Frequently Asked Questions (FAQ) – Land Based Casinos & Remote Gaming Operators REQ

This FAQ document clarifies the interpretation of specific questions as well as provide more information on the data being requested in particular sections within the REQ. Please go through this document prior to the completion and submission of the REQ. Any other questions which are not included in this document may be sent to caspar@fiumalta.org.

1. **An entity obtained its MGA licence in 2017 and only commenced its operations in 2019. When is the first REQ due for completion and submission?**

   All individuals and entities carrying out any relevant financial business or relevant activity as defined in the PMLFTR are considered to be subject persons, and are required to submit the REQ – irrespective of whether or not they have actually commenced operations. If operations have not commenced, an explanatory note should be included in the ‘General Remarks’ section on the first page of the REQ. In view of this, the first REQ will cover the period 1st January 2018 to 31st December 2018 and will be due to be filed in March 2019.

2. **I am the MLRO of a company which obtained its MGA licence in 2019. What should we do now?**

   Once the appointment of the MLROs is duly approved by the relevant supervisory authority, where applicable, the appointment and any subsequent changes thereto must be notified to the FIAU through CASPAR. The MLRO should register on CASPAR and create a Subject Person. Guidance on the registration process is available on the FIAU website. The first REQ in this case will be due in 2020 and will cover the period 1st January 2019 to 31st December 2019.

3. **Are legal entities which hold a B2B MGA license required to submit a REQ?**

   B2Bs are not Subject Persons in terms of the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR). Thus, registration to CASPAR and the submission of the REQ are not required.

4. **The REQ of the remote gaming operators includes a series of questions on customers. In the case where the gaming company holds both a B2B and a B2C license, do these questions apply to both operations?**

   Due to the fact that B2Bs are not Subject Persons in terms of the PMLFTR, questions are solely related to end users and do not apply to B2B customers.

5. **I am the MLRO of two gaming companies which both individually hold a MGA licence. One of the companies was set up to solely process payments on behalf of the other. Can we submit one REQ covering both companies?**

   Since both companies hold a MGA licence, both Subject Persons must be created on CASPAR and a REQ submitted for each gaming company.
6. I am the MLRO of a gaming company which is registered in Malta but is licensed and operates solely in another EU jurisdiction. Is a REQ required to be completed and filed?
   The submission of REQs is required by those who qualify as Subject Persons under the PMLFTR, which means by those legal or natural person carrying out either relevant financial business or relevant activity. The activities of gaming licensees are encapsulated under the definition of "relevant activity" in Regulation 2(1) of the PMLFTR. If the gaming company is licensed by the Malta Gaming Authority, then such company is still considered to be a Subject Person and is required to complete and submit the REQ. On the other hand, if the gaming company is not licensed by the MGA, the company is not considered to be a Subject Person and should refrain from submitting a REQ.

7. I am a MLRO of a legal entity with no registered employees. How should I answer all employee-related questions in the REQ?
   All questions related to employees should be marked as 'Not Applicable'.

8. In the case where an activity/product is listed in the REQ but is not relevant/applicable to the Subject Person, would a ‘0’ reply be sufficiently clear to indicate that a particular service/product/activity is not offered?
   Most of the questions have a 'Not Applicable' check box. This should be ticked in instances where the service/product/activity is not offered by the Subject Person. When a number/percentage is required to be inputted and the ‘Not Applicable’ option is not available, a '0' value should be inputted.

9. Certain questions have a ‘Not Available’ tick box. When should this be used?
   The ‘Not Available’ tick box should be used in instances when the question is applicable to the Subject Person, however it has insufficient data/records to appropriately answer the question.

10. What are the ‘high risk industries’ referred to in the REQ?
    High risk industries should be defined by the Subject Person’s policies and procedures.

11. There are the following two terms in the REQ: ‘Player Deposits’ and ‘Deposits’?
    What is the distinction between the two?
    There is no difference between the two terms.

12. REQ Question: Please indicate total annual turnover according to the latest available audited financial statements and/or tax declaration.
    Our turnover is reported in a currency other than Euro. Shall we convert it to Euro?
    Yes. The applicable exchange rate as at the date of the audited financial statements should be used to convert the annual turnover to Euro.
13. **REQ Question:** Has your institution undergone changes in its ownership structure between January and December 2018?

During the year ending 2018, there were changes in the share capital of the entity which however did not affect the ownership structure. How should we answer this question?

If the change in share capital did not lead to a change in the ownership structure of the institution, then mark your answer as 'No'.

14. **REQ Question:** Please list the countries in which your institution has subsidiaries, branches, affiliates.

ABC Malta is a branch of ABC Group. The Group has several branches and subsidiaries situated in different countries. For the purpose of this question, shall we mention the subsidiaries and branches of the group even though they are not branches/subsidiaries of ABC Malta Branch?

