

Regulatory Briefing



Curaçao Online Gaming

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Status overview Curaçao



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Cedric Pietersz, Managing Director of the GCB

Reform of online gaming sector

Before November 2023

- 4 master license holders
- At least 1000 operators (sub-licensees) operating ≥ 3000 domains
- Legal framework: NOOGH

After November 2023

- GCB opened applications for direct licenses on behalf of the minister of Finance under the NOOGH
- No renewal of the 4 master licensors at expiration
- Incentive for sub-licensees to apply by April 30, 2024 to be grandfathered under the new law LOK
- 1115 applications on the portal as of November 6, 2024, of which
- 173 granted licenses as of November 6, 2024 and a further 59 approved

Legal framework

- Landsverordening op de Kansspelen (LOK) is at Parliament. Expected to be treated and passed before year-end. Enactment beginning of 2025
- KYC and AML law revisions as of May 2024, revised NOIS and NORUT
- AML regulations published by the GCB based on the NOIS and NORUT

Published policies & procedures by GCB

- Portal user guidelines
- Application forms & supporting documents
- Business plan guidelines
- Application submissions guidelines
- Fees & collections policy
- Digital seal policy
- Addendum to digital seal policy

Policies & procedures to be published by GCB

- Local server requirement policy
- Revised AML regulations
- Compliance officer requirements
- Responsible gambling policy
- Mirror domains policy
- ADR policy
- Player protection policy

2024 overview

- Assessment by the CFATF in June 2024
- April 30 closing of GCB portal for direct applications by sub-licensees. Re-opened on July 15, 2024
- License application evaluation process gained traction beginning of June 2024 due to some start-up challenges
- Challenge of processing hundreds of applications within a short period of time
- Quality of applications not always up to par
- Transitional arrangement for sub-licensees to continue to operate (orange seal/certificate of operation)

Application Stages



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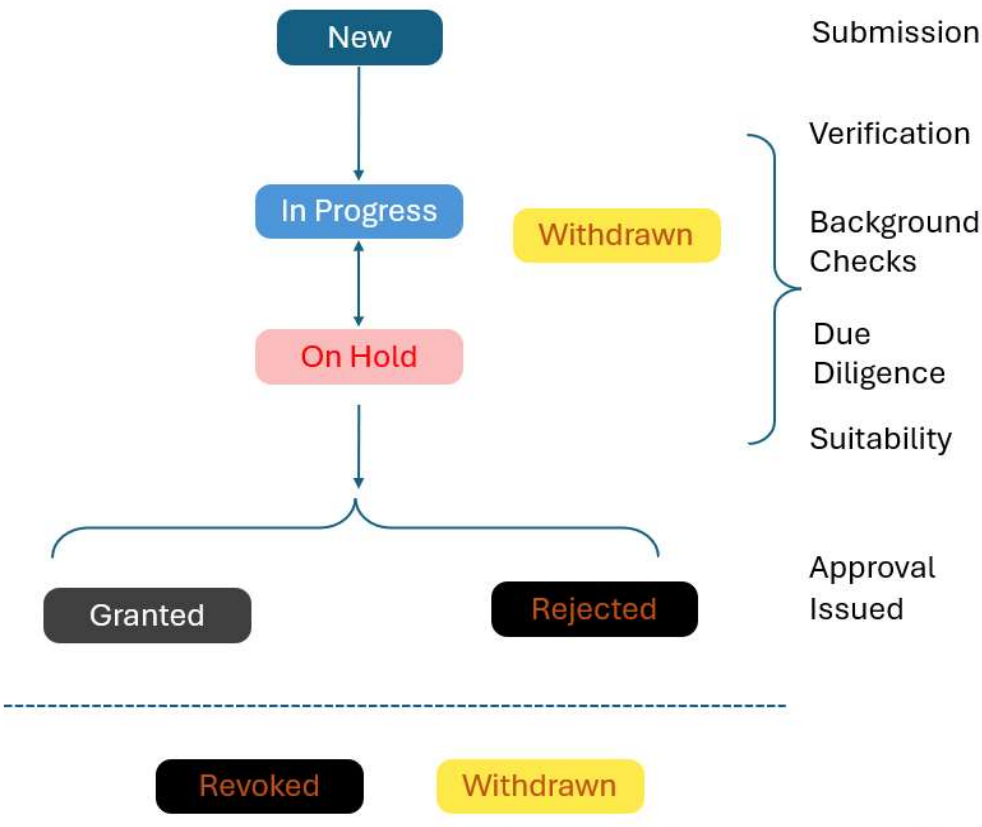
Hilary Stewart-Jones, Advisor to the GCB

Application Processing

The GCB employs a comparative application process like that used in other jurisdictions.

To manage the high volume of applications, we have devised a streamlined process, allowing applications to proceed without requiring to hold for certain documentation.

We are currently testing AI technology to help us further process applications quicker and more effectively.



Application Insights



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Mario Galea, Random Consulting, Advisor to the GCB

Common Issues in Applications

- Corporate requirements specific to the gaming license application procedure
- Does the Director need to be local ?
- How is a local proxy different to a Director?
- The Business Plan Requirements
- Digital signatures and certification of documents
- SOW vs SOF
- What is required when an individual no longer holds a position in the applicant company?
- Can I withdraw an application?

Rejected Applications

- Appealing a the decision of the GCB.
- Which restrictions apply ?

Common Questions

1. Portal:
 1. My application has been 'Put On Hold' : What does this mean?
 2. What is the difference between 'Checklists and Tickets'
 3. What is needed to verify a domain?
2. Can I apply for more than one license?
3. Do I need to apply for various licenses if I am offering various types of games?
4. Are crypto casinos allowed?
5. Are there any approved Testing Labs in Curacao for Game Certification?
6. Can one use a license from another jurisdiction under the operation of the Curacao gaming company?

Digital Seals & Mirror Sites



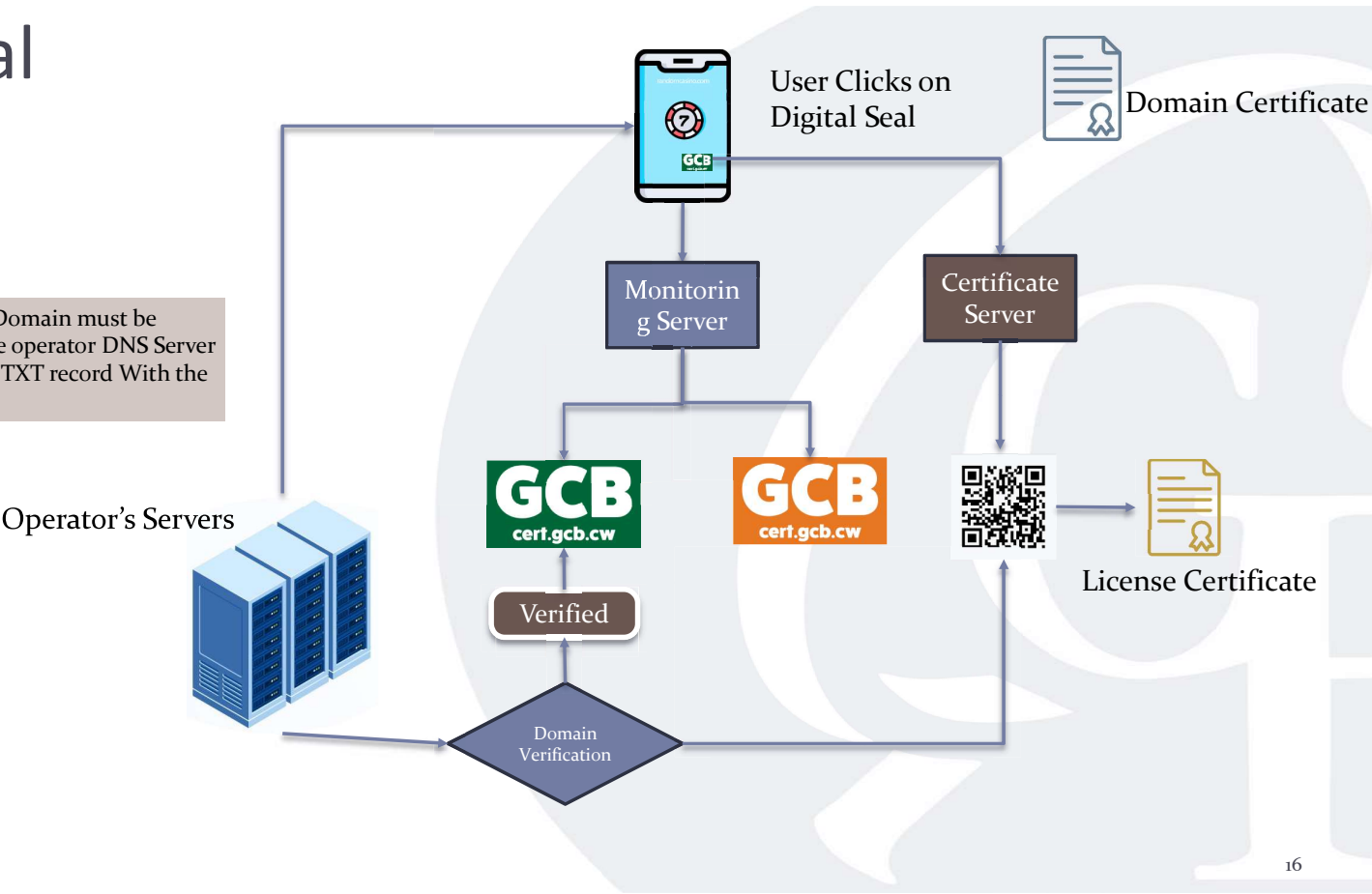
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Digital Seals

