

MALTA I-GAMING LICENCE (B2C)

Setting up in Malta

GAMING JURISDICTION
Largest in the EU

I-GAMING LICENCES
625+

CUSTOMER ACCOUNTS
13.9 million+

REGULATOR
Malta Gaming Authority (MGA)

SYSTEMS
Cloud Ready and Crypto Friendly Jurisdiction

I-GAMING LAW
1st in the EU





I-GAMING MALTA

As the first jurisdiction in the EU that introduced regulated remote gaming, with an average of a hundred new applications a year and being the largest EU i-gaming jurisdiction, Malta's success in the i-gaming arena is undisputed.

Malta's strategy in i-gaming has been bold and unique. The legislator decided to focus on regulation and transparency, providing a strict approach to licensing and monitoring of gaming operations. This has resulted in optimum protection for players on the one hand, to providing a regulatory solution to operators on the other, thereby achieving a balance between two opposing needs: the supplier's and the customer's.

Malta's main advantage is the fact that it is an onshore jurisdiction. Maltese operators do not face the difficulties that offshore operators face with exchange controls, access to capital markets and access to e-wallets and payment gateways worldwide. In the case of Malta i-gaming licensees, players find comfort in knowing that they are dealing with an onshore jurisdiction whose legislation is in line with the applicable EU legislation and international agreements.

Malta has always remained at the forefront of advances in technologies which affect the gaming sector. In 2017, the Malta Gaming Authority (MGA) together with the stakeholders of the gaming industry embarked upon a mission to make gaming legislation future-proof and thus ensuring that the gaming laws would be kept up to speed with emerging and disruptive technologies such as virtual currencies and distributed ledger technologies.

LEGAL BASIS

All gambling activities in Malta are regulated by the Gaming Act of 2018 which grants power to the Malta Gaming Authority to issue licenses for both land-based and remote gambling activities. The Act consolidated all previous laws and regulations and provided for an overhaul in the licensing system reducing the various classification of licences to two : Business-to-Consumer (B2C) and Business-to-Business (B2B). The Gaming Authorisations Regulations, 2018 (subsidiary legislation 583.05) enacted under the Gaming Act mainly regulate the attainment of a licence in Malta.

Specifically a Business-to-Consumer licence, also referred to as a Gaming Service Licence, allows the operator to offer, provide or operate games whereby players may participate.

GAME TYPES

A B2C licence can be obtained in relation to one or more game types as follows:

Type 1 – games of chance played against the house, the outcome of which is determined by a random number generator. This type includes casino type games such as roulette, blackjack, baccarat, poker played against the house, lotteries, secondary lotteries and virtual sports games.

Type 2 – games of chance played against the house, the outcome of which is not generated randomly but is determined by the result of an event or competition extraneous to a game of chance and where the operator manages his or her own risk by managing the odds offered to the player, typically a sportsbook.

Type 3 – games of chance not played against the house and wherein in the operator is not exposed to gaming risk, but generates revenue by taking commissions or other charge based on the stakes or the prize. This type includes player versus player games such as poker, bingo, betting exchange, and other commission based games.

Type 4 – skill games the outcome of which is determined by the use of skill alone or predominantly by the use of skill determined to be licensable by the MGA (therefore controlled skill games), principally fantasy sports.

BENEFITS OF SETTING UP AN IGAMING BUSINESS IN MALTA



Cost Effective License
Fee



No Financial Guarantee
Required



Payment Solution Providers
Approved



5% Net Effective
Corporate Tax



Technology & Game Neutral
Regulations



REQUIREMENTS

- The gaming operator must be a company incorporated in Malta or another EU country
- No restrictions on the nationality of the ultimate beneficial owners of the company
- Shareholders, directors and persons carrying out key functions must be approved by the MGA
- Players' funds must be kept separate from operations moneys
- Minimum share capital to be paid up:
B2C Type 1 or 2 – €100,000
B2C Type 3 or 4 – €40,000

LICENCE FEES

For B2C licences (Types 1, 2 and 3) a fixed annual licence fee of €25,000; whereas for B2C Type 4 the annual licence fee is fixed at €10,000. Together with the annual license fee, a variable compliance contribution being a scaled percentage of the gaming revenue must be paid as follows:

B2C Type 1

first €3,000,000 - 1.25%
next €4,500,000 - 1%
next €5,000,000 - 0.85%
next €7,500,000 - 0.7%
next €10,000,000 - 0.55%
next €10,000,000 - 0.55%
remainder - 0.4%

B2C Type 3

first €2,000,000 - 4%
next €3,000,000 - 3%
next €5,000,000 - 2%
next €5,000,000 - 1%
next €5,000,000 - 0.8%
next €10,000,000 - 0.6%
remainder - 0.4%

B2C Type 2

first €3,000,000 - 4%
next €4,500,000 - 3%
next €5,000,000 - 2%
next €7,500,000 - 1%
next €10,000,000 - 0.8%
next €10,000,000 - 0.6%
remainder - 0.4%

B2C Type 4

first €2,000,000 - 0.5%
next €3,000,000 - 0.75%
next €5,000,000 - 1.00%
next €5,000,000 - 1.25%
next €5,000,000 - 1.5%
next €10,000,000 - 1.75%
remainder - 2%