No. The subsidiaries and branches of the group are not subsidiaries/branches of ABC Malta Branch and therefore should not be included in your response to this question.

15. **REQ Question:** Does your institution’s procedures specify that the customer, the customer’s family members and close associates, and/or the customer's BOs should undergo PEP measures prior to commencement of service?

Remote Gaming operators are not obliged to confirm PEP status at registration but are only required to confirm whether a customer is a PEP, within 30 days from the customer reaching the €2,000 in deposits over a rolling period of 180 days. Kindly clarify.

For the purposes of answering this question, the Remote Gaming Operator should input its answer according to whether their policies and procedures specify that the customer, the customer’s family members and their close associates and/or customer’s BOs should undergo PEP measures prior to commencement of service. For the interpretation of ‘commencement of service’ and only in so far as gaming operators are involved, reference to Regulation 9(1) of the PMLFTR and Section 3.3.2 (ii) of the Implementing Procedures Part II – Remote Gaming Sector should be made.

16. **REQ Question:** Please provide the % of staff outside the AML/CFT unit that completed AML/CFT training between January and December 2018.

Can you define what is meant by staff outside the AML/CFT unit?

Reference can be made to Chapter 7 of the Implementing Procedures, Part I which indicates that awareness and training shall be provided to employees whose duties include the handling of either relevant financial business or relevant activity.

17. **REQ Question:** Are staff tested for knowledge retention following AML/CFT training and required to obtain a score over a specific threshold in order to pass?

Should we answer this question on 2018 or on the last 3 years as per other questions in this section?

Since no references are made to previous questions, kindly reply in the context of 2018 only.

18. The section ‘Ongoing Monitoring’ refers to an automated monitoring system. In the case that the monitoring system is manual and not automated, should we answer the relevant questions based on the manual monitoring system or do these questions specifically relate to an automated system?
These questions should be completed irrespective of the type of monitoring (automated or manual) implemented by the Subject Persons.

19. **REQ Question:** How many alerts were generated by the AML/CFT unit’s automated monitoring system that have resulted in investigations in 2018?
   Could you please advise what we should report?
   The number inputted in this field should reflect the total number of alerts that were raised by the system and resulted in an analysis/investigation by the Subject Person to be able to determine whether these can be cleared or whether they have to be escalated further.

20. **REQ Question:** ‘How many open cases resulted from suspicious transaction alerts over the last 6 months?’
   What is meant by ‘open cases’?
   ‘Open cases’ refer to internal cases/investigations that result from suspicious transaction alerts.

21. **REQ Question:** ‘What is the total number of customer accounts blocked or suspended/terminated in view of AML/CFT during 2018?’
    **REQ Question:** ‘How many customer relationships were closed for AML/CFT reasons during 2018?’
    What is the difference between the two questions?
    The first question specifically refers to instances where customer accounts were blocked, frozen or suspended. Terminated accounts should not be included in the first question. The latter question refers to closed customer relationships only.

22. **REQ Question:** ‘Of the total number of transactions, what percentage were transactions that met the €2,000 threshold within 180 days (cumulative)?’
    How is this calculated?
    The following example explains the calculation of the answer: A gaming company received 1,000 deposits during 2018. The company only had one customer who affected 200 deposits of €10 each and reached the €2,000 threshold. This customer affected the first deposit on 1st September 2017 and the threshold was exceeded on 1st January 2018. The total number of deposits affected by this customer (200) should be divided by the total number of deposits received by the Company during 2018 (1,000). As a result, the answer to this question should be 20% (200/1,000). Reference may be made to Section 3.3.2 of the Implementing Procedures Part II: Remote Gaming Sector.

23. **REQ Question:** ‘Please list the total number of customers as at 31/12/2018.’
    Should the number customers include legal persons, master accounts and accounts operated by master account holder?
    No. This question applies to natural persons only.

    Is this referring to all registered customers on the database or those registered during 2018?
    The question refers to the total number of registered players as at 31st December 2018.
Do customers refer to beneficial owners?
No, this question relates to the total number of customers serviced by your company (legal and natural persons).

Should the number of customers include those customers having dormant, disabled, suspended and closed accounts?
Customers having accounts which are either considered as dormant, disabled or suspended shall be inputted as these can still contribute to the risk exposure of the company. However, closed accounts shall not be included.

Should the number of customers exclude duplicate accounts, bonus hunters and fake accounts?
Where and if possible, the Subject Person should not report these accounts in the reported total number of customers.

24. REQ Question: Does the above number represent, to the best of your/your institution's ability, the distinct number of customers, or is it known that it contains duplicates?
What is the definition of duplicate in this case?
By 'duplicate' we mean situations in which the company calculates the number of customers on the number of services offered rather than the number of unique relationships.