Every licensed Domain must be registered in the operator DNS Server Must Contain a TXT record With the GCB token



Compliance function



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Marilisa C. Mathew, Manager Licensing

AML Compliance Program

The basic elements an operator must address:

- System of internal policies, procedures and controls;
- ***Designated compliance officer with day-to-day oversight over the AML program;***
- Employee screening program and ongoing employee training program;
- Independent audit function to test the AML program.

Compliance Officer function

- Senior officer at management level and independent from the gaming operations
- Must be able to act independently
- No conflict of interest

The role of Compliance Officer must not be combined with any other function that could lead to a conflict of interest or compromise the independence of the compliance function. The Compliance Officer role cannot be combined with the functions of UBO, CEO, CFO, COO, and other operational functions. Additionally, it should be separate from the internal audit function.

Note: B2B Licensees are not required to appoint a compliance officer under NOOGH, but under LOK

Scope of responsibilities (1)

- Design and implement the AML program;
- **Verify adherence to local laws and follow international developments** regarding the detection and deterrence of money laundering and terrorist financing;
- Review compliance with the operator's policy and procedures;
- **Organize training sessions** for the staff on various compliance-related issues;
- Analyze transactions and verify whether any are subject to reporting according to the indicators mentioned in the Ministerial Decree regarding the Indicators for Unusual Transactions;
- **Review all internally reported unusual transactions** for their completeness and accuracy with other sources;
- Keep records of internally and externally reported unusual transactions;

Scope of responsibilities (2)

- Execute closer investigation of unusual transactions if necessary;
- Prepare the external report of unusual transactions;
- Make necessary changes to the AML program;
- **Design an internal procedure about when reporting of unusual transactions will lead to blocking/ freezing of user accounts, and**
- Prepare periodic information on the operator's efforts against money laundering and financing of terrorism and financing of proliferation.

Competence (1)

Education and Experience:

- Minimum of two years experience in an AML/CFT compliance reporting role;
- Bachelor's degree or a relevant AML certification such as the CAMS- and/or AMLFC certification.
- Other comparable certifications may be accepted, subject to approval by the GCB.

OR

Experience Only: Minimum of four years AML/CFT compliance experience in a reporting role.

Competence (2)

- Minimum of two years in experience in MLRO role or equivalent, in other jurisdictions are qualified to serve as a Compliance Officer according to NOIS/NORUT.
- The Compliance Officer must demonstrate a commitment to continuing professional development by investing at least ten (10) hours annually in AML-related training. This may include industry-specific training and workshops offered by the GCB.
- The Compliance Officer should have knowledge of Curaçao laws, including NOIS and NORUT, as well as AML regulations issued by the GCB. Familiarity with screening against EU and OFAC sanctions lists is also required.
- Compliance Officer for a Curaçao entity may also serve as an MLRO in a foreign jurisdiction, provided they have sufficient time and resources to fulfill all roles effectively.

