

**Malta Gaming license: Application Process and Support:**

Prior to granting a remote gaming licence, the Lotteries and Gaming Authority applies a rigorous application process which is made up of 3 Stages.

**Stage 1** – In this stage, the Authority examines all the information provided. The LGA will conduct a fit and proper exercise on the Applicant, including the evaluation and analyses of all information related to persons involved in managing and financing the business, and will carry out a financial analysis of the business plan. Applicants must demonstrate a business and technical ability to carry out the operation and must demonstrate that the operation is covered by sufficient reserves or securities to ensure player winnings and deposit returns.

**The business plan should outline in detail the following:**

- The objectives of the operation;
- The proposed company structure including business functions and human resources to be employed (e.g. risk managers, odds compiler, financial officers, etc.);
- The nature of games to be offered (e.g. betting, pool betting, betting exchange, casino, poker, leagues, etc);
- The technologies to be used to conduct remote gaming (e.g. Internet, telephone, fax, mobile, etc);
- An overview of the application software to be used as gaming and control systems;
- A three-year business plan including:

1. Marketing and sales plan;
2. Forecast balance sheets;
3. A financing plan showing sources of finance, distinguishing between shareholder funds and other funds. (Such as venture capital, bank guarantees, etc.)

Besides completing the necessary LGA application forms, the following information / documents in respect of each shareholder and key management personnel need to be submitted to the LGA:

- Birth certificate
- Passport copy
- Passport size photo
- A conduct certificate, or a relevant document, issued by a law enforcing authority in the country of origin of the applicant.
- Statement of Affairs
- Credit and/or financial references including a professional recommendation.
- A signed Resume / CV.
- Existing Gaming License (if applicable).

All documents are to be certified a true copy by a Lawyer or Public Notary using his/her seal or stamp.

The above “KYC” (Know Your Customer) documents are also required by our firm to enter into a professional working relationship as part of our due diligence procedures.

Under normal circumstances (and if all documentation is found to be in order) the first stage is completed within 3 / 4 weeks (circa).

**Stage 2** – After successfully completing Stage 1 of the application process, the LGA shall inform the Applicant to proceed to Stage 2. At this stage, the following documents are to be submitted to the LGA:

- Incorporation Documents – A Maltese Company Registration Certificate, Memorandum and Articles of Association and the LGA’s Business Entity Information Form.
- A detailed Operational Manual outlining the application & system architecture of the gaming and control systems, the software developer, security and control procedures, back-up and disaster recovery procedures, and the rules, terms, conditions and procedures of the games, and the respective online text.
- The Payment methods, payment system/s and its provider/s.
- Agreements with business partners, affiliates and/or agents.

The duration of Stage 2 is generally completed within 3 / 4 weeks (circa), depending on the correctness and completeness of the information submitted to the LGA.

**Stage 3** – Following Stage 2, a temporary licence to operate remote gaming is granted to the Malta Company with the intent of obtaining certification of compliance for the operation based on the standard ISO / IEC17799:2000 within six months. Further to the necessary certification, the applicant must appoint a Key Official within 21 days of the Letter of Intent being issued, conclude necessary testing as well as conclude all the required agreements in respect of the hosting of servers / associated equipment and the office lease agreement. Once completed, the Applicant is issued with the official gaming license.

**Requirements for Certification:**

- Server protocols, communication protocols and other specifications which are part of the gaming system architecture;
- Gaming risk management procedures;
- IT security risk management procedures and internal control of the system;
- Modules that affect processes, rules and parameters of the game if the source code is changed;
- Detailed description of the set-up and functionality of the application architecture and system architecture.

### **Control System**

- A system of internal controls, administrative and accounting procedures for the conduct of a remote gaming office;
- Technically this includes all the subcomponents of the system where the player is in the “secure area”, login module included.
- The RNG is part of the control system.
- The applicant is required to submit a written document outlining the control system functionality and specifications for the approval by the LGA and update if there are any changes.

The control system is to be located in Malta and a Gaming License is granted once the control system has been issued the certification of compliance.

### **Gaming System**

- A system by means of which remote gaming is conducted, and shall include all its associated components, its operating systems and application software;
- Technically this includes all the sub components of the system which provide the games, including gaming devices where applicable.

The gaming system must also be certified for compliance and requires further approval if critical components of the system are subsequently changed.

