

Policy on the Eligibility and Ongoing Competency Criteria for Key Persons

Malta Gaming Authority

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Definitions

Authority	Authority means the Malta Gaming Authority as established by the Gaming Act (Chapter 583 of the Laws of Malta).
Authorised Person	Authorised Persons means persons authorised by the Authority to provide a gaming service and/or gaming supply.
CPD	Continuous Professional Development means a person's ongoing efforts to obtain knowledge and keep abreast with any developments relevant to the person's role/s, in order for such person to acquire and/or gain a broader understanding of the skills and expertise required for the effective execution of the person's designated Key Function/s.
Key Function	Key Function means an important function, role or task carried out by a person in connection with a gaming service or a gaming supply, as may be prescribed by or under any regulatory instrument.
Key Function Certificate/ Key Function Certification	Key Function Certificate/Key Function Certification means the authorisation granted by the Authority to a natural person to fulfil one or more Key Functions.
Key Person	Key Person means any natural person who is authorised to carry out a Key Function by means of a Key Function Certificate issued by the Authority.

1 Introduction

The Authority recognises the fast-changing nature of the gaming industry and the importance of incentivising activities that serve to ensure that Key Persons remain up to date on developments in their respective fields and, ultimately, competent to perform their respective functions.

In accordance with the Gaming Act (Cap. 583 of the Laws of Malta) and the binding instruments issued thereunder, Authorised Persons are required to designate the persons responsible for carrying out Key Functions. Such persons 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.

Further to the foregoing, this Policy on the Eligibility and Ongoing Competency Criteria for Key Persons (hereinafter the 'Policy') is intended to delineate the eligibility and ongoing competency criteria which the Authority shall consider in terms of persons applying for the issuance or renewal of a Key Function Certification, and/or for the inclusion of additional Key Functions under any pre-existing Key Function Certification.

This Policy shall enter into force on 20 October 2021, subject to any transitory considerations as delineated hereunder. This Policy is hereby being published in conjunction with amendments to the Gaming Authorisations and Compliance Directive (Directive 3 of 2018) which, *inter alia*, streamline the Key Function requirements applicable to Authorised Persons. For the sake of posterity, the Key Function requirements as applicable to Authorised Persons prior to the entry into force of the aforementioned amendments are herein delineated by way of the Fifth Schedule to this Policy.

2 Fitness and Propriety Considerations

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. Fitness and propriety shall be assessed by the Authority on the basis of information provided to and/or procured by it and shall include, *inter alia*, information that is submitted by the applicant during the application stage and criminal probity checks conducted by the Authority on the said applicant. In this respect, the Authority may also avail itself of any additional information which may become available to it, including information that was not provided by the applicant.

Further to the foregoing, and without prejudice to any other policy, guidance and/or binding instrument issued previously or otherwise by the Authority with respect to fitness and propriety considerations, the principal criteria that shall be taken into consideration by the Authority both during and subsequent to the application stage for Key Function Certification shall consist of the following:

- **Integrity, Honesty and Reputation:** Key Persons and prospective applicants for Key Function Certification shall demonstrate to the satisfaction of the Authority that they are of good repute, as well as of their intentions to act in an honest and trustworthy manner. Further to this, applicants shall, inter alia, be required to declare any pending litigation and/or whether the applicant is the subject of any criminal investigation or prosecution by a competent authority.
- **Competence and Capability:** Key Persons and prospective applicants for Key Function Certification shall demonstrate to the satisfaction of the Authority that they meet the qualifications and/or relevant experience requirements, in addition to any specific knowledge and proficiency requirements relevant to their role. Applicants shall, inter alia, be required to make any declarations as the Authority may deem appropriate in terms of their competence and capability to carry out their respective roles.

3 General Competency Criteria

Key Persons must be duly qualified in terms of academic qualifications and/or professional experience as may be applicable to their given role/s. Whilst remaining an important factor that is taken into consideration in its assessments, the Authority is cognizant of the fact that academic qualifications are not always necessary constituents of competence. For this reason, the Authority also considers that, in certain cases, academic requirements may be substituted by additional relevant professional experience. Such professional experience must be relevant to the role being applied for and should be in a closely related, if not the very same industry. At the Authority's discretion, applicants may also be subjected to an interview as part of their assessment, to better gauge their level of understanding of the role, their specific duties and the industry. The qualifications and professional experience requirements applicable to each role are comprehensively laid out in the Second Schedule to this Policy.

In exceptional cases, and where it can be shown to the Authority's satisfaction that the applicant does in fact possess the knowledge and expertise necessary to adequately carry out the respective Key Function, the Authority may, in its sole and absolute discretion, consider applications notwithstanding that the requirements pertaining to 'Minimum Experience and/or Qualifications' as delineated by way of the Second Schedule to this Policy are not met in their entirety. By way of example, the Authority may consider making such an exception in the case of prospective Key Persons applying to fulfil a Key Function within a start-up undertaking, as defined in terms of the Gaming Licence Fees Regulations (S.L. 583.03). In such cases, the Authority may request additional comfort from the applicant and impose any condition in relation to such Key Function Certification as it may deem fit.

4 Continuous Professional Development

4.1 Background

The element of ongoing training and relevant CPD is considered to be fundamental for ensuring that Key Persons are continuously up to date on developments in their respective fields, and thus remain fully

equipped to carry out their designated roles. When applying for the renewal of their Key Function Certificate, Key Persons shall be required to show that they have attained a minimum number of CPD hours during each calendar year of the previous certification period for each of their authorised Key Functions, in order for such renewal to be approved.

In the eventuality that a Key Person applies for the addition of a Key Function, such person shall still be required to fulfil the CPD requirements pertaining to the added Key Function prior to the date of renewal of the Key Function Certification. The Authority shall exempt such person from adhering to the CPD requirements in relation to a particular calendar year if the Authority authorises the addition of such Key Function within a period of six (6) months prior to the end of the respective calendar year.

For the sake of clarity, in no case will prospective Key Persons be required to meet CPD requirements upon their initial application in relation to any specific Key Function.

4.2 Evidence of Fulfilment

Participation in, or attendance of activities that are taken into consideration further to a Key Person's CPD hours must be measurable and any relevant event, as well as its organising entity, must be verifiable for the purpose of this requirement. The accepted methods of meeting CPD requirements are more comprehensively laid down in the First Schedule to this Policy.

Evidence of the fulfilment of the applicable CPD requirements shall consist of, but not be limited to, certification or other proof of attendance or participation. The Authority shall also reserve the right to request any clarification, supplementary documentation or evidence which may reasonably be necessary to confirm the attendance and/or relevance of the reported activity, including but not limited to, a detailed agenda and/or course outline wherever this may be applicable. In the absence of justifiable reasons, failure to adhere to the applicable CPD requirements shall result in applications for renewal of the relevant authorisation being refused by the Authority.

4.3 Relevance of Activity

Evidence of the fulfilment of CPD requirements shall be accompanied by a reasonable justification regarding the relevance of each activity to the given role. While Key Persons are considered responsible to ensure that the CPD activities that they have attended or carried out are relevant to their role, the Authority retains ultimate discretion as to whether a particular activity is relevant to their given Key Functions or not. In case of doubt, Key Persons may contact the Authority's Compliance Department on compliance.mga@mga.org.mt for confirmation of the relevance of a particular activity to a given role.

Key Persons authorised to carry out multiple Key Functions will be required to fulfil the relevant CPD requirements for each role. If, however, a given CPD activity is considered relevant for multiple Key Functions, this can be counted towards the fulfilment of the requirements of each respective role simultaneously.

5 Conflict of Interest and Compatibility of Roles

In terms of article 9 of the Gaming Authorisations and Compliance Directive (Directive 3 of 2018), 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.

As a general rule, business centred roles are considered to conflict with compliance-based roles. Resultantly, the Key Functions relating to the chief executive role or equivalent are considered to be incompatible with the Key Functions relating to data protection, compliance, and those relating to the prevention of money laundering and terrorist financing.

The Key Function relating to the prevention of money laundering and terrorist financing is also considered incompatible with that relating to data protection, whereas the Key Function related to internal audit is considered wholly incompatible with all other Key Function roles. For the sake of clarity, ultimate beneficial owners and non-executive directors shall also be precluded from taking on any Key Functions relating to the prevention of money laundering and terrorist financing and internal audit.

An 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 in the Fourth Schedule to this Policy.

6 Non-Adherence

Failure to meet any of the criteria delineated by way of this Policy may result in the refusal of an application for Key Function Certification and/or the renewal thereof, as well as for the inclusion of an additional Key Function under a pre-existing Key Function Certification. In the event of any such refusal and/or revocation, the Key Person will be barred from reapplying to carry out the respective Key Function for a period of no less than six (6) months from the date that such decision is issued by the Authority.

First Schedule

The following is an exhaustive list of methods applicable to the attainment of CPD requirements. Unless otherwise specified below, one (1) CPD hour is earned for each hour of active participation for qualifying professional educational activities, excluding lunches and breaks where applicable. CPD hours can also be earned in half-hour increments.

- **Professional Educational Activities:** These activities include courses, in-house training, conferences, seminars, and workshops relevant to a given Key Function.
- **Presentations:** These activities include vendor or system-specific presentations relevant to a given Key function. A maximum of four (4) CPD hours per year can be attained through such activities.
- **Teaching/Lecturing/Presenting:** These activities include the development and delivery of presentations and courses relevant to Key Functions. In terms of such activities, CPD hours are earned at two (2) times the presentation time for the first delivery, e.g. a two-hour presentation earns four (4) CPD hours. CPD hours cannot be earned for subsequent presentations of the same material unless the content is substantially modified and/or updated.
- **Publication of articles:** These activities include the publication of material directly related to the designated Key Functions. Such publications must be credited to the Key Person and appear in a formal publication or website. CPD hours are earned on the basis of word count for the given publication so that one (1) CPD hour shall be awarded for every five hundred (500) words, provided that not more than five (5) CPD hours shall be awarded on the basis of such publications for a given year.
- **Professional Examinations:** This activity pertains to the pursuit of examinations related to the individual's designated Key Function. Two (2) CPD hours are earned for each examination in relation to which a passing score is achieved.

Second Schedule

The following table outlines the eligibility criteria that are considered by the Authority with respect to applications for authorisation to carry out each respective Key Function:

Key Role	Minimum Experience and/or Qualifications	Minimum Annual CPD Requirement
The Chief Executive Role or Equivalent	<ul style="list-style-type: none"> The person must have a minimum of three (3) years of working experience in a managerial role and a related bachelor’s degree or higher, or a minimum of five (5) years of working experience in a managerial role. The person is knowledgeable in terms of the Authorised Person’s business model, operations and organisational infrastructure. The person is knowledgeable in terms of the obligations of the Authorised Person in terms of general regulatory compliance. 	5 CPD Hours
Management of the Operations of the Authorised Person	<ul style="list-style-type: none"> The person must have a minimum of two (2) years of working experience in a managerial role and a related bachelor’s degree or higher, or a minimum of four (4) years of working experience in a managerial role. The person is knowledgeable in terms of the Authorised Person’s payment, risk management and fraud prevention procedures. The person is knowledgeable in terms of the obligations of the Authorised Person in terms of general regulatory compliance. 	10 CPD Hours
Compliance with the Obligations of the Authorised Person	<ul style="list-style-type: none"> The person must have a minimum of two (2) years of working experience in a compliance-related role and a related bachelor’s degree or higher, or a minimum of four (4) years of working experience in a compliance-related role. The person is knowledgeable in terms of the obligations of the Authorised Person in terms of the Gaming Act (Cap. 583) and the binding instruments issued thereunder, including but not limited to, obligations relating to responsible gaming, advertising and, where applicable, sport integrity. The person is knowledgeable in terms of the Authorised Person’s business model, operations, systems, and procedures adopted by the Authorised Person to ensure regulatory compliance. 	10 CPD Hours

<p>Legal Affairs of the Authorised Person</p>	<ul style="list-style-type: none"> • The person must have a minimum of two (2) years of working experience in the role of legal counsel and/or in a similar senior role and a bachelor’s degree in law or higher. • The person is knowledgeable in terms of the Gaming Act (Cap. 583) and the binding instruments issued thereunder. • The person is knowledgeable in terms of the legal affairs of the Authorised Person, including but not limited to, those relating to contractual arrangements, litigation proceedings and dispute resolution. 	<p>10 CPD Hours</p>
<p>Adherence to applicable legislation relating to data protection and privacy</p>	<ul style="list-style-type: none"> • The person must have a minimum of two (2) years of working experience in the role of data protection lead or data protection officer and a related diploma or certificate, or three (3) years of working experience in the role of data protection lead or data protection officer. • The person is knowledgeable in terms of the General Data Protection Regulation (Regulation (EU) 2016/679) and the relevant local data protection legislation, as well as any guidance documents relating to data protection issued by the Office of the Information and Data Protection Commissioner and/or the Authority. • The person is knowledgeable of the Authorised Person’s policies and procedures relating to data protection. 	<p>10 CPD Hours</p>
<p>Prevention of Money Laundering and the Financing of Terrorism</p>	<ul style="list-style-type: none"> • The person must have a minimum of two (2) years of working experience as a money laundering reporting officer or similar senior and/or a related managerial role, and must be in possession of a related bachelor’s degree or money laundering specific qualification¹, or have four (4) years working experience as a money laundering reporting officer or similar senior and/or related managerial role. • The person is knowledgeable in terms of the rules relating to AML/CFT in terms of the Gaming Act (Cap. 583) and the binding instruments issued thereunder, and any other applicable binding instrument relating to AML/CFT. • The person is knowledgeable in terms of the AML/CFT procedures of the Authorised Person. 	<p>10 CPD Hours</p>

¹ Such money laundering specific qualification will need to be approved by the Authority on a case-by-case basis.

Technological Affairs of the Authorised Person	<ul style="list-style-type: none"> The person must have a minimum of two (2) years of working experience in a role related to IT and a related bachelor's degree or higher, or four (4) years working experience in an IT-related role. The person is knowledgeable in terms of the Authorised Person's technical set-up, systems and infrastructure. 	10 CPD Hours
Internal Audit	<ul style="list-style-type: none"> The person must have a minimum of two (2) years of working experience as an internal auditor or a similar role and be in possession of the relevant certificate to perform the role of internal auditor, or have four (4) years of working experience as an internal auditor or similar role. The person must be knowledgeable in terms of the auditing requirements applicable to the Authorised Person². 	10 CPD Hours
Gaming Device Operator	<ul style="list-style-type: none"> The person must have a minimum of (1) year of working experience managing and supervising gaming activities within a gaming establishment. 	N/A
Pit Management / Supervision	<ul style="list-style-type: none"> The person must have a minimum of two (2) years of working experience in the casino industry and be knowledgeable in terms of casino game rules and floor procedures. 	N/A
Gaming Area Management / Supervision	<ul style="list-style-type: none"> The person must have at least two (2) years of working experience as a gaming area manager, pit manager or similar position. The person is knowledgeable in terms of the relevant obligations of the Authorised Person in terms of the Gaming Act (Cap. 583) and the binding instruments issued thereunder, including but not limited to, the rules relating to responsible gaming. 	N/A
Gaming Premises Surveillance Management	<ul style="list-style-type: none"> The person must have a minimum of two (2) years of working experience in a role related to surveillance management. 	N/A
National Lottery Permit Holder	<ul style="list-style-type: none"> The person is knowledgeable in terms of the relevant obligations in terms of the Gaming Act (Cap. 583) and the binding instruments issued thereunder. 	N/A

² For the purpose of this criterion, the applicable audit requirements shall be deemed to consist of those which are specified as such by the Authorised Person's audit committee.

Third Schedule

Further to the implementation of this Policy, the following timeframes shall be applicable and must be adhered to by both Key Function Certificate holders and Authorised Persons:

- (i) Following the coming into force of this Policy, any new applications for Key Function Certification shall be made in accordance with the requirements stipulated in this Policy and the newly designated Key Roles in terms of the Gaming Authorisations and Compliance Directive (Directive 3 of 2018) (hereinafter the 'Directive') as amended on 20 October 2021;
- (ii) By the end of **May 2022**, existing Key Persons shall apply to the Authority to be approved to fulfil the newly designated Key Roles in terms of the Directive as amended on 20 October 2021. A new Key Function Certificate shall be issued by the Authority to this effect, provided that the Key Person shall still be allowed to carry out the previous Key Role/s until the date stipulated in paragraph (iv). The failure of any existing Key Person to file such application by the stipulated deadline shall result in the Authority revoking the Key Function Certificate previously held by such person³;
- (iii) By the end of **September 2022**, the Authority shall either approve or reject the applications made in accordance with the previous paragraph;
- (iv) By the end of **December 2022**, Authorised Persons shall notify the Authority with the designation of the new Key Persons in accordance with the amended Directive;
- (v) Following the notification made in accordance with the previous paragraph, the Authority shall either approve or reject the designation made by the Authorised Person of the new Key Persons by the end of **March 2023**;
- (vi) Existing Key Persons shall be required to fulfil the **CPD Requirements** outlined in the Second Schedule of this Policy with respect to each of the Key Roles which they are authorised to fulfil upon their first application for renewal of their Key Function Certification following the approval issued by the Authority in terms of paragraph (iii).

Provided that with respect to those Key Roles that were not changed by means of the Directive as amended on 20 October 2021, CPD requirements shall be required to be adhered to upon their second renewal of their Key Function Certification following the coming into force of this Policy.

³ Key Function Certificate holders that are solely authorised to fulfil a Key Role which was not changed by virtue of the Directive as amended on 20 October 2021, e.g. the Chief Executive Officer, shall not be required to apply for a new Key Function Certificate in accordance with paragraph (ii) of this Schedule. For the sake of clarity, if in addition to such unchanged Key Role, the Key Function Certificate holder is also authorised to fulfil a Key Role which has been changed by means of the amendments, the requirement referred to in paragraph (ii) of this Schedule shall be adhered to.

Fourth Schedule

The following table illustrates the Key Functions which are considered to be incompatible with each other such that an individual will not be authorised to fulfil them simultaneously:

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

Fifth Schedule

The following constitute the applicable Key Functions prior to the coming into force of the Amendments:

B2C Licensees

Article 6 (1) of the Directive required licensees that provide a remote gaming service and, or operate a controlled gaming premises, to designate the key persons responsible for carrying out the following key functions:

- (a) The chief executive role, or equivalent;
- (b) Management of the day-to-day gaming operations of the licensee, including the processes of making payments to, and receiving payments from, players;
- (c) Compliance with the licensee's obligations emanating from the licence or licences issued by the Authority;
- (d) The administrative and financial strategies of the licensee, including but not limited to the payment of tax and fees due to the Authority;
- (e) Marketing and advertising, including bonus offers and promotions;
- (f) The legal affairs of the licensee, including but not limited to the contractual arrangements and dispute resolution;
- (g) Player support;
- (h) Responsible gaming;
- (i) The prevention of fraud to the detriment of the licensee;
- (j) The risk management strategies of the licensee;
- (k) The prevention of money laundering and the financing of terrorism;
- (l) Adherence to applicable legislation relating to data protection and privacy;
- (m) The technological affairs of the licensee, including but not limited to the management of the back-end and control system holding essential regulatory data;
- (n) The network and information security of the licensee; and
- (o) Internal audit.

Article 6 (2) of the Directive required B2C licensees that operate a gaming premises which is not a controlled gaming premises to designate the key person responsible for carrying out the following key functions:

- (a) Those listed in paragraphs (a) to (i) of sub-article (1) hereof;
- (b) Operation of the urn or any other gaming device which requires human intervention used to generate the result of the game in bingo halls:

Provided that where the operation of such urn or other device is supervised by an additional person who is not an officer of the Authority, it shall be sufficient for either the person operating the urn or other device or the person supervising to be approved to provide such key function;

- (c) Management of the pit, including the supervision of the croupiers and assistants and the management of their work, where applicable;
- (d) Management of the gaming area, including the supervision thereof to preclude fraud by customers, and the resolution of customer disputes; and
- (e) Management of the surveillance systems of the gaming premises, where applicable.

National Lottery Licensee

Article 6 (4) of the Directive required the National Lottery licensee to designate the key persons responsible for carrying out the following key functions:

- (a) The persons performing the functions listed in paragraphs (a) to (i) of sub-article (1) hereof; and
- (b) The persons who hold a permit to sell national lottery games.

B2B Licensees

Article 6 (3) of the Directive required B2B licensees that provide a critical gaming supply to designate the key persons responsible for carrying out the following key functions:

- (a) The chief executive role, or equivalent;
- (b) The day-to-day gaming operations of the licensee;
- (c) Compliance with the licensee's obligations emanating from the licence or licences issued by the Authority;
- (d) The administrative, financial and risk management strategies of the licensee, including but not limited to the payment of fees due to the Authority;
- (e) The legal affairs of the licensee, including but not limited to the contractual arrangements and dispute resolution;
- (f) Adherence to applicable legislation relating to data protection and privacy, where applicable;
- (g) The technological affairs of the licensee, including but not limited to the management of the back-end and control system holding essential regulatory data;
- (h) The network and information security of the licensee; and
- (i) Internal audit.

