



Changes in Direct or Indirect Shareholding

Guidance Note

Malta Gaming Authority

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1 Introduction

The Gaming Authorisations Regulations entrust the Authority with the function to carry out fitness and propriety checks in relation to persons having an interest in a Licensee or a prospective applicant. The Authority is aware that a licensee's company structure may undergo changes throughout the validity of the Licence term. This guidance note aims to provide Licensees with a clear outline of the expected requirements and procedures in this regard.

2 Definitions

The term **"Authority"** shall have the same definition assigned to them in the Gaming Definitions Regulations, Subsidiary Legislation 583.04.

The term **"Gaming Authorisations and Compliance Directive"** shall mean Directive 3 of 2018.

The term **"Gaming Authorisations Regulations"** shall mean the Gaming Authorisations Regulations, Subsidiary Legislation 583.05.

The terms **"licence"**, **"licensee"** and **"licence holder"** shall have the same definition assigned to them in the Gaming Definitions Regulations, Subsidiary Legislation 583.04.

The term **"LRMS"** shall mean the [Licensee Relationship Management System](#).

The term **"Qualifying Interest"** shall, subject to any additional guidance provided throughout this document, mean ten per cent (10%), or any lower percentage as may be determined by the Authority.

3 Change in Approved Company Structure

Apart from equity-related considerations, the Authority also looks at qualifying interest from the perspective of the control that individuals or entities may exert. This means that individuals or entities will be evaluated not only based on their stake of ownership but also on the extent of control or decision-making power they hold.

3.1 Notification Requirement

3.1.1 Qualifying Interest

Article 37(2)(a) of the Gaming Authorisations and Compliance Directive requires licensees to notify the Authority forthwith, and in any case no later than three (3) working days after any change in direct or indirect qualifying shareholding within the licensee. The Licensee has thirty (30) days after the change to submit the relevant documentation, through a completed ['Corporate – Change in Approved](#)

[Company Structure](#)' application via the LRMS. For notification to be considered valid and complete, the application needs to be submitted in full via the LRMS.

The following is a non-exhaustive list of scenarios that necessitate prompt notification to the Authority within the three-day timeframe. These instances are to be used as indicative examples of when to notify the Authority in cases of changes to direct or indirect qualifying interest:

- 1) Sale or transfer of shares to new qualifying beneficial owners;
- 2) Sale or transfer of shares to existing beneficial owners resulting in changes to the list of qualifying shareholders;
- 3) Any changes to holding entities affecting the ownership structure, including the substitution, introduction or removal of holding entities;
- 4) Any increase or dilution of share capital and/or voting rights;
- 5) Change in entities acting as trustees or fiduciaries.

3.1.2 Non-Qualifying Interest

Any changes in direct or indirect shareholding within the licensee's corporate structure which do not affect qualifying interest should be notified in terms of article 37(1)(l) of the Gaming Authorisations and Compliance Directive. These changes need to be notified to the Authority within thirty (30) days of the change.

These instances are to be used as indicative examples of when to notify the Authority in cases of changes to direct or indirect qualifying interest:

- 1) A restructuring within the beneficial owners, whereby their shareholding percentage shall not be affected;
- 2) Instances involving changes within the non-qualifying shareholders;
- 3) Increase in, or allotment of further shares which will not result in any changes to the shareholding structure;
- 4) Capitalisation of any loans by entities within the structure.

3.2 Inactive Operations

Licensees that are currently inactive are required to apply to obtain the Authority's approval via a 'Voluntary Licence Suspension' application. In such cases, if changes affecting more than seventy-five per cent (75%) equity or control take place, the Authority reserves the right not to approve the change in shareholding if the Licensee does not have an approved Licence Reactivation Plan, as required by the [Voluntary Suspension Licence Guidance Note](#).

3.3 Notification Method

As explained in the previous sections, any changes need to be notified to the Authority via a '[Corporate – Change in Approved Company Structure](#)' application via the LRMS. The application shall only be deemed as 'Submitted' if the application is submitted in full, and includes:

3.3.1 Qualifying Interest

- 1) An application fee of one thousand five hundred euro (€1,500);
- 2) The current and updated corporate structure signed by a company director, showing all holding companies and the ultimate beneficial owners, including details of both equity and control rights;
- 3) A declaration confirming that the corporate structure mentioned in the previous point reflects the latest corporate structure;
- 4) A sale and purchase agreement, share transfer agreement, board resolution, or any equivalent document substantiating the transfer;
- 5) Due diligence documentation for any new ultimate beneficial owners in the form of [Personal Declaration Forms](#) ('PDFs') and, or [Entity Declaration Forms](#) ('EDFs') in the case of entities. (EDFs are to be included within the Change in Approved Company Structure Application, whilst PDFs need to be submitted personally through the Personal Portfolio on the LRMS. More information on the Personal Portfolio can be found [here](#));
- 6) A Declaration from the proposed beneficial owners, specifying the source/s of the funds used for the consideration price, and any additional funding/investments to be undertaken to operate the licence. This source of funds declaration needs to be accompanied by relevant documents to prove the source of these funds, and further evidence may be required upon the Authority's request;
- 7) In the case of changes, any updated company, technical and operational policies and procedures. A declaration confirming otherwise would be required in the case that no changes shall be affected;
- 8) [PDFs](#) for any new directors and/or key persons. For ease of reference, more information on the application process to be followed by such individuals can be found on the [MGA website](#).

3.3.2 Non-Qualifying Interest

- 1) Current and post-change company structures signed by a company director, showing all holding companies and the ultimate beneficial owners, along with an overview of equity shares and voting or control rights;
- 2) In the case of beneficial owners who do not, directly or indirectly, own more than ten per cent (10%) qualifying shareholding in the licence, such beneficial owners shall be listed. This list shall be accompanied by a declaration, signed by a director of the licensee, and shall confirm that the shareholding list mentioned in point (1) above is updated and correct;
- 3) Any further documentation or information to support the non-qualifying change.

