



Fact Sheets



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Investing in Malta...
BRINGS THE ODDS TO YOUR FAVOUR

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Why Invest in Malta?

Malta has a dynamic economy based on international trade and international business.

Amongst its achievements, Malta has built a sound and competitive manufacturing and services base that does not rely only on its favourable geographic position, but also on its multi-skilled, multi-lingual workforce. Our country offers political stability, healthy industrial relations, a pleasant and secure living environment and evident cost advantages together with high productivity levels, a good infrastructure set-up with advanced telecommunications, and a more than adequate air and maritime distribution network.

Air links with all major European, North African and Middle Eastern destinations are both frequent and efficient. Shipping lines are served by excellent natural harbours while international shipping companies provide both conventional and roll-on/roll-off services transporting merchandise to ports across the Mediterranean, Europe, Asia and the Americas.

Why Malta?

- Multi-lingual and highly skilled workforce.
- Dedicated, competitively priced human resources.
- Exceptionally high productivity levels.
- A 'can do' business environment.
- A range of incentives aimed at facilitating investment.
- Consistently pro-business government policies.
- Strategic location and marketing advantages.
- Growing markets quickly accessible from Malta.
- Top business support services.
- Excellent IT and telecommunications.
- State-of-the-art transshipment and distribution facilities.
- Social and economic stability.
- A pleasant lifestyle.



Competing for foreign direct investment in an aggressive worldwide market, Malta's strategy is clearly defined. During the past four decades Malta has been exceptionally successful in attracting foreign direct investment. The country has notched up an impressive record in attracting foreign investors, who continue to re-invest in their production and service facilities in Malta.

In fact, many are the world class companies that already successfully operate on the island in healthcare, pharmaceuticals, financial services, gaming, information technology and aviation.

Indeed, Malta offers a highly competitive and diverse investment location for high value added industries and service providers particularly those engaged in ICT, back office operations and call centres.

In Malta, ICT is considered to be a pivotal activity with major developments taking place in e-commerce, m-Commerce and e-Government. In the last years, the Maltese Government has invested heavily in the technology infrastructure and has built an e-Government framework rated by the European Commission as the number one of all member states. The Maltese Government is also investing in education for this specific sector to ensure a highly-skilled talent pool of prospective employees and a dedicated workforce.

Effectively, Malta is well positioned to provide a competitive advantage to suit niche operators and it can boast of a truly cutting edge support infrastructure. There is already a significant presence of both indigenous and foreign systems development companies in Malta providing a host of services. This is why most leading European firms have set-up a base to capitalise on the cultural and economic advantages that Malta has to offer. The Maltese ICT cluster is versatile and diversified. Malta is a prime candidate for the outsourcing of specialised ICT services, such as systems design and integration, software development, application implementations and hosting, skills training and help-desk support.

Competitive advantages for Malta in the ICT maintenance sector

- The availability of specific skills in ICT – Malta is the regional training centre for Cisco, IBM, Microsoft and Oracle.
- Central European Time (CET) zone.
- Quick adaptation to innovation.
- Flexibility and multi-tasking in a product driven environment.
- Attractive cost structures and low social security costs for employers.
- Freedom of movement of labour and capital within the EU.

Given that Malta is a small nation state makes it an ideal test-bed for innovative technology solutions and pioneering cutting edge developments. Maltese companies have in fact developed in-house expertise in custom-built and packaged software solutions tailored both towards the SME segment and large enterprises. These companies have developed skills across different technology platforms and business applications, providing a diversity of services and solutions to the modern business environment.

The on-going investment by the Maltese Government in Malta's technological infrastructure places Malta among the top knowledge economies in the world, offering one of the most progressive environments for remote gaming, IT and e-Business activities. The presence of various operators who are already benefiting from these advantages and new ones who are forthcoming re-affirms Malta's attractiveness as a business process outsourcing location.

Despite its geographical size and unavoidable overlap of vested interests, this country has managed to transform itself into an adult member of the EU and continues to attract visitors and investors alike.

