

Procedure for a Shared Conduct of Gaming Business Agreement

Malta Gaming Authority

Contents

Overview.....	3
Shared Conduct Application.....	3
Due Diligence Information on the proposed party/ies to the agreement	4
Shared Conduct Agreement.....	4

Overview

In line with the Policy for Outsourcing by Authorised Persons (the 'Outsourcing Policy'), the Malta Gaming Authority (hereinafter the 'Authority') requires Licensees to abide by the Outsourcing Policy when outsourcing activities relating to material supplies, critical supplies and key functions. In such instances, and in line with the Gaming Authorisations and Compliance Directive (Directive 3 of 2018), notification or prior approval for such outsourced activities is to be submitted to the Authority via an 'Operational – Outsourcing Arrangements' application on the Licensee's Relationship Management System (the 'LRMS'). As per the Outsourcing Policy, "within the outsourcing context the Authority should only directly concern itself with such material supplies, critical supplies and key functions." For this reason, authorised persons are not required to obtain approval from the MGA with regards to outsourcing of non-material functions or services. For example, should accounting services be outsourced, such outsourcing does not need to be notified to the Authority as per the Outsourcing Policy. Critical Supply or Critical Services need to be reported to the Authority, and relevant approval is to be obtained before the service can be outsourced, whilst Material Supplies or Services can be launched with such services notified to the Authority within 30 days from the date of outsourcing.

Should the Licensee require the Authority's formal approval for any outsourced business arrangements that the Licensee intends to enter into with a third-party/parties, which agreements are generally referred to as 'Shared Conduct Agreements', the following procedure is to be followed.

Shared Conduct Application

A request for the approval of a Shared Conduct needs to be submitted by the authorised person via the [Corporate – Change in Approved Company Structure](#) application on the LRMS, to be able to submit the required documentation and due diligence documentation. For Shared Conduct applications, the application fee of two hundred and fifty euro (€250) needs to be paid with the application. The application shall only be deemed as 'Submitted' if the application is submitted in full, the application fee is paid, and the application includes all relevant enclosures, including the due diligence information and the Shared Conduct agreement outlined in the following sections below.

The Licensee is required to comply with any directions laid out in this document, in order to obtain the Authority's approval for the Shared Conduct. Should the application be deemed to be incomplete, the application will be set to a one-time 'Incomplete' status, and unless the application is fully submitted within sixty (60) days, the application will be closed off automatically. Any misrepresentation in completing the application may also render the application void.

Due Diligence Information on the proposed party/ies to the agreement

If the party/ies to the agreement is/are licensed in another jurisdiction, the following should be submitted:

- a. a complete Entity Declaration Form ('EDF'), together with the relevant documentation (including M&As or equivalent and the certificate of incorporation) for each of the proposed third-parties. The EDF should include details of the directors and the person/s having effective control;
- b. a certified true copy of the licence/s held;
- c. a statement of good standing issued by the Regulatory Body;

If the party/ies to the agreement is/are not licensed in another jurisdiction, the following should be submitted:

- a. a complete EDF together with the relevant documentation (including M&As or equivalent and the certificate of incorporation) for the proposed third-party/ies. The EDF should include details of the directors and the person/s having effective control;
- b. Personal Declaration Forms (PDFs) together with all the relevant documentation for the directors or equivalent, specified in the EDF. The PDFs need to be submitted personally by the directors through the Personal Portfolio on the LRMS, on the Change in Personal Details application.

Shared Conduct Agreement

The application should include the **final non-executed Agreement** which must clearly include:

- a) the parties to the agreement and the registered name and registration details of each party;
- b) the activity/ies which each party to the Agreement will be responsible for and the obligation/s which each party to the Agreement will have;
- c) a confirmation that the parties to the agreement have the appropriate business and financial ability to conduct the operation successfully;
- d) that the entry into force of the Agreement is conditional on the consent in writing by the Authority that the criteria referred to in this Notice are satisfied;

- e) a confirmation that the contents of the Agreement once notified to the Authority cannot be changed without the Authority's consent;
- f) the share of revenues and/or profits of each party to the Agreement corresponding to the operations carried out by each of the said parties in accordance with the Agreement;
- g) a clause clearly specifying that the operation shall always be in compliance with the Gaming Act (Cap. 583 of the Laws of Malta) and the relevant subsidiary legislations. The notification must include an indication to the relevant articles of the Agreement which make reference to the matters referred to in points (a) to (d) above; and
- h) a declaration that the parties shall disclose any other information requested by the Authority.

In view of the agreement being submitted in a non-executed version, the application should also include a declaration stating that the contents of the agreement will not be changed upon execution.