



EUROPEANCEO

Online Gaming

Establishing an online gaming operation in Malta

| by Mario Galea, Malta Lotteries Gaming Authority |

The online gaming industry has experienced extraordinary growth in recent times, with revenues expected to exceed \$9bn in 2005. Malta is widely recognised as Europe's leading remote gaming jurisdiction in terms of legislation and governance. In the last two years, since publishing the remote gaming regulations in May 2004, more than 130 operators have sought a gaming license from the Lotteries and Gaming Authority, the regulatory body responsible for the licensing and supervision of online gaming in Malta.

What makes Malta attractive as an online gaming jurisdiction is its regulatory framework. Our regulations are game neutral which means that any type of game may be licensed without requiring any change in the licensing format. The regulations are also technology neutral which means that the game can be conveyed to the player using any form of electronic communication methods. Most importantly, the regulations have a number of provisions to exclude underage persons, promote responsible gaming and protect vulnerable players. Operators are required to report to the authority on a monthly basis with certain information about their activities which is analysed to ensure that games played are fair and correct at all times. The authority also carries mediation for unresolved disputes between players and the licensee.

Apart from the remote gaming regulations, Malta has a track record in the production of a surprisingly diverse range of quality products and services. During the past four decades, the country has notched up an equally impressive record in attracting foreign investors who continue to re-invest on the island. When Malta joined the European Union in May 2004, it expanded this potential and became more accessible to its European neighbours.

Consistent pro-business government policies and a 'can do' business environment are the best examples of Malta's success in the services industry. Coupled with social and economic stability, a multi-lingual and highly skilled workforce and a safe, secure and



Mario Galea, the man behind some attractive regulatory framework

pleasant lifestyle, Malta is an ideal business location in the EU.

Establishing a remote gaming operation in Malta is a well-defined process. One of the frequently asked questions is how long it takes to obtain a remote gaming licence. The answer tends to depend on the level of preparation by the applicant. Normally, if all documentation is presented properly, and no irregularities arise during probity, an applicant can start operating within six weeks.

The licensing process has three stages:

- Fit and proper;
- Examination of instruments to carry out the business; and
- Set-up and certification.

The first stage is to conduct a fit and proper exercise on the applicant and to assess the personal capacity of the persons involved to carry out gambling activities. The applicant submits an application for a remote gaming licence and personal declaration forms for each person with five percent or more interest in the license. A business-plan with a

three year financial forecast also needs to be submitted during this stage of the application process.

On successful completion of the first stage, the Lotteries and Gaming Authority informs the applicant to proceed to the second stage where the candidate must fill up a business entity information form. This stage assesses the applicant on the capability to conduct the business. This process examines company documents, the games to be offered, the business functions related to the conduct of remote games, the gaming rules, player terms and conditions and procedures of the games, the application architecture and system architecture of the gaming and control systems. This stage normally takes three weeks to complete.

At this stage, the applicant has a letter of intent that gives him the right to operate remote gaming from Malta with the condition of obtaining a certification of compliance within six months. The applicant may then establish the business in Malta, conclude all agreements, find a service provider to host his equipment, acquire office space, set up the operation and carry out testing.

Once the system is operating and live, the applicant may request to be certified. A five year licence is issued once the authority receives a positive report from the auditors.

A recent survey carried out in the UK showed that players want tighter regulations for online gaming. This indicates that players are getting more interested in who regulates the business with whom they are gambling and what level of protection they enjoy. The Maltese regulations are very much player-centric and this is where a maltese remote gaming license makes a difference. CEO

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For further information on how to obtain a remote gaming license in Malta visit the website www.lga.org.mt