Suitability “fit and proper test”

- The operator must submit a Personal History Disclosure Form to the GCB
- The due diligence process may include, but not limited to, an assessment of the Compliance Officer's:
 - **Personal and Professional History:** Assessment of the individual's background and experience, including any past legal or regulatory issues, to ensure no history of criminal activity, regulatory violations, or other conduct that would raise concerns about his/her suitability for the role.
 - **Reputation:** Verification of the individual's reputation through reference checks and, where applicable, consultation with relevant regulatory or industry bodies.

Outsourcing

- The GCB permits the outsourcing of the compliance function to a reputable third party.
- The CV of the responsible manager must be submitted, detailing their experience and education levels. The operator should be able to provide the outsourcing contract upon request for evaluation by the GCB.
- Any one person cannot represent more than 10 operators in the role of compliance function. This limit also includes similar roles in foreign jurisdictions. In specific cases, the GCB may contest this maximum given the size of the serviced operators.

KYC – AML Requirements



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Basis for KYC – AML procedures

- NOIS (May 2024)
- NORUT (May 2024)
- AML regulations (May 2024)
- Threshold value and calculation method is determined by law and cannot be changed by GCB on its own. To change the value or the calculation the law needs to be amended and this will take time

KYC – user accounts

- Accounts: single user, super user, agents
 - Single user: KYC info should be in place
 - Super user/ individual (informally) wagering on own behalf and of others: KYC of account owner and others should be in place. Operator should be able to establish that a user is wagering on behalf of others
 - Agent (business relationship): contract with agent on file, operator should vet agent & document it, operator should make sure agent has KYC/ AML procedures in place
 - KYC minimum information: full name, residential address, date of birth, place of birth, nationality, ID number
 - Government issued means of identification required
 - Address verification: online directory checks allowed

KYC verification

- PEP status should be verified at account opening
- KYC requirement is since inception of account
- KYC of user and CRA (customer risk assessment) should be finalized by reaching cumulative transactions of NAF 4000 (EUR 2000)
- Transactions: deposits + withdrawals considered
 - Example: a) Value account NAF 3,000 and withdrawal of NAF 1000 = NAF 4,000, so KYC of client should be in order
 - B) value of accounts accumulates to NAF 4,000, KYC of client should be in order

KYC verification

- If KYC not finalized at threshold, user gets 30 (calendar) days to submit pending information
- If threshold is achieved, the user is allowed only to wager the funds on the account in the 30-day period. Subject to further GCB guidance on this matter. After receiving the docs, the user can deposit and withdraw again

KYC verification

- If after 30 (calendar) days, the user has not submitted the pending docs:
 - The account should be closed
 - Closure needs to be reported to FIU only in case of presumption of money laundering
 - Remaining funds should be refunded to the same account from where those were received

KYC in crypto environment

- User account: KYC needs to be in order containing at least minimum information
- Operator should ensure that the wallet is of the user (document evidence of test)
- Operator should ensure that the crypto value in the user account is not compromised (e.g. source from sanctioned parties)

PEP & sanction screening

- PEP and sanctions testing should happen at on-boarding (at account opening)
- PEP testing and checking against sanctions lists should happen more frequently for higher risk customers such as every week
- If a positive alert on sanctions happens, but the client does not provide the requested documents. This should be reported to FIU with available docs

FIU reporting

- At reaching of NAf 5000 (EUR 2,500), deposits or withdrawals, the operator should submit an unusual transaction report “UTR” (objective) to the FIU within 48 hours
- Applies to bank transactions, credit card transactions and crypto wallet transactions
- The threshold resets per game day of the user
- Bulk uploads of reports are allowed by the FIU
- To enable bulk uploads, the FIU should be contacted for them to determine if the operator qualifies
- For subjective report the threshold of NAf 5000 (EUR 2,500) is not relevant, the suspicion of money laundering is leading and should be investigated

