

## Key Official

Every licensee must have one **key official**, whose role is to personally supervise the operations of the licensee and to ensure that the licensee complies with the applicable laws, regulations, license conditions and any directives. The key official must be a director of the licensee and be resident in Malta.

### 10.0 Operational & technical set-up

Assisting in establishing an operational set-up of the client's choice may include sourcing of commercial property for setting up of betting offices and call centres, where required, procurement of office furniture and equipment, negotiation of service agreements with suppliers, recruitment of personnel, finding residential properties to let or purchase and any other service that will ensure that the clients settle into the new business as quickly and smoothly as possible.

For the past four years Malta has been working hard to improve the critical key drivers of this business. In 2000 Internet connectivity, a crucial factor for online gaming, totalled 20Mbits.

Now capacity is greater than 1Gbit with international links to provide redundancy and additional capacity. Internally, Malta has a full digital telecoms network with residential connection reaching 2Mbps. International call rates are at European levels. Whereas before operators had to set-up their own data-centres, nowadays they may use hosting service providers offering competitive packages.

Technical assistance is also provided in respect of installations (networks and hardware), banking and payment gateway arrangements, negotiation of terms with ISP's as well as with equipment providers amongst others.

### 11.0 Technical standards

#### ***Testing of the Gaming and Control System***

A basic feature in the Regulations is the requirement that the core part of the online gaming/betting operations must be physically located in Malta. Other components of the system, for example, front-end of the games or customer support operations, may be situated outside Malta, at the location of choice of the licensee.

The online gaming system (which is defined as a computer system deployed by the licensee and including all its components, the operating system and the application software) must be certified for compliance to the satisfaction of the Authority.

Certification is only necessary for those components of the system the functioning of which directly impacts the operation of the games or the reporting of gaming and financial transactions.

Certification also involves audit as to whether the gaming system is compliant with the requirements of ISO -17799:2000 Information Technology – Code of Practice for Information Security. An "ISO-17799 gap analysis" audit will be carried out by experts approved by the Gaming Authority. Certification costs are chargeable to the licensee and may vary depending on whether the system is a standard one and also on the adequacy of the documentation of the gaming system.



### **Specifications of the Control System**

The Malta Remote Gaming regulations provide that an applicant for a license shall submit in writing to the Authority for the purposes of approval, the specifications of the control system he intends to use during operation.

The law also provides that the licensees whose gaming system is hosted by a Class 4 licensee shall be exempted from this requirement.

The system of internal controls, reporting and accounting procedures used by the licensee constitute their Control System which must be approved by the Gaming Authority.

Any gaming/betting offered by the licensee should only be conducted under the approved control system. The licensee will set up the Control System in the live environment prior to audit and may be permitted to run operations, under a provisional license, during this period subject to scrutiny by the Gaming Authority.

The proposal to be submitted to the LGA for such internal controls shall be a system document which shall include detailed information relating to:

- (a) the operation of remote gaming;
- (b) general procedures to be followed for the operation of remote gaming;
- (c) computer software where applicable;
- (d) procedures for recording and paying prizes won in remote gaming;
- (e) accounting systems and procedure;
- (f) procedures to be followed to play a game;
- (g) procedures and standards for the maintenance, security, storage and transportation of equipment to be used to conduct remote gaming;
- (h) procedures for the setting up and maintenance of security facilities including general compliance and internal controls relating to access to critical systems;
- (i) a disaster recovery plan;
- (j) an adequate system of data backup;
- (k) any other information that the Authority may require.

The above provisions also apply when a licensee intends to change a control system which had been already approved by the Authority.

The Regulations also provides that the Authority may at its sole discretion, submit or direct the applicant or licensee to submit the proposed control system or an approved control system, to an audit. This takes place in the third stage of the process, that is, after the issue of the letter of intent but before the issue of the final license certificate.

