Thematic Review

Governance Assurance: **Key Functions**

Malta Gaming Authority

Contents

Acronyms

AML/CFT	Anti-Money Laundering / Countering Financing of Terrorism
B2B	Business-to-Business
B2C	Business-to-Consumer
BRA	Business Risk Assessment
CDD	Customer Due Diligence
CEO	Chief Executive Officer
CRA	Customer Risk Assessment
EDD	Enhanced Due Diligence
FIAU	Financial Intelligence Analysis Unit
KFH	Key Function Holder
MGA	Malta Gaming Authority
MLRO	Money Laundering Reporting Officer
PEP	Politically Exposed Person
PMLA	Prevention of Money Laundering Act
PMLFTR	Prevention of Money Laundering and Funding of Terrorism Regulations
SoF	Source of Funds
SoW	Source of Wealth
STR	Suspicious Transaction Report

Table of Definitions

Authorised Persons	Persons authorised by the Authority to provide a gaming service and/or gaming supply.
Supervisory Reviews	A desk-based supervisory activity through which the Authority assesses a licensee's compliance with regulatory requirements by analysing supporting documentation, and other requested information to identify potential risks, non-compliance, and areas requiring further engagement.
Supervisory Meetings	A formal engagement between the Authority and a licensee to discuss compliance, governance, operational, and regulatory matters, assess the effectiveness of relevant frameworks, and provide regulatory guidance through structured on-site, remote, or Authority-hosted discussions.
Gaming Act	An Act (Cap. 583 of the Laws of Malta) to make provision for the governance and regulation of gaming services and products from and within Malta, together with all such activities and matters that are ancillary or incidental thereto or connected therewith, and for the establishment and functions of the Malta Gaming Authority.
Gaming	An activity consisting in participating in a game, offering a gaming service or making a gaming supply, and shall be construed accordingly, depending on the context.

Context

As outlined in the February 2025 publication ‘**Regulatory Oversight: Supervisory Engagement Efforts 2025**’, the Authority identified ‘Governance Assurance – Key Functions’ as a priority thematic area for supervisory engagement.

This reflects the Authority’s continued commitment to a risk-based, evidence-led, and outcomes-focused approach to supervision, recognising the critical role that effective governance arrangements play in supporting regulatory compliance, sound decision-making, and the long-term sustainability of the online gaming sector.

Robust governance extends beyond the existence of formal structures, policies, and appointments. It requires key functions to operate effectively in practice, exercise meaningful oversight, provide appropriate challenge, and contribute to the identification, management, and escalation of risks.

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Effective governance arrangements are fundamental to ensuring that Authorised Persons remain capable of meeting their regulatory obligations in an increasingly complex and evolving operating environment.

Through a combination of Supervisory Reviews and Supervisory Meetings, the Authority assessed how effectively key governance functions operated in practice, namely the Chief Executive Officer, Compliance, Internal Audit, and Prevention of AML/CFT functions.

The Authority sought to identify examples of strong governance practices, as well as areas where Authorised Persons may need to make further enhancements to strengthen oversight, accountability, and assurance across the sector.

This report presents the key observations arising from the Thematic Review, including areas requiring enhancement, examples of good practice, and broader governance themes identified across the Authorised Persons reviewed.

The Authority intends this report to support Authorised Persons in assessing the effectiveness of their own governance arrangements and to promote a shared understanding of the standards and outcomes expected by the Authority.

Methodology

This section details the methodology adopted for the *2025 Thematic Review on 'Governance Assurance – Key Functions'*, outlining the objective of the supervisory engagement, the review period, the approach, the supervisory tools and engagement formats used, and the Authorised Persons in scope of the review.

Objective of the Supervisory Engagement

The review focused on evaluating the effectiveness of the following Key Function Holders ("KFHs"): Key Compliance, Key Internal Audit, Key Prevention of Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), as well as the Chief Executive Officer (CEO) function roles.

The Authority placed a key focus on verifying the appointment of individuals holding these roles and assessing their knowledge, active discharge of oversight and internal control responsibilities (where applicable), and meaningful involvement in the Authorised Persons' decision-making processes.

The Supervisory Reviews also provided Authorised Persons with the opportunity to list any challenges encountered. The Authority discussed these challenges further during the Supervisory Meetings, and Authorised Persons also presented recommendations to the Authority. The Authority then escalated the recommendations to the relevant internal teams.

Review Period

The Thematic Review commenced in Q1 2025 and concluded in Q4 2025. Analysis of the findings ensued thereafter.

Approach and Supervisory Tools

The Thematic Review employed two complementary supervisory tools: Supervisory Meetings and Supervisory Reviews.

Supervisory Meetings provided an interactive forum for direct engagement with Authorised Persons, facilitating open dialogue, clarification of regulatory expectations, and insight into the implementation of governance arrangements.

In parallel, Supervisory Reviews enabled the Authority to conduct a formal, structured assessment of materials submitted by Authorised Persons against an agenda defined by the Authority, ensuring a consistent and proportionate evaluation across key function holders.

Authorised Persons in Scope

The review encompassed a risk-based sample of B2B and B2C Authorised Persons, enabling sector-wide representation and comparability of governance practices.