The Business Case for Malta

- Strong national commitment to attract foreign investment.
- Long-standing experience in FDI.
- High levels of productivity and profitability of investment.
- High product quality.
- Industrial premises available at competitive costs.
- Incentive packages on a number of operational areas.
- Support from Malta Enterprise.
- Valued close economic and cultural ties with neighbouring countries.
- Malta is home to over 200 world class companies which account to over 85% of Malta's business output.

With 7,000 years of history behind it, Malta is an EU member state with an open market economy, excellent economic track record, low inflation rate with a strong financial and avant-garde ICT infrastructure.

REMOTE GAMING
Application Process

Pre-Application

Prior to submission all applicants are advised to go through a pre-application process with one of the MGA's Licensing Officers. This will ensure that the application has been correctly compiled and all the key ingredients are present. This process assists in speeding up the licensing process as in the MGA's experience most applications are slowed down due to missing or incomplete information.

The Application Process

The application process has been harmonised into a singular stage. Applicants can submit all the required information at one go and the MGA commits itself to the analysis of all information through multiple internal process streams.

In 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. Has the operational and statutory requirements 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.

01 Fit and Proper

The MGA conducts a fit and proper exercise on the applicant by assessing all information related to all shareholders, UBOs, and persons involved in finance and management; as well as on the business viability of the operation. The MGA conducts probity investigations with other national and international regulatory bodies and law enforcement agencies.

02 Business Planning

The MGA conducts an in-depth financial analysis of the applicant's business plan. 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, the technical setup, including system, network and application architecture, the rules, terms, conditions and procedures of the games, and other documents which might be required.

Furthermore, a remote gaming licensee is subject to minimum issued and paid-up share capital requirements. Class 1 and Class 2 licence holders are required to retain a minimum share capital of €100,000 whilst Class 3 and Class 4 licensees are required to retain a minimum share capital of €40,000. Companies with multiple licences are required to meet the above share capital requirements cumulatively up to a minimum capping of €240,000.

The above three components constitute the desk-based audit of the application requirements and is completed within 12 to 16 weeks, assuming all information is complete and correct. Inconsistent and low quality applications will be dropped and the applicant will be subject to re-application.

04 System Review

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 suspended and subject to re-application. At any point within those 60 days the applicant may trigger a request for an external System Review (performed by an independent 3rd party contracted by the MGA against a fixed market price). The System Review will audit the live environment against the proposed application.

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 five year licence.

05 Compliance Review

The MGA mandates that after going live a Licensee shall undergo a number of compliance reviews of its operation, performed by independent 3rd parties contracted by the MGA against a fixed market price.

The MGA will require such reviews to take place on the following schedule:

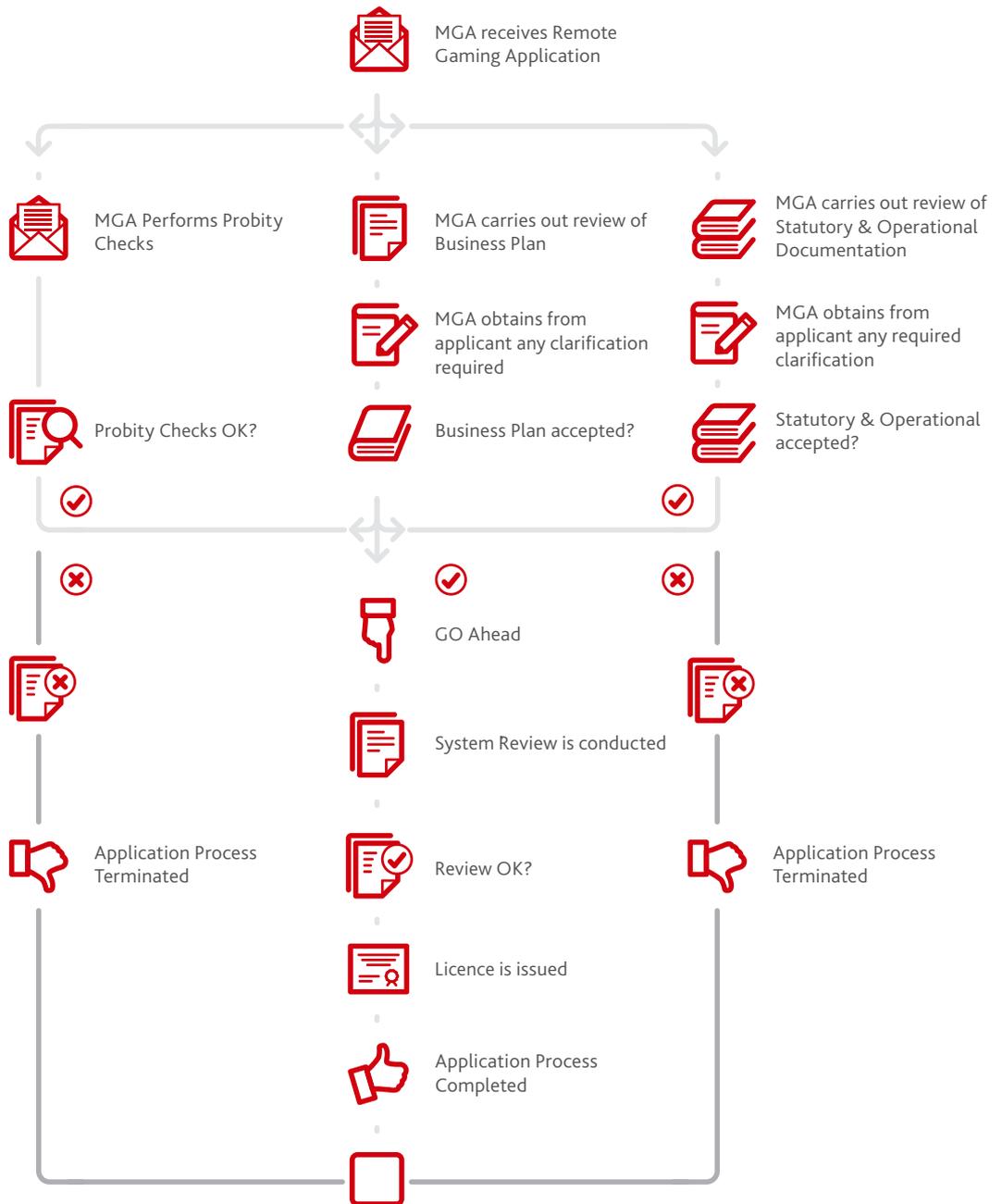
1. After the first year of operation after being licensed by the MGA.
2. On the third year of operation after being licensed by the MGA.
3. Prior to renewal of the five (5) year licence.

4. At the discretion of the MGA normally arising from suspicion of deviation to:
 - a) The regulations.
 - b) Operational nature of the licence.
 - c) Misconduct.

Failure of a compliance review could lead to suspension or termination of a licence.

Applicants may apply for either or all of the following Licences:

- (a) Class 1 Remote Gaming Licence shall be a remote gaming licence. Operators applying for this licence shall manage their own risk by offering players repetitive games which results depend on random generation e.g.: casino type games, slots and other games of chance.
- (b) Class 2 Remote Gaming Licence shall be a remote betting office licence. Operators operating this licence manage their own risk by offering bets on events based on a matchbook e.g.: fixed-odds betting.
- (c) Class 3 Remote Gaming Licence shall be a licence to promote and, or abet remote gaming from Malta. e.g.: poker networks, bingo networks, betting exchange and Player to Player (P2) games.
- (d) Class 4 Remote Gaming Licence shall be a licence to host and manage remote gaming operators, excluding the licensee himself. Operators with this licence are B2B operators that provide management and hosting facilities on their gaming platform to other B2C operators and EEA licensees.





***Financial &
Operational Activity***
REPORTING



Financial and Operational Activity Reporting

On successful completion of the remote gaming application process, the applicant, now a Licensee is granted a five year Licence.

The Licensee has to submit the "Go Live Date", which shall not be later than 60 days from the issuance of the Licence, and prior to this date the gaming equipment has to be tagged by MGA representatives in the presence of the Licensee's Key Official.

Once the gaming equipment is tagged, any changes to the gaming system, technical setup, rules of the game or any other intended changes from the original Licence application must be submitted to MGA for approval.

The following are other major reports required by the MGA to monitor the overall gaming activity.

01 Incident Reporting. A process for change requests to the approved infrastructure, upgrades and maintenance of the gaming equipment.