PROCEDURE

STAGE 1 - APPLICATION

- Fit & Proper Test:
 - Due diligence on all key persons, directors of the prospective gaming company and shareholders having 5% or more interest.
- Business Adequacy:
 - Business plan
 - 3-year financial projections
- Operational & Statutory Requirements:
 - Company formation
 - Website text and content
 - Relations with service providers
 - Technical documentation
 - System/operations control procedures

STAGE 2 - SYSTEMS AUDIT

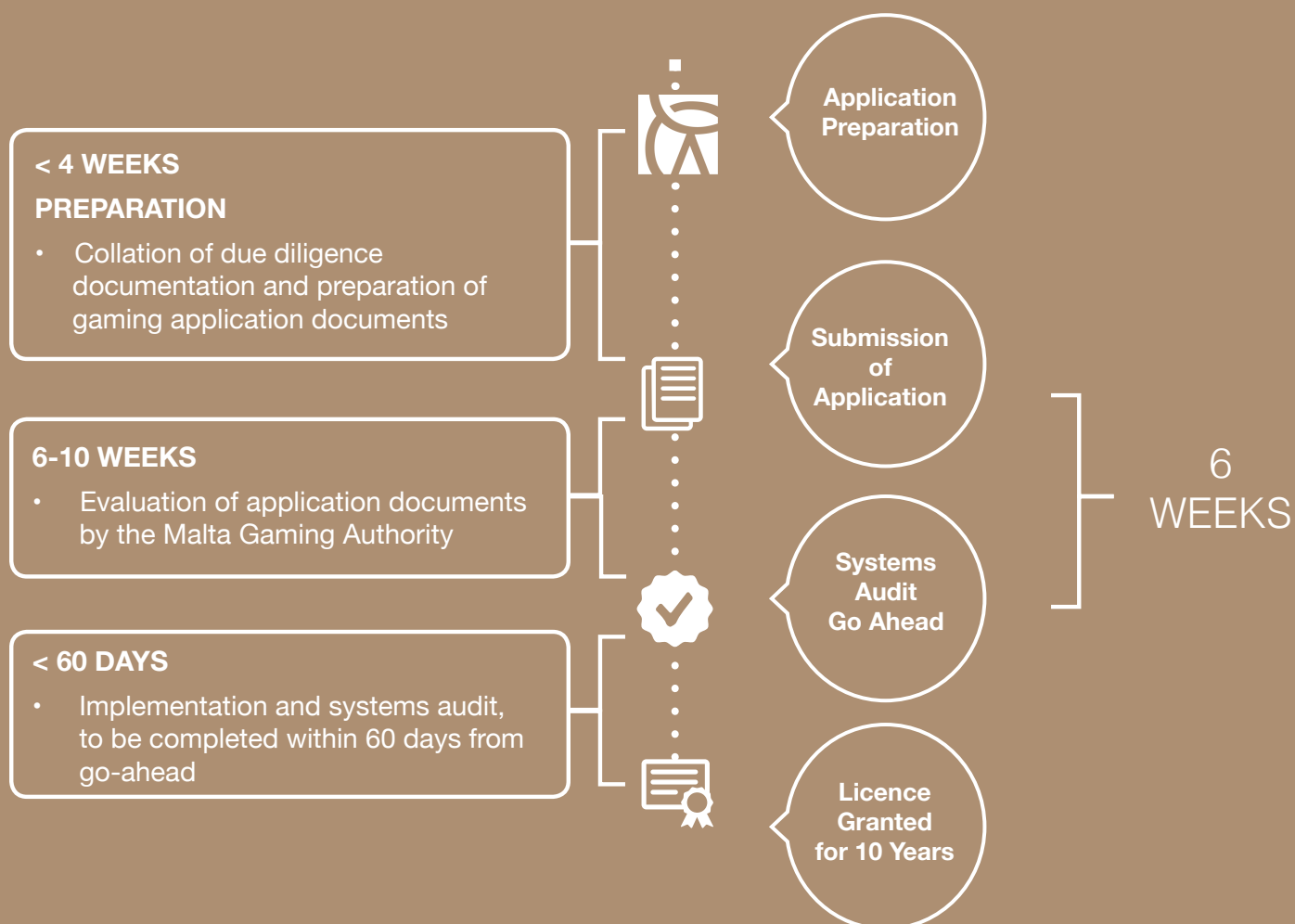
- Go-ahead by MGA to implement the proposed infrastructure prior to going live
- Implementation and systems audit, to be completed within 60 days from go-ahead
- Issuance of licence valid for 10 years

STAGE 3 - POST-LICENSING REQUIREMENTS

- Go live – within 60 days from licence
- Compliance audit within first year of operation

I-GAMING LICENCE: SETTING UP IN MALTA

Application Process - Timeline



WHY WORK WITH US?



Problem Solving,
Integrity, Honesty



15+ Years: of
Experience in the
Gaming Sector



We're lawyers:
Lawyer-Client
Privilege Guaranteed



Dedicated Gaming
Law Practice



Our Ethos:
Big Firm Expertise,
Small Firm Personal



**CHETCUTI
CAUCHI**
ADVOCATES

Malta



Dr Charlene Mifsud
ccmifsud@ccmalta.com
Partner, Corporate & Commercial
ccmalta.com/gaming