Fitness and Propriety Guidance

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Version Control

This document effective from XXXX

Version	Date Published	Comments
v1	XXXX	First publication of guidance issued.

Glossary

Term	Meaning
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
AML/CFT Compliance Officer	An individual required by Section 25 of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019
Controller	Has the same meaning given as that given to it in Section 3 of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Act 2018
Designated Official	An individual as defined in section 10 of the Online Gambling Regulation Act 2001
DMLRO	Deputy Money Laundering Reporting Officer as defined (in the definition of MLRO) in paragraph 3 of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019
Gambling Acts	Has the same meaning as that given to it in section 3 of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Act 2018
GSC	The Isle of Man Gambling Supervision Commission
Key Person	Has the same meaning as that given to it in section 3 of the Gambling (Anti-Money Laundering and Countering of Financing of Terrorism) Act 2018
MLRO	Money Laundering Reporting Officer as defined in paragraph 3 of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019
Nominated AML/CFT Officer	An individual appointed to be the point of contact for AML/CFT matters through Schedule 5(6) of licence conditions for Software Supplier Regulated Entities
Operations Manager	An individual as defined in section 10A of the Online Gambling Regulation Act 2001
OGRA	The Online Gambling Regulation Act 2001
Regulated Entity	A Company or natural person that has been issued a licence, intends to be licenced, or conducts activities that require a licence under the following Gambling Acts: (1) Online Gambling Regulation Act 2001; or (2) Casino Act 1986
Regulated Person	A natural person who holds, or intends to hold a role, defined as a Controller, Key Person, Senior Manager or Nominated AML/CFT Officer
Senior Manager	Has the same meaning as that given to it in section 3 of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Act 2018

Part 1: Introduction

Purpose of this Guidance

This guidance sets out how the GSC interprets and assesses the fitness and propriety of Regulated Persons who hold, or who are proposed to hold, a role within a Regulated Entity.

This guidance is intended to promote transparency and support compliance, by helping Regulated Entities and Regulated Persons understand how fitness and propriety will be assessed by the GSC, both at the licensing stage, and on an ongoing basis.

This guidance has also been issued to fulfil the obligation under section 10(3A) of the Online Gambling Regulation Act 2001.

Data Protection and Privacy Statement

As part of its regulatory functions, the GSC collects relevant and proportionate information to assess whether Regulated Persons meet the required standards of fitness and propriety. This includes undertaking any actions necessary to the performance of its statutory duties.

As part of the application and ongoing supervision process, Regulated Persons are required to disclose any convictions, spent or otherwise. The prohibition on disclosing spent convictions does not apply to proceedings before the GSC[1]. This means that the GSC is entitled to receive and consider information about both spent and unspent convictions. Regulated Persons must disclose any ongoing investigations or pending criminal or civil proceedings of which they are aware, regardless of jurisdiction.

The GSC is committed to safeguarding personal data in accordance with the Isle of Man Data Protection Act 2018 and its subordinate legislation. Any personal information collected during the fitness and propriety assessment process will be processed in accordance with the Applied GDPR.

Individuals have rights in relation to their personal data, including the right to access, rectify, or object to its processing, subject to applicable legal exemptions. More information on how the GSC process personal data can be found in the GSC's privacy statement.

[1] Paragraph 3 of Schedule 1 to the Rehabilitation of Offenders Act 2001 (Exceptions) Order 2018

Part 2: Fitness and Propriety

One of the GSC's regulatory objectives as per the Gambling Supervision Act 2010 is to ensure that gambling doesn't become a source of crime or disorder, and assessing fitness and propriety assists the GSC in satisfying that objective.

Restricting licences to Regulated Entities who meet the GSC's fitness and propriety standards helps safeguard the Isle of Man's reputation and supports the integrity of the international gambling sector.

The overall fitness and propriety of a Regulated Entity is assessed by the GSC by reference to the fitness and propriety of its Regulated Persons.

Regulated Person

The requirement to be "fit and proper" applies to persons who hold roles with sufficient authority and responsibility to influence the strategic direction or operational decisions of a Regulated Entity, these persons are referred to as Regulated Persons.

The list of Regulated Persons includes:

- Beneficial Owners, either directly or indirectly;
- Designated Officials;
- Operations Manager;
- Company Directors;
- Chief Executive Officers;
- Directors of Corporate Directors;
- Directors of Corporate Directors that are Beneficial Owners;
- Stakeholders who make critical, non-financial contributions
- Investors, investing without a beneficial ownership reward;
- Money Laundering Reporting Officers (MLROs);
- Deputy MLROs;
- AML/CFT Compliance Officers;
- Nominated AML/CFT Officers;
- Senior management positions accountable for:
    - The overall corporate strategy of the Regulated Entity;
    - The IT and security of registration systems and gaming/betting infrastructure;
    - Regulatory compliance;
    - Financial control and
    - Commercial development

There may be instances where the GSC identify roles within a Regulated Entity that hold influence or control and will, where proportionate, apply the fit and proper requirement to those persons.

The GSC expects the Regulated Entity to assess whether a particular person is required to meet the requirements of "Fitness and Propriety", based on the responsibilities and influence associated with the role rather than its title.

Once a role is identified, the Regulated Entity must undertake appropriate due diligence to ensure the person meets the required standards of the Gambling (AML/CFT) Code 2019[2] and Gambling Acts.

Such an assessment must be undertaken prior to the application being submitted to the GSC. The Regulated Entity declares they have carried out this assessment.

The inclusion of an individual within the definition of a Regulated Person does not mean that the GSC will require the same level of due diligence or assessment in every case. The nature and extent of any fitness and propriety assessment will be determined on a risk-based basis, having regard to the person's role, ability to influence or control the Regulated Entity, and any other relevant risk factors.

Where a person technically falls within the definition of a Regulated Person but appears to have little or no meaningful ability to influence or control the activities of the Regulated Entity, the GSC may determine that the provision of fitness and propriety information is not required. In such cases, the Regulated Entity should nevertheless identify the individual to the GSC and provide sufficient information to enable the GSC to determine whether further due diligence is required.

Fitness and Propriety Core Criteria

Fitness and propriety are assessed based on three principal criteria:

- Integrity;
- Competency and
- Financial Standing

Fitness and Propriety checks are conducted both during the application process and, if the application is approved, on an ongoing basis throughout the period a Regulated Person maintains a relationship with the GSC.

Part 3: Integrity

Integrity is a core component of the GSC's assessment of whether a Regulated Person is fit and proper to hold a role within a Regulated Entity. The GSC's assessment of a Regulated

[2] See paragraph 26 of the Gambling (AML/CFT) Code 2019.

Person's fitness and propriety is weighted differently depending on the role, and the responsibilities attached.

Integrity encompasses a number of traits such as honesty, ethical conduct, sound judgment and commitment to upholding the law and regulatory standards.

Integrity is assessed on an individual's action or omission of action when they have a duty to act.

The determination of whether a Regulated Person has acted with or without integrity will depend on the specific circumstances of each case, as assessed to the satisfaction of the Board of Commissioners.

The GSC defines integrity as the consistent demonstration of:

- Honesty and transparency in all dealings;
- Respect for legal and regulatory obligations, including full cooperation with the GSC and other authorities;
- Accountability, particularly in situations involving conflicts of interest or sensitive decision-making;
- Willingness to disclose material facts, including any past or present circumstances that may impact their suitability for a role

The GSC will assess integrity based on several factors, including information provided in declaration forms, due diligence conducted by the Regulated Entity, and independent checks carried out by the GSC. A failure to demonstrate integrity, whether through omission, misrepresentation, or unethical conduct, may result in the refusal of an application or the imposition of a regulatory sanction.

The checks that may be undertaken by the GSC include criminal background screening, evaluation of regulatory history and engagement, particularly with other gambling authorities, assessment of financial probity, and consideration of any relevant associations or reputational concerns.

Integrity Risks and Red Flags

The following examples are provided for illustration, to help Regulated Entities and Regulated Persons understand what might raise concerns about integrity:

- Failure to comply with laws, regulatory requirements, or professional standards, including repeated or serious breaches;
- Behaviour that falls below expected standards, such as:
    - Providing misleading information to customers, clients, or third parties and
    - Mishandling complaints or failing to treat whistleblowers appropriately.
- Producing or relying on misleading, false, or backdated documents;
- Providing the GSC with false or misleading information, or providing such information with disregard as to its truth;

- Failing to deal with the GSC in an open, transparent, and cooperative manner, including:
    - Withholding or delaying information and
    - Omitting key facts about identity, nationalities, right to work in the Isle of Man, previous employment, professional disciplinary history, court judgments, or criminal convictions;
- Consenting or failing to take reasonable steps to matters that should raise obvious concern or prompt further enquiry;
- Engaging in market abuse, including:
    - Market manipulation;
    - Insider dealing;
    - Anti-competitive practices and
    - Deceiving customers, investors, or shareholders.
- Acts of dishonesty;
- Failing to recognise or manage conflicts of interest or acting in a way that compromises impartiality or fairness and
- Becoming the subject of a criminal or regulatory investigation (The existence of an ongoing regulatory investigation will not, of itself, be treated as evidence that a Regulated Person lacks integrity or competence. The GSC may nevertheless consider information relating to such investigations where it is relevant to the assessment of the individual's fitness and propriety).

These examples are not exhaustive and the GSC will assess the totality of the circumstances and the context in which any concerns arise. Individual circumstances can vary in nature and context, and the GSC considers all relevant factors on a case-by-case basis.

The nature of any concern, and its relevance to the licence or the proposed role of the Regulated Person, will form part of the GSC's integrity assessment.

Associates' integrity

The GSC may take into consideration the integrity of the associates of an applicant, when considering the integrity of the applicant themselves.

While the statutory definition of an "associate" is broad, the GSC uses it in its decision making and not in its compilation of individuals subject to its diligence work. GSC diligence is conducted on the individual; if that diligence suggests a relationship with problematic associates, that finding can be taken into account in the F&P decision making.

When considering the integrity of associates, the GSC will generally look at the overall pattern of the Regulated Person's associations, rather than any single association in isolation. The purpose of this assessment is to understand whether the cumulative effect of those associations raises concerns regarding the Regulated Person's own judgement and therefore suitability to be connected with a Regulated Entity. In exceptional circumstances, a single association may prove sufficient if it alone demonstrates an inarguable lack of judgement.

Where a Regulated Person maintains a pattern of associations with individuals who themselves would not satisfy the GSC's integrity standards, the GSC may consider that those associations are capable of reflecting on the integrity of the Regulated Person. In such circumstances, the GSC may take those associations into account when considering whether the Regulated Person satisfies the relevant fitness and propriety requirements.

The GSC is unlikely to draw such an inference solely because a Regulated Person has a single association with an individual of concern. Each case will be assessed on its own facts and circumstances, and the GSC will consider the overall context, including the number, nature and duration of the relevant associations.

Example 1: Unlikely to be relevant

Scenario: A Designated Official's sibling was convicted of fraud several years ago. The sibling has no involvement with the Regulated Entity and there is no indication that the Designated Official has similar associations with other individuals of integrity concern.

GSC's likely approach: The existence of this single association would not ordinarily be sufficient to cause the GSC to question the Designated Official's integrity. While the sibling's conduct may be relevant background information, it does not establish a pattern of associations that would reasonably call into question the Designated Official's own judgement and therefore integrity.

Example 2: Potentially relevant

Scenario: A beneficial owner of a Regulated Entity maintains ongoing business relationships with several individuals who themselves have histories of financial crime, regulatory misconduct, or other serious integrity failures. Although those associates are not formally connected to the Regulated Entity, the beneficial owner continues to associate closely with them across multiple business ventures.

GSC's likely approach: In this scenario, the GSC may consider that the cumulative pattern of associations is relevant to the beneficial owner's integrity. While no single association may be determinative, the existence of multiple ongoing relationships with individuals who would not satisfy the GSC's integrity standards may raise legitimate concerns regarding the beneficial owner's judgement and therefore suitability to be connected with a Regulated Entity.

Part 4: Competency

This guidance outlines the GSC's approach to evaluating the suitability of Regulated Persons. It assesses whether the proposed Regulated Person possesses the qualifications and/or experience to perform their duties effectively and responsibly.

As part of its fitness and propriety assessment, the GSC will evaluate the Regulated Person's knowledge, skills, qualifications and relevant experience necessary to discharge their duties appropriately.

Determining whether a Regulated Person has, or lacks, competence is assessed on the particular facts of each case. Such assessment would consider factors such as the experience, seniority and length of service.

Assessment Considerations

When assessing competency, the GSC may consider the following factors:

Technical Competence

- Possession of relevant qualifications or equivalent professional experience;
- Demonstrated industry experience, particularly in regulated sectors or similar roles;
- Evidence of sound judgment and decision-making in professional contexts and
- Understanding of the regulatory environment and the specific responsibilities of the role

Commitment

- Ability to commit adequate time and attention to the role, including during periods of heightened operational or regulatory demand;
- The extent of a Regulated Person's other professional responsibilities, such as directorships, executive roles, or advisory positions, and whether these may impair their ability to perform the role effectively and
- Any history of regulatory or professional concerns related to capacity to meet all obligations, oversight, or role performance

Ongoing Development and Oversight

- Evidence of professional development and awareness of evolving regulatory requirements;
- Access to and support from governance structures, and internal controls and
- Familiarity with documented policies and procedures to maintain and monitor competence over time

Role-Specific Expectations

The table in Appendix 2 outlines how competence may be demonstrated across various management roles. As different roles carry different regulatory risks, the competence

demonstrated must be appropriate and proportionate to the specific responsibilities of each role.

No statutory limit applies to the number of roles held by a Regulated Person. It remains the responsibility of each Regulated Person to ensure they have adequate capacity to fulfil all duties associated with their appointments. The GSC reserves the right to consider the capacity of the Regulated Person when assessing fitness and propriety.

When considering capacity, the GSC's focus is on whether the individual is able to discharge the responsibilities of each role effectively, having regard to the scale and complexity of their various appointments.

The Regulated Entity is also expected to satisfy itself that its Regulated Persons have sufficient capacity to perform their roles effectively. In doing so, the Regulated Entity should take into account any other appointments or commitments held by the individual to the extent that they may affect the individual's ability to fulfil the role.

Where a Regulated Entity is aware, or reasonably ought to be aware, that a Regulated Person lacks sufficient capacity to perform their role effectively, the GSC would expect appropriate steps to be taken to address that risk. Such steps may include reducing responsibilities, increasing oversight or appointing additional support.

Where a capacity risk has been identified but knowingly accepted without appropriate mitigation, and that lack of capacity subsequently contributes to regulatory failings or other adverse outcomes, the GSC may take this into account when assessing both the Regulated Person and Regulated Entity, as appropriate in the circumstances.

Qualifications and Experience

While qualifications are important, the GSC recognises that relevant experience can be equally valid. In some cases, substantial and directly applicable experience may substitute for formal qualifications, particularly where it demonstrates the Regulated Person’s ability to perform the role effectively.

The GSC may request an interview with a Regulated Person, to assess their understanding of the role, the Regulated Entity, and the broader industry context.

The GSC will consider relevant experience and formal, relevant and internationally recognised qualifications to assess competency, this will demonstrate an understanding of the role and where appropriate, knowledge of the Regulated Entity and the broader industry context.

Ongoing Training and Development

Regulated Entities must ensure and be able to demonstrate that all Regulated Persons receive regular and relevant training to maintain competence. This includes:

- Updates on regulatory changes, new products, and emerging risks;
- Role-specific training for technical or evolving responsibilities and
- Documented professional development plans and training records.

Competency Risks and Red Flags

The GSC highlights the following examples of behaviours or circumstances that may raise competency concerns:

- Findings from inspections or compliance failures;
- Inadequate documentation or poor decision-making processes;
- Repeated errors or failure to act on known indicators of risk;
- Failing to document or escalate concerns properly;
- Authorising transactions without understanding their nature or implications;
- Ignoring unusual or suspicious activity;
- Acting outside the scope of one's expertise or authority;
- Breaching legal, professional or regulatory standards and
- Taking on roles without sufficient time or capacity to fulfil them effectively

Where such concerns arise, the GSC may initiate a reassessment of the Regulated Person's suitability to continue in their role.

Part 5: Financial Standing

Financial Standing – Regulated Person

The GSC considers a Regulated Person's financial status as an important indicator of their overall fitness and propriety and certain financial events are of an interest to the GSC.

Why Financial Standing Matters – Regulated Person

For certain roles with financial responsibilities the GSC will examine a Regulated Person's history for particular financial events.

The GSC will consider whether the Regulated Person has, in any jurisdiction:

- Been declared bankrupt or is currently an undischarged bankrupt
- Entered into a formal arrangement or compromise with creditors
- Been subject to a judgment debt that remains unpaid
- Defaulted on personal financial obligations (e.g. mortgage, loans, credit cards)
- Held a senior role in a company that has entered insolvency or administration

These factors are not automatically disqualifying and will be assessed in context. This will include the person's explanation along with any mitigating circumstances.

The GSC may explore the circumstances to understand whether the events are potentially material to the future of the licence and will seek corroboration that such events are satisfactorily concluded or are being managed appropriately.

These financial assessments will be examined with consideration to the role the Regulated Person is performing.

The GSC will assess Financial Standing based on several factors, including:

- including information provided in declaration forms and
- independent checks carried out by the GSC.

Financial Standing – Regulated Entity

The financial health of a Regulated Entity is a key consideration in the GSC's assessment of whether that entity is fit and proper to conduct online gambling.

Why Financial Standing Matters – Regulated Entity

A Regulated Entity with strong financial stability and sustainable funding arrangements is well-positioned to meet its commitments to players, suppliers and regulators.

Demonstrating sound financial management also reflects effective governance and robust internal controls which support the GSC's assessment of the Regulated Entity's overall suitability.

Assessment Considerations

In assessing the financial status of a Regulated Entity, the GSC may consider factors such as:

- The adequacy of capital and liquidity to support the business model;
- The ability to meet short and long-term financial obligations;
- The source, method and provenance of funding;
- The presence of financial controls, risk management frameworks, and contingency planning and
- Any history of insolvency, financial distress, or regulatory concerns in other jurisdictions.

These considerations apply both at the licensing stage and on an ongoing basis.

The GSC will request financial statements, forecasts, or other supporting documentation as part of its assessment.

Ongoing Expectations

Regulated Entities are expected to:

- Maintain adequate financial resources to support their operations;
- Notify the GSC of any material deterioration in financial position;
- Cooperate with any financial reviews or investigations initiated by the GSC;
- Ensure that financial risks are appropriately identified, monitored, and managed and

- Satisfy the requirements set out in the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019.

Part 6: Fitness and Propriety Assessment

To begin due diligence checks, the GSC requires Regulated Persons to complete and submit a Declaration Form. Two types of declaration forms are available, each aligned to the level of control or influence the Regulated Person is expected to hold.

Personal Declaration Form (PDF): Used where the individual will hold a *greater* degree of control or influence.

Simplified Personal Declaration Form (SPDF): Used where the individual will hold a *lesser* degree of control or influence.

Personal Declaration Form ("PDF")

By signing a PDF, Regulated Persons accept responsibility for the accuracy of the information provided. Any omissions or misrepresentations may result in regulatory consequences.

The GSC expects full and transparent disclosure of:

- Criminal records for those performing or seeking to perform a role on the PDF (including both spent and unspent convictions);
- Regulatory history and any previous disciplinary actions;
- Financial standing, including bankruptcies or insolvencies and
- Professional background and relevant experience.

Two Directors of the Regulated Entity must also sign a declaration confirming that the Regulated Entity has conducted its own due diligence in respect of the Regulated Person.

This form captures the following roles:

- Shareholders with more than 5% holding in the Regulated Entity, Ultimate Parent Company, or any Intermediary companies within the ownership chain;
- Shareholders of Publicly Listed Companies ('PLCs') with 20% or more shareholding;
- Designated Officials;
- Operations Managers;
- Company Directors;
- Chief Executive Officers;
- Investors, Investing more than £250,000 or more than 25% of the total amount invested and
- Politically Exposed Persons ('PEPs').

Simplified Personal Declaration Form ("SPDF")

Similar to the Personal Declaration Forms, Regulated Persons accept responsibility for the accuracy of the information provided within a SPDF.

Any omissions or misrepresentations may result in regulatory consequences.

The GSC expects full and transparent disclosure of:

- Criminal records for those performing or seeking to perform a role on the SPDF (including both spent and unspