

INFORMATION ON MGA B2C COMPANY

The following section highlights the application process and the related Malta Gaming Authority ("MGA") requirements in order to apply for a 'B2C' gaming licence.

1. THE 'B2C' LICENCE

The MGA offers a standalone B2C Licence (Gaming Service Licence) which is a remote gaming service specifically related to the offering, provision or operation of making a game available for participation by players. The types of games offered are categorized in 4 different Types, as follows:

- Type 1: RNG based casino-type games, online lotteries and virtual sports games;
- Type 2: Fixed-odds betting;
- Type 3: Poker rooms and peer-to-peer (P2P) gaming (poker, bingo, betting exchange); and
- Type 4: Controlled skill games whereby the player has the possibility to win prize money.

Where, within a B2C licensed structure there are entities that also provide a critical gaming supply (B2B) solely to entities within the same structure, one could file for a corporate group licence.

1.1 THE APPLICATION PROCESS

When applying for a Malta gambling licence, a local company is often incorporated in order to benefit from the tax refund structure Malta is offering. Setting up a new company, applying for a gaming licence, opening corporate bank account and making sure that all local legal requirements are met, are procedures that require a substantial amount of paperwork.

EM Group Malta will assist you throughout this complete process whereby we will coordinate the gathering of the documentation as well as the completion of the application forms.

In order to prevent any unnecessary delays in the process, our clients will undergo a pre-application process together with the MGA whereby EM Group Malta assists. This will ensure the quality of the application and will be followed by the actual application process that consists of a number of steps:

- i. The MGA will conduct a fit and proper exercise by assessing all information related to those involved in financing and management and on the business viability of the operation. In addition, the MGA conducts integrity investigations with national and international regulatory bodies and law enforcement agencies.

- ii. The MGA will conduct an in-depth financial analysis of the applicant's business plan. It is expected to include a detailed forecast of the operation together with details pertaining to marketing and distribution strategies, HR planning, and growth targets.
- iii. Operational and Statutory - The applicant is examined on the instruments required to conduct the business. This process includes examining the Company's incorporation documents, the games, the business processes related to conducting the remote games, the rules, terms, conditions, and procedures of the games, the application architecture, and the system architecture.
- iv. The MGA will inform the applicant that the application was successful and will invite the applicant to implement onto a technical environment in preparation for going live. 60 days are allowed for the applicant to complete such operation. Within those 60 days, the applicant may request an external System Review (performed by an independent 3rd party from the pre-approved list of Service Providers) where the live environment will be examined against the proposed application.

Once the certification process is completed, a ten-year licence will be issued by the MGA.

1.2 KEY FUNCTIONS

The MGA requires that every licenced company has to have a number of Key Functions in place. These roles will need to be covered by individuals whereby one individual can cover more than one role. Any person who will provide such a function is required to hold a certificate of approval from the MGA.

EM Group Malta will assist with this process during the licence application stage. Due to the operational information required, it is advisable that certain roles will be fulfilled by people within your own organisation. As the segregation of roles is necessarily burdensome from a resources' perspective, start-up undertakings may be allowed to have a single person conduct roles which may appear conflicting, during the first year of operation, if the MGA is satisfied that the integrity of the licensed operation will not be negatively affected.

The following is the list of Key Functions required for a licensed B2C company.

KEY FUNCTION	DESCRIPTION
Chief Executive Officer*	<i>The chief executive role, or equivalent.</i>
Chief Operations Officer, Chief Financial Officer	The management of the day-to-day gaming operations of the licensee, including but not limited to, the management of the financial obligations of the licensee, such as the payment of tax and fees due to the Authority, the processes of making payments to, and receiving payments from, players, the management of the risk strategies for the operation of the licensee, and the prevention of fraud to the detriment of the licensee.
Compliance Officer	Compliance with the obligations of the licensee as may be applicable by virtue of the Act and any binding instrument issued thereunder, including but not limited to, obligations relating to responsible gaming, obligations relating to player support, obligations relating to the rules relating to marketing, advertising and promotional schemes, and where applicable, obligations relating to sports integrity.

KEY FUNCTION	DESCRIPTION
Legal Officer	The legal affairs of the licensee, including but not limited to matters relating to contractual arrangements and dispute resolution.
Money Laundering Reporting Officer	The prevention of money laundering and the financing of terrorism.
Data Protection Officer	The adherence to applicable legislation relating to data protection and privacy.
Chief Technology Officer and Information Security Officer	The technological affairs of the licensee, including but not limited to the management of the back-end and control system holding essential regulatory data, and the network and information security of the licensee.
Internal Audit	Internal Audit.

EM Group Malta would be able to assist with the provision of most of the above key functions.

1.3 BUSINESS PLAN AND SYSTEMS DOCUMENTATION

The business plan of the licenced company forms a substantial part of the initial assessment mentioned in section 1.1. It is therefore of crucial importance that the plan outlines a detailed description of the company's business activities, a detailed financial planning, a thorough description of its marketing and distribution strategies as well as operational staff planning and budgets for its targeted growth.

