



Fact Sheets 2023



To regulate competently the various sectors of the gaming industry which fall within the competence of the Malta Gaming Authority. The Authority ensures that licensed gaming operations are fair and transparent to all players, prevents crime, corruption and money laundering, whilst protecting minors and vulnerable players.

Gaming Licence Application Process	4
Licensees Information & Reporting Requirements	14
Administrative Fees & Taxation	18
Prevention of Money Laundering and Funding of Terrorism	24
Sports Betting Integrity	26
Innovative Technology Arrangements and the acceptance of Virtual Financial Assets and Virtual Tokens	28

Gaming Licence Application Process

Applicants wishing to obtain a gaming licence from the Malta Gaming Authority (MGA) are advised to refer to the System Documentation Checklist and the applicable Enclosure lists. Before submitting the gaming licence application, applicants must ensure that all the required information, documents and procedures are available to be used and submitted with the application. Should the applicant still have any queries related to the gaming licence application, it is advisable to get in touch with one of the MGA's Senior Executives on help.mga@mga.org.mt to clarify and/or obtain further information prior to submission, as missing information will result in the application being reverted to 'Incomplete', slowing down the application review process. Applicants are reminded that 'Draft' applications in the Licensee Relationship Management System (LRMS/Portal) are automatically rejected by the system after 90 days of inactivity.

The Application Process

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



At 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. Satisfies statutory requirements and has the operational capacity needed 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.

Any incomplete applications will be reset to a one time 'Incomplete' status, and applicants have 60 days to complete the application. Failure to do so will result in the application being automatically rejected.



01 Fit and Proper

The MGA conducts a fitness and propriety test on the applicant by assessing all information related to its shareholders, UBOs, relevant key persons. The MGA conducts probity investigations with other national and international regulatory bodies and law enforcement agencies.

02 Business Planning

The MGA conducts a detailed analysis on the proposed business operations, its viability, funding and an in-depth financial analysis of the applicant's forecast financials. 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, and the technical setup documents. The latter includes system, network and application architecture, the rules, terms, conditions and procedures of the games, and other additional documents which might be required.

Furthermore, the applicant 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 aforementioned components constitute the desk-based review of the application requirements. Inconsistent and low quality applications will be rejected and the applicant will be subject to re-application.



04 System Audit

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 cancelled and subject to re-application. At any point within those 60 days the applicant may trigger a request for an external System Audit (performed by an independent 3rd party from the pre-approved list of Service Providers). The System Audit will review the staged environment against the submitted policies and procedures, as well as the relevant legislation and regulations.

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:

A 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.

These are the game verticals split as per Type for compliance contribution purposes. For regulatory purposes reference should always be made to the verticals in the Gaming Authorisations and Compliance Directive.

