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REMOTE GAMING

UPDATE 2010



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Chairman
Lotteries and Gaming
Authority, Malta
(LGA)

By Nick Xuereb

Welcome to the sixth edition of our annual Remote Gaming Update. Undeniably 2009 will long remain associated with the international financial and economic crisis. However, the remote gaming sector in Malta remained very active and consolidated its place as the European leading igaming jurisdiction. Malta's excellent regulatory framework managed to attract the biggest names in the industry and since the Lotteries and Gaming Authorities inception more than 600 remote gaming applications have been processed.

2009 witnessed more administrative changes for the LGA. The Authority continued to grow in terms of human resources most notably the appointment of the new Chief Executive Officer who together with the LGA staff are establishing well defined procedures for every aspect of the remote gaming process. Finally 2009 ended with another structural change within the LGA – the Authority moved to its new premises in Mrieħel.

In the international scene the LGA actively participated in various international fora, most notably on an EU Level. The Authority, together with Maltese Government representatives participated at various levels within the European Institutions, and this with the specific aim of safeguarding the fundamental freedoms as enshrined in the EU Treaty. 2010 promises to be another hectic year for the LGA in this regard the Authority shall not shy away from stating its position on the matter – respecting all the rules relating to the Internal Market.

I believe that the remote gaming industry in Malta has become crucial for the global industry and I am fully committed to ensure that Malta will continue to live up to its reputation as a diligent, responsible and serious jurisdiction.

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Editor
Remote Gaming
Update 2010

By Kristy Debono

Indeed another year has passed and the industry kept on moving to bring us new developments. This year's edition is full of interesting articles related to the local and international igaming industry. 'Moving Forward' is our main article prepared by the LGA's CEO. As in previous years we have articles written by the LGA staff: 'Regulating Effectively' and what makes a good Key Official – just to name a few.

This year's update also includes articles about the International scenario, the ICT services in Malta, information about the application process and about the audit process.

Moreover, in this edition you can also find information about real estate in Malta and how to best minimise one's risk. Finally this edition gives prominence to Responsible gaming and Corporate Social Responsibility.

I hope that you find this year's edition interesting and informative and we welcome you to contact us on info@lga.org.mt.





Chief Executive Officer
Lotteries and Gaming
Authority, Malta
(LGA)

By Reuben Portanier

MOVING FORWARD

Since its inception in 2004, the Lotteries and Gaming Authority has year after year augmented its capacity and skills in order to effectively regulate the Maltese land-based and remote gaming industry, whilst at the same time accompanying the industry through its growth and evolutionary process.

From the remote gaming aspect, the Maltese jurisdiction acquired the reputation of being a serious, respectable and quality jurisdiction. Indeed, such repute was not acquired by chance, but was the result of a dedicated and focused effort. In this article, Reuben Portanier, the Chief Executive Officer of the Lotteries and Gaming Authority (LGA) shall be taking us through the various evolutionary processes that the LGA is undertaking in 2010 in order to keep moving ahead both from its regulatory role and in serving the industry better.

The year 2009 has brought considerable and important changes within the LGA and new blood brings with it new ideologies and systematic changes forming part of a structured plan to improve and build on acquired strengths, fill in the gaps and eradicate weaknesses. As the recently appointed Chief Executive Officer of the LGA I feel honoured to proudly take you through the various evolutionary processes that the LGA shall be embarking upon in the coming year 2010 with the aim of maximising its regulatory role, venturing into new niches within the gaming industry, both online and land-based, as well as developing new licensing sectors, all with the primary aim of serving the industry better.

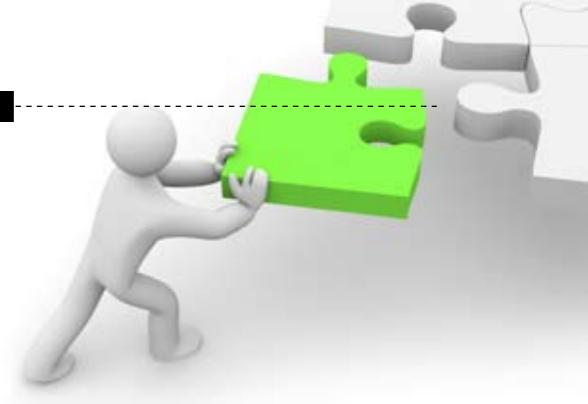
The remote gaming industry is without any doubt one of the fastest moving, complex and demanding industries from a regulator's perspective. The need for speed is a multi-pronged characteristic of the industry's DNA – be it of a regulatory nature, of a technical nature, of a commercial nature, or of an operational nature. Facing such circumstances on a daily basis, a regulator is challenged in finding the right balance between all these elements without falling into the trap of letting certain elements fall by the side in an attempt to focus on one particular set of issues.

It is in the interests of gaming operators, to be challenged with rigorous regulatory controls on a continuous and periodic basis. On the other hand, player protection warrants for tight supervisory and monitoring procedures to ensure fairness and integrity of the game on offer, compliance with the published terms and conditions, as well as responsible gaming mechanisms which are key to a smooth operation of any gaming business model. Nevertheless, for the sake of the Industry, the need for the regulatory body to understand the industry's micro and macro evolutions is equally fundamental. In this context, the LGA over the last months embarked on a program of works that shall be rolled out in the coming months so as to address the challenges ahead.

Reviewing the LGA's Processes and Structure – An Ethos of Continuous Improvement

Why do operators opt for a Remote Gaming Licence from Malta?

- Is it because a gaming operator wants to offer its games within a regulated environment?
- Is it because the operator wants to portray to its 'customers' that its games have an approved seal of quality?
- Is the reason for such a decision to obtain a license from a licensing jurisdiction which has years of experience in regulating such an activity?
- Is it due to the fact that the Maltese jurisdiction is a full EU member State, a member of the European Monetary Union, a firm believer in the fundamental principles of the EU treaty and signatory of various EU directives such as the third directive on anti-money laundering?



The industry's feedback to these questions are all in the affirmative, as any operator of repute, or the ones who want to establish themselves as serious operators do not want to be licensed by a fly-by-night jurisdiction! The LGA places all its efforts in maintaining this positive reality, however, the Authority's ethos of 'continuous improvement' induces the LGA to look into ways how to better perform its role whilst simultaneously capturing the industry's feedback as to how to continue moving ahead with times and with new developments.

Such an ethos drove the LGA to thoroughly look into its licensing and regulatory processes, so as to:

- (i) improve even further its pre-licensing checks and controls,
- (ii) augment even further its post-licensing regulatory checks and monitoring processes, and,
- (iii) improve the turnaround time in application processing. Moreover, being a regulatory body that adopts an inclusive approach, the thorough process assessment and review, involved feedback from the Malta Remote Gaming Council and industry stakeholders, including service providers, financial institutions, audit and review firms, and legal practitioners.

So what should the industry expect from such a process review? Over the last 6 months, as the full review was being concluded, the LGA kept being proactive by implementing other improvements felt necessary. Hence, wherever the Authority's management recognized the potentiality for certain improvements to be immediately introduced, such changes were 'silently' implemented, resulting in an incremental and phased process improvement. A number of process changes in the first and second stages of the application process resulted in an improvement in turnaround time of 27%. Such an improvement has been registered without compromising the integrity of the checks required in these stages. A practical license renewal process was introduced in November 2009, whilst the process for licensees applying for a further license had certain duplicate submissions eliminated. On the other hand, from a post licensing perspective, the LGA more than doubled its 'operator checks' as part of the licensee compliance assurance routines. Notwithstanding such process improvements, further incremental changes shall be introduced in the first half of 2010, which will see the time-frame from application process to license issuance decrease, whilst from a post licensing point of view, the adoption of an augmented risk based approach shall be adopted.

However, an improved process framework can only be sustained in the long-term if the LGA has a structure that can support such a process framework. Consequently, as from January 2010, the LGA re-aligned its structure in order to implement, maintain and improve its operations, whilst also ensuring that the Authority further equips its supporting and strategic functions, its licensee focused role, whilst stepping up even further its enforcement complement.

A Structure to Continue Steering in the Right Direction

The new LGA structure is based on three main pillars:

- (i) **Corporate Affairs:** which will see the grouping of all administrative functions under one umbrella, alongside with two critical functions – that of a focused Legal and EU Affairs Directorate, and the introduction of a Strategy and Programme Management Directorate including a gaming intelligence function.
- (ii) The merging of various 'pre and post' licensing functions under the new **Lotteries and Gaming Regulatory Division (LGR)** which shall be headed by a Chief Regulatory Officer.
- (iii) An Enforcement Directorate.

Furthermore, in 2010, the Authority shall be introducing a new concept within its organisation structure – that of a newly established Licensee Relationship Management Directorate which shall fall within the ambit of the LGR Division, but which shall cut across all the organisation, whereby each applicant and licensee shall have a dedicated Licensee Relationship Manager which shall act as the single point of contact between the LGA and the licensee. The LGA believes that through the introduction of this role, licensees shall enjoy from an even better interaction with the LGA.

And What's Next?

The LGA's vision is that of being a role model organisation as a regulatory body within the gaming industry, but not only. We feel that having such an ambitious vision is important both to instill further confidence in our jurisdiction, whilst also enhancing even further the repute of our licensees. The holding of a license from the Maltese jurisdiction shall remain associated to being given a seal of quality.

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Director - Compliance
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By Fiona Caruana

The Remote Gaming Monitoring System (RGMS)

The LGA has developed a suite of applications to actively monitor the gaming operations of its licensees known as the Remote Gaming Monitoring Systems (RGMS).

Regulating Effectively

The Lotteries and Gaming Authority (LGA) rigorously and constantly supervises its licensees to ensure full compliance with the requirements of the Remote Gaming Regulations (2004). The Regulations address in detail the requirements to be fulfilled by a licensee and its responsibilities towards the license. The LGA has developed a system of control mechanisms to ensure that all gaming activity held by its licensees are compliant with such Regulations.

Beyond the License

Once a company fulfills all the requirements of the application process, such company is granted a five-year license. In the presence of the licensee's key official, a LGA official checks that the gaming system and control system is in accordance to the technical documentation submitted during the licensing application process. All hardware equipment is then sealed and the company can commence operations from Malta. At this point, the LGA triggers its monitoring mechanism over the activities of such licensee. Apart from monthly data, licensees are also required to submit six monthly management accounts and the annual financial audit report. Such reports are analysed to assess the

financial stability of the licensee and compared with monthly reporting and the business plan forecast submitted during the licensing application process and other financial information submitted by the licensees.

Physical Controls

LGA officials regularly visit ISPs to check gaming equipment. Their duty is to report any broken seals or new equipment which has not been vetted by the Authority. They also check who had physical access to systems and if any equipment has been removed without prior permission. LGA official also visit the offices of gaming operators to meet with key officials, check the conduct of games and to ensure that all the staff employed by the licensee is licensed by the Authority.

Investigations

The Authority investigates a number of cases ranging from suspicious transactions to player complaints to non fairness or payment failures. The Authority is continuously carrying out operators' checks, on-site audit reviews and in-depth investigations to ensure that the requirements of the regulations are being fulfilled.

The LGA understands the importance of regulating effectively. It has established well defined procedures for the licensee to follow coupled with the implementation of its internal control mechanism to enable the constant monitoring of its licensee gaming activity. This is a critical function within its Regulatory Framework so as to provide assurance that gaming is kept free from crime and corruption, protects vulnerable players from excessive gaming and keeps minors out of gambling.



