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MALTA B2C LICENSE

1. The 'B2C' License

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

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

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

1.1 The application process

When applying for a Malta gambling license a local company is often incorporated in order to benefit from the tax refund structure Malta is offering. Setting up a new company, applying for a gaming license, opening corporate bank account and making sure that all local legal requirements are met, are procedures that require a substantial amount of paperwork. Sunseven Gaming will assist you throughout this complete process whereby we will coordinate the gathering of the documentation as well as the completion of the application forms. Our fees for the related hassle-free setup services can be found in Annex 1.

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

- i) The MGA will conduct a fit and proper exercise by assessing all information related to those involved in financing and management and on the business viability of the operation. In addition, the MGA conducts integrity investigations with national and international regulatory bodies and law enforcement agencies.
- ii) The MGA will conduct an in-depth financial analysis of the applicant's business plan. It is expected to include a detailed forecast of the operation together with details pertaining to marketing and distribution strategies, HR planning, and growth targets.



- iii) Operational and Statutory - The applicant is examined on the instruments required to conduct the business. This process includes examining the Company's incorporation documents, the games, the business processes related to conducting the remote games, the rules, terms, conditions, and procedures of the games, the application architecture, and the system architecture.

- iv) The MGA will inform the applicant that the application was successful and will invite the applicant to implement onto a technical environment in preparation for going live. 60 days are allowed for the applicant to complete such operation. Within those 60 days, the applicant may request an external System Review (performed by an independent 3rd party from the pre-approved list of Service Providers) where the live environment will be examined against the proposed application.

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

1.2 Key functions

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

Sunseven Gaming will assist with this process during the license application stage. Due to the operational information required, it is advisable that certain roles will be fulfilled by people within your own organization. In light of the fact that the segregation of roles is necessarily burdensome from a resources perspective, start-up undertakings may be allowed to have a single person conduct roles which may appear conflicting, during the first year of operation, if the MGA is satisfied that the integrity of the licensed operation will not be negatively affected. Furthermore, a start-up shall not be required to have a person responsible for the key function of internal audit, during such first year of operation.

In Annex 2 we have compiled a total overview of all the required Key Functions. Sunseven Gaming would be able to assist with the provision of some of the functions which are outlined under the same annex, including the related service fees.

1.3 Business plan and systems documentation

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

In addition to the business plan, the company needs to provide a detailed description of the proposed gaming system.



As the provided information and documentation will be audited by independent auditors engaged by the MGA, it needs to represent an accurate and realistic overview in order to avoid any delays in the application procedure. Sunseven Gaming will assist with drafting and reviewing both the business plan as well as the systems documentation information whereby input and access to information from the applicant is a crucial factor.

1.4 Share capital requirements

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

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

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

1.5 MGA Licensing and compliance fees (third party fees)

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

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

Further applicable MGA fees are mentioned in Annex 3 attached to this offer.



2.0 On-going operations

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

- **Local compliance:**
 - o ensuring good corporate standing in the place of establishment of the gaming company;
 - o complying with all local laws and regulation;
 - o making regular tax and VAT filings etc.;
 - o conducting day to day business of client entities providing for legally valid and binding transactions and resolutions.

- **Financial compliance:**
 - o monitoring all financial and non-financial transactions;
 - o ensuring compliance with applicable supervision regulations regarding the prevention of money laundering and terrorism finance;
 - o entertaining good relationships with banks and financial services providers;
 - o regular financial reporting to the regulator and other authorities.

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

The fee schedule in Annex 1 indicates an example of the fee packages that can be offered. This will allow you to budget the companies running expenses at the beginning of the year and if any additional services are required, Sunseven Gaming can provide these on a time-spent basis.

Your company will have its own dedicated account manager, guaranteeing a fast, consistent and completely hassle-free operation. The company is also subject to annual financial audits for which audit fees (external auditor) start at € 2,500. The actual fee highly depends on the amount of activities within the company.



Please note that all fees are exclusive of Malta VAT of 18% and office charges of 4%. Should there be a substantial increase or change in the scope of services from our initial assignment, we shall inform you immediately in order to revise our fees.