Type 1

- Casino
- Live casino
- Lotteries
- Secondary lotteries

Type 2

- Fixed odds betting, including live betting

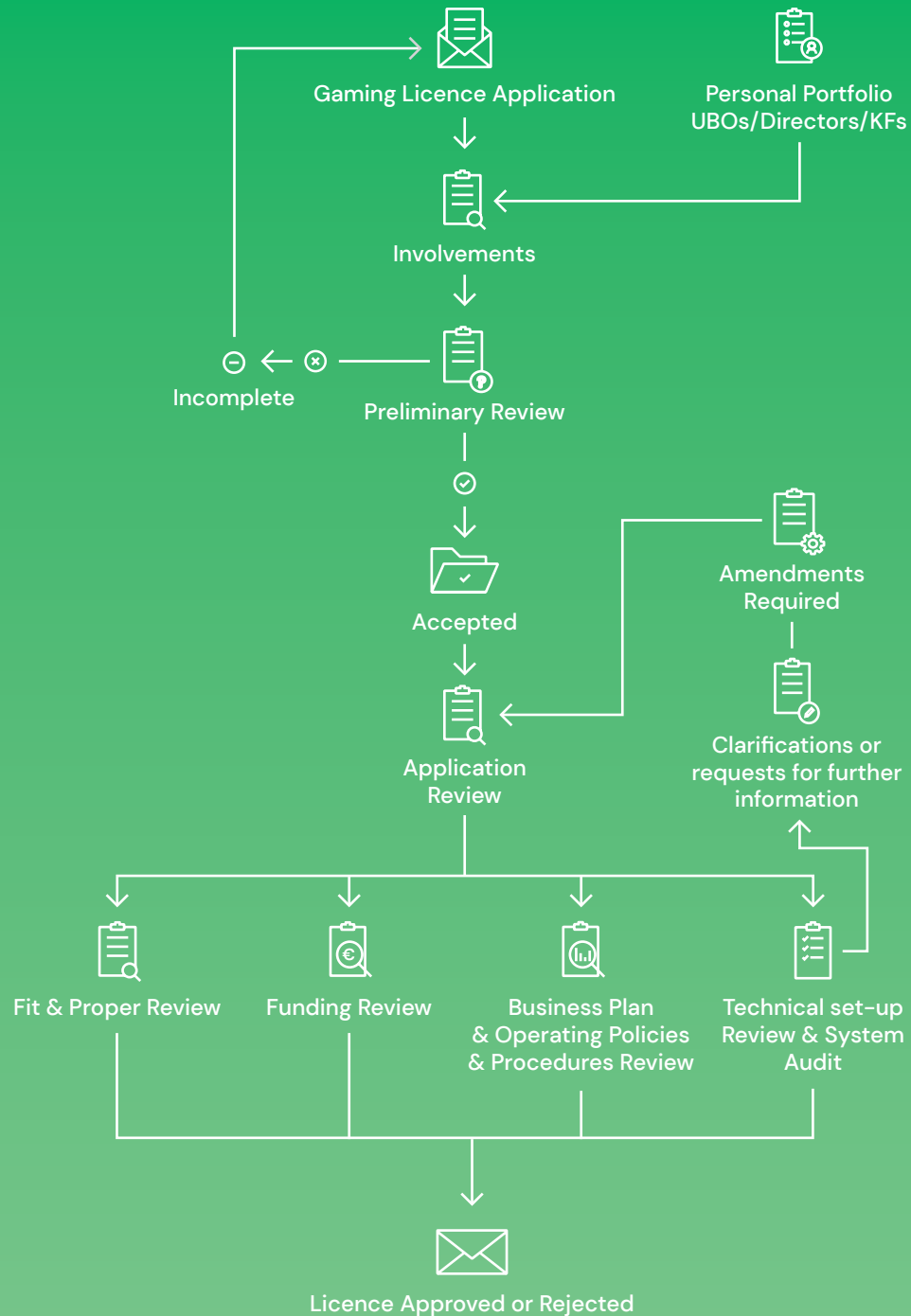
Type 3

- Pool betting, including betting exchange
- Peer-to-peer poker
- Peer-to-peer bingo other peer-to-peer games
- Lottery messenger services

Type 4

- Controlled skill games

Any company that shall be providing or carrying out a gaming service, or that shall be providing a critical gaming supply from Malta or to any person in Malta, or through a Maltese legal entity, requires the relevant authorisation. Furthermore, any company that shall be offering a licensable game, whether as part of a gaming service, critical gaming supply or otherwise, also requires the relevant authorisation.



Certificates

Recognition Notice

A Recognition Notice is a certificate issued by the Authority to any person offering licensable games in or from Malta without a Maltese licence, but having 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.

Such companies can apply for a recognition notice certificate, which certificate shall have 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.

The Authority may revoke any such recognition notice, and the recognition notice applicant shall be subject to administrative fees as per the fees schedule.

Key Function

Authorised Persons are required to designate the persons responsible for carrying out the Key Functions.

Such persons, are referred to as Key Functions holders, meaning that they hold an important function, role or task that is carried out by a person in connection with a gaming service or a gaming supply. These Key Functions need to apply for a Key Function certificate, and are, in turn, required to undergo scrutiny for the Authority to assess their fitness and propriety.

Key Persons are required to have full knowledge, understanding and access to the Authorised Person's operations, as may be necessary for them to carry out their respective Key Function/s.

Key Persons are required to be fit and proper in order to carry out their respective Key Functions, not only at the time of their application for a Key Function Certificate, but also on an ongoing basis thereafter. 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. Moreover, each licensee shall notify the Authority, the key persons who perform one or more key functions for such licensee.

A number of roles are considered to be incompatible with one another by their very nature and, as such, a given individual will not be authorised to fulfil such conflicting roles simultaneously.