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Key Themes

This section presents the key findings of the Thematic Review, which emanate from both Supervisory Reviews and Supervisory Meetings conducted by the Authority.

The Authority organised the findings around the principal themes assessed and highlighted key observations and common practices, areas requiring enhancement across the sector, and the best practices observed.

Drawing on insights obtained through these supervisory tools, the Authority developed both a structural and practice-based understanding of how Authorised Persons implement governance, compliance, internal audit, and AML/CFT obligations.

The insights obtained enabled the Authority to assess the effectiveness and consistency of governance arrangements in practice, while identifying recurring strengths, weaknesses, and emerging risks relevant to the overall assurance of key functions.

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CEO Function

Key Observations & Common Practices

Across the sector, Authorised Persons generally maintain well-established CEO functions, with most demonstrating structured oversight arrangements and clear delineation of responsibilities among senior leadership, KFHs, and the board.

Authorised Persons take decisions involving new markets, product expansions, or contractual arrangements in consultation with the compliance, legal, and risk functions, supporting a governance culture grounded in regulatory awareness.

Such KFHs demonstrated active and ongoing involvement in governance matters, maintained structured communication channels with other KFHs, participated in periodic reviews, and fostered an environment where regulatory considerations formed an integral part of business planning.

Regular management meetings, cross-functional decision-making fora, and documented approval processes strengthen accountability and support transparent oversight.

Furthermore, CEO KFHs operating within stronger governance frameworks consistently engaged in forward-looking regulatory planning, including assessing the impact of entering new markets, adapting to jurisdiction-specific requirements, and evaluating risks associated with evolving regulatory landscapes.

Areas Requiring Enhancement

Whilst many Authorised Persons demonstrated mature governance arrangements and active leadership engagement, the Authority observed varying levels of governance maturity across the sector through its supervisory activities.

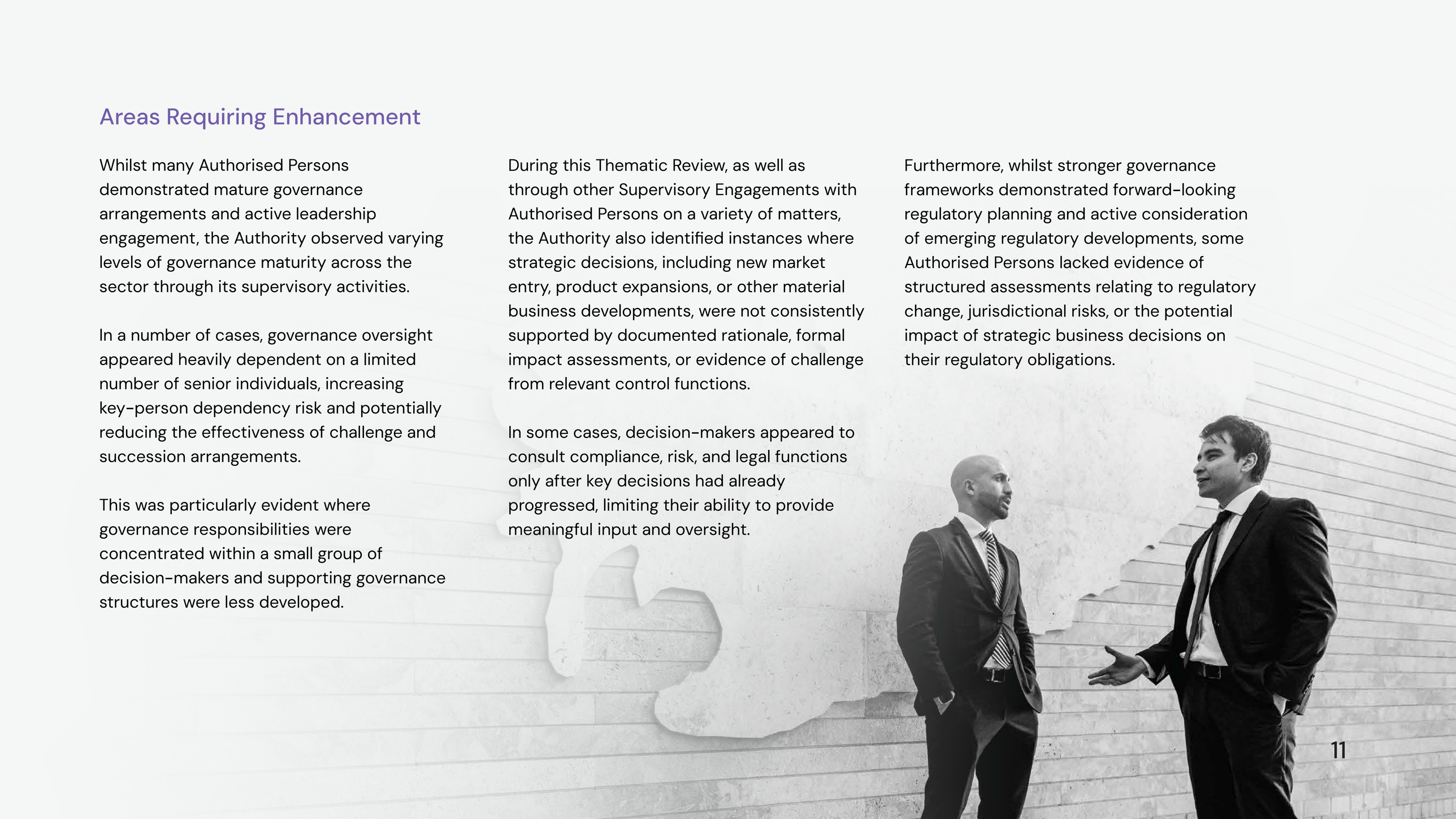
In a number of cases, governance oversight appeared heavily dependent on a limited number of senior individuals, increasing key-person dependency risk and potentially reducing the effectiveness of challenge and succession arrangements.