Incident reporting is also used to report any failures to the gaming equipment whereby MGA approved infrastructure has to be re-tagged due to unforeseen circumstances. In such an eventuality an appropriate report is to reach MGA within 24 hours from when the equipment has been in any way replaced or altered.



02 Decommission. Used to acquire an approval from MGA to remove or move the gaming equipment.

03 Yearly Audited Accounts. This comprehensive report is required by MGA to analyse the overall operational and financial performance of the Licensee.

04 Monthly Reports. On a monthly basis, besides this report, the Licensee has to report the following, but does not exclude any other reports not mentioned.

- a. Gaming Tax report.
 - b. Gaming Logs.
 - c. Player Balances in the Gaming System.
 - d. Players' Bank Account Statements.
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Network Activity Monitoring

Network Activity monitoring is used by MGA to monitor real time data of the overall activity and performance of the Licensee gaming equipment. Technical experts within MGA continuously analyse the live gaming activities to intercept any suspicious gaming activities.

The MGA has a principle of non-intrusive monitoring and in this regard ensures that monitoring network activity is not burdensome on the operation of the Licensee.

ADMINISTRATIVE
Fees & Taxation

Administrative and Licence Fees

Administrative and Licence Fees as per Second Schedule of the Remote Gaming Regulations (S.L. 438.04) issued under the Lotteries and Other Games Act (Cap. 438 of the Laws of Malta).

| FEE | € | |
|--|-------|---|
| Application Fee for New Licence | 2,330 | Paid upon application for a remote gaming Licence |
| System Review | 2,500 | Fee paid in advance for the execution by the Authority's approved third party Certifiers / Auditors |
| Licence Fee | 8,500 | Per Annum per Licence |
| Application Fee for Renewal of Licence | 1,500 | Paid upon application for renewal of Licence |
| Approval Fee for Transfer or Assignment of Licence | 1,500 | Per Licence paid upon application for approval |
| Approval of Share Transfer | 1,500 | Per Licensed Company paid upon application for approval |
| Approval of Simple Contractual Commercial Agreements | 70 | Per Annum per contract. Aggregate amount for approved contracts shall not exceed €30,000 Per Annum |
| Approval of Complex Joint Venture Agreements | | Administrative hourly fee which is predetermined and communicated prior to the commencement of approval process |

Other Compliance Fees

| FEE | € | |
|-------------------|-------|---|
| Compliance Review | 3,500 | Fee paid in advance for the execution by the Authority's approved third party Certifiers / Auditors |

Price Schedule

The MGA is cognisant of the fact that there are companies which hold more than one remote gaming licence issued by the MGA. Where Systems Reviews or Compliance Reviews are carried out by the same Contracted Parties and within the same time period, on more than one remote gaming licence held by the same company, the following pricing structure shall apply to each remote gaming licence being reviewed in the case of remote gaming licences linked to the same company, where the review is being carried out concurrently and by the same Contracted Party:

- 1st licence being audited – 100% of above price;
- 2nd licence being audited – 75% of above price;
- 3rd licence being audited – 65% of above price;
- 4th and consecutive licences being audited – 60% of above price.

Tax Schedule

Tax Schedule as per Fourth Schedule of the Remote Gaming Regulations (S.L. 438.04) issued under the Lotteries and Other Games Act (Cap. 438 of the Laws of Malta).

| TAX | € / % | |
|---|---------|---|
| Class 1 Licence | 4,660 | Per Month for the first 6 months |
| | 7,000 | Per Month for the entire duration of the licence |
| Class 1 Licence operating on a hosting platform in possession of a Class 4 Remote Gaming Licence (Class 1 on 4) | 1,200 | Per Month for the entire duration of the licence |
| Class 2 Licence | 0.5% | Of the gross amount of bets accepted in remote betting operations |
| Class 2 Licence operating on a hosting platform in possession of a Class 4 Remote Gaming Licence (Class 2 on 4) | 0.5% | Of the gross amount of bets accepted in remote betting operations |
| Class 3 Licence | 5% | Of real income |
| Class 3 Licence operating on a hosting platform in possession of a Class 4 Remote Gaming Licence (Class 3 on 4) | 5% | Of real income |
| Class 4 Licence hosting and managing other remote gaming operators | Nil | For the first 6 months |
| | 2,330 | Per Month for the subsequent 6 months |
| | 4,660 | Per Month thereafter for the entire duration of the licence |
| Class 4 licensee hosting and managing an operator which is not in possession of the relevant Class 1, 2 or 3 licence in terms of the regulations, however hosting an EEA licensed Business to Consumer operator | 1,165 | Per Month per operator, paid by the Class 4 Licensee |
| Remote Gaming Tax Capping per licensee per remote gaming licence | 466,000 | Per Annum |