In considering whether to grant the approval of the control system the Authority gives due regard to the following matters:-

- (a) whether the proposed control system or the proposed changes to the control system satisfy all the requirements of the Maltese Gaming laws and regulations;
- (b) whether the proposed control system or the proposed changes to the control are capable of providing satisfactory and effective control over the operation of remote gaming.



The Authority shall by written notice inform the applicant or licensee of its decision and where approval has not been granted, the Authority shall give reasons for its refusal to grant approval. Where approval is granted, the Authority shall have the right to direct the applicant or licensee, by means of a directive, to change or modify the approved control system in any manner whatsoever, within a period of time which shall not be less than thirty days from the date on which the directive is served on the applicant or licensee. Failure to comply with such directive shall constitute sufficient grounds for the Authority not to issue a license or to suspend the license as the case may be. The law further provides that all remote gaming shall be conducted under the control system which has been approved by the Authority.

### ***Specifications of the Gaming System***

The "gaming system" is a computer system or system of computers by means of which remote gaming is conducted, and shall include all its associated components, its operating system and applications software.

The Regulations provide that an applicant for a license, or a licensee, shall, in respect of a new gaming system, and before any such system becomes operational, provide adequate certification that may be required by the Authority. This certification must show that the gaming system has been found within the previous six (6) months to comply with each and all the technical specifications laid down in the law.

The certification submitted to the Authority for approval must, where the system is based on computer software, include the following information:-

- 1) the name of the owner of the software;
- 2) the name of the organization which did the testing required by the Authority;
- 3) all companies and organizations involved in the process and their credentials;
- 4) all individuals involved in the process and their professional credentials;
- 5) the processes, rules and parameters of the games;
- 6) the server protocols, communication protocols and other specifications which are part of the gaming system architecture;
- 7) information about the security of the system;
- 8) which modules affect processes, rules and parameters of the game if the source-code is changed;
- 9) any other information that is of material importance to the specific software;
- 10) a detailed description of the setup and functionality of the application architecture and system architecture.

Notwithstanding that the system may be approved for operation, the Authority may at any time direct the licensee to submit, at the licensee's cost, the system's software for further testing, checking or verification.



## **Gaming Equipment**

No gaming equipment may be used in the operation of an authorized game pursuant to an online betting or online gaming license, without the prior approval of the Authority.

The Authority may, by written notice, require that the gaming equipment be submitted for certification by an approved company or organization.

*The Authority may at any time after these regulations come into force publish a list of approved certification companies and organizations.*

## **12.0 One-stop shop**

Back office, banking & admin services are offered, ensuring a one stop shop situation that goes beyond standard bookkeeping but a comprehensive back office solution. Tailor made solutions and different service levels matching client needs and resources to ensure that the relationship makes business sense for all parties involved. This is extremely attractive for start up companies until economies of scale make it worth their while in investing in an administrative infrastructure and all the costs that this brings with it (such as personnel, office space, computers and technology etc).

Book keeping and preparation of financial statements, together with liaison with external auditors is a main function. The back office function takes care of the issuing of invoices, credit and debtor control, purchasing and any other administrative requirement. Similarly, the administration of bank accounts, from opening an account, whether personal or corporate to managing the account, transfers, deposits, reconciliation's, letters of credit or other banking instruments

Services also include the handling of all VAT and tax related issues as well as Payroll Management services and handling all the needs of the employer.

All this ensures that clients comply with policies and regulations issued by the local institutions and regulatory authorities.

## **13.0 Conclusion**

Due to a thriving gaming industry on the island, one will find a sizeable skilled workforce trained in game risk management, odds compilation and call centre support as well as many professional services companies which now specialise in remote gaming.

In May 2004 Malta joined the European Union. This means that operators having their business in Malta can take advantage of the freedom of movement for goods and services within the community. The new regulations were published after extensive consultation with the operators.

The end result is a flexible legislative instrument that sets down the fundamental principles, but leaves ample space and scope to deal with future requirements.

The term 'remote gaming' has become the hallmark of technology neutral/game neutral regulation.