This was particularly evident where governance responsibilities were concentrated within a small group of decision-makers and supporting governance structures were less developed.

During this Thematic Review, as well as through other Supervisory Engagements with Authorised Persons on a variety of matters, the Authority also identified instances where strategic decisions, including new market entry, product expansions, or other material business developments, were not consistently supported by documented rationale, formal impact assessments, or evidence of challenge from relevant control functions.

In some cases, decision-makers appeared to consult compliance, risk, and legal functions only after key decisions had already progressed, limiting their ability to provide meaningful input and oversight.

Furthermore, whilst stronger governance frameworks demonstrated forward-looking regulatory planning and active consideration of emerging regulatory developments, some Authorised Persons lacked evidence of structured assessments relating to regulatory change, jurisdictional risks, or the potential impact of strategic business decisions on their regulatory obligations.



Best Practices Observed

Best practices observed during the Thematic Review include the clear articulation of operational scope and business diversification strategies, supporting a focused and adaptable approach to authorised activities. Authorised Persons demonstrated sound governance by maintaining transparent ownership records and submitting regular updates to the Authority.

The Authority also observed structured escalation procedures and cross-functional collaboration between KFHs and board members, supporting effective decision-making and oversight.

In addition, periodic policy reviews and timely updates aligned with regulatory developments help underpin a proactive compliance environment and ensure that governance frameworks remain effective.

The Authority also identified the adoption of three lines of defence models, together with the establishment of governance committees, as a best practice.

Key Compliance Function

Key Observations & Common Practices

The Role of the Key Compliance Function

The Key Compliance Function plays a pivotal role in ensuring adherence to MGA licensing obligations, regulatory reporting, player protection, and technical compliance. During the Thematic Review, the Authority closely examined the structure and effectiveness of compliance arrangements, providing a detailed overview of best practices, prevalent gaps, and areas requiring targeted improvement.

The core responsibilities performed by the Key Compliance Function included ensuring compliance with the Gaming Act, related licence conditions, and responsible gambling obligations, coordinating regulatory submissions via the Authority's reporting systems, acting as the main liaison with the Authority, and maintaining internal regulatory awareness and breach management processes.

Certain Authorised Persons also evidenced the preparation and delivery of regular internal compliance training sessions, including cross-departmental workshops on new regulatory updates or emerging risks, as well as dedicated escalation frameworks for material breaches or regulatory findings.

While many Authorised Persons empower their Key Compliance Functions with broad oversight responsibilities, the degree of operational integration and autonomy differs significantly across Authorised Persons.

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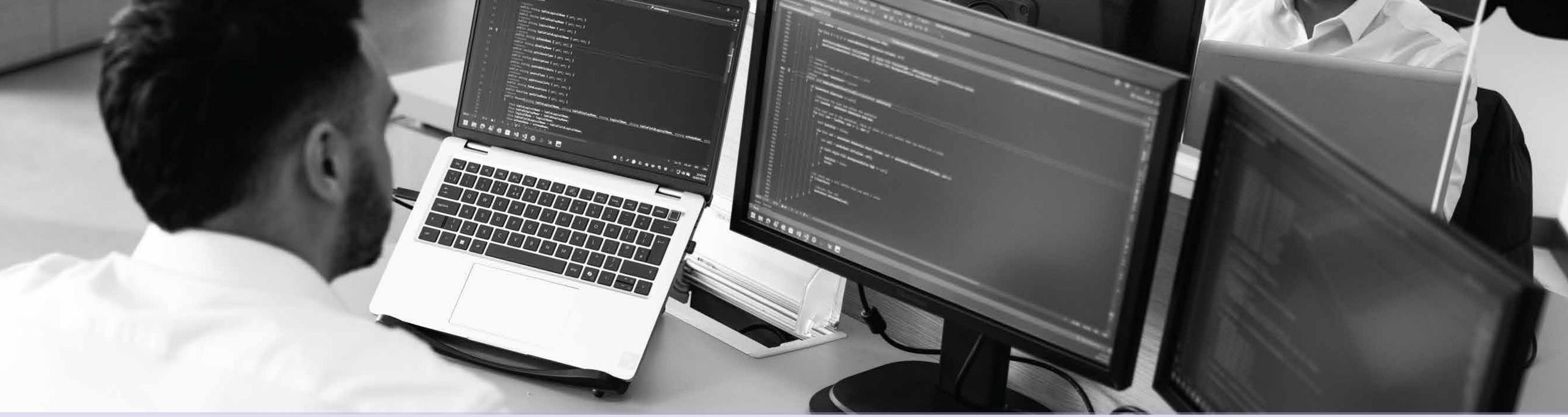

Compliance Monitoring

In terms of compliance monitoring and internal oversight, some Authorised Persons have established robust internal systems to facilitate effective compliance monitoring, such as documented programmes with regular testing of high-risk areas, centralised compliance calendars to track regulatory obligations and deadlines, and automated reminders to help prevent failures or late filings.