Prevention of Money Laundering & Funding of Terrorism

**PREVENTION OF MONEY LAUNDERING AND
FUNDING OF TERRORISM**



As a member of the European Union, Malta has implemented all EU Directives regulating the prevention of money laundering. Furthermore, Malta is part 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.

Since 1989 Maltese Casinos started introducing specific anti-money laundering procedures. This process has been continuing with Malta implementing the provisions of Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 by means of the Prevention of Money Laundering and Funding of Terrorism Regulations (S.L. 373.01).

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 principal sources of Maltese law on money laundering as a criminal activity and the prevention thereof are two statutory instruments, namely the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta), augmenting other provisions found in the Criminal Code (Cap. 9 of the Laws of Malta), and the Prevention of Money Laundering and Funding of Terrorism Regulations. Furthermore, subject persons are also required to comply with detailed Implementing Procedures on the Prevention of Money Laundering and Funding of Terrorism published by the Financial Intelligence Analysis Unit (FIAU).

By virtue of the Prevention of Money Laundering Regulations, the Malta Gaming Authority (MGA) is a supervisory authority that is bound to monitor the operation of all its licensees and report to the FIAU any suspected money- laundering or terrorist funding activity. It is the duty of the MGA to issue or renew a licence applied for under the Remote Gaming Regulations (S.L. 438.04) after it is reasonably satisfied that all persons involved in the applicant company are fit and proper persons and ascertain that the applicant has followed policies and will take affirmative steps to prevent money laundering and other suspicious transactions.



Henceforth, the applicant is obliged to provide the MGA with the necessary due diligence documents in respect of its key officials, directors and shareholders. The due diligence exercise ensures the suitability of all persons involved in the conduct of gaming operations in and from Malta.

The Remote Gaming Regulations also provide for AML measures, including an obligation on licensees to verify the identity, age and place of residence of a player prior to making a cumulative payment in excess of €2,330.

The licence procedure will meticulously ascertain that the applicant has followed policies and will take affirmative steps to prevent money laundering, terrorist funding and other suspicious transactions. In fact such procedures must include:

- **The Human Resources Roles & Responsibilities document should include the role and responsibilities of the MLRO.**
- **The Human Resources Roles & Responsibilities document should include the role and responsibilities of the Key Official.**
- **Fraud Management Procedures.**
- **Know Your Client (KYC) Procedures.**
- **Anti Money Laundering (AML) Procedures.**
- **Payout Management Procedures.**

A guideline process for the registration of players and suspicious transaction reporting is depicted below and is considered as a minimum standard by the MGA for the prevention of money laundering and funding of terrorism.

Malta is a reputable hub for financial services committed to deter, detect, and disrupt money deriving from criminal activity and the funding of terrorism and crime.



Customer completes registration form



Player Funds Account



Player Funds are held in Licensed institutions



All names and address details are checked for false identities; any previous internal closures; self-excluded players; sanction lists PEP Lists, etc



Players Activity must be stopped



Player Uses Site Ongoing Due Diligence + all activity is monitored



- Valid Credit Card
- ID/Passport Document
- Independent 3rd Party compliance
- Electronic Verification
- Proof Verification
- Proof Address
- Player Profile



If Player withdraws cumulative of €2330 or more, then original Verified Identity must be re-confirmed and funds should be sent to the original account or account held by player



The Company is a customer of a licensed bank



Player is Paid



Chip Dumping/ Collusion



Any suspicion raised by staff should be transmitted to the MLRO ASAP by means of an Internal STR/SAR



If decision by MLRO is NOT to submit an STR record and reasons shall be kept on file



STR (SAR) Form at: www.fiumalta.org/libray/PDF/STRFORM.doc

Notes

