

RELEASE DATE
01/07/2019**FOR IMMEDIATE RELEASE****The MGA Publishes its 2018 Annual Report and Financial Statements**

The Malta Gaming Authority (MGA) has published its Annual Report and Financial Statements for the financial year ending 31 December 2018. The report provides an overview of the activities and work performed throughout the year by the MGA. Furthermore, the report includes a detailed summary of the performance of the Maltese gaming industry during 2018 as well as a medium-term outlook into the future.

Throughout 2018, the MGA mainly focused on the implementation of the new Gaming Act which empowered the Authority to further strengthen its regulatory oversight. Furthermore, the MGA focused on the regulatory compliance through implementation of a number of innovative internal and external initiatives which improved overall governance and supervision of the gaming sector. In 2018, the Authority continued to further strengthen its Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) supervision, in order to ensure effectiveness in the mitigation of ML/FT risks relating to gambling services.

The Annual Report also looks at 2019 and beyond, with the MGA continuing to reinforce its compliance, risk and enforcement functions to ensure that it is equipped to achieve the regulatory objectives which the law requires it to pursue.

The following are the key highlights from the Annual Report:

- In 2018, the MGA and the Financial Intelligence Analysis Unit (FIAU) jointly issued the Remote Gaming Implementing Procedures - Part II that were directed toward the remote gaming sector. Throughout the year, both Authorities participated in cooperative initiatives to strengthen the oversight of the gaming sector;
- Throughout 2018, the MGA conducted a total of 33 AML/CFT full-scope examinations, eight of which were conducted jointly with the FIAU;
- During 2018, the Authority placed a strong emphasis on effective enforcement. To this effect, the MGA has issued 16 Notices of Reprimand and 73 Notices of Breach, suspended four licences and cancelled another eight. In addition, a total of 139 administrative fines were imposed on operators following various regulatory breaches;
- In 2018, the MGA's Fit & Proper Committee deemed 63 individuals or companies to be unsuitable for a licence, or for a significant role in a licensee, as the case may be. In particular, 37 of these were related to individuals or companies considered as not having satisfied the integrity and reputation pillars of the MGA's fit and proper criteria due to possible connections to money laundering or funding of terrorism. Around 2,000 criminal probity screenings were conducted during the course of 2018;
- In 2018, the Authority set up a Commercial Communications Committee as required in terms of the new regulatory framework, ensuring due process in the assessment of regulatory breaches stemming from the requirements relating to commercial communications. During

the year, a total of 14 cases were evaluated, out of which seven decisions determined that there had been a breach of the regulations;

- The Authority received 209 applications for a licence and issued 93 licences to gaming operators, with the remaining ones still going through the acceptance process. A total of eight licence applications were rejected during 2018.
- During the year under review, the MGA continued its digitisation efforts, including further updates to the Licensee Relationship Management System to cater for the submission of the Monthly Licence and Compliance Contribution Report. Additional functionalities will be added on the portal throughout 2019; and
- In line with its vision to become an increasingly knowledge-driven organisation, the Authority conducted and published the results of two major surveys in 2018. The areas analysed by the MGA included the skills gap in the gaming industry and the threats and opportunities associated with the consumption of gambling and gaming services by Maltese residents.

In publishing this report, Heathcliff Farrugia, Chief Executive Officer of the Malta Gaming Authority, stated that: "2018 was a remarkable year for the Authority, predominantly because of the coming into force of the new law on the 1 August 2018. The new framework strengthened the MGA's supervisory role, specifically in the areas of compliance and enforcement, enabling it to focus efforts on areas which present a higher risk profile. The new regulatory regime has also been pivotal in ensuring the Authority could become more agile in its decision-making.

Last year was also the year when Malta adopted the EU's 4th Anti-Money Laundering Directive, which saw online gaming companies in Malta becoming obliged entities for the first time. This was challenging, both for licensees and the MGA, which together with the FIAU, started conducting onsite AML inspections.

In 2019, the MGA's focus will be that of consolidating what has been built so far, and continue building on its regulatory powers, to ensure holistic regulatory oversight focusing on the integrity of market participants and the protection of consumers, whilst also embracing technological innovation without prejudicing the attainment of its regulatory objectives."

Whoever wishes to receive hard copies of the Annual Report may send an email to info.mga@mga.org.mt.

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