Clear Separation of Compliance Responsibilities

Authorised Persons exhibiting mature compliance arrangements maintain clear segregation between regulatory compliance and operational teams, reducing conflicts of interest and ensuring that regulatory matters are addressed independently from commercial priorities. Documented roles, structured reporting lines, and formal approval processes often support this separation.

Documented Compliance Frameworks, Policies and Procedures

Authorised Persons also highlighted how they maintain centralised repositories of policies and procedures that are accessible to relevant staff and subject to annual or ad hoc reviews. These documents set out internal processes, reporting obligations, escalation routes, and controls. Version control mechanisms ensure that employees and auditors align with the most up-to-date documentation.

Use of Tools to Support Oversight and Traceability

Several Authorised Persons make effective use of ticketing systems, workflow software, compliance calendars, and structured trackers to monitor deadlines, assign tasks, and ensure timely implementation of regulatory obligations. These tools increase transparency, enable traceability of actions, and help maintain consistent compliance across departments.

Cross-Functional Collaboration

Authorised Persons demonstrating higher levels of compliance foster strong cross-functional collaboration between Compliance and other key functions such as Risk, Internal Audit, AML/CFT, and Technology. These interactions, often supported through regular standing meetings, cross-functional reviews, and coordinated implementation planning, enhance an organisation's ability to anticipate regulatory implications and maintain effective oversight.

In parallel, strong compliance frameworks adopt an evidence-driven approach to monitoring and reporting, documenting activities through structured checklists, internal reviews, periodic testing, and quality assurance exercises. Clear escalation pathways for breaches, supported by root-cause analyses and remediation plans, ensure that issues are identified early and addressed proactively, reinforcing accountability and continuous improvement.

Areas Requiring Enhancement

By means of the different types of supervisory engagements at the Authority's disposal, including but not limited to this specific Thematic Review, the Authority has noted a number of aspects requiring improvement within Authorised Persons' operations.

To this effect, whilst several Authorised Persons demonstrated well-established compliance functions with broad oversight responsibilities, the Authority observed differing levels of operational integration, authority, and independence across the sample reviewed.

In certain cases, the Compliance Function appeared primarily focused on regulatory reporting and administrative obligations rather than performing a proactive second-line oversight role capable of providing effective challenge and assurance.

The Authority also identified instances where compliance responsibilities were fragmented across multiple individuals or business units, resulting in unclear accountability and reduced visibility of compliance risks. Such arrangements may limit the function's ability to exercise effective oversight and contribute meaningfully to governance discussions and strategic decision-making.

Whilst structured monitoring programmes were evident amongst a number of Authorised Persons, less mature frameworks often relied on ad hoc monitoring activities with limited evidence of formal risk-based monitoring plans. In such cases, monitoring activities were not always aligned to the Authorised Person's risk profile, reducing assurance over key regulatory obligations and emerging compliance risks.

Different Supervisory Engagements identified recurring weaknesses, including incomplete audit trails, inconsistent record-keeping practices, limited evidence supporting compliance testing activities, and deficiencies in tracking the remediation of identified issues. The Authority also identified instances where Authorised Persons did not communicate material business, operational, or technical developments to the Authority in a timely manner.

In addition to the above, during various supervisory interactions held with Authorised Persons, including other Supervisory Engagements, the Authority observed that, while key governance and compliance measures were generally in place, their implementation and maintenance were not always sufficiently robust.

The Authority identified instances where supporting documentation and arrangements were outdated, lacked sufficient detail, or did not adequately reflect the Authorised Person's specific business model and risk profile. Furthermore, not all Authorised Persons consistently demonstrated evidence of regular oversight, review, and governance processes, which further indicates weaknesses in the overall compliance culture.

The Thematic Review also highlighted instances where collaboration between Compliance and other key assurance functions, including Internal Audit, AML/CFT, Legal, and Technology, was limited. Such siloed approaches may reduce visibility over organisation-wide risks, inhibit effective challenge, and diminish the overall effectiveness of governance and assurance arrangements.

Best Practices Observed

Comprehensive Training and Awareness Programmes

Strong compliance cultures are characterised by regular, role-specific training, annual refreshers, onboarding sessions for new employees, and targeted workshops addressing new regulatory developments. Authorised Persons further explained that documented attendance records, staff attestations, and compliance or HR platforms support training by tracking completion and maintaining an audit trail. Regular internal compliance training and awareness sessions foster a culture of regulatory understanding and up-to-date knowledge across departments.

Use of Tools to Support Horizon Scanning and Compliance

During the Supervisory Meetings, Key Compliance Function holders explained the systems they use to identify, track, and disseminate regulatory changes. Best practices include subscription-based regulatory monitoring tools, external legal briefings, internal newsletters, and cross-departmental meetings where updates are translated into operational requirements. These structures enable timely alignment with regulatory expectations across multiple jurisdictions.

Several Authorised Persons make effective use of ticketing systems, workflow software, compliance calendars, and structured trackers to monitor deadlines, assign tasks, and ensure timely implementation of regulatory obligations. These tools increase transparency, enable traceability of actions, and help maintain consistent compliance across departments.

Among the best practices observed, several Authorised Persons implemented automated reminders and systems to ensure they meet all regulatory requirements in a timely manner, minimising the risk of missed deadlines or late filings.

Structured internal escalation mechanisms for regulatory breaches also ensure that issues are promptly identified and addressed through clear and consistent processes.

Collectively, these practices contribute to a proactive and well-organised approach to compliance management, aligning closely with the Authority's expectations for effective governance.

Key Internal Audit Function

Key Observations & Common Practices

Internal Audit Planning

The Authority expects the Key Internal Audit Function to operate in accordance with established benchmark standards, emphasising structural independence, ideally through direct reporting to the Board or Audit Committee, and clear separation from operational management. The function is expected to leverage both internal and external expertise where appropriate.

The Supervisory Review identified that risk-based audit planning forms a core component of the function, involving formal risk assessments and the prioritisation of high-risk areas to ensure balanced audit coverage. This includes areas such as AML/CFT controls, governance structures, information security, regulatory reporting, and other key operational processes.

Structured audit methodologies are evident, including the systematic collection and retention of audit evidence, supported by comprehensive working documentation, detailed test results, and traceable audit trails. Audit reporting is generally structured and incorporates severity ratings, defined remediation timelines, clearly assigned action owners, and, where applicable, root-cause analysis.

Internal Audit Findings Resolution

The Authority also observed mechanisms for tracking and follow-up, including the use of centralised registers, periodic follow-ups, and reassessments to validate remediation. Clear escalation routes are in place for unresolved issues. Integration with wider governance frameworks is evident where the Key Internal Audit Function aligns with Compliance and Risk functions, supporting risk assessments and contributing to governance oversight, while maintaining independence.

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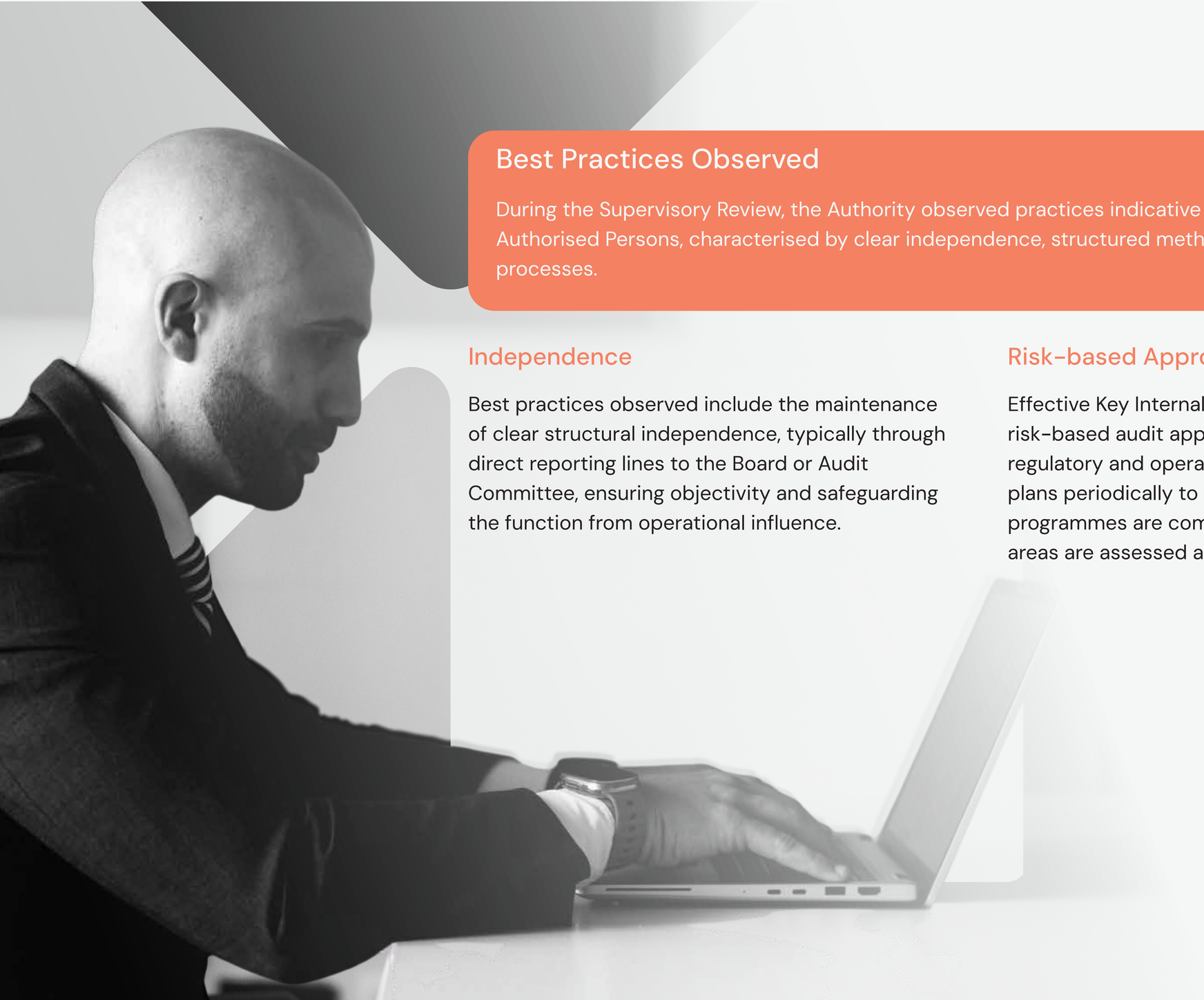
Areas Requiring Enhancement

The review identified instances where Internal Audit arrangements appeared to operate largely as a compliance exercise, with limited evidence that the function actively assessed the effectiveness of governance, risk management, and internal control arrangements.