	CEO	Gaming Operations	Legal Affairs
CEO		✓	✓
Gaming Operations	✓		✓
Legal Affairs	✓	✓	
Data Protection		✓	✓
Compliance		✓	✓
Technology	✓	✓	✓
AML & CFT		✓	✓
Internal Audit			

The exhaustive list of roles that are considered incompatible by nature to the extent that an individual would not be authorised to exercise them simultaneously is comprehensively illustrated below.

Data Protection	Compliance	Technology	AML & CFT	Internal Audit
		✓		
✓	✓	✓	✓	
✓	✓	✓	✓	
	✓	✓		
✓		✓	✓	
✓	✓		✓	
	✓	✓		

Licensee's Information and Reporting Requirements

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

The Compliance Department within the Authority is responsible for ensuring that Licensees operate in accordance with the Gaming Act and subsidiary Regulations and Directives. Through prudential and on-going monitoring of Licensees, the Compliance Department aims to identify any issues which prevent Licensees from staying complaint throughout the duration of the Licence.

This timeline outlines key reports required by the Authority to monitor the overall gaming activity are listed hereunder.

January	<ul style="list-style-type: none"> ● 1st January (Assuming a 1st January start to the financial year.)
	<ul style="list-style-type: none"> ● 20th January* <ul style="list-style-type: none"> • Alternative Dispute Resolution Report • Gaming Tax Report and Compliance Contribution Fees • Player Funds Report (if applicable) • B2B Compliance Report (if applicable)
February	<ul style="list-style-type: none"> ● 28th February <ul style="list-style-type: none"> • Industry Performance Report covering the period 1st July to 31st December of the previous year.
June	<ul style="list-style-type: none"> ● 30th June <ul style="list-style-type: none"> • Submission of the Audited Financial Statements • Auditor Player Funds & Gaming Revenue Declarations Form
August	<ul style="list-style-type: none"> ● 30th August <ul style="list-style-type: none"> • Submission of the Interim Financial Statements for the period January to June.
September	<ul style="list-style-type: none"> ● 7th September <ul style="list-style-type: none"> • Industry Performance Return covering the period 1st January to 30th June of the previous year.
December	<ul style="list-style-type: none"> ● 31st December <ul style="list-style-type: none"> • End of financial year.

N.B. The non-refundable fixed annual licence fee is payable in advance for the twelve (12) running months following the issue of the licence and every anniversary thereof, throughout the duration of the licence.

* These are the monthly submissions to be carried out by not later than the 20th day of the following month.





01 Yearly Reports.

An audited set of financial statements, inclusive of a Directors' Report, prepared in accordance with the International Financial Reporting Standards and audited in accordance with International Standards on Auditing. These are to be submitted within 6 months from the end of the company's financial year. An auditor's management letter prepared by the company's statutory auditors following the completion of the audited financial statements shall be submitted within 9 months from the end of its financial year. Moreover, agreed-upon procedure reports on player funds and gaming revenue shall be submitted within 6 months from the end of its 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 performance 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.

A B2C licensee is required to report the following on a monthly basis:

1. Player Funds report
2. Gaming Tax report
3. Alternative Dispute Resolution report

A B2B licensee is required to report the following on a monthly basis:

1. B2B report
2. Player Funds report (only if the licensee offers pooled jackpots)

Compliance Audits & Ongoing Monitoring

The MGA mandates that after going live, a Licensee may be subject to a compliance audit of its operations performed by an approved Service Provider appointed by the Licensee. Such audits need to be completed by the Service Provider within 3 months from the MGA's notice.

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

1. A System Review 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.

In addition to Audits, the authority also conducts ongoing monitoring of Licensees through various processes. Such processes include:

- a. Compliance Reviews aimed at serving as an efficient and effective tool to conduct checks on Licensees, carried on a risk-based approach;
- b. Review of Incident Reports submitted by Licensees; and
- c. On-site Audits conducted to review Licensees' live studio operations.

Administrative Fees & Taxation

Administrative Fees

Fee	€	
1. Application Fee for New Licence	5,000	Paid upon application for a Gaming Licence
2. Application Fee for Renewal of Licence	5,000	Paid upon application for renewal of Licence
3. Key Function Certificate	50	Applicable per role. Paid upon application for a Key Function Certificate or changes thereto
4. Transfer of a Qualifying Interest in a Licensee	1,500	Paid upon the request for the transfer
5. Conversion to a Corporate Licence or changes to any of the Corporate Entities	1,500	Paid upon application for such changes
6. Annual maintenance 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)

Fee	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

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.

