



Agreements for Shared Conduct of Gaming Business

- 1.1** Gaming operators are increasingly finding it more beneficial to enter into a shared conduct agreement with other parties who provide ancillary services to gaming. The parties undertake to conduct their business together by being responsible for specific activities in the provision of gaming services. The Lotteries and Gaming Authority ('Authority') is aware of these developments and realizes the need for such arrangements. However the Authority must ensure that the same arrangements are not done at the expense effective regulatory governance. In this respect a new set of license conditions are being introduced for licensees entering into such agreements.

2 Effective Date

- 2.1** The Lotteries and Gaming Authority is notifying its licensees that, effective from 1st January 2008, a new set of conditions (thereon referred to as 'the conditions') are being added to the license relating specifically to this type of agreements (Agreements for the Shared Conduct of a Gaming Business – ASCRGB) .

3 Applicability

- 3.1** The conditions shall be directed to all types of licensees who are issued a license under the Lotteries and Other Games Act, (thereon referred to as 'the Act') provided that such licensees are prohibited from entering into such agreements by the Act or their existing License.
- 3.2** Licensees (thereon referred to as "Applicant") who wish to include these conditions must apply for the approval of the Authority to the proposed ASCRGB immediately. On the other hand, those licensees who do not intend to enter into such agreements will not be affected by the imposition of the new conditions and may not need to apply.
- 3.3** Licensees who are already a party to such an Agreement prior to the issue of this notice shall be allowed until end of March 2008 to comply to the new conditions. During such period the licensees may still tender their representations in regard to the conditions imposed and the Authority's final decision shall be reached only after considering such representations.

4 Right of Recourse

- 4.1** An Applicant may request the Authority to supply a draft copy of the new conditions being imposed. These conditions may vary from licensee to licensee depending on the type of license and nature of ASCRGB.
- 4.2** Those licensees who have an objection to the new conditions being imposed may tender their representations within twenty-one days from the date of the issue of the notice. The Authority shall consider all such representations before coming to its decision. The decision reached by the LGA will be final.

5 Application Procedure

- 5.1** To apply for an ASCRGB an applicant must submit an application which is available from the LGA website. A minimum processing fee of €1000 shall apply, but the applicant may be requested to pay additional charges related to the processing of the application.
- 5.2** For the processing of an application of an ASCRGB the Authority requires information pertaining the proposed party (PP) with whom such an agreement is to be entered into. The following is a list of information required regarding the PP:
- 5.2.1** Where the PP is a company, its Memorandum and Articles of Association;
 - 5.2.2** a list of all the shareholders owning a qualifying shareholding (exceeding 5%) in the PP;
 - 5.2.3** a list of all the ultimate beneficiary owners of the PP;
 - 5.2.4** List of all shareholders owning more than 5% shareholding in the PP;
 - 5.2.5** List of the ultimate beneficiaries of the PP;
 - 5.2.6** List of all Directors of the PP;
 - 5.2.7** A declaration that the PP is not involved with any other gaming operation and is not licensed by any other jurisdiction;
 - 5.2.8** A copy of the proposed Agreement;
 - 5.2.9** A declaration by the PP allowing the LGA to conduct any probity tests which the Authority deems necessary;
 - 5.2.10** A declaration that the PP shall disclose any information requested by the LGA;
- 5.3** All the ultimate beneficiaries owning more than 5% interest in the PP must also submit a personal declaration form (available at www.lga.org.mt). Where the persons who are required to tender a Personal Declaration Form have already submitted one to the Authority within the previous six months, reference may be made to such Forms. The Authority reserves the right to require the PP to submit new Personal Declaration Forms when necessary.
- 5.4** The Authority shall then review the documentation submitted by the licensee, conduct probity tests on the proposed party to the Authority and notify the licensee with its approval or otherwise. The Authority may request any amendments to the Proposed Agreement which it considers necessary.
- 5.5** If the Authority approves the proposed agreement, or if the Authority has requested any amendments to the Proposed Agreement and the draft amendments proposed by the parties are to the Authority's satisfaction, the parties to the ASCRGB may execute the approved agreement. The parties must submit a certified true copy of the final Agreement to the LGA within 20 days of execution.
- 5.6** Any proposed amendment to the Agreement, including any additions or deletions, must be communicated to the LGA prior to such amendment being effected. Amendments may only be made following receipt of the Authority's approval and a certified true copy of the amended Agreement must be reach the premises of the Authority within 20 days of execution.

6 General Conditions to ASCRGB

- 6.1 No direct or indirect agreements which render any or all provisions of the approved Agreement inoperative or which have the effect of amending said Agreement may be entered into by the Parties. Any such agreements would be void and of no effect.
- 6.2 For an ASCRGB to be approved by the Authority, it is imperative that the licensee retains all gaming responsibilities. The third party involved may not conduct any form of gaming on behalf of the licensee, but may only be responsible for non-gaming activities. The new Condition stipulates that the licensee shall remain responsible for adherence to any applicable legislation, regulations and directives issued by the Authority. This means that the Shared Conduct Agreement may not be considered to supersede any provision of the Lotteries and Other Games Act, the Prevention of Money Laundering Act and any Regulations issued under these Acts.
- 6.3 The obligation to comply with all the terms and conditions of the license also rests with the licensee. Furthermore, the maintenance of the control and gaming systems in Malta throughout the duration of the agreement are the responsibility of the licensee.
- 6.4 The licensee must submit the statements of Account for the activities conducted under the ASCRGB to the Authority within 180 days from the end of its financial year. These must clearly and separately indicate the total revenue, the revenue-share entitlement, the total costs made and the cost-share commitment.
- 6.5 The ASCRGB must also provide that the arrangement will be automatically suspended during any period within which the licensee's license is suspended. Cancellation of the license must also bring into effect the automatic termination of this Agreement.

7 Disclaimer

- 7.1 *This document is solely intended to provide general information which may be of interest. It is not intended to be comprehensive, specific or binding and should not be acted or relied upon as doing so. The Authority reserves the right to make changes to this document without further consultation or prior notice.*