as mirrored throughout this annual report. Nonetheless the LGA's relentless mission for excellence requires that the regulatory criteria adopted are continuously means tested against global trends, industry standards and operator best practices questioning the viability of our tools and depth of our focus with the objective of not only being efficient but also effective. Similarly, our approach also saw the fine tuning of our 'player centric' models.

True to our mission and vision the 2012 business plan focuses on highly specific strategic objectives which - ceteris paribus – continue to build on our *raison d'être*. As we speak of 2012 exciting topics come to mind. Cloud computing for one – a strongly debated disruptive technology which has posed challenges to management and technologists alike.

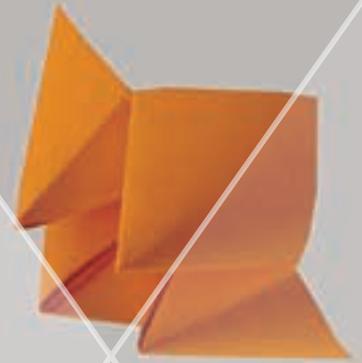
In 2012 the LGA will be conducting an on-the-ground pilot of a regulatory

permutation that could allow the hosting of gaming systems in cloud environments and near-shoring to customers. The technical method, diametrically opposed to the traditional 'all in one' approach needs to find the right touch in terms of authority on the operator and flexibility to respond to the real advances that make technology an enabler for better return on investment.

We will also be developing a bombshell regulation on skill games with prize, also known as 'digital games' and incorporating the latest buzz created by social media games. The positive experience in Malta attracting the remote gaming industry during the past years, coupled with the rigid but fair regulatory framework of our jurisdiction, have triggered a number of requests by skill gaming operators seeking to obtain a licence in our jurisdiction. Hence, with the proposed regulations, a regulatory framework for the online skill gaming market may be set up, under the remit of the LGA. The potential is huge. This type of regulation would be a world first, given that the only countries that have attempted to do something similar are still in their early years from a regulatory perspective



“Right touch regulation is the next evolution of risk based regulatory approaches”





**Be Smart
Play Responsibly**

who see games of skill as limited to a description in their laws. Being first would allow Digital Games to tap into monetising players safely, legally and more importantly faster than it is currently doing. This would make the proposition a commercially sound one, attractive for investors protective for it's customers, as well as right touch in terms of regulation. The pertinent question that emerges here is 'Why Regulate?' and with good reason since regulation is often seen as an additional burden. Nonetheless - and ever more frequently - the public cries out for unfairness of a skill game; or a money laundering case appears; or underage players are abused; or a major investor pulls out.

The advantages of regulation are clear: the financial and logical controls introduced by regulation give players the peace of mind that the game is fair, whilst the operator largely increases the intellectual asset of his product with a potential for attracting further investment, increased profitability whilst ensuring the game is kept crime free.

Much as the Internet and its technologies revolutionise gaming, some sectors continue to retain player traditions in the highest of importance. This has never been truer in the local National Lottery Scenario where Government's tender attracted a number of international companies to express interest. 2012 will see the results of the adjudication process with the opportunity of recreating a highly

competitive and innovative business environment whilst preserving the lotto tradition which has been going on in Malta since 1930s.

Another key programme for 2012 will be the establishment of the fund to promote responsible gaming and initiatives/studies in relation to responsible gaming measures and actions. The fund would continue to

“Another key programme for 2012 will be the establishment of the fund to promote responsible gaming and initiatives/studies in relation to responsible gaming measures and actions.”

show Malta's commitments to address problem gambling and thus further entrench its reputation. Such efforts are in line with the general goals of gaming regulation in Malta, namely that gaming shall be conducted in a fair and responsible manner and that minors and the vulnerable are protected.

The identification of the most suitable institute to be used to set up the fund is fundamental. Whereby the fund shall be ministered by a separate legal entity under the form of a foundation,

as this was determined as the most appropriate vehicle for the purpose of independently administering such a social fund.

There have already been a number of preliminary efforts organised with responsible gaming objectives. Measures to combat gaming addiction and protect vulnerable players are enshrined in all gaming legislation. The website <www.playresponsibly.org.mt> was set up by the LGA in 2011. This promotes a number of responsible gaming efforts such as a self-barring mechanism, whereby players may restrict themselves from playing in a land-based gaming location in Malta for periods of 6 or 12 months. The system has been integrated with all Casinos, Gaming Parlours and Bingo Halls and all players entering such sites are checked against the system to ensure they are not currently barred. There are already plans to extend this to online gaming within the coming months. The site also provides a player support channel covering LGA's international client base in terms of dispute resolution and escalation with a licensed operator.

As a resume the LGA will portray itself in 2012 in a way of making sure that our stakeholder - whether players or operators - will always find a future facing regulator with a distinct mindset of getting it right, hard as it may be.



“Players or operators - will always find a future facing regulator with a distinct mindset of getting it right, hard as it may be.”