FIU reporting

- In general objective reporting should not lead to blocking/ freezing of user account
- The compliance function should establish an internal procedure for FIU reporting and based on a risk analysis determine whether accounts should be blocked/ frozen or not at reporting
- Do not expect the FIU to provide immediate feedback if accounts should be blocked or not. This is subject to the operators own internal procedures
- The FIU may contact the operator for additional information regarding UTR's

FIU reporting

- The FIU or the public prosecutor can request operator for information about an STR
- The operator's GCB license is not necessarily at risk if it is approached by the FIU and public prosecutor and the funds on the account have not been blocked/frozen

Introduction date

- Published AML regulations of May 2024 will be revised based on comments online and land based operators
- New target introduction date revised AML regulations January 1, 2025
- Enforcement of regulations will start April 1, 2025

Operational Policy and Procedures



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Coming under LOK

Entities:

- B2C and B2B licensees
- Certification on request for training agencies, affiliate/ marketing agencies and compliance services
- Permitted ADR-list for Curacao entities
- Operators to have an internal handbook of operations in place
- Local server requirement with critical info of players, their wagering and financial transactions in type-IV data center

Reporting obligations:

- Online gaming change report
- Key persons change report
- Financial report
- Incident report
- Player complaints report

Coming under LOK

Compliance audits

- Internal handbook of operations
- KYC-AML procedures
- Responsible gaming/ player protection

Monitoring of execution of conditions at licensing by operator

Expanded regulatory measures toolbox GCB (instruction, suspension, revocation, fines, administrative fines)

Transition NOOGH to LOK license

- NOOGH license grandfathered. Operator with NOOGH license can receive up to two times 6 months extension to be compliant with LOK requirements

Extra review to convert NOOGH into LOK licensees:

- Submit policies & procedures
- Submit internal handbook operations
- Comply with local server requirement
- Comply with financial reporting

Policies & procedures

- Policies and procedures for cash transactions
- Player identification and verification policies and procedures
- AML policies and procedures
- Player account management and fund management policies and procedures
- Agreement with 3rd party platform for player account management and funds management
- Letter of conformity of approved testing lab for the operated games
- List of games offered on domain plus indication of certification
- Information security policy and procedures
- Responsible gaming policy
- Crypto transactions policies and procedures
- Complaints handling policies & procedures