It should also be noted that when a company closure is required, the owner has the responsibility to inform Sunseven Gaming before the anniversary date of the company. All bookkeeping and audit (where applicable) must be done up to date with relevant fees paid, as well as all outstanding invoices. Liquidation fees vary and can be provided upon request.

Annex 1 – Setup and licensing fees

The below are one-time fees in conjunction with the license application process and the incorporation of the company:

Service	Description	Amount (€)	Tick as applicable
B2C Malta license application	Advice and support throughout the application process including: <ul style="list-style-type: none"> • Completing application forms • Compliance gathering process • assistance with the drafting of the business plan & financial prognosis • assistance with the drafting of the system documentation and internal control systems 	15,000 (one-time fee)	
Company set-up package, (in the case of a straight-forward structure*)	<ul style="list-style-type: none"> ▪ Initial meeting / correspondence ▪ Company name reservation ▪ Customer due diligence process ▪ Preparation of Memorandum and Articles of Association and other corporate documentation (corporate registers, share certificates, etc.) ▪ First board resolution ▪ Deposit of Share Capital into local bank account ▪ Certificate of Incorporation and certified M&A's ▪ Application for an income tax registration number; <p>N.B. this fee excludes the Registry registration fee</p>	2,500 (one-time fee)	✓
VAT registration	Application for a VAT number	300 (one-time fee)	✓
DDT10 application	Submission of application for duty on documents and transfer exemption	300 (one-time fee)	✓
Merchant account	Assistance with the opening of company merchant account (exclusive of bank's account opening fee)	1,500 (one-time fee)	
Bank account	Assistance with the opening of company bank account (exclusive of bank's account opening fee) (in the case of a straight-forward structure*)	1,500 (one-time fee)	



Ongoing Sunseven Gaming Services

The below fees cover the annual management fees for services which can be offered by Sunseven Gaming:

Service	Description	Amount (€)	Tick as applicable
Corporate director (optional)	Provision of local Corporate Directorship provided by Sunseven Gaming	Price on request	
Annual compliance maintenance (KYC)	On-going monitoring and compliance risk review (Any further compliance work carried out such as any changes to the structure shall not be covered by this fee) – <i>Compulsory fee</i>	550 (<i>per annum</i>)	✓
Registered address (optional)	Provision of a Registered Address at 97, Windsor Street, Sleiman, Malta	750 (<i>per annum</i>)	
Company secretary (optional)	Provision of a local Company Secretary (only in combination with directorship)	1,000 (<i>per annum</i>)	
Legal/financial administrative support	The legal and financial administrative services that are outside the scope of a fixed fee offering will be charged against the applicable hourly rates which may vary from € 95 to € 300 per hour, depending on the experience of the employee involved.	Time spent	

The recurring fees for the administration of the company can be taken as a fixed fee package as indicated below or, upon request, on a 'time spent' basis:

Service	Description	Amount (€)	Tick as applicable
FIXED FEE PACKAGE			
Financial administration – monthly fixed fee	Fixed fee package that includes*: <ul style="list-style-type: none"> ▪ Preparation of Annual Return (excluding MBR fee) ▪ Preparation of Annual Financial Statements (provided these are in accordance with GAPSME); ▪ VAT filings (submitted quarterly) ▪ Tax filing ▪ Tax refund filing (for 1 shareholder) ▪ Preparation of Dividend Warrant (for 1 shareholder) ▪ Correspondence in relation to financial ▪ Administration (up to 1 hr. per month) <p>In addition to the above, you would need to choose a bookkeeping package that best suits the activity of your company. The different packages can be found below.</p>	375 (per month)	

Book-keeping packages

Package	Monthly Fee (€)	Tick as applicable
Up to 50 transactions per year	65	
Up to 100 transactions per year	130	
Up to 200 transactions per year	240	

Package	Monthly Fee (€)	Tick as applicable
Up to 300 transactions per year	330	
Up to 400 transactions per year	400	
Up to 500 transactions per year	450	

* Straightforward structure shall mean a proposed structure made up of 1 director, 2 direct shareholders and 2 ultimate beneficial owners. Should the structure not fall within the meaning of a straightforward structure defined above, an additional fee may be charged.

** 1 book-keeping transaction is equal to a bank payment / bank receipt / purchase invoice / sales invoice. Journal entries are reviewed on a case-by-case basis, depending on the workings involved.