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 €1,000,000	€5,000

* Minimum compliance contribution for new operators shall not be due to the Authority until a full licence period elapses.

** 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 and 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. In addition, 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.

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.

Consequently, the applicant is required 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. An applicant for the key AML/CFT function, also appointed by the company to hold the money laundering reporting officer (MLRO) role, would also need to undergo an appraisal by the MGA which is aimed at assessing the applicant's competence and knowledge to occupy such a role.

Throughout this process, the MGA further assesses the measures, controls and procedures that the applicant company undertakes to adopt, in order to prevent its business from being exploited for money laundering or terrorist financing activities.

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 an 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.

Sports Betting Integrity

The threats of match-fixing and malicious sports betting continue to be a challenge for sports and the regulated betting sector alike. To this end, the MGA is committed to taking a proactive approach in managing sports betting integrity. The MGA works closely with international partners and other stakeholders in the betting and sports industries, and with local and foreign supervisory / law enforcement authorities. This allows the MGA to identify vulnerabilities, encourage precautionary measures, and strengthen the deterrents to corruption in betting and sports in general. In addition, it also enables it to better identify the longer-term threats and implement policies that prevent the threats that pose the greatest risk.



The MGA enacted the provisions at law relating to the Suspicious Betting Reporting Requirements, as noted in article 43 of the Gaming Authorisations and Compliance Directive (Directive 3 of 2018). With the intention of facilitating suspicious betting reporting to the MGA, a reporting instrument, the Suspicious Betting Reporting Mechanism, is available to all MGA licensees that offer a gaming service and/or a critical gaming supply relating to betting on sports events, accessible via LRMS. As a result, the MGA receives reports of suspicious activity from its licensees which allows the MGA to better monitor the industry. Furthermore, when applying for a Type 2 licence with the MGA, an operator is to submit policies and procedures pertinent to their sports betting integrity

endeavors, underlining specific and clear processes and initiatives undertaken to ensure compliance with the Suspicious Betting Reporting Requirements.

The MGA is subject to numerous requests for information, submitted by enforcement agencies, sports governing bodies, integrity units, and other regulatory bodies from across the globe. Some of the requests require the MGA to check whether it held any information on specific sporting events being investigated by the entity making the request. However, other requests for information require the department to reach out to the betting industry in order to identify which operators beheld betting activity pertinent to a sporting event which is deemed of interest by the requestor. Such requests are handled in accordance with its regulatory virtue set out in article 7(2)(d) of the Gaming Act (Cap. 583 of the Laws of Malta). As a result, the MGA may share any relevant data, including personal data, in its possession with local and/or foreign bodies entrusted with the governance and regulation of a particular sector. The MGA is empowered to do so in accordance with article 8(2) of the Gaming Act (Cap. 583 of the Laws of Malta).

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 disruptor has been intense, with the gaming sector being perfectly positioned to benefit from the use of DLT. 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 as a means of payment

Prior to applying with the MGA for the required approval to accept DLT assets as a payment within the context of the gaming operation, an operator to assess whether the DLT assets constitute a virtual token or a virtual financial asset (VFA).

A virtual token is a DLT asset which has no utility, value or application outside of the DLT platform on which it is issued and may only be redeemed for funds on such platform. On the other hand, VFAs have utility, value or application outside of the operator's platform and are not confined to a closed-loop ecosystem. Depending on the categorization of the DLT asset, different rules may be applicable.

02 Innovative Technology Arrangements

In order for an operator to leverage Innovative Technology Arrangements (ITAs), including DLT platforms and smart contracts, within its key technical equipment, it requires the specific approval of the MGA. ITAs shall be audited by auditors registered with the MDIA in terms of the ITAS Act (CAP. 592).

03 Applying for an approval

Any operator that wished to obtain an approval to carry out the services mentioned in the preceding paragraphs can apply as follows:

1. Prospective licensees need to apply for an approval to accept DLT assets and, or use ITAs as part of a 'New License Application';
2. Existing licensees can apply for approvals for the acceptance of DLT assets through the application type 'New or Change in Payment Methods / Financial Management Information'; and
3. Existing licensees can apply for approval for the use of ITAs through the application type 'Change in Technical Setup'.



Notes

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