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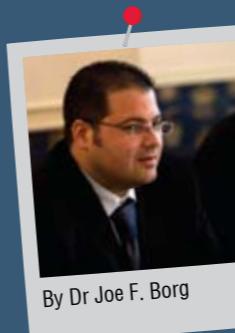
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THE KEY OFFICIAL THE GUARDIAN OF A REMOTE GAMING LICENCE



By Dr Joe F. Borg



By Dr. Edwina Licari

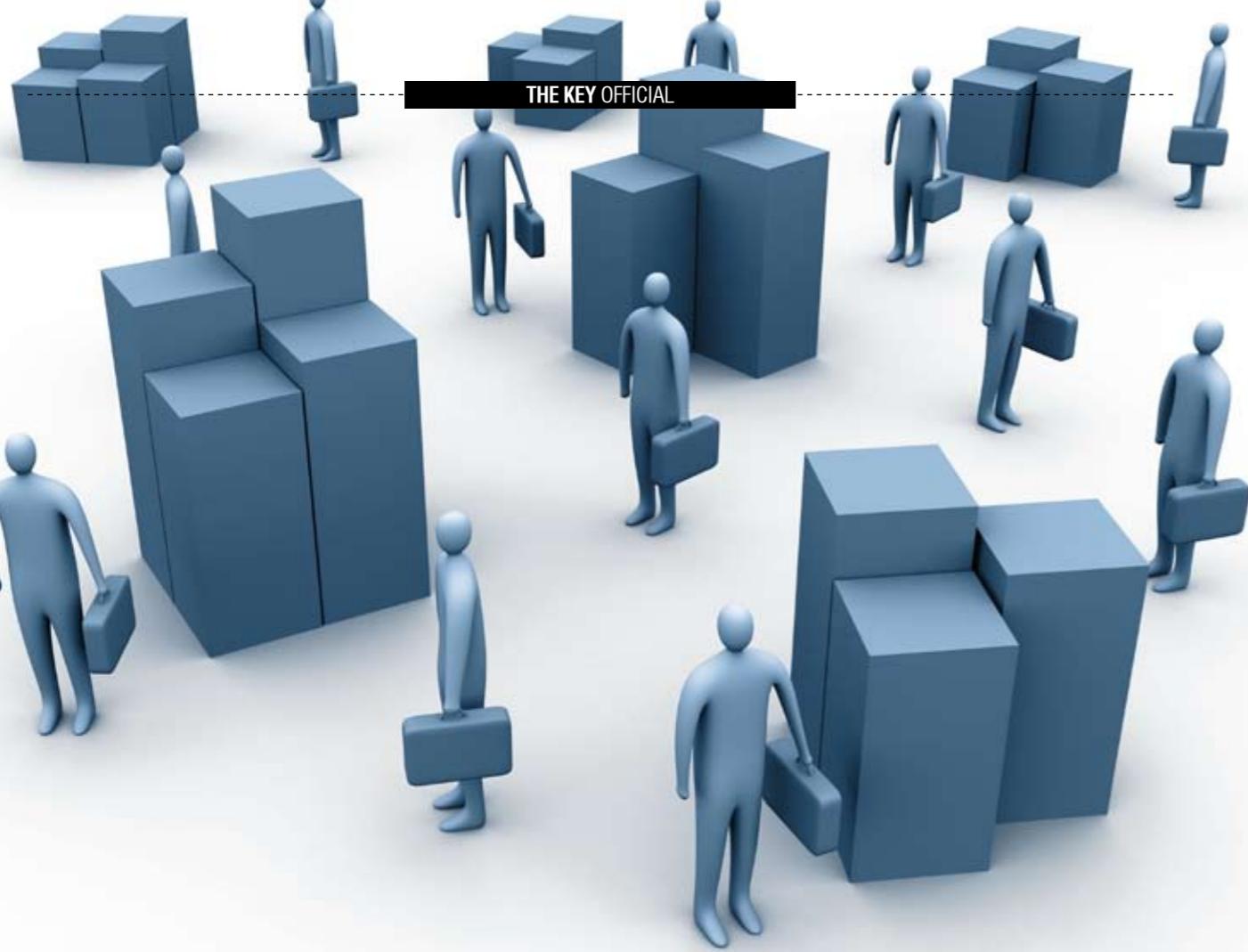
why Malta found itself at the forefront of the remote gaming industry, is primarily attributed to the fact that it has a solid and serious regulatory regime based on a set of regulations which ensure that gaming is provided in a fair, responsible and transparent manner, free from crime and money laundering. Furthermore, this legislative framework also includes all the necessary accountability measures, particularly aimed at protecting minors and vulnerable persons.

In fact, this is reflected in the remote gaming application process within the Lotteries and Gaming Authority (the 'Authority'), which on its part places huge emphasis on the individuals running the gaming operation, by implementing a number of checks, often seen as burdens by the applicants, to ensure integrity, responsibility and compliance on the part of licencees with the law, directives and conditions issued under a remote gaming licence in Malta.

The Key Official could be described as the guardian of a remote gaming licence as he or she is responsible to see that the operation is compliant with the Remote Gaming Regulations ('the Regulations').

Every licensee must appoint a Key Official before commencing its operations, and the individual to be chosen is at the discretion of the licensee and subject to the Authority's approval. The person occupying the role of Key Official is generally considered as the main point of contact between the Authority and the licensee and must therefore necessarily be readily available when required by the Authority. The Key Official oversees the licensed gaming operation, carrying due representation and hence being able to take decisions and respond to the obligations stipulated at law. It also creates a synergy of responsibilities for the obligations stipulated by law and a mechanism to resolve issues expeditiously, if and when they crop up with a high measure of accountability.

All the operations of the licensee should run through the Key Official and under his guidance. Furthermore, the breaching of obligations and the lack of scrutiny could be tantamount to a breach of the licence and hence constitutes one of the grounds for which a licence can be withdrawn by the Authority. ►



THE KEY OFFICIAL

The Key Official's term of office is indefinite and subsists throughout the licence term and beyond, unless it is suspended or cancelled by the Authority. Furthermore, a Key official licence cannot be surrendered unless prior written consent is obtained from the Authority, as clearance for such disengagement. This ensures accountability and responsibility throughout the term of the licence and beyond in the event of potential mishandling of player funds or other transactions.

Potential candidates must submit an application by means of the Official Approved Form issued by the Authority and present it together with a recent police conduct certificate, certified true copy of a birth certificate, a certified passport size photograph, a recent bankers' reference, a letter of appointment by the licensee, proof of the required involvement in the body corporate holding the remote gaming licence. The key official must meet certain criteria stipulated in the law and submit himself to probity checks in his personal and professional background. In fact, a Key Official must have a clean criminal record to be approved by the Authority and must also be a director

or partner, depending on the type of the nature of the licencee.

The Key Official must be able to access the information required by the Authority in a timely manner and must also be able to take the necessary decisions on the spur of the moment in order to assist the Authority to resolve and control potential problems. The Regulations do not limit this office to one person and hence a licensee may appoint more than one individual to sit as key official for any one remote gaming licence. Obviously, this would entail joint and several responsibilities, as well as equal and consistent knowledge of the gaming operation without distinction.

The Key official should be a person, who is carefully and diligently selected on the basis of trust. The Regulations do not preclude individuals from holding the position of Key Official with more than one licensed operator. However due to the high level responsibilities pertaining to this role and the access to the sensitive data in such a competitive industry, it is undesirable having one person holding this position with multiple licensees. In

fact, as a safeguard, the Authority requires a letter from the relevant licensees wherein it is declared that they have no reservations or objections to their key official holding this new position with this direct or indirect competing licensee.

A Key Official should be proactive and receptive to the Authority's exigencies by managing the gaming operation, professionally and by ensuring that all issues arising are by-passed through him and within his knowledge and under his guidance.

This is especially important in the light of the personal and legal liabilities at stake, since, a breach of the Regulations is considered to be an offence against the Primary Act (Cap 438 – Lotteries and Other Games Act). The penalties for such offences range from administrative fines to criminal sanctions which may include fines and/or imprisonment of up to two years. This is without prejudice to further obligations and responsibilities provided for in other laws of Malta, including Company law, Tax law and prevention of Money laundering laws, as well as any Regulations issued thereunder.

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LEGAL ISSUES



Managing Partner,
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By Dr. Andrew J. Zammit

A Snapshot of Malta's Legal and Regulatory Framework

These advantages could be summed up as follows:

- Accessible and forward-looking regulators having a pragmatic and pro-business approach;
- The possibility of formally "passporting" certain financial services activities into other EU jurisdictions, making Malta an ideal European base for business;
- A banking sector, composed of a combination of solid Maltese banks and major international banks, provide high standards of service with the support of the latest technologies;
- An educated, English-speaking workforce and dedicated, specialised professionals at competitive rates;
- Presence of all major audit firms; and
- A convenient Central European Time zone.



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COMPLIANCE CONSIDERATIONS



Founder and Managing Partner of WH Law

By Dr Olga Finkel

reconstruction or similar transaction. Every new equity holder of at least 5% of the post-transaction operational company must be approved by the LGA before the transaction is completed. While the law explicitly only mentions the approval of the direct shareholders, in our view, the above approval requirement applies also to those who will hold shares via other entities, so that every ultimate beneficial owner of at least 5% of the operational company must be approved in advance. The LGA carries due diligence on the acquiring beneficial owners in the same way as probity checks are done in the course of the licensing process. All relevant documents on the acquiring entities should be therefore provided to the LGA, clearly showing the connection, post-transaction, of each such entity to the operating gaming company.

Compliance considerations for mergers & acquisitions involving Malta-based online gaming licensees.

In any regulated business, compliance matters should always be given due importance in the course of a merger or an acquisition. Gaming business is not an exception. Given the maturing of the online gaming industry and the resulting increase in the number of merger & acquisition transactions, it is opportune to look into some compliance considerations relevant to the Malta-based LGA-licensed companies.

LGA approval of the new shareholding structure

When a Malta-licensed remote gaming operator is involved in a merger or an acquisition, whether as a seller or purchaser, one has to ensure that the entity that will continue remote gaming operation post-transaction has necessary approvals of the LGA. The law requires prior approval of the LGA for any sale of business of a remote gaming licensee and for every merger,

LGA approvals and consents as a condition precedent

A merger or an acquisition may be quite a complex transaction usually accomplished in a number of stages, which is finalised on a pre-agreed date of completion, after all prerequisites for the completion are fulfilled. It is clear that the transaction agreement between the parties should necessarily include, in the list of conditions precedent to completion, the necessary LGA approvals. One should also bear in mind that a copy of the sale and purchase agreement normally needs to be submitted to the LGA.

Complete systems' coverage by the licence

It is vital for the acquirer of a remote gaming operation to ensure that the remote gaming licence(s), which will be relied upon by the operational company post-transaction, covers the complete gaming operation. Unfortunately, the licence document itself does not give sufficient comfort to the acquirer, as it does not provide any detail of the approved operation, systems, games, policies and procedures. Accordingly, the seller's disclosures and the warranties related to the licence should be considered an important part of the transaction agreement. The disclosures should ideally include a detailed description of the approved operation and/or contain all submissions made to and approved by the LGA; while the warranties should include a warranty that the complete de facto gaming operation is covered by the licence, and, in particular, that all games, all employees and all business partners have been approved by the LGA. It is these contractual disclosures and warranties that the acquirer will rely upon in case any licence or regulatory deficiency transpires post-transaction. ►



Notification to the Office of Fair Competition

One should also evaluate whether notifications to the Malta's or another jurisdiction's competition (anti-trust) authorities are required under applicable merger control regulations. In Malta, any transaction which involves either a merger of two or more undertakings that were previously independent from each other or an acquisition by one or more undertakings (whether by purchase of securities or assets) of direct or indirect control of the whole or parts of another one or more undertakings (within Malta or outside Malta) is considered as a 'concentration' and has to be notified under the Control of Concentrations Regulations if (a) the aggregate turnover in Malta of all the undertakings concerned in the preceding financial year exceeded €2,329,373.40 and (b) each of the undertakings in the preceding financial year had in Malta at least 10% of the combined aggregate turnover of all the undertakings concerned.

If the above two criteria are satisfied, then the parties must notify the proposed transaction to the Office of Fair Competition (OFC) prior to its implementation. It will be up to the OFC to determine whether the proposed transaction is prohibited. While in most instances for remote gaming companies based in Malta the above will not be the case and, therefore, the transaction will not be prohibited, one has to keep in mind that a prior notification to OFC is still required if the above-mentioned two criteria are satisfied. It is recommended that competition law notification/clearance is also included, where relevant, in the condition precedent of the transaction agreement.

Conclusion

Since specific steps, approvals or measures that may be required, depend on the facts of the particular transaction, it is always advisable to seek legal assistance to ensure that all compliance issues are properly dealt with, so as not to prejudice the commercial value of the transaction.

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AN ANALYSIS OF THE BWIN LIGA CASE AND THE FUTURE OF INTERNET GAMING IN EUROPE

The decision taken by the European Court of Justice on the 8th of September 2009 is another landmark decision which needs to be added to the plethora of other landmark decisions which concern the gaming industry. Decisions such as Placanica, Gambelli and now the Bwin Liga Case, are part of a vast array of jurisprudence on the subject matter and have been the subject of much discussion over the years.

The ECJ, in its decision, held that the prohibition which Portuguese Legislation imposes on operators such as Bwin of offering games of chance via the internet may be regarded as compatible with the freedom to provide services. The Court held that Portuguese legislation does in fact constitute a restriction on the freedom to provide services; however such a restriction may be justified by overriding reasons relating to the public interest.

The Court, in delivering its judgment stated in Para.69 that "the mere fact that an operator such as Bwin lawfully offers services in that sector via the internet in another Member State, in which it is established and where it is in principle already subject to statutory conditions and controls on the part of the competent authorities in that State, cannot be regarded as amounting to a sufficient assurance that national consumers will be protected against the risks of fraud and crime, in the light of the difficulties liable to be encountered in such a context by the Authorities of the Member State of establishment in assessing the professional qualities and integrity of operators."

On its part, the Lotteries and Gaming Authority holds that such an assessment must be reasonably applied on a case by case basis. The remote gaming sector is one of the most dynamic and fastest growing gaming sectors in Malta. The sector dynamics of remote gaming coupled with the technological convergence created the need for a remodelled regulatory framework. The first on-line betting in Malta in the 2000, was established under the Public Lotto Ordinance (L.N. 34 of 2000), to regulate offshore betting offices. Since then LGA has developed its methodologies to regulate the procedures of remote gaming operations, and in April 2004, revamped Remote Gaming Regulations were published. Malta became the first EU member state to regulate Remote Gaming. There also exist a number of legislative Acts and Regulations which are applicable to the gaming industry. These include the Electronic Communications Act (Cap. 399), the Data Protection Act (Cap. 440), the Prevention of Money Laundering Act (Cap.373), the Prevention of Corruption (players) Act (Cap. 263) and the Prevention of Money Laundering and Funding of Terrorism Regulations (SL373/01). Furthermore, it is important to note that Malta has implemented in full the provisions of the Third EU Money Laundering Directive. Malta's advanced regulatory regime has also been recognized by the European Commission itself, through Commissioner McCreevy during a visit to the Authority in April 2008. ►



INTERNATIONAL FORA

It is important to take note that Malta has also joined the Eurozone, hence using the Euro as its currency. To become eligible, Malta had to pass through very rigorous checks and controls as established by the Copenhagen criteria. This it did successfully.

Maltese legislation vis-à-vis the Remote Gaming sector seeks to ensure the protection of minors and vulnerable persons, keeping gaming free from crime and money laundering and that the game itself is delivered fairly to the player. These three must be the guiding principles for proper regulation in the remote gaming sector.

From the above one can realize that Malta based operators are subject to strict access controls which include more than just professional qualities and integrity as referred to by the Courts in the Bwin Liga. Furthermore, Malta based operators remain subject to very rigorous checks, controls and interventional monitoring by the LGA.

One must also keep in mind that the ECJ itself stated that "*if the requirement to which the issue of a licence is subject coincided with the proofs and guarantees required in the state of establishment*" and required the Member State "*that it must take into account the evidence and guarantees already furnished by the provider of services for the pursuit of his activities in the Member State of his establishment*" (Webb (C-279/80). Furthermore, in Canal Satélite Digital (C-390/99) it was maintained that the "measures introduced by a Member State cannot be regarded as necessary to achieve the aim pursued if they essentially duplicate controls which have already been carried out in the context of other procedures, either in the same State or in another Member State".

Proper regulation and a strong regulatory structure need to be the cornerstones of every regulatory authority in the remote gaming sector. The LGA has such a structure in place, a structure which has been recognised on a number of occasions and which continues to ensure its position at the forefront of the remote gaming industry.

game on

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THE APPLICATION PROCESS



Director
- iGaming Services

By Vince Bezzina

A SERIOUS AND ROBUST APPLICATION PROCESS – A SERVICE PROVIDER'S PERSPECTIVE

The licensing process has evolved into a highly structured and detailed yet logical process which is actually quite simple. The process is made up of three main stages.

The first stage encompasses the business aspects of the application together with probity checks in the personal and professional lives of the individuals proposed to be heading it. The business plan and personal information on the share holders, directors or partners and other key personnel is at the core of this process. The type of gaming activity, the fairness of the games, as well as the risk to the operator are professionally scrutinized by the Lotteries and Gaming Authority (the 'LGA').

The second stage deals with the operational and technical side of the venture and all the relevant documentation is reviewed by the LGA at this stage. It is true that most of the information, which is requested by the LGA at this stage might give rise to doubts as to the reliability or otherwise of such statistics in view of the fact that certain data would be substantiated if collected once the operation has kicked off. However, one can appreciate the concerns of the LGA which as a serious and responsible regulator, requires the reassurance that the licensee will be able to run the business properly and in compliance with the Regulations.

The final stage is the compliance audit, which is initiated once the operator commences its operations, following due approval by the LGA. An independent auditor is then duly appointed by the LGA in order to assist in this review, and so as to collect information for the compilation of an official report accordingly. The primary aim of this audit is to verify that the information in the documentation presented during stage two is accurate and actually reflected in the implementation.. The feedback from the report, is then communicated to the LGA, who on its part notifies and guides the applicants on any inaccuracies or required corrections to be executed for full compliance with the law. Once all the issues are settled a license can then be issued. ►

THE APPLICATION PROCESS

The application process might be seen by some operators as excessively burdensome and lengthy. However, it must be appreciated that this process is fundamental. Some market players feel that the chronology of the abovementioned stages and the lengthy application process, may be too burdensome and somewhat hinder the business. While the LGA is receptive of these issues and is developing new streamlined business processes aimed at rendering the LGA more effective and efficient the perceived inefficiencies are often a result of incomplete, inaccurate or misleading information submitted by the applicant, which stalls the above process in view of the required rectification, before they can resume processing. The LGA, sometimes faces laid back inaccurate responses and this translates in unwanted further delays. It is not in the power of the applicant to make the LGA work faster for them, but it's certainly in the power of the applicant to avoid delays by present a proper and complete application to the LGA; my advice is that this is where the applicant should concentrate their energy.

One final advice is that the license application is **an end to a means**. I have noticed a number of applicants who by the time they achieve the license they are exhausted, frustrated and denude of funds. The LGA is interested in vibrant, successful gaming businesses operating responsibly and to high standards. Where this not the case, one would simply obtain the license and the ultimate success or demise of the business would be solely up to market forces. The applicant should therefore choose their business partners carefully, keep things in perspective, and focus on running a thriving stable, responsible business – which is all that is expected from them.

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CORPORATE SOCIAL RESPONSIBILITY

CSR



Head of Marketing,
e-Management Group

By Jonathan Dalli

CORPORATE SOCIAL RESPONSIBILITY IN THE E-GAMING INDUSTRY

Corporate Social Responsibility (CSR) in the e-Gaming industry is an issue that is taken very seriously by regulators and operators alike.

A responsible player is generally defined as a person, who makes a reasonable and conscious choice and acts in accordance with this choice; based on his/her individual desires and needs, as well as his/her awareness of the purpose of entertainment through regulated gaming. Looking for fun is implanted in human nature and can well be considered as an integral part of the natural development of humankind. The e-gaming industry, including the Malta Jurisdiction, responds to such a necessity, albeit in a regulated manner.

A good and reliable regulatory framework predominantly ensures the fulfilment of such needs and wants. When the fun element takes over and potentially goes beyond the limits of one's satisfaction, delving into deeper psychological layers; regulatory models come into play. E-gaming regulations envisage and subsequently implement various measures to prevent addiction to gambling and ensure players act in a responsible manner. Special attention in this respect is paid to the protection of the under-aged and juvenile.

Operators also have a stake, and some are also taking the initiative to issue CSR Reports, including and outlining contributions made to society at large, donations to charitable causes, their commitment to becoming environmentally conscious and friendly, and the ways of implementing systems to identify and support problem gamblers. Apart from recognising that this is the right thing to do, remote gaming operators who conduct their business responsibly are realising that this ultimately proves fundamental to their future success.

Thus responsible gaming is an integral part of the daily activity in a remote gaming company, particularly because the Internet in particular has opened access to the such companies 24 hours a day, 7 days a week, 365 days a year. Furthermore, as various forms of payments are accepted and access to e-gaming and betting companies is available from one's home PC or mobile phone, solutions such as age verifications, customer limited deposit / session limits have become increasingly important; as well as carefully planned marketing campaigns to ensure that the vulnerable are not targeted.

The uncontrolled advertising of games is another issue, as well as the mail-outs of wrong and possibly misleading advertisements, and adverts aimed and targeted towards the under-aged; as well as spam advertising.

The players' ongoing desire to have fun, the responsibility of the state through the regulator to establish the necessary levers on the limitation of such a possibility, as well as the implementation of a socially responsible model by the operators, serves as a basis for the development of a Responsible Gaming model.

With the Maltese Islands attracting a large number of licensees setting up shop in such jurisdiction as well as to capitalise on the competitive advantages that the Malta Jurisdiction has to offer, the Mediterranean island has unquestionably established itself as the hub of online gaming in Europe. It has however taken on board the issue of Responsible Gaming very seriously. The underestimation of such a potential problem will definitely affect the credibility of a gaming jurisdiction; and will also lead to a negative social attitude towards the industry and its key players.



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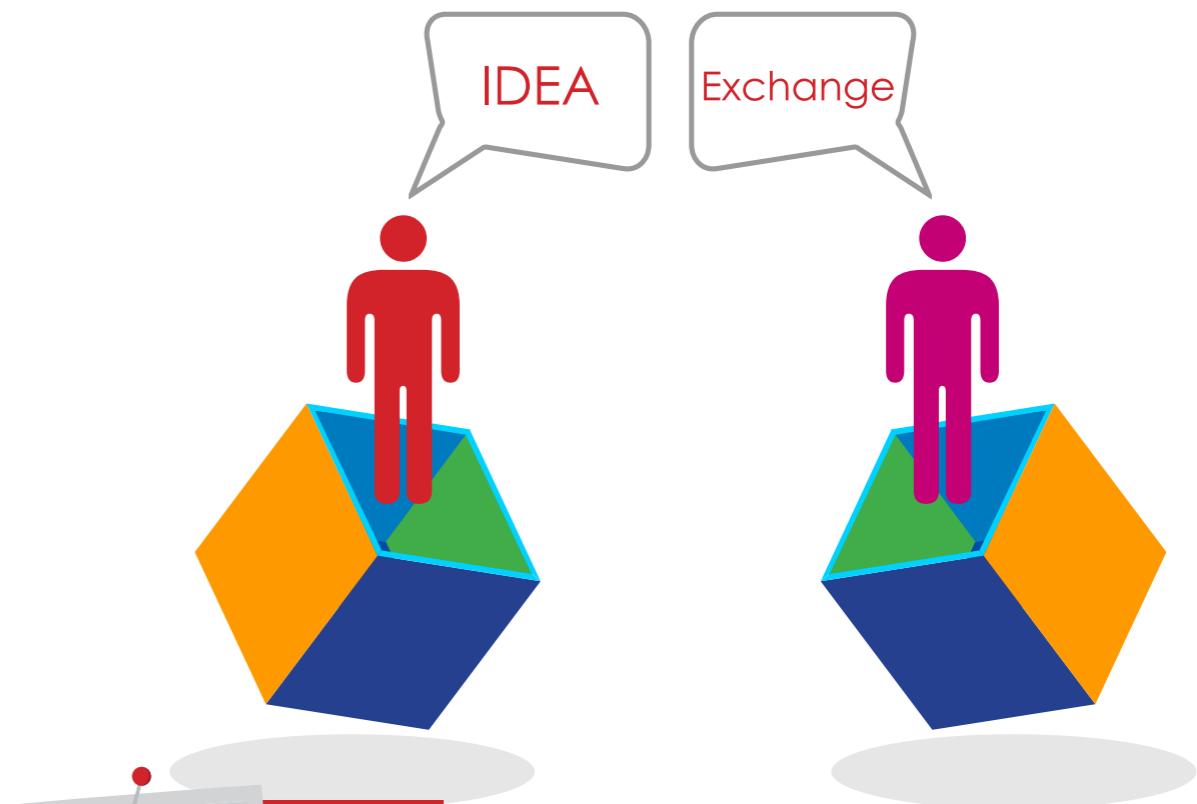
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MINIMISING YOUR RISKS



By Maria Micallef

MINIMISING YOUR RISKS

It is important to prospective operators interested in setting up a remote gaming business in Malta to get a number of key action points right at the outset to minimise risk and avoid waste of time, money and resources.

IDENTIFY SERVICE PROVIDERS THAT ARE KNOWLEDGEABLE, HONEST, SMART AND EFFICIENT

Engaging experienced service providers with the necessary competencies and expertise in the different subject matters is crucial to an operator's success. You need service providers that deliver well, on time and are well regarded in the industry. Ideally the service provider should have the necessary specialists and experts in the different fields to ensure that potential investors interested in setting up a remote gaming business in Malta are given sound

practical advice and service at reasonable cost. Watch out for initial cheap solutions as these usually turn out to be costly in the long term.

OBTAI THE RIGHT GAME LICENSE IN THE SHORTEST TIME POSSIBLE

Service provider assistance to prospective operators should start by obtaining an understanding of the business model being proposed to enable the service provider to advise on the category of licence (out of the four available) that the client should apply for. Whereas most cases are fairly simple and straightforward to determine, some others require more thought and understanding. This is where a service provider with thorough knowledge of the regulations and experience in this sector proves useful. It could also help if the service provider

can project manage the LGA application process for the operator and review all forms and documents to be submitted to ensure that these are in line with LGA requirements. Close contact with the LGA would help to ensure efficient follow up on queries received to move the process forward as efficiently as possible.

Malta has managed to establish a highly competitive tax regime within a strongly regulated environment that is compliant with EU directives. A well thought out tax structure will ensure that full benefit is made of fiscal incentives and opportunities available and help maintain tax liabilities to a minimum taking into consideration their specific circumstances. It is important to have the right structure in place at the outset as parameters may not be so easily changed once the business has started operations. ►

MINIMISING YOUR RISKS

IDENTIFY THE MOST APPROPRIATE TAX EFFICIENT STRUCTURE AT THE OUTSET

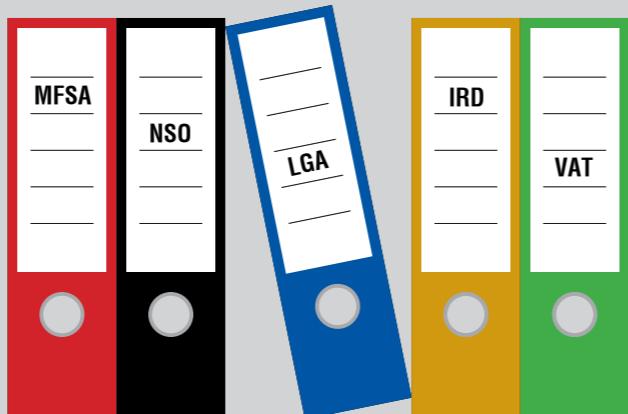
It is also essential to consider indirect taxation including value added tax which if not managed well and in line with legislation may well turn out to be a nightmare to the gaming operator.

Every licensee has to appoint a key official whose responsibility is to ensure that the remote gaming operator is abiding by the conditions of the licence, local gaming regulations and other pertinent legislation. This role is comparable to that of a compliance officer within financial services sector companies. An operator cannot afford to ignore this important role because if it is not well executed it will increase the risk of transgressions which in turn could lead to penalties and fines and in extreme cases removal of the licence. There are today service providers that have a dedicated remote gaming compliance unit to provide key official support services to the remote gaming operators.

DON'T UNDERESTIMATE THE IMPORTANCE OF THE KEY OFFICIAL'S ROLE

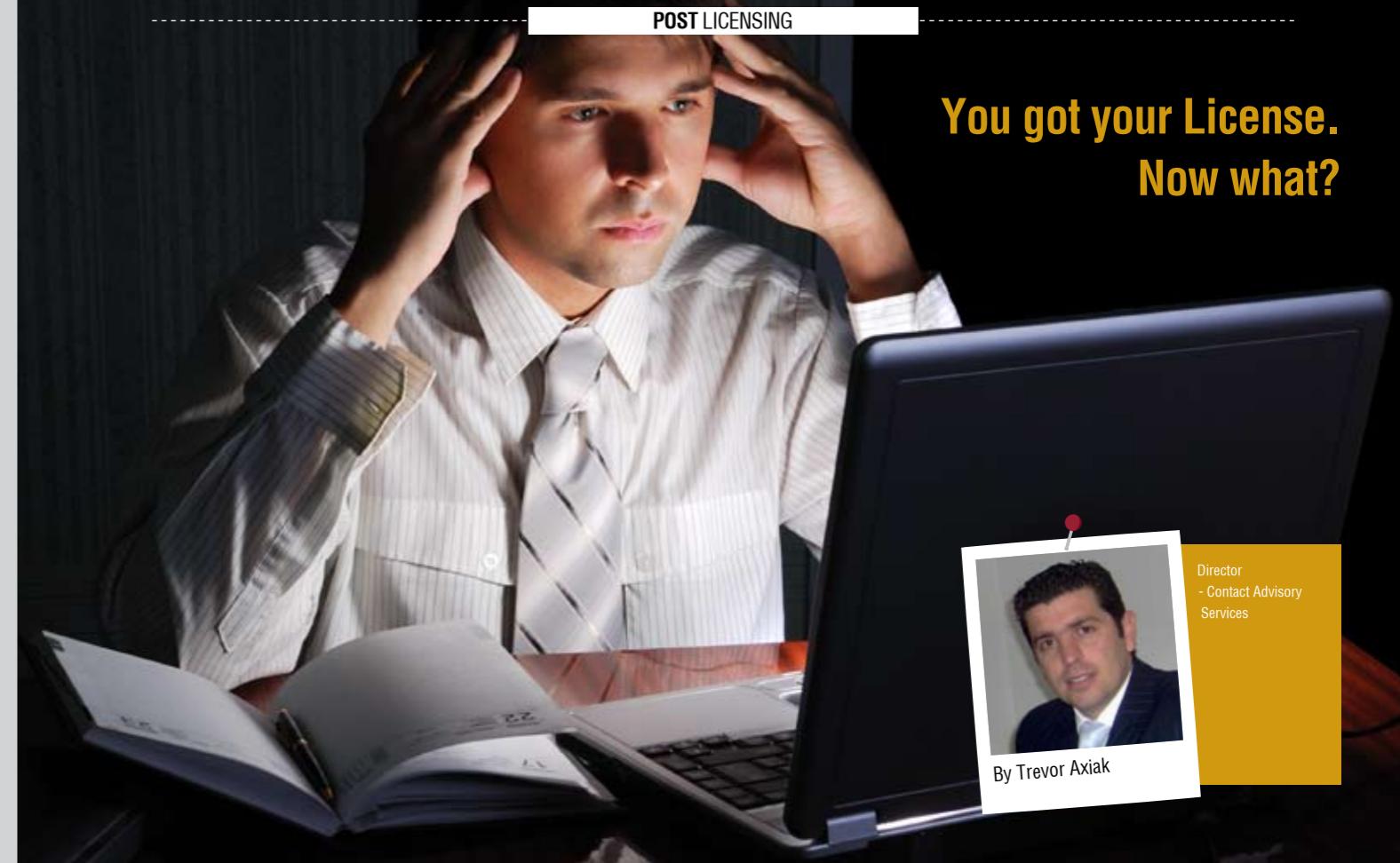
Operators have various reporting and filing obligations with different local authorities and government departments including LGA, MFSA, NSO, tax and VAT departments. These obligations have to be met not ignored if the operator wants to be taken seriously and wants to facilitate a harmonious relationship with the entities concerned. Interested parties are encouraged to contact the partner in charge of services provided to remote gaming clients, Maria Micallef, maria.micallef@rsmmalta.com.mt

ENSURE PERTINENT RETURNS / DOCS ARE COMPILED ACCURATELY & FILED WITH APPROPRIATE BODIES ON TIME



POST LICENSING

**You got your License.
Now what?**



Director
- Contact Advisory Services

By Trevor Axiaik

Number. This proves that a person is registered as an employee and is used in all future correspondence and matters relating to employees with the relevant authorities. All employees in the gaming sector working in Malta need to be pass through a due diligence process performed by the Lotteries and Gaming Authority. Where expatriates are being employed, an Employment License is also required. This is even more important when NON EU nationals seek employment in Malta.

The Lotteries and Gaming Authority also requests the submission of monthly reports and the payment of the gaming tax due. Reporting depends on the class of license. Ensuring that the gaming system can produce such reports is imperative to meet your obligations under the license.

Internet banking facilitates your financial monitoring and allows efficient payment to service providers and employees alike.

For all Malta registered companies, financial statements need to be prepared and audited on an annual basis. There exist no exemptions. Besides this obligation, the Lotteries & Gaming Authority also

requires the production of half-yearly accounts which must be submitted within two months from the end of such term. It is important that said accounts are updated on a regular basis so as to enable you to meet the various obligations imposed.

Registering your business for VAT is also another important requirement which takes special relevance as of 1st January 2010. Ensuring that you are registered on time and that you meet all the obligations as and when they fall due means that you will not be liable to penalties and charges.

In accordance with the data protection legislation you are obliged to annually notify the commissioner on the nature of the data you process and to which countries it is transmitted.

These are just a few of the matters that need to be handled once the license is granted and the operation kicks off. A license is an ongoing responsibility not only from a compliance point of view but also from an operational stand point.

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Dr. Olga Finkel
Managing Partner

WH Law is a niche legal practice focused on offering legal and regulatory advice and assistance to technology-intensive businesses. We primarily service companies engaged in remote gaming, e-payments, software development, telecoms, and digital content creation and distribution amongst others.

We focus on the client's business, goals and strategy and provide all necessary skill and expertise to support them. To deliver on our promise, we bring together a multi-disciplinary team of enthusiastic, results-oriented professionals with industry specific experience. Our team includes gaming, IT, IP and corporate lawyers, M&A specialists, competition economics experts, together with computer specialists in the field of high performance systems, transaction processing, security networking and search engine optimisation.

WH Law has accumulated valuable experience in servicing the remote gaming industry. It is our satisfaction that in the gaming segment the firm acts for a considerable number of gaming companies, including some of the most successful global operators, as well as for white labels and affiliates.

While we have an extensive network of contacts, we focus on our core business and remain independent, which means you can rely on our advice in helping you to find most suitable service provider in other areas of expertise depending on your requirements.





SIMPLIFYING THE AUDIT PROCESS



Executive,
Fenflex Group

Once you reach the audit stage for your remote gaming licence, you have probably passed through some tough months. A comprehensive application process entails a considerable amount of paperwork, endless discussions with website developers and graphic designers, technical issues that, needless to say, pop up when one is ready to go live, and finally the day of the compliance audit – the final step of the licence application process.

In order to test whether the operator complies with the rules and regulations of the Lotteries & Gaming Authority, an auditor will have a close look at the front and back end applications as well as how one manages and maintains policies and procedures. Applicants tend to be concerned of this final test. There is nothing to be anxious of; it is an excellent way for applicants to have their systems checked by qualified system auditors.

Experience teaches us that for a quick and efficient audit meeting it is paramount that one prepares well in advance. An efficient operation will anyway have its own internal audit and most organisations also engage external expertise to have systems tested for security and/or vulnerability issues. All this work done prior to launch is preparation for your audit - compile a file with all system tests carried out as well as the reports received.

Further documentation required would include copies of all agreements with all third parties which may impact the gaming or control system such as the agreement with the equipment hosting providers, payment processors as well as any other contract where functions are outsourced, clearly outlining the responsibilities to be carried out by such providers. In fact it is highly recommended that one prepares a hard copy (and a soft copy to give to the auditor) of all the approved documents presented to the LGA at Stage 2 and have these at the audit together with the compliance questionnaire that needs to be filled in for each licence application.

Satisfying compliance regulations and reducing the risk of security breaches are among the top security challenges online gaming companies face. Security risks to the online gaming software can considerably hurt your business, since they threaten the effectiveness of an online gaming sites' performance and can potentially limit gaming availability.

The audit process looks at these risks and their potential impact on your site.

One also needs to ensure that reporting from the back end of the system is strong. There are monthly reporting obligations to the LGA. Ensure these can be produced. Backup and disaster recovery procedures will also be reviewed.

Prior to the audit, one will be requested to set up an account for the auditor who will log on and play on the site to see that it operates in accordance with the regulations and with your procedures as presented to the LGA. Ensure you do not slip up on the simple things. Have the number of your letter of intent and the LGA logo on the site; ensure you have the necessary texts required by the regulations in all the right places.

After the certification process, that is required for issue of the full five year licence, the gaming system need not be tested regularly, but compliance is not defined by a one off audit - there will be follow up audits by the Gaming Authority when deemed prudent. It is good practice to have your own internal compliance officer and test your own systems internally from time to time. One also needs to keep in mind that as one goes live any significant changes to the live gaming system require approval by LGA before they can be introduced.

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Malta established itself as one of the most attractive and reputable Financial Services centers Europe-wide. Malta's membership in the EU and more recently the Eurozone give Malta the competitive edge and concurrently impose the necessary obligations to meet and maintain the required standards which are essential to instill the adequate security in investors. Malta in fact, is white listed by the Organisation for Economic Co-operation & Development (OECD) and has fully adopted the 3rd EU Anti-moneylaundering Directive. A tax efficient environment, availability of the necessary human resources and reduced costs of back office operation also contribute to Malta's success.

In fact, one of the features which is particularly attractive to gaming licencees is the taxation of their Malta registered companies. In fact, besides paying their gaming taxes, Malta based gaming licencees must also pay tax on their profits. However, Maltese tax legislation provides a number of incentives for shareholders of Malta companies.

Under Malta's tax system a company is considered resident in Malta if it is incorporated in Malta or, in the case of a foreign body of persons, if its control and management are exercised in Malta. Companies resident in Malta are liable to a flat rate of taxation of 35% on all their worldwide income. Malta implements the full imputation system which means that dividends will not be taxed again in the hands of the shareholder. There is no withholding tax on dividends.



Partner,
EMD Advocates

By Dr Tonio Ellul

Tax Refunds

Upon a distribution of a dividend, shareholders are entitled to a 6/7ths refund of the total tax paid, including any overseas tax paid. The total tax refund will, however, be limited to the amount of Malta tax paid.

The refund is reduced to 5/7ths if the dividend is distributed out of profits which have derived from passive interests or royalties (that is, not derived directly or indirectly from a trade or business).

A tax refund of 2/3rds of the total tax is due where dividends are distributed out of income derived from foreign sources and the Malta Company effecting the dividend distribution has claimed relief from double taxation. If the Malta Company claims the flat-rate foreign tax credit, (see below) the tax refund will be limited to 2/3rds of the Malta tax paid.

Taxation of Maltese companies

Relief from Double Taxation

Relief from double taxation of foreign source income is, under Maltese legislation, available through four types of relief.

1. Double tax treaty relief takes the form of a credit which is granted against the tax paid in a country with which Malta has concluded a treaty.
2. Unilateral relief applies solely where treaty relief cannot be availed of. This form of relief also extends to the foreign tax paid by the company on the distributed profits.
3. Commonwealth income tax relief is relief granted for taxes paid to British Commonwealth countries.
4. The flat-rate foreign tax credit (available only to companies) applies where the other forms of relief from double taxation are not available, including where there is no evidence of foreign tax suffered. This credit is calculated at 25% of the amount of overseas income received by the company before deductions.

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OUTSOURCING OF SYSTEMS INTEGRATION

By Keith Fearne
Managing Director - ICT Solutions

In any modern business entity, irrespective of the nature of its business, there is today one focus: **that of quickly moving up the maturity level of ICT deployment**. The push is to move away from a number of systems and platforms operating in silos and considered purely as a "technology stack", to one where an integrated ICT solution is considered an integral part of business strategy, and where systems and application deployment are driven by business requirements.

Achieving this requires a number of steps:

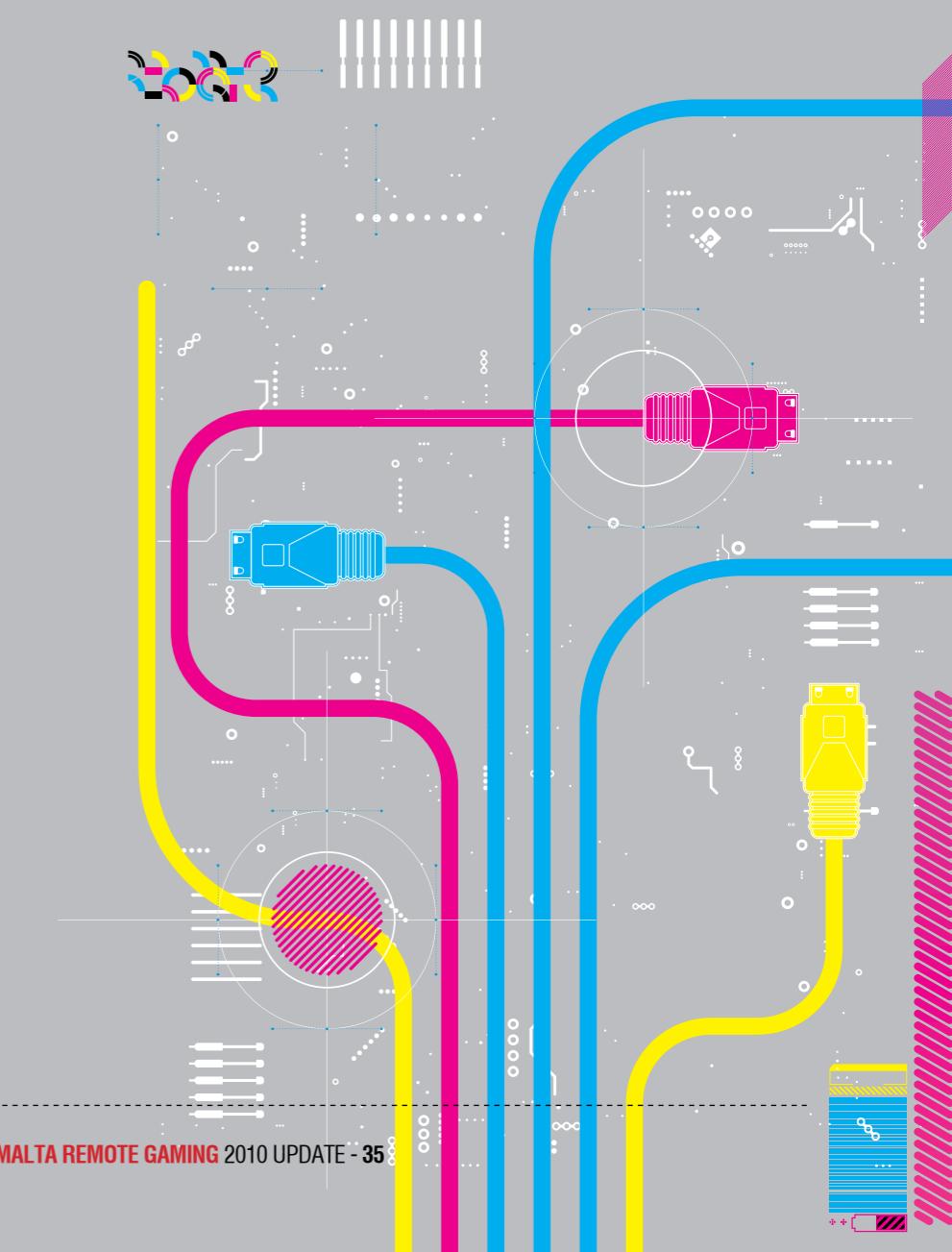
1. A proper ICT strategy needs to be put in place which mirrors the business strategy of the company
2. An ICT governance program needs to be implemented to ensure that the strategy is implemented in line with best practice norms, and that performance is monitored and measured

One of the key deliverables of the strategy formulation is to formalise an architecture, which usually covers;

1. Server and operating systems consolidated platforms
2. Network architecture
3. Database architecture
4. Vertical business applications
5. Business Intelligence platform
6. Business process automation
7. CRM
8. Finance
9. Unified Communications platform
10. Web presence
11. Security
12. Reliability and Disaster recovery

In defining and implementing this architecture, the key is to see how closely these systems can be integrated, so that full process automation can be achieved, saving on costs and making the organisation more efficient. The role of a systems integrator is to help companies, deploy systems and applications in a way that ensures that they get the highest level

Keith Fearne is the Managing Director of ICT Solutions , a leading systems integrator in Malta. The quality and commitment of the ICT team is the company's main strength and ensures that the company always DELIVERS to customer expectations.



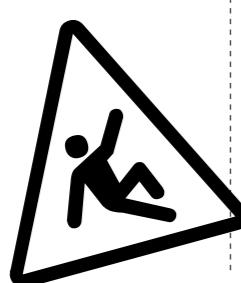
MRGC – Promoting Responsible Gaming



By Daniela Grioli

An addiction to, or obsession with, something is a condition that is a concern for those around the persons affected and by society in general. Such conditions lead to serious problems within families, with friends and it also boils over to society becoming a cause for concern to the general public. The majority of people are able to enjoy the things around them without getting addicted or obsessed.

However, there is always that small percentage that tend to be unable to control themselves and end up losing control and get addicted.



We've all heard of adrenalin junkies, shopaholics, chocoholics, compulsive eaters, speed junkies, bookworms, etc. These people need help to identify the fact that they have a problem; they need to know what to do if they do have a problem and have to be pointed in the right direction for assistance to combat their problem.

First of all we must understand that everyone has a right to smoke, drink, shop freely, indulge in their hobbies (as long as they are legal!!), and also to gamble and/or bet amongst other things. The laws of countries do impose limitations on age, location, seasonal restrictions (e.g. hunting) whilst some religions do not allow alcohol, pornography, gambling and even charging or paying interest on money. Some countries even block websites which allow freedom of speech. Who is right; who is wrong? All we can say for sure is that in modern, civilized societies people are permitted as much freedom as possible to live their lives as they choose within the parameters of the law and where no danger is posed to other members of society. We have learned how to accept euthanasia, same sex marriages, abortion, divorce and other activities or actions previously thought to be unacceptable to our culture. Of course certain factions of society and certain religions still oppose a number of these issues, however, they are still deemed to be legal if carried out within the specified parameters of the laws of that country. Why

are we talking about these things? What have they got to do with gaming? The only reason we are mentioning them is to put the whole matter of online gaming into proper perspective so that certain biases are overcome before we can seriously talk about responsible online gaming, the right to offer online gaming products and protection of vulnerable persons.

Gambling is all about risking something of value to win something else of value, normally of greater value. People do it because it gives them a buzz; an adrenalin rush, and ... Gambling is not only playing at roulette or playing slot machines or betting on football or horses.

Every week people who say they don't like gambling buy lottery tickets, play bingo at the local band club, play rummy at home with friends, buy raffle tickets, and a number of other ways of creating their own rush. These people could be said to be in control of their emotions and spend only the money they can afford. They are in general responsible gamblers. You do however get the odd persons who buy more lotto or lottery tickets that they can really afford hoping they can win the big prize, sometimes at the expense of skipping basic necessities for the family!



The fear of the online gambling phenomenon has been created for a number of reasons, most of them politically and financially motivated, without any scientific studies whatsoever to back these claims. The main excuse used by those opposed to the industry is that online gambling has brought gambling into the home and will lead to greater addiction and consequently more problem gamblers will be created to the detriment of the families and society in general. There is no scientific study to substantiate these claims. On the contrary the latest studies have shown that there has been no increase. Without a doubt, more serious studies need to be carried out to determine whether online gambling has increased the problems related to gambling addiction. The jury is still out on this one. However, everyone agrees that gambling can be a problem and needs to be handled with care.

That is why strict and sensible regulations need to be implemented and followed. Prohibition is not a solution and will only create an underground industry that will be ruthless and will encourage excessive gambling without any code of ethics or any respect for a person's right to quit and seek assistance.

Responsible gaming is a matter taken very seriously by the Lotteries and Gaming Authority of Malta and also by the Malta Remote Gaming Council. There are a number of measures that an operator holding a Maltese license is required to implement. The MRGC also encourages its members to take responsible gaming extremely seriously and has reached an agreement with internationally respected and well reputed specialists to provide various workshops for its members on the subject.

The first measure implemented in the Maltese regulations is that operators are required to carry out age verification checks on registered players and not allow persons below the age of 18 to register and play (whether for real cash or for play money). Operators are also required to have responsible gaming messages on their home page and links to organisations that provide assistance to problem gamblers.



These measures are only the first steps to advise customers about the risks of gambling and also how they can identify if they have a problem and what they can do and whom they can contact in order to get any assistance they need.



The regulations go even further and require that the actual gaming products offered by their licensees provide their customers with the possibility to restrict the monies they gamble and the amount of time spent playing online. These are definitely of benefit to players who find it hard to control themselves but would still like to enjoy online gaming. The controls they can implement to protect themselves depend mainly on the type of online gaming product they enjoy. Casino games, such as slot machines and roulette tend to be the repetitive type where the player loses track of time and money that they are wagering. These types of products are required to have a reality check available which is a pop up that stops play; informs the player of the amount of time he has been playing; and how much he has won and/or lost. He is also then required to confirm whether he wants to carry on playing or not. This type of control cannot, for example, be implemented in a poker or skill games environment, and is not as necessary as these games have stops between one game and another and the player is very conscious of wins and losses and his balance.

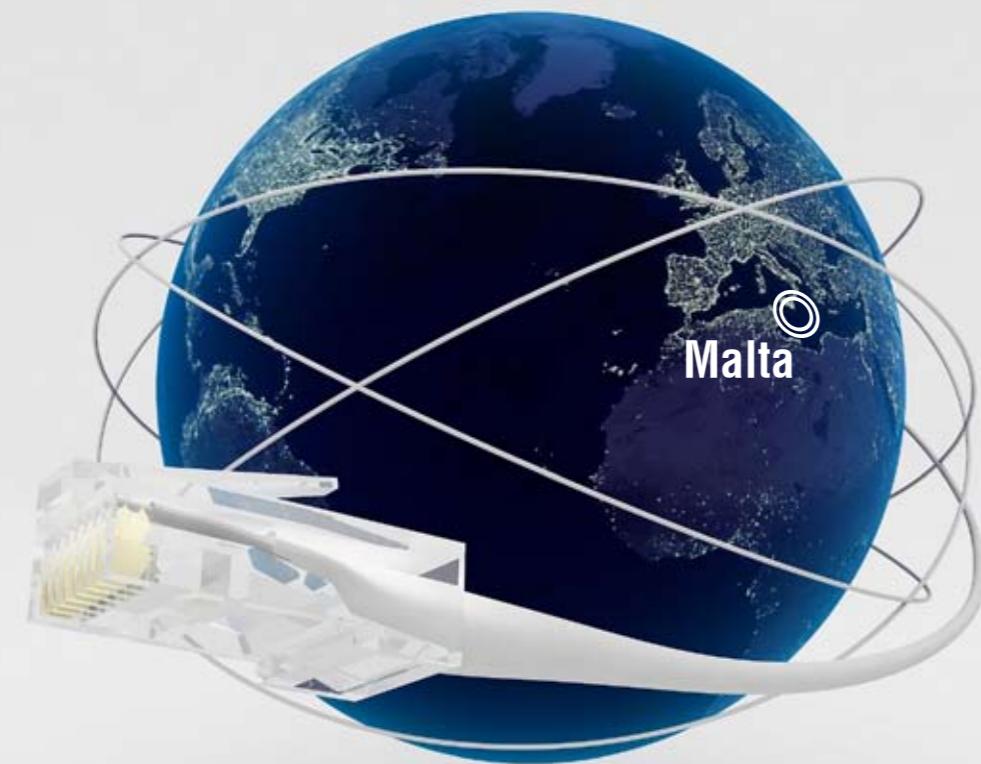
These controls do not apply to sports betting environments either. To protect players who prefer betting on sports betting other measures such as bet limits and limits on losses for a period of time are normally implemented and are just as effective. Poker and skill games players normally would only use the limit on losses measure, or totally bar (self-banning) themselves from playing at all for a definite or indefinite period of time. Another measure to protect problem gamblers is to stop them from removing any self imposed limits is to restrict them from removing said limits before a cooling off period has expired.

Apart from the above measures, although not specifically required by law, training of the employees who deal directly with these types of customers on how to handle them is also a positive step being taken by the larger operators who encounter these types of problems more frequently.

The above type of measures, apart from the self-banning and age limitation, cannot be imposed in a land based environment. Recent research has also showed that private operators are taking responsible gaming more seriously and have implemented more measures than in most state run monopolies.

The MRGC has provided a number of workshops for such training to members and non-members at a highly subsidized price throughout the year 2009. The possibility of negotiating similar deals with organisations specialising in the provision of such training is being considered for 2010. The MRGC may also consider imposing responsible gaming training on its members in the future, such as its commitment to promoting responsible gaming amongst the Maltese licensed operators.





Malta – A Regional Centre for ICT Excellence



By MaltaEnterprise

From software development to iGaming and eCommerce, Malta's ICT sector is gaining a solid reputation for excellence that is wowing the international industry and attracting huge investment.

Ten years ago, when Malta's government announced that they intended to turn Malta into the regional centre for IT excellence, few would have guessed how swiftly they would achieve this ambitious goal. Today, however, with the US\$300 million SmartCity project inaugurated last year and a host of new ICT sub-sectors already contributing significantly to the country's economic transformation, it's clear that the determination behind the ambition has paid off.

The core of the industry is to be found in the growing number of software development companies that have migrated to Malta over the last ten years. Industry giants such as Oracle, Microsoft, HP and SAP have all established operations on the island, while more specialized software developers such as Crimsonwing, Uniblue, GFI, Anvil, 2i and RS2 have equally found the island to be a profitable and productive location.

The island's pro business environment and favourable IT infrastructure is proving to be a very attractive proposition for IT companies across all fields. Adding to the island's attractiveness is its close proximity to most European business centres, its highly qualified English-speaking workforce and a cost base that is 30% cheaper than other European locations. ►

Apart from SmartCity@Malta, the most flamboyant success story of the sector is iGaming. Launched fairly quietly along with ground-breaking and highly sophisticated dedicated legislation just a few years ago, within months it was attracting some of the biggest headliners to move to Malta, including Betfair, Expekt, Unibet, Interwetten and CBM Bookmakers and today hosts 10% of all iGaming companies in the world. Respected across the world for its excellent regulatory framework and reliable infrastructure, Malta's iGaming sector is already providing government with unprecedented revenues in taxes and licence fees, an income that is likely to go up as the registration of new companies every day adds further to the strength of this sector.

With hundreds of IT graduates emerging from Malta's educational institutions every year, the country is able to provide qualified personnel for all levels of staffing. In the meantime, Malta's ICT infrastructure is now one of the most sophisticated and reliable ICT frameworks in Europe. In addition, international connectivity has been expanded significantly, with three operators providing international gateway services, and providing considerable security to organizations, such as iGaming and eCommerce companies, based in Malta that rely heavily on being connected 24 hours a day.

The ICT industry in Malta is going through an exciting period of consolidation, expansion and validation. New investors such as Tecom, who also bought up government's remaining shares in the state-owned telephone company Maltacom, now renamed Go, have brought fresh dynamism and an injection of much more than just funds. In choosing to locate SmartCity in Malta they have given Malta the type of international recognition it needs to develop its ICT industry further and expand its potential to the maximum. And for a country determined to win the title 'Regional Centre of ICT Excellence', there could be no better international endorsement.



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LETTINGS



New Web Trends celebrating New Year

A round-up of some sites and tools set to make an impact in 2010.



Founder and Director
ICON

There's nothing like a new year to get us predicting, but it's hard to predict what will make waves six months hence in the fast-moving web world. We make a short-hand stab at it here however. The main tools we'll be using in work and play stem from Web 3.0. If you weren't aware, Web 3.0 is all about recommendations, free services, intelligent search, and information that is tailored and delivered in real time.

And breathing life into Web 3.0 are: (1) location-based services – it's all about giving us hyper-local info; (2) sharing – not just of tips, recommendation and friends; (3) the audio-visual web; and (4) personalisation. Here are some examples of these in action. Not all are in Malta yet, but it's only a matter of time.

- Mobile applications** are adept at giving us hyperlocal info, but now they're getting more intelligent. Loopt.com, for example, merges social networking with location-based services to give you a 'social compass' that pinpoints your mobile friends nearby.

- Collaboration on the cloud:** Most of us know Slideshare.net, but now comes cloud computing version 280slides.com, which lets us not just share, but also create and collaborate on a slide deck on the Cloud.

- Audio-visual gets personal:** Songkick.com tells you where your favourite group's next gig is based on your music library. It's 'the world's biggest concert database'. While Blip.fm is a kind of 'twitter for music'; it lets you create a social network based on your choices and recommendations.

- New intermediaries:** Cut out the hassle of loading your friends' lists onto the many Facebooks of this world with Power.com, which puts 'all your friends in one place'. It isn't on good terms with Facebook, but if it survives, it will save us all a lot of time.



By Theresa Zahra

BEHIND THE SCENES OF A LIVE GAMING ENVIRONMENT

WHAT HAPPENS BEHIND THE SCENES OF A LIVE GAMING ENVIRONMENT IN MALTA?

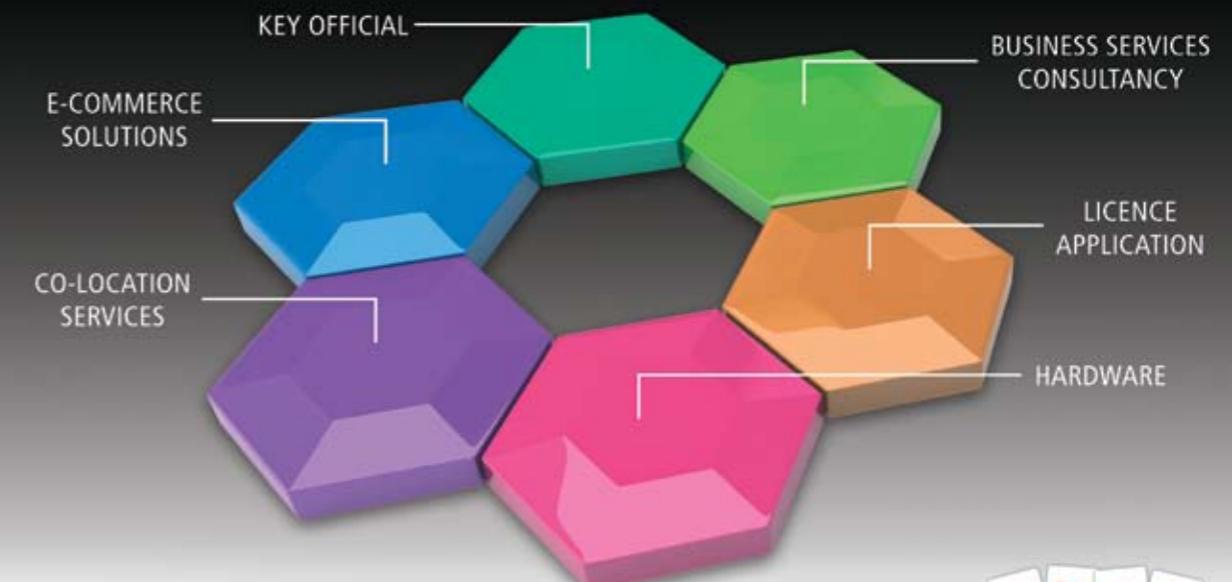


The fascinating world of live gaming entertainment on the island of Malta unfolds amidst professional studios, cameras, croupiers, live feeds and streaming. The game takes place in a secured studio space featuring latest technology such as fixed cameras, studio lights and audio. A fixed set is designed to accommodate the different games offered to the player. A number of table games are set in the studio, some having a croupier heading the table.

Other types of live gaming include lotteries and bingos as well as automated tables. However, before we begin enjoying the results of our efforts, we need to consult our IT expert to guide us through the complexities of streaming over ip. The IT part of live gaming entertainment is the part where a communication channel between the player and the croupier is set. This environment offers total interaction with the croupier, whereby the player can see, hear and give instructions during the game.

These services offered on the island of Malta are backed up by a regulation allowing most forms of gaming, making it an ideal spot where to base a live gaming environment.

Apply for your remote gaming licence... **online!**



iGaming Services Malta has placed the entire licence application procedure online. This makes the application process faster, more efficient and cost effective while helping the applicant stay fully involved. Both Stage 1 and Stage 2 have been made available online. Even when the licence is obtained and operations start, the online tools help the licensee stay compliant with regulatory requirements.



PROPERTY LETTING IN MALTA

Choosing the right locality

When relocating to Malta choosing the right locality according to one's personal needs is extremely important. The highest number of properties for short term and long term lets are situated in the Sliema, St Julians, Gzira and Msida areas. In these areas one can find a substantial number of luxury seafront apartments, penthouses and maisonettes. Also in the vicinity, Swieqi and Madliena offer good quality properties for letting where, since they are located further inland the prices here tend to be slightly more reasonable.

The Sliema, St Julians and Swieqi areas are extremely convenient for individuals working in the igaming industry as most of the companies in this sector are based in this area. This would mean less travelling and in some cases employees can actually walk to their place of work. Furthermore this area boasts of some of the best shopping and entertainment facilities on the island therefore, living in this part of the island could create a huge cost saving as one would not need to commute by car to his or her place of work or to spend the evening out.