All standalone items listed in Annex 1 which remain unticked will be charged on time spent and not at the fixed rate as stipulated.

✓: The items marked with this symbol are obligatory services which are required to be carried out.



Annex 2 – Key Functions

The indicated fees per role cover up to a total of 10 hours per month and these fees apply for start-up entities for their 1st year in operation. For established entities, the fees will be discussed on a case by case basis. In the event that more than one Key Function role is provided by Sunseven Gaming, a reduced rate shall apply.

Key Function	Description	Monthly fee	Tick as applicable
Compliance Officer	Compliance with the licensee's obligations towards the MGA	€1,500	
Chief Financial Officer	Administrative and financial strategies of the licensee such as payment of tax and fees due to the MGA etc. <i>(This role is provided subject to Sunseven Gaming providing the service of financial accounting).</i>	€1,000	
Data Protection Officer (DPO)	Adherence to applicable legislation relating to data protection and privacy.	€ 1,000	
Legal Affairs	The legal affairs of the licensee such as contractual arrangements, dispute resolution etc. <i>(This role is provided subject to Sunseven Gaming providing the service of Directorship).</i>	€ 1,000	
Responsible Gaming	Player protection and guarantee of a safe user experience etc. <i>*only support services can be provided for this Key Function role</i>	€750 *	
Money Laundering Reporting Officer (MLRO)	The prevention of money laundering and the financing of terrorism.	<i>To be discussed</i>	

Key Function	Description	Monthly fee	Tick as applicable
Network and Information Security	The network and information security of the licensee	€ 1,000	
Technological Affairs	The technological affairs of the licensee, such as management of the back-end and control system holding essential regulatory data.	€1,000	
Internal audit	To monitor activities independently, evaluate risks and provide added value to the company's overall operations.	€ 2,000	
Chief Executive Officer	The chief executive role, or equivalent	role should be fulfilled internally	
Gaming Operations and Payment	Management of the day-to-day gaming operations of the licensee, including the processes of making payments to, and receiving payments from, players	role should be fulfilled internally	
Risk management	The risk management strategies of the licensee;	role should be fulfilled internally	
Marketing and advertising	Marketing and advertising, including bonus offers and promotions;	role should be fulfilled internally	
Player support	Player support and complaints;	role should be fulfilled internally	
Prevention of Fraud	The prevention of fraud to the detriment of the licensee;	role should be fulfilled internally	



Annex 3 - Compliance contribution B2C

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

Type 1: Annual Compliance contribution – Minimal fee €15.000, Max €375.000	Rate
For every euro of the first € 3,000,000	1.25%
For every euro of the next € 4,500,000	1.00%
For every euro of the next € 5,000,000	0.85%
For every euro of the next € 7,500,000	0.70%
For every euro of the next € 10,000,000	0.55%
For every euro of the remainder	0.40%
Type 2: Annual Compliance contribution - Minimal fee €25.000, Max €600.000	Rate
For every euro of the first € 3,000,000	4.00%
For every euro of the next € 4,500,000	3.00%
For every euro of the next € 5,000,000	2.00%
For every euro of the next € 7,500,000	1.00%
For every euro of the next € 10,000,000	0.80%
For every euro of the next € 10,000,000	0.60%
For every euro of the remainder	0.40%
Type 3: Annual Compliance contribution - Minimal fee €25.000, Max €500.000	Rate
For every euro of the first € 2,000,000	4.00%
For every euro of the next € 3,000,000	3.00%
For every euro of the next € 5,000,000	2.00%
For every euro of the next € 5,000,000	1.00%
For every euro of the next € 5,000,000	0.80%
For every euro of the next € 10,000,000	0.60%
For every euro of the remainder	0.40%
Type 4: Annual Compliance contribution - Minimal fee €5.000, Max €500.000	Rate
For every euro of the first € 2,000,000	0.50%

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



For every euro of the next € 3,000,000	0.75%
For every euro of the next € 5,000,000	1.00%
For every euro of the next € 5,000,000	1.25%
For every euro of the next € 5,000,000	1.50%
For every euro of the next € 10,000,000	1.75%
For every euro of the remainder	2.00%