## **4. Hosting, co-location and telecommunications.**

### **Toll-Free Numbers & Voice over IP Services**

Telecommunications is a vital part of your business. We may assist you in obtaining Toll-Free Numbers & Voice over IP Services. The service is provided by a Telecommunications service provider focused on serving the inbound and outbound calling requirements of your business / set-up. Using a state of the art network no matter where you and / or your customers are located, you will always get complete reliability, unparalleled service and competitive pricing.

### **Internet Bandwidth, Hosting & Co-Location**

The Malta Gaming regulations stipulate that the servers of the gaming operation need to be hosted in Malta in a secure environment. It is estimated that 50% of Malta’s international internet bandwidth is currently used for online gaming. Our firm can assist clients in visiting the leading ISPs / co-location service providers on the island. The major providers offer:

- Hosting & Co Location

- Internet Bandwidth
- Corporate Broadband Connections
- Equipment Leasing
- Managed Storage Solutions
- Back-up and restore service
- Managed eSecurity Services
- 24 x 7 Support
- Secure Fire protected Environment
- UPS & Generator Back Up Power

An additional fibre provider with international connectivity is expected to come into the market in the coming months, and is expected to improve quality and cost of bandwidth. Moreover, connectivity, bandwidth and cost are set to improve with the development of SmartCity@Malta project, and they are expected to come on stream in the next few years.

Co-location of the server between EUR 500 and EUR 750 per server per month and around EUR 750 for a band width per month, depending on the size of the band width.

#### **5. Key Official Requirement and Support:**

A Key Official would need to be appointed within 21 days from issue of the LOI.

Following find a list of responsibilities that need to be adhered to by the Companies' Key Official (KO):

- System review / Certification of compliance.
- Sealing of Servers and also responsible to make sure seals are not broken, and if so must be reported to the LGA and re-sealed.
- Incident reports – the LGA is to be advised in respect of any changes made to either the hardware or software of the company, by signing and submitting the Incident reports.
- Keeping the LGA updated in respect of any changes to be made, to the set-up approved by LGA.
- Submission of monthly gaming tax and annual gaming license fee.
- Submission of the Company's Accounts / Audit.
- Ensuring players' funds are adequately held by the Company at all times.
- Data Protection.
- NSO – National Statistics.
- KO is to have access to the back-end system.

Further, the Key Official together with the Management of the Company needs to ensure that the Company is operating in line with the following Malta regulations:

- Companies Act, 1995
- Data Protection Act, 2001

- Electronic Commerce Act, 2001
- Electronic Communications (Regulation) Act, 1997
- Income Tax Act, 1948
- Income Tax Management Act, 1994
- Lotteries and other games Act, 2001 as amended (Remote Gaming Regulations)
- Prevention of Money Laundering Act, 1994

## 6. Classes of Remote Gaming Licences:

[Remote Gaming Regulations](#) are based on a simple principle: Any concept using a means of electronic communication in which, one or more players pay to participate to win a prize, is licensable. The Remote Gaming Regulations categorises these concepts under four different types of Classes of Licenses

**Class 1 Remote Gaming Licence** – applies for operators who offer games which are based on repetitive events and the gaming risk is managed by the operator. This type of license covers casino table style games, lotteries and slots. Since the licensee bears the full risk of the gaming activities conducted, the winnings are therefore guaranteed by it.

**Class 1 on 4 Remote Gaming License** – shall be an online gaming license for all types of games of chance and games of skill operating on an existing Class 4 licensee.

**Class 2 Remote Gaming Licence** – the license covers operators who manage risk based on a singular event using markets. This license covers the traditional fixed odds betting and some forms of pool betting.

**Class 3 Remote Gaming Licence** – this license is for operators who organise player to player games but they do not partake in the risk and receive only a commission. This license is suitable for betting exchange providers, pools and poker rooms.

**Class 3 on 4 Remote Gaming Licence** – shall be a licence to promote and abet gaming from Malta. For operators who promote or abet gaming from Malta on an existing Class 4 licensee.

**Class 4 Remote Gaming Licence** – this license is for software vendors who intend to host and manage remote gaming operators having any class of the above. They cannot partake in the gaming risk and can only receive a commission.

Once an application is submitted and the LGA find the application to be in order, a Malta Company is incorporated and a temporary gaming license is issued in the name of the Malta Company. This process should take 6 to 8 weeks. At this stage,

applicant may commence their operations and would then have 6 months to obtain a certification of compliance, to then be issued with the official gaming license.