Monitoring & Supervision

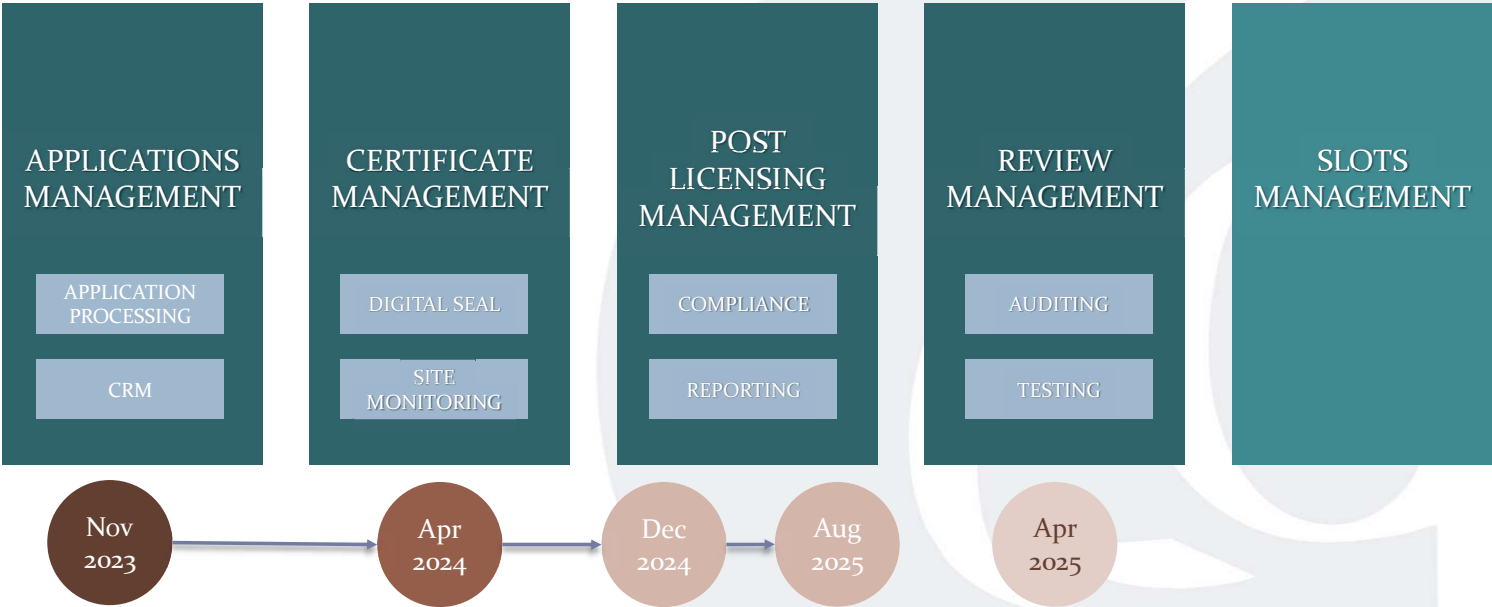


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RCL REGULATORY MANAGEMENT PLATFORM



Post licensing - Compliance



- Submission when there are critical changes in the application:
 - Change in key persons and UBO
 - Change in control or new structure
 - Change in the business plan
 - Closure of license conditions
- Request additional license under the same company.

Post licensing – Ad hoc Reporting

POST
LICENSING
MANAGEMENT

COMPLIANCE

REPORTING

- **Article 15 of LC – Incident Reporting:**

- Send ticket with:

1. License Number
2. Date of the Breach discovered and duration of breach
3. Nature of the potential breach
4. Categories and Number of Data Subjects Affected
5. Consequences of the breach
6. Measures taken

Post licensing – Periodic Reporting

POST LICENSING MANAGEMENT

COMPLIANCE

REPORTING

- Preliminary scope:
 1. Total Deposits/Withdrawals
 2. Total coin in/coin out (B2C and B2B)
 3. Player Accounts/Bank Accounts (crypto will be handled differently)
- Period of reporting has not been set yet.
 - Daily
 - Monthly
- Report Format
 - XML or
 - JSON

Reviews



REVIEW MANAGEMENT

AUDITING

TESTING

- The Review shall be based on:
 - Policies and Procedures
 - Verification of Player Funds and how they are kept
 - Business plan submitted
- In certain cases (such as crypto casinos) there GCB shall perform system testing based on its own technical standards
- Reviewers shall be under the control of the GCB. The GCB shall assign the reviewer from its list.

Benefits of Curaçao License



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Benefit Curacao license

- Curacao license accepted by reputable & largest game suppliers and payment service providers
- Fixed supervision and license fee to be paid, not a % of GGR
- Robust legal framework
- Availability of highly educated staff in compliance, legal and financial services
- Stable political environment

Addendum to presentation incorporating session Q&As

- AML
 - Final AML policy will be issued no later than 31st December 2024.
 - Compliance officer does not carry more responsibility than the CEO. He/she reports to the CEO but must be independent in AML actions.
 - Compliance officer role can be outsourced. A maximum of 10 operators can be represented by any one individual in an outsourced model (subject to discretion by the GCB)
 - FIU reporting at NAf 5,000 is a UTR, not an STR. This is reset each game day. It can be automated. It can be bulk uploaded on goAML and for the purpose of the report no further action is required by the operator unless contacted by the FIU.

Addendum to presentation incorporating session Q&As

- At application stage the domain site does not need to be live, but the GCB must be able to log in (via credentials on a staging server if necessary) to review the site content.
- Policy regarding local server requirements will be issued by the GCB, however no real-time or daily replication will be required.
- Frequency of future reporting has not yet been finalised.
- Each operator must have at least one local director. Other directors (if present) do not have to be local. Directors hold ultimate responsibility for the operations.

Addendum to presentation incorporating session Q&As (continued)

- The GCB will evaluate if it will publish a public list of domains. Regardless of such a list, each Digital Seal lists the individual domains that fall under that operator's license.
- Compliance assessment for policies and procedures will not commence until after that policy is formally issued and made available on the GCB website.