Some Authorised Persons were unable to demonstrate how Internal Audit findings informed management decision-making, contributed to governance improvements, or provided effective challenge to first and second-line functions. This raises concerns regarding whether the function is delivering meaningful assurance in practice and achieving the purpose for which it has been established. The Authority expects Internal Audit Functions to be adequately resourced, sufficiently independent, and capable of providing robust, risk-based assurance across the organisation.



Best Practices Observed

During the Supervisory Review, the Authority observed practices indicative of mature Internal Audit functions across Authorised Persons, characterised by clear independence, structured methodologies, and consistent assurance processes.

Independence

Best practices observed include the maintenance of clear structural independence, typically through direct reporting lines to the Board or Audit Committee, ensuring objectivity and safeguarding the function from operational influence.

Risk-based Approach

Effective Key Internal Audit Functions apply a rigorous risk-based audit approach, prioritising areas of greatest regulatory and operational exposure, while updating audit plans periodically to reflect emerging risks. Audit programmes are comprehensive and ensure that critical areas are assessed at appropriate intervals.

Documentation

Strong documentation practices are consistently maintained through detailed working papers, sample testing, system checks, and traceable audit trails. Audit reports are structured and action-oriented, incorporating defined risk-rating scales, remediation timelines, and clear accountability assignments.

Internal Audit Findings Resolution

A structured approach to follow-up and continuous improvement is also evident, with regular validation of corrective actions through re-testing and escalation of delays where remediation deadlines are not met. In addition, Authorised Persons use centralised tracking mechanisms to support transparency and accountability throughout the audit process.

Interplay with Other Control Functions

Furthermore, effective Internal Audit Functions maintain appropriate engagement with Compliance, Risk, and senior management, contributing to governance oversight while preserving independence. Investment in continuous professional development ensures that auditors remain aligned with regulatory expectations, sector developments, and recognised audit standards.

Key Prevention of AML/CFT Function

Key Observations & Common Practices

From the Supervisory Review, the Authority observed that the Key Prevention of AML/CFT Function forms a central component of an Authorised Person's governance and risk management framework, aimed at ensuring compliance with anti-money laundering and counter-financing of terrorism (AML/CFT) obligations set out under the Prevention of Money Laundering Act (PMLA), the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR), the Financial Intelligence Analysis Unit's (FIAU) Implementing Procedures (Part I and II), and any other guidance issued by the MGA and the FIAU.

This function is headed by the appointed Money Laundering Reporting Officer (MLRO), who is responsible for handling internal reports of potential suspicious activity, assessing whether grounds for suspicion exist, submitting external reports to the FIAU when required, and ensuring timely cooperation with information requests.

While the MLRO is central to the reporting process, the broader design, implementation, and day-to-day operation of the AML/CFT framework, including customer due diligence (CDD), ongoing monitoring, risk assessments, and the application of risk-based measures, fall within the overall responsibility of the Authorised Person.

Authorised Persons may assign these responsibilities to the MLRO or to a separate monitoring or compliance function at management level. Regulatory compliance also requires the maintenance of thorough records of due diligence checks, risk assessments, and related actions for audit and legal purposes.

Furthermore, the Authority observed that the Key Prevention of AML/CFT Function plays a pivotal role in supporting a proactive AML/CFT culture across the organisation, including targeted staff awareness initiatives to ensure that staff recognise red flags and understand escalation procedures.

The function remains attentive to emerging regulatory requirements, typologies, and technological developments, particularly in an online gaming context where risk profiles evolve.

In addition, the function contributes to business model changes and strategic decision-making by assessing potential ML/FT risks associated with new products, markets, or delivery channels.

During the Supervisory Review, a number of Authorised Persons demonstrated a well-developed approach to the Key Prevention of AML/CFT Function, characterised by structured methodologies and the application of risk-based controls.

Regularly updated Business Risk Assessments (BRAs) and Customer Risk Assessments (CRAs) supported strong AML/CFT frameworks by integrating emerging typologies, jurisdiction-specific considerations, and internal intelligence.

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Such Authorised Persons apply proportionate due diligence measures supported by defined thresholds, documented methodologies, and appropriate evidentiary standards, while maintaining transaction monitoring environments that combine automated systems with targeted manual review to identify unusual activity patterns, payment anomalies, and red-flag behaviour.