Head of Letting,
Dhalia Real Estate

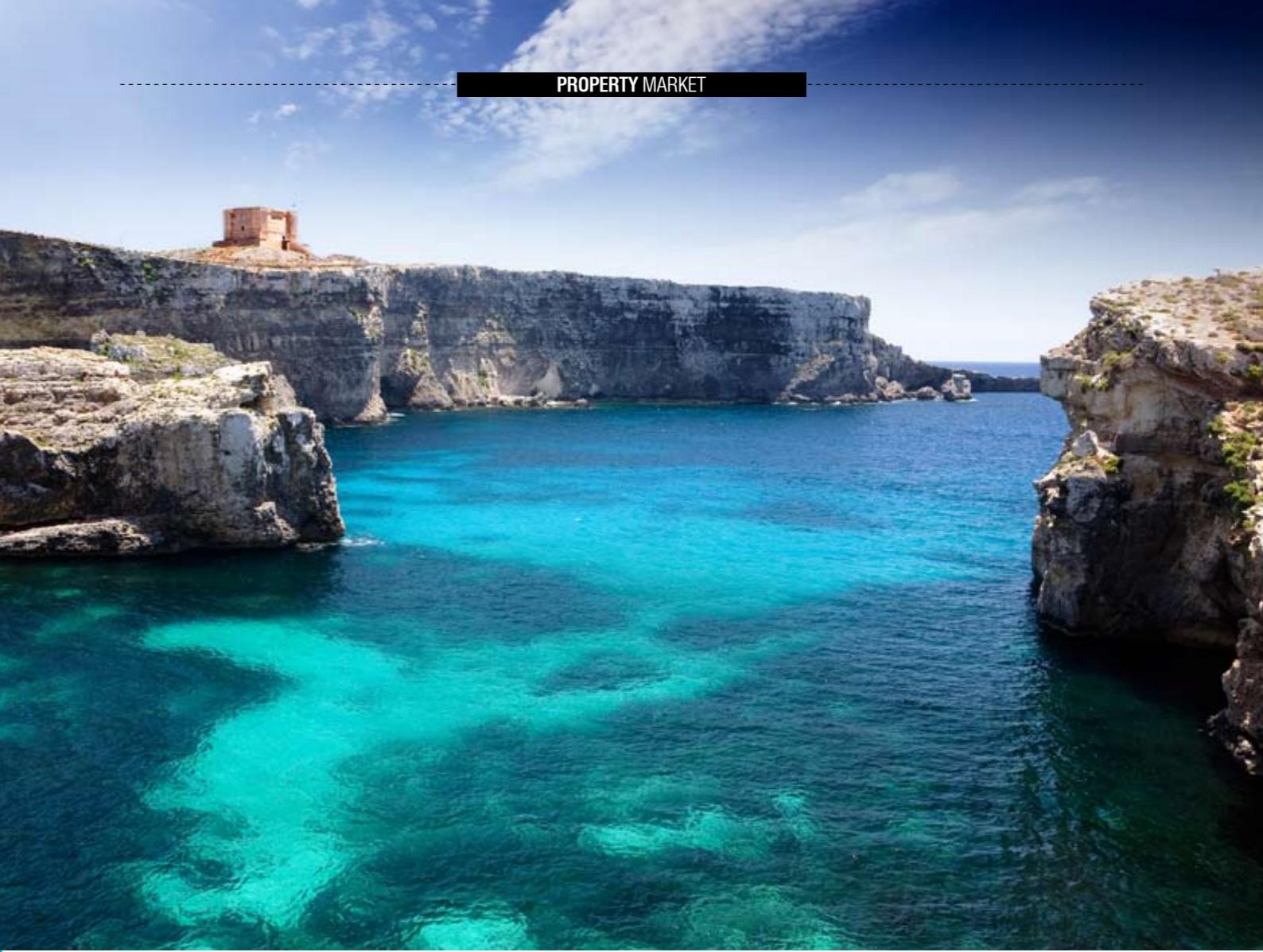
Long-term and short-term property letting has in recent years increased in popularity in Malta. In the past two years Malta has seen an increase of 35% and 20% respectively.

The increase in long-term letting is the result of a number of factors and trends. The primary source of the increase in demand is the result of a huge influx of expatriates including employees in the igaming industry wanting to reside or relocate to Malta for business. With the number of investment opportunities taking place in Malta, together with a significant increase of good quality properties, the letting market is expected to continue to boom in the coming years.

The demand for short-term letting has also seen a steady growth in the past two years. This demand mostly comes from overseas visitors and tourists looking for self-catering accommodation, foreigners working for short term contracts in various sectors of Maltese industry, and individuals either in the process of refurbishing their home, or have sold their property and have not found the property of their choice.



If on the other hand one prefers a more relaxed environment and is willing to commute by car to work on a daily basis, the northern part of the island including St Paul' Bay, Qawra and Mellieha as well as the southern tip M'scala, B'bugia and M'xlokk offer a vast selection of luxury apartments and villas with pools.



Short and long term lets

Short lets usually range from one to three weeks and up to three months. Rates for short lets are usually much higher, since they are calculated on a daily basis.

Long lets are those in excess of six months or more. The most common kind of long let is usually in the region of one year and such rental agreements often have the option to extend their tenancy. Clients on these kind of contracts usually opt for time periods equivalent to the length of their intended stay. Rent is usually quoted on a monthly basis and do not include water, electricity, internet and phone bills. These are the responsibility of the lessee (tenant), as are minor repairs such as blocked sink, broken windows etc. Major repairs remain the responsibility of the lessor (landlord). Such repairs can include blown water heaters burst pipes or any other similar repairs.



iGaming Industry positively affects the Maltese Property Market



Managing Director,
Remax Real Estate

Although property prices have reportedly gone down in certain segments of the market, the National Statistics Office has reported that registered property sales have been steady throughout the year and almost at par of what was registered last year. The Global Economic crisis has done little effect on the Maltese property market with great thanks to the solid banking institutions in Malta who have been conservative but shrewd in their business practices.

In what has been a year of misery for some European countries, the Maltese Government has continued to invest heavily in ICT, Gaming and other Industries and is seeing the fruit not only from the number of companies interested in setting their businesses up in Malta but from current economic activity from licensed companies that has generated a multiplier effect throughout the economy which has specifically affected the property market not

to mention other industries that has said to have generated over €15 million in revenue.

With the consistent flow of licences being granted, natural human habit of upgrading accommodation and the turn over of staff within the industries, the demand for rental properties is high and constant. Few higher grade employees prefer to invest in property in Malta.

Single expatriates coming from all walks of life seem to prefer to stay a stone throw away from the night life and entertainment area of St. Julian's. This demand has encouraged Maltese investors to upgrade their own properties in Malta or purchase more property to accommodate for a lack of supply. Families tend to seek out their homes in the neighbouring cities of Sliema, which is a few hundred yards to the east of St. Julian's along the promenade and some prefer Swieqi as an area that includes the suburbs of Ta' L-ibraq, Victoria Gardens, High Ridge and Madliena which is also a few hundred yards away from St. Julian's. The Portomaso and Tigne Point condominium developments located in St. Julian's and Sliema respectively are ever so popular amongst both the single and family household.

Whereas in Sliema one will find only apartments on and off the seafront as a rule, in the suburbs of Swieqi one will

find apartments, maisonettes as well as luxurious villas and bungalows with or without pool. There is always a small demand to live outside of these areas where one will find popular villages of Għargħur, Naxxar and San Pawl Tat-Targa amongst other.

There is a high quality standard of properties available for rent and for sale in Malta. The rental market is vibrant and the property sales market is steady and looks positive for the future.

The persistent Maltese Government with the assistance of their very capable and reliable departments are making strides to improve systems and attract further investment to our Islands. The industry also invests back into the industry through overseas marketing events such as EIG, IcE to mention a couple and local events such as the Malta iGaming Seminar held at the Le Meridien last October in St. Julian's. This proactive however joint determination amongst its stakeholders breed's confidence throughout the economy.

Investing in property in Malta is an interesting opportunity. It is recommended that you consult with a reputable real estate agent in order to make a knowledgeable decision.



Chairperson
Malta Remote
Gaming Council
(MRGC)

By Daniela Grioli



The Malta Remote Gaming Council

The Malta Remote Gaming Council has for the past four years endeavoured to handle and resolve a variety of issues relating to the iGaming industry in Malta. The MRGC is committed to protecting the industry in Malta from any negative matters that may affect it, be they local matters or EU and global issues. Through surveys and regular meetings with government officials and the regulators, the MRGC handles concerns and issues that are local in nature.

Meetings with the local MEPs and the Ambassador to the EU have created a close relationship and understanding which ensures that Malta has a common stand when dealing with EU matters. The MRGC issues press releases to voice the opinion of its members about comments, judgements, comments and any other matter that is seen as a threat to the industry. The MRGC also uses funds collected through its membership fees to sponsor and contribute to local good causes.

The MRGC firmly believes that the Maltese approach to online gaming is the correct one. Gaming is not something that has been created in recent times with the Internet, but it is as old as civilisation itself. The internet has just provided another delivery channel for gaming products. The MRGC is all in favour of strict regulation of the igaming industry and its liberalisation within the EU. Malta, is a leading jurisdiction in this industry, and has now matured as the right place for operators to obtain a license and run their operation from.



MALTA iGAMING SEMINAR – MiGS 2010 to be in May



obo MiGS
Organisers

On October 8 2009 six companies that service the iGaming Industry organised the first ever iGaming seminar in Malta.

MIGS, exclusively set up to attract iGaming companies, specifically targeted CEO's and CFO's considering the Maltese Islands as their licence base. The event also targeted the important operational executives within the industry whether local or foreign, interested in what the local service providers had to offer.

Both target audiences were also interested to understand the way forward for the Maltese iGaming Industry as key note speakers included the Minister of Finance, Tonio Fenech and The Lotteries and Gaming Authority Chairman, Nicholas Xuereb.

Two round table discussions were held during the seminar that featured amongst others Mr. Xuereb, Dr. Andrew Zammit, Managing Partner of Zammit & Associates and Legal council of CSB Group, Mr Per Widerström, CEO of Expekt.com and Reuben Portanier, CEO of The Lotteries and Gaming Authority.

The whole day was led and managed by Mr Michael Caselli, Editor of iGaming Business magazine, who also moderated the round table discussions, extracting the focal points from the presentations to foster debate.

The concept of the seminar, which became an overnight success, will be a major calendar event for the iGaming Industry on May 6th and 7th in 2010. The venue is still to be confirmed.

Malta iGaming Seminar 2010 (MiGS 10), CEO's, CFO's and operational executives will be in a position to book a two day business trip to Malta and be able to leave the Islands with a clear picture of why Malta is a leading jurisdiction in the Industry and understand what the costs are to apply for a license and set up their businesses from a legal and operational point of view.

As in the first MIGS seminar, the attendees will have the luxury of being able to set up appointments with the service providers before hand; CSB Group, providing Corporate, Trustee and Licensing services, BMIT, a co-location and hosting company, Vacancycentre.com, a Recruitment / HR company, Megabyte Ltd., a systems integration and IT solutions company, Green Tube, a software company, and RE/MAX Malta, a real estate and relocation company. The service providers, all leaders in their respective industries will be there at the disposal of all clients visiting.

MiG's 10 will be held at one of the major five star conference centres in Malta on a larger scale and will be organised similarly where attendees will be provided necessary information required to make a knowledgeable decision. Afternoon and evening Networking events and lunch will be catered.

For further information regarding MiGS 10 kindly email info@maltaigamingseminar.com or go straight to the website to www.maltaigamingseminar.com.

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CSB Group, est. 1987 offers its clients a spectrum of specialised Business & Commercial Services. We offer a complete turnkey solution to clients wishing to set-up or relocate their business to Malta. We work hand-in-hand with a number of international partners, all leaders in their field of expertise and our portfolio of clients includes entrepreneurs, multi-national companies, law & audit firms, financial institutions and high net-worth individuals.

CSB Group's services include the incorporation and maintenance of Maltese companies; company secretarial, directorship & management; fiduciary & trustee services; back office services; accounting & payroll services; bank account opening & payment solutions; licensing of iGaming and Financial services; regulatory & management consultancy; ship and yacht registration; credit management; industrial property registration; re-location & residency; personnel recruitment and other ancillary support services.

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EMD is a leading multidisciplinary organisation operating mainly in the legal, financial, advisory and translation fields in Malta. With over 50 professional and administrative staff, EMD provides its clients with a "one-stop-shop" service. EMD's in-house lawyers, accountants, ICT experts and translators assist clients throughout all the stages of the gaming application process and with all legal and licence compliance requirements thereafter. Services include company formation, accountancy, pay roll management, tax compliance services, recruitment and translation of websites into any language. EMD is truly a full service organisation where clients find assistance with all their requirements under one roof with one point of contact.

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ICTSolutions

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ICT Solutions is a leading systems integrator in Malta. It is best at understanding the different business needs of corporate customers, and in then integrating IT and communications technologies to offer real solutions to these needs. The quality and commitment of the ICT team is the company's main strength and ensures that the company always DELIVERS to customer expectations. Driven by customer success, this team is built around the values of leadership and involvement at all levels. ICT Solution is a certified partner for HP, CISCO and Microsoft.

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iGaming Services Malta offers technical, business and consultancy services and guides clients through the entire process of obtaining a Maltese Gaming License. iGaming Services Malta also helps their clients in going operational as quickly and efficiently as possible. Services offered included Business Plan Preparation, Stage Two documentation, Key Official Services, Hardware Procurement and Setup, Co-location, Banks and Payment Solutions. Additional services such as accountancy services are offered through our partner network. Our expertise in the industry will ensure that our clients avoid unnecessary costs, delays and mistakes.

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KayEm Consulting Limited is a recently established local firm of accountants, auditors and consultants with a background of gaming from a financial, regulatory and compliance perspective. The specific design and organisational structure of the firm allows it to understand the requirements of its clients in more focused manner. Services offered include company incorporations, remote gaming licensing, business plans, secretarial services, back office services, accounting, audit & assurance and tax consultancy.

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Pentasia is iGaming's premier confidential recruitment and career consultancy. Founded in 2001, we have developed an unrivalled reputation for delivery and a network of regional offices that spans the globe. Pentasia's Mediterranean Regional Office was established in Malta in January 2006 is now the largest recruitment consultancy on the island. From our headquarters in Santa Venera, our consultative team works with a range of iGaming clients based in Malta as well as across the Mediterranean.



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RSM Malta is a multi-disciplinary firm with a proven track record in the gaming industry that provides sound and practical advice to international investors interested to set up a remote gaming business in Malta. The firm is a member of RSM International a network of independent accounting and consulting firms each of which practises in its own right. RSM Malta employs various specialists to provide the following services licensing assistance, tax planning and compliance, company formation, back office, business and IT advisory and audit. Our organisational set up is such that enables us to provide swift and efficient response to client needs to ensure the highest standard of quality services at all times.