25. REQ Question: ‘What percentage of the institution’s customers are inactive?’
What is the definition of inactive?
In reaching a definition of ‘inactive’ customers within the gaming industry, reference can be made to Directive 3 of 2018 titled ‘Gaming Authorisations and Compliance Directive’ which states that an “inactive account” means a player’s account which has not recorded any log in and, or log out and, or which has not recorded any wager, for a period determined by B2C licensee as being sufficient for the account to be considered inactive: provided that such period shall in no case be less than three (3) calendar months.

26. REQ Question: ‘What percentage of the institution’s customers are considered VIP customers?’
What is the definition of VIP?
While the definition of VIP does not exist in any guidance or regulation, the categorisation of customers under this or similar status is widely applied within the gaming industry. Each operator defines the thresholds applicable for the VIP or similar status. Subject persons are required to provide this data when such categorisation of customers is applied.

27. REQ Question: Of the total number of customers, what percentage were onboarded face-to-face? [Relates to Financial Sector]
REQ question: Of the total number of customers, what percentage were onboarded on a non-face-to-face basis. [Relates to Financial Sector]
These questions refer to the financial sector. Do these apply to us?
Kindly provide the information requested irrespective of the references to the financial sector as indicated in brackets. This also applies to other questions which may include such reference.
28. REQ Question: ‘What percentage of customers was CDD not conducted (as a % of total)?’
REQ Question: ‘What percentage of customers was EDD not conducted (as a % of total)?’
Should the figures include customers requested to complete CDD/EDD but who have not yet completed it?
Yes. Subject persons are required to report this data for those instances where CDD/EDD was not conducted or completed.

Remote Gaming Operators REQ

These questions apply to Remote Gaming Operators only.

29. REQ Question: ‘Remote (Online) gaming activities (ex.: Casino, Sportsbook, P2P, etc.) [Activity]: Total Percentage of Player Deposits (i.e., % of Total Value).’
What is the information required?
Subject persons are required to report the value of deposits placed by players into their remote gaming accounts held with the company. The answer should be expressed as a %. In case of companies engaged solely in remote gaming activity, the answer shall be 100%. On the other hand, if a gaming company is involved in both remote and land-based activities, the deposits should be segregated from each other. As an example, if the company had an influx of deposits of say a €100K, and €20K of these deposits related to land-based customers, then the percentage that should be reported in this case should be 80%.

REQ Question: ‘Remote (Online) gaming activities (ex.: Casino, Sportsbook, P2P, etc.) [Activity]: Total Percentage of Winnings for Operator (i.e., % of Total Value)’
What is the information required?
The information required shall include the gross profit made by the operator before any tax an establishment pays in regards to gaming supplies.

REQ Question: ‘Remote (Online) gaming activities (ex.: Casino, Sportsbook, P2P, etc.) [Activity]: Total Percentage of Deposits (% of Total Volume).’
What is the information required?
Refers to the total number of player deposits. The information inputted shall therefore reflect the percentage of total deposits (in volume) transferred in the players' accounts by the players engaged in remote gaming. For purely remote gaming company this would be 100%.

30. REQ Question: Please provide percentage of total customers who employed the following funding methods: Internet-based payment systems (e.g., PayPal, Alipay, ApplePay, Google Checkout, etc.) or other e-money services (as defined by FATF) 12.20
REQ Question: Please provide percentage of total customers who employed the following funding methods: Online "wallet" facility (account)
What are the differences between an internet-based payment system and the e-wallet facilities?
There is no difference between the two payment methods. In view of this, kindly include this funding method in only one of these two options, to avoid duplication of data.
Land based casino REQ

These questions apply to Land Based Casinos only.

31. **REQ Question:** Of the total number of transactions, what percentage were cash transactions on traded goods amounting to €10,000 or more?
   
   Our company solely offers services. How shall we answer this question?
   
   Kindly mark the question as ‘not available’.

32. Under section ‘Transactions’, we are requested to input the % of cash-in and cash-out transactions. What is this referring to?
   
   This refers to cumulative amounts of deposits and withdrawals during 2018 irrespective of the means used to deposit/withdraw the funds.

33. **REQ Question:** What percentage of the institution’s customers are inactive?
   
   Is this referring to clients who are registered but do not visit the premises, or those registered who have visited without a record of play?
   
   In line with Directive 3 of 2018 issued by the Gaming Authority, titled ‘Gaming Authorisations and Compliance Directive’, ‘inactive account’ is a player’s account which has not recorded any log in and, or log out and, or which has not recorded any wager, for a period determined by the B2C licensee as being sufficient for the account to be considered inactive.