In addition to the business plan, the company needs to provide a detailed description of the proposed gaming system. As the provided information and documentation will be audited by independent auditors engaged by the MGA, it needs to represent an accurate and realistic overview in order to avoid any delays in the application procedure. EM Group Malta will assist with drafting and reviewing both the business plan as well as the systems documentation information whereby input and access to information from the applicant is a crucial factor.

1.4 SHARE CAPITAL REQUIREMENTS

For a B2C Licence (Gaming Service Licence) issued and fully paid-up share capital requirements by type:

- i. Type 1: **€100,000**
- ii. Type 2: **€100,000**
- iii. Type 3: **€40,000**
- iv. Type 4: **€40,000**

Companies with multiple Type licences are required to meet the above share capital requirements cumulatively up to a minimum capping of €240,000.

1.5 MGA LICENSING AND COMPLIANCE FEES

The following Section outlines the various fees in connection to establishing and maintaining a MGA licensed entity:

GENERAL FEES	AMOUNT (€)
Fee for a new licence application of any type (non-refundable)	5,000
Application fee for the renewal of any licence type (non-refundable)	5,000
Systems audit (to be established with auditor), approx.	2,500
Compliance audit (to be established with auditor), approx.	3,500
Fixed annual licence fee B2C type 1, 2 and 3	25,000
Fixed annual licence fee B2C type 4	10,000

The MGA also charges a compliance contribution* which is based on Gross Gaming Revenue and has minimal annual contributions which differ per Type.

TYPE 1: ANNUAL COMPLIANCE CONTRIBUTION – Minimal fee €15.000, Max €375.000	RATE
For every euro of the first € 3,000,000	1.25%
For every euro of the next € 4,500,000	1.00%
For every euro of the next € 5,000,000	0.85%
For every euro of the next € 7,500,000	0.70%
For every euro of the next € 10,000,000	0.55%
For every euro of the remainder	0.40%

* The minimum compliance contribution for start up undertakings is not applicable for the first financial year (from the date on which the licence is issued by the authority). A start up undertaking needs to fulfil a number of criteria which can be provided upon request

TYPE 2: ANNUAL COMPLIANCE CONTRIBUTION – MINIMAL FEE €25.000, MAX €600.000	RATE
For every euro of the first € 3,000,000	4.00%
For every euro of the next € 4,500,000	3.00%
For every euro of the next € 5,000,000	2.00%
For every euro of the next € 7,500,000	1.00%
For every euro of the next € 10,000,000	0.80%
For every euro of the next € 10,000,000	0.60%
For every euro of the remainder	0.40%

TYPE 3: ANNUAL COMPLIANCE CONTRIBUTION - MINIMAL FEE €25.000, MAX €500.000		RATE
For every euro of the first € 2,000,000		4.00%
For every euro of the next € 3,000,000		3.00%
For every euro of the next € 5,000,000		2.00%
For every euro of the next € 5,000,000		1.00%
For every euro of the next € 5,000,000		0.80%
For every euro of the next € 10,000,000		0.60%
For every euro of the remainder		0.40%

TYPE 4: ANNUAL COMPLIANCE CONTRIBUTION - MINIMAL FEE €5.000, MAX €500.000		RATE
For every euro of the first € 2,000,000		0.50%
For every euro of the next € 3,000,000		0.75%
For every euro of the next € 5,000,000		1.00%
For every euro of the next € 5,000,000		1.25%
For every euro of the next € 5,000,000		1.50%
For every euro of the next € 10,000,000		1.75%
For every euro of the remainder		2.00%

2. ON-GOING OPERATIONS

EM Group Malta can assist with the on-going daily financial and legal matters of the company. The type of service will depend on your personal preferences but please find below an example of the services we provide to gaming companies on a daily basis:

- **Local compliance:**
 - o ensuring good corporate standing in the place of establishment of the gaming company;
 - o complying with all local laws and regulation;
 - o making regular tax and VAT filings etc.;
 - o conducting day to day business of client entities providing for legally valid and binding transactions and resolutions.
- **Financial compliance:**
 - o monitoring all financial and non-financial transactions;
 - o ensuring compliance with applicable supervision regulations regarding the prevention of money laundering and terrorism finance;
 - o entertaining good relationships with banks and financial services providers;
 - o regular financial reporting to the regulator and other authorities.

- **Gambling compliance, which includes everything connected to:**

- o compliance with the terms of the obtained gambling licence(s) and keeping good contact and relationship with the regulator;
- o offering fair and lawful trade to the customers of online gambling companies;
- o prevention of compulsive gaming;
- o protection against play by minor aged customers;
- o fair and transparent access to games, bonuses and prizes;
- o compliance with various regulations in regulated countries.

The Fee Schedule provided as part of the Proposal will show you the different packages offered by EM Group. This will allow you to budget the companies running expenses at the beginning of the year and if any additional services are required, EM Group Malta can provide these on a time-spent basis.

Please note that the MGA fees detailed here might be changed from time to time by the MGA. All official fees can be found on the [official MGA website](#).