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F: +356 21 490694
E: info@wdmagro.com
W: www.wdmalta.com

W&D was founded in 1994 as an entrepreneurial firm and continues to grow as one. Our business has gradually expanded from the services of accounting and tax consultancy provided by a qualified practitioner, to a multi-disciplinary business advisory firm. Our aim is to continue growing, not only organically, but even by attracting new clients who could benefit from our approach. At W&D we firmly believe that an effective service lets you know where you are, helps you decide where you want to go, by working together how to get there.

W&D expanded from strength to strength offering a wide range of services to both local and foreign clients. Today, W&D boasts of a successful healthy client portfolio spread over a broad range of industries from owner-managed and family businesses, companies, firms, international players, together with high net worth individuals.

It is our aim to provide a tailor-made service throughout, dedicating our energy to turn our clients' business dreams into a successful reality. We have the know how and practical experience to guide clients to take advantage of all the benefits Malta has to offer.



WH Law
Suite A, Dolphin Court A,
Embassy Way,
Ta' Xbiex, XBX 1071
Malta.
T: +356 21 332 657 / 350 / 653
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E: info@whlaw.eu
W: www.whlaw.eu

WH Law is a multi-disciplinary niche practice offering legal, regulatory and technical assistance to clients engaged in remote gaming, e-payments, telecoms, digital content, software development and other ICT-rich businesses. The services offered by WH Law include remote gaming licensing and compliance, e-commerce compliance, key official services, corporate restructuring, contract drafting and negotiation, intellectual property protection, advice on EU cross-border trade matters, strategic consultancy regulatory risk assessment, technical advice on high-performance systems, security and search engine operation.

SERVICE DIRECTORY

CONSULTANCY, RECRUITMENT AND OTHER AUXILIARY SERVICES



Zammit and Associates - Advocates
The Penthouse
Tower Business Centre
Tower Street
Swatar BKR 3013
Malta - EU
T: +356 2557 2300
F: +356 2557 2310
E: info@zammit-law.com
W: www.zammit-law.com

Zammit & Associates - Advocates is a leading Maltese law firm specialising in corporate and commercial law, mergers and acquisitions, financial services regulation, hedge fund registration, e-commerce law, employment law, vessel registration and finance and immovable property law.

Zammit & Associates - Advocates is committed to providing its clients with effective legal solutions, based on detailed legal analysis and carefully-considered courses of action, delivering complete peace of mind- every time.

DATA CENTRES / HOSTING PROVIDERS



Alert Communications Ltd
258 Cannon Road
St Venera SVR 9034
Malta
T: +356 2149 9190
+356 2149 9194,
E: info@alert.com.mt
W: www.alert.com.mt

Alert Communications Ltd is a one-stop-shop for gaming operators relocating to Malta. Our data centre provides co-location services, dedicated servers, and shared hosting solutions, while our team of designers, developers and search engine optimisers will take care of your web design, software development and search engine optimisation and marketing.

The Alert Data Centre is a state-of-the-art facility with world-class network and support services. The Data Centre includes environmental control, backup power supplies, redundant data communications connections and high security. Our in-house engineers are available 24/7, which coupled with our free Monitoring Service, ensures that clients have full peace of mind.

Alert also operates a Payment Services Gateway which is connected to several acquiring institutions - the 2 local acquiring banks (HSBC and BOV) and several banks throughout Europe.



BMIT Ltd
10, Triq ic-Cawslu
Qormi QRM3906, Malta
T: +356 2147 2592
F: +356 21 44 1878
E: sales@bmit.com.mt
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BMIT Limited has been in business since 1998 and has since grown into a leading European co-location service provider dedicated to remote gaming. In the 4th quarter of 2007, BMIT invested over €2.5 Million to upgrade its facilities and in the 3rd quarter of 2008 has finalised the second floor, adding another 140 racks to cater for the specific needs and future requirements of the i-gaming industry. The company's new state-of-the art facilities now provide several unique and tailor made solutions for co-location including an in-house studio casino for web-casting of live table games and DDos upstream mitigation. BMIT is the only service provider in Malta able to offer a full disaster recovery services.

SERVICE DIRECTORY

DATA CENTRES / HOSTING PROVIDERS



Vodafone Malta Ltd.
Vodafone House
Msida Valley Road,
B'Kara, BKR 9024
T: +356 92 111 401 / 332
E: ipsales.mt@vodafone.com
W: www.vodafone.com.mt/bandwidth

Vodafone Malta is the market leader in the provision of mobile communications services, offering customers a superior quality network.

Vodafone's international gateway carries three main types of traffic: Internet, Voice and Data traffic leaving or coming to Malta.

Vodafone also operates a state of the art carrier grade co-location facility serving the ever growing iGaming businesses which are licensed in Malta. It also provides state of the art protection against Distributed Denial of Service attacks (DDoS).

PAYMENT GATEWAYS



CardPayDirect .com
Endeavour Business Center
209 Marina Street,
Pietà PTA9041, Malta
T: +356 2010 0836
M: +356 9949 0836
E: info@cardpaydirect.com
W: www.cardpaydirect.com

Endeavour Payment Gateway offers payment solutions including payouts. Card processing is offered through an international network of Banks. The Endeavour Payment Gateway makes high risk ecommerce safe through it's Phalanx Fraud Detection System, creating a Firewall Against Fraud(TM). Abilities include ability to detect proxies and collusion in poker networks. 3DSecure is fully supported. Multi-currencies, Multi-lingual, Reconciliation Modules, Statistical Reporting and Analysis are part of the system. Maximum uptime and excellent support compliment the product. Endeavour is fully licensed as a Payment Solution Provider.

REAL ESTATE



Dhalia Real Estate Service,
Cobalt House,
First Floor,
Notabile Road,
Mriehel, BKR 3000
T: +356 21490681
F: +356 21490685
E: info@dhalia.com
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"Dhalia was founded in Malta in 1983 and is the largest privately-owned real estate agency that specializes in sought after property throughout the islands of Malta and Gozo. The organisation currently has a branch network which incorporates 10 residential offices, a letting office and a commercial office around Malta and Gozo supported by over 80 experienced managers and property consultants."

SERVICE DIRECTORY

REAL ESTATE



**FRANK SALT REAL ESTATE
LIMITED**
2, The Whispers,
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St. Julian's STJ 3109
Malta
T: +356 2379 4794
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E: fs@franksalt.com.mt
W: www.franksalt.com.mt

Frank Salt Real Estate was established in 1969 and is the leading real estate agency in Malta with ten offices around Malta and Gozo and a professional team of highly trained consultants. Frank Salt is also the market leader when it comes to foreign clients, while also being awarded the prestigious "Best Real Estate Agency in Malta" International Property Award for 2005, 2006 and 2007. The company boasts of the largest property database of properties on the islands, including properties for sale, to let, commercial properties and investment opportunities. Other services offered include property management and after sales consultancy.



RE/MAX Malta
76a, Gorg Borg Olivier Street,
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Malta, Europe
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RE/MAX Malta has been built on a strong foundation of a highly experienced management team, franchisees, partners as well as professionally educated property sales and letting Sales Associates.

The company has eight strategically located offices covering Malta & Gozo. Each office is linked to the largest state of the art database, ensuring customers that they are always in a position to propose a very comprehensive and broad selection of what the property market has to offer for sale or to let in Malta & Gozo.

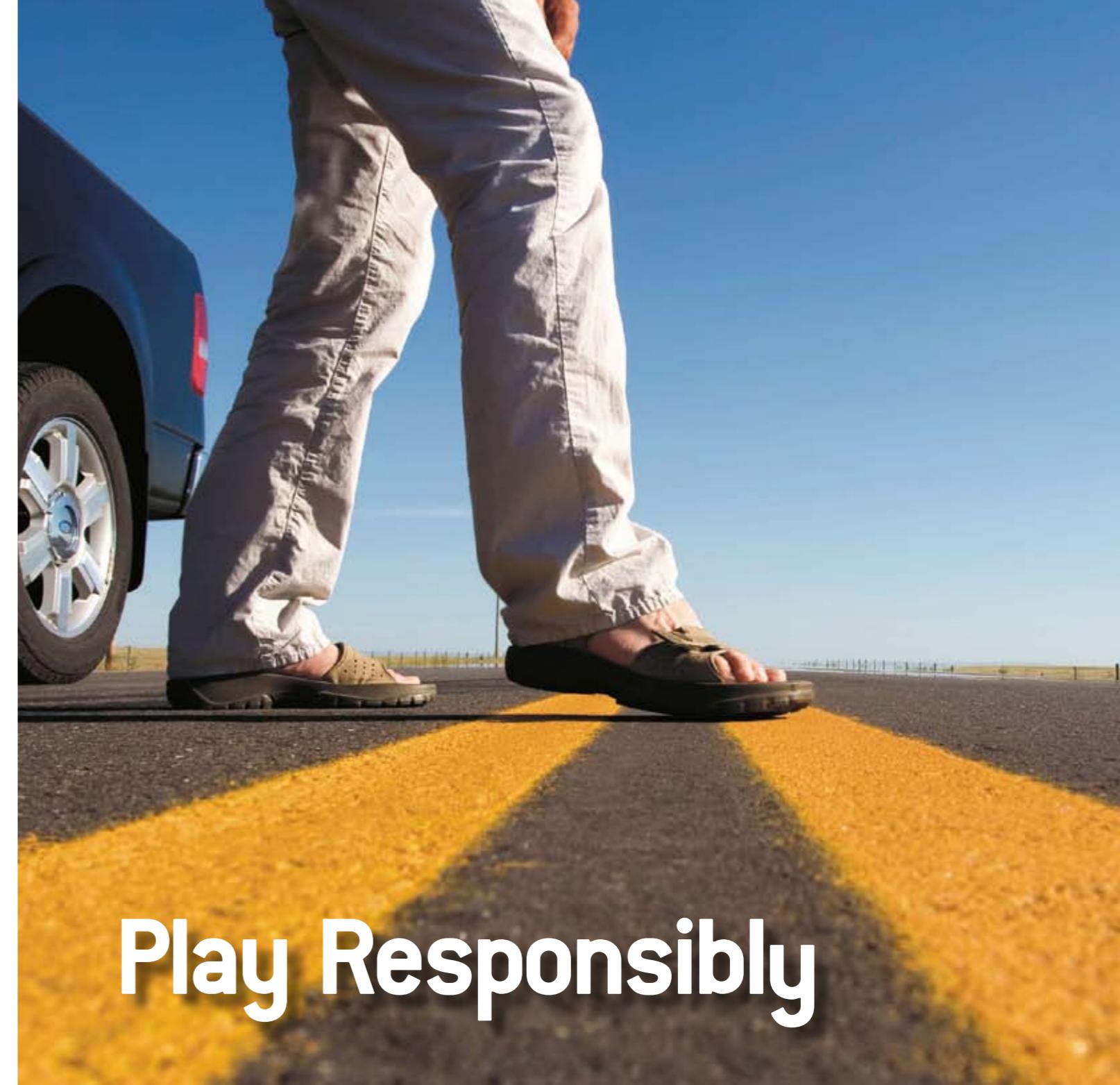
RE/MAX Malta was awarded the prestigious 'Best Real Estate Agency in Malta' International Property Award for the last two years in 2008 and 2009 respectively.

MIGS



Malta iGaming Seminar
CSB GROUP
The Penthouse
Tower Business Centre
Tower Street
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The Malta iGaming Seminar is a yearly event organised by six service providers to the iGaming Industry. These are namely, CSB Group, providing Corporate, Trustee and Licensing services, BMIT, a co-location and hosting company, Vacancycentre.com, a Recruitment / HR company, Megabyte Ltd., a systems integration and IT solutions company, Green Tube, a software company, and RE/MAX Malta, a real estate and relocation company. The objective of the seminar is to provide companies looking to Malta as a License base full information from a legal and operational point of view, so they will be able to make a knowledgeable decision on Malta .



Play Responsibly

TIPS FOR RESPONSIBLE GAMING.

- PLAY FOR THE FUN OF IT, NOT FOR THE MONEY.
- SET YOURSELF A LIMIT AND DON'T EXCEED IT.
- DON'T CHASE LOSSES. WALK AWAY.
- DON'T LET GAMBLING TAKE OVER YOUR LIFE.



Lotteries & Gaming Authority
www.lga.org.mt

The background features a stylized European Union flag with yellow stars on a blue field, set against a dark blue gradient.

your gateway to europe

...and beyond

A large, semi-transparent globe graphic is positioned in the lower right quadrant, showing a grid of latitude and longitude lines.

knowledge • experience • results



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