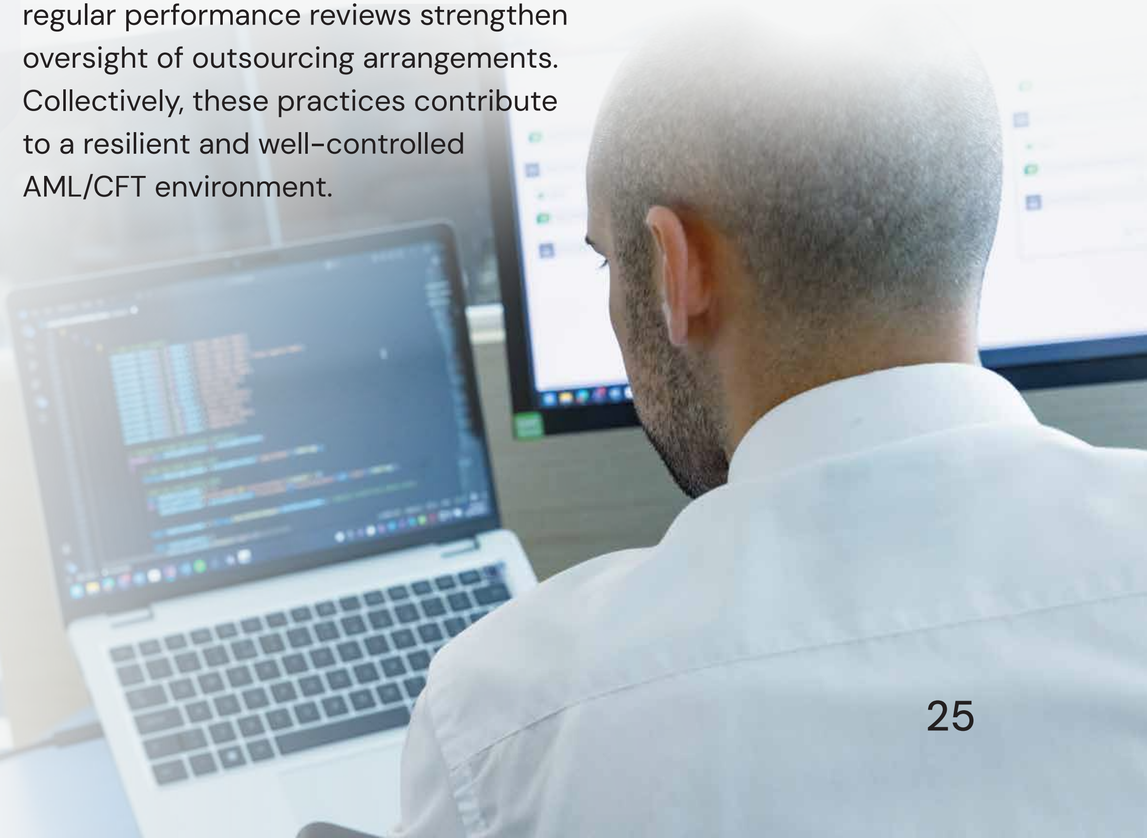
Structured internal awareness initiatives, disciplined record-keeping, and clear escalation procedures, including STR submissions and documented decision-making trails, further support governance. MLROs operating within such frameworks retain sufficient independence, access, and resourcing to exercise appropriate oversight and intervene where ML/TF risks are identified.

In addition, the Authority observed good practices that support the strengthening of AML/CFT frameworks. These include maintaining structured oversight models supported by formal AML monitoring plans, regular reviews of policies and procedures, and frequent updates of BRAs and CRAs linked to defined methodologies and thresholds.

Effective frameworks also incorporate timely completion of CDD, clear triggers for Enhanced Due Diligence (EDD), and adequate documentation supporting EDD decisions. Authorised Persons periodically reassess transaction monitoring controls to ensure ongoing relevance and effectiveness.

Further practices include maintaining transparent escalation channels, internal STR registers, ongoing refresher training, and role-specific annual AML training. Comprehensive record-keeping, periodic AML-focused internal audit reviews, and structured follow-up mechanisms reinforce these practices.

Clearly documented AML obligations and regular performance reviews strengthen oversight of outsourcing arrangements. Collectively, these practices contribute to a resilient and well-controlled AML/CFT environment.



Best Practices Observed

Across the B2C online gaming sector, the Authority identified practices within the Key Prevention of AML/CFT Function that reflect strong governance and operational maturity. Risk-based methodologies, supported by comprehensive and regularly updated BRAs and CRAs, underpin effective frameworks.

Authorised Persons apply structured CDD and EDD measures, including verification of Source of Funds (SoF) and Source of Wealth (SoW), where thresholds, behavioural indicators, or jurisdictional risks are triggered.

Best practice also includes the use of both automated and manual transaction monitoring systems, enabling the identification of red-flag behaviours such as unusual transaction patterns, payment-related anomalies, and inconsistent activity. The manual component supports a more holistic assessment of customer profiles and contextual factors.

Regular and targeted AML/CFT training across relevant functions, including operations, customer support, payments, and compliance, supports organisation-wide awareness of risk indicators and escalation procedures. More mature frameworks also integrate sanctions and PEP screening, adverse media checks, and ongoing monitoring into daily operations, supported by a robust audit trail.

Other General Observations

The Supervisory Reviews indicated that, in most cases, Authorised Persons operate business models that are aligned with the scope of their MGA authorisation, whether under a B2B or B2C licence. Authorised Persons generally define operational activities clearly and align them with the nature and extent of the licensed activities.

The Authority commonly observed structured governance arrangements, often supported by formal oversight mechanisms, documented policies and procedures, and periodic internal reviews designed to monitor the effectiveness of key control functions.

The Authority also observed that Authorised Persons generally appoint KFHs across core governance and control areas, including management, compliance, internal audit, AML/CFT, technology, legal, and data protection.

In many cases, these functions demonstrated regular interaction with senior management and governing bodies. However, the review identified varying levels of engagement and effectiveness across the sample population, with certain KFHs demonstrating limited oversight, challenge, or involvement in key governance and decision-making processes.

The Authority expects all KFHs to actively discharge their responsibilities and to maintain sufficient visibility over the risks and controls operating within their area of accountability.

When considering material changes to their business model, ownership structure, operational footprint, or entry into new markets, a number of Authorised Persons demonstrated good practice through early engagement with the Authority and the completion of structured impact assessments to evaluate regulatory, operational, and compliance implications.

Nevertheless, the review highlighted opportunities for improvement in this area, particularly regarding the timely notification of proposed changes and the performance of comprehensive regulatory gap analyses prior to implementation.

In several instances, engagement with the Authority occurred at a later stage than expected, reducing the opportunity for early regulatory dialogue and challenge.

Furthermore, whilst many KFHs demonstrated a sound understanding of their responsibilities and the underlying methodologies supporting their respective functions, the Authority encountered instances where individuals were unable to clearly articulate key regulatory obligations, governance arrangements, risk assessment methodologies, or oversight activities applicable to their role.

In some cases, language barriers adversely impacted the effectiveness of supervisory discussions and limited the Authority's ability to obtain assurance regarding the operation of key functions.

Authorised Persons should ensure that KFHs possess sufficient English-language proficiency to engage effectively with the Authority, understand regulatory requirements, and communicate matters relating to their area of responsibility with confidence and clarity. Failure to do so may undermine an Authorised Person's ability to demonstrate effective governance and regulatory compliance in practice.

Conclusion

The Authority undertook this Thematic Review to assess the practical implementation of governance assurance arrangements across the online gaming sector and to communicate the Authority's expectations in support of effective and sustained regulatory compliance.

Whilst the review identified a number of examples of strong governance practices and mature control environments, it also highlighted varying levels of governance maturity across the sector and areas where enhancement remains necessary.

In particular, the review identified opportunities for Authorised Persons to strengthen the effectiveness, independence, and practical operation of key governance and control functions, ensuring that such arrangements deliver meaningful oversight and assurance in practice rather than merely satisfying regulatory requirements.

The Authority observed that the most effective governance frameworks were characterised by active engagement from senior leadership, empowered and effective Key Function Holders, robust challenge across the three lines of defence, and governance processes embedded within day-to-day decision-making.

Conversely, weaknesses identified during the review often related to insufficient oversight, inadequate evidencing of governance activities, limited challenge from control functions, resource constraints, and gaps in the practical implementation of established frameworks.

This publication serves both as an overview of the Authority's supervisory engagement activities and as guidance for Authorised Persons. It outlines key observations, areas requiring enhancement, best practices, and regulatory expectations, providing practical insight to assist Authorised Persons in assessing the effectiveness of their governance arrangements and identifying opportunities for continuous improvement.

“The Authority encourages Authorised Persons to consider not only whether governance structures and key functions have been formally established, but whether they are operating effectively, independently, and in a manner that supports sound decision-making, risk management, and regulatory compliance.”

The Authority encourages Authorised Persons to consider not only whether governance structures and key functions have been formally established, but whether they are operating effectively, independently, and in a manner that supports sound decision-making, risk management, and regulatory compliance.

The Authority encourages Authorised Persons to review and discuss the contents of this report at both executive and operational levels, including across the three lines of defence, to ensure that governance, risk management, and compliance arrangements adequately address the findings outlined.

Authorised Persons should give particular consideration to the effectiveness of key functions, the quality of oversight and challenge provided, the adequacy of resources, the maintenance of robust audit trails and documentation, and the ability of governance frameworks to identify, escalate, and respond to emerging risks in a timely manner.

“The Authority encourages Authorised Persons to review and discuss the contents of this report at both executive and operational levels, including across the three lines of defence, to ensure that governance, risk management, and compliance arrangements adequately address the findings outlined.”

The Authority further expects Authorised Persons to remain attentive to regulatory developments and to review and update policies, procedures, risk assessments, and control frameworks as necessary. Proactive engagement with the Authority, timely notification of material changes, and early consideration of regulatory implications when implementing strategic, operational, or organisational changes remain essential components of effective governance.

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The Authority will continue to strengthen its supervisory engagement efforts with the objective of promoting consistency, fostering continuous improvement, and upholding the integrity and sustainability of the online gaming sector. The Authority remains committed to issuing further thematic publications and guidance where appropriate, sharing insights from supervisory engagements, and supporting Authorised Persons in meeting evolving regulatory expectations.

Should Authorised Persons or other interested parties require any clarification regarding the matters addressed in this document, they are encouraged to contact the Authority at **compliance.mga@mga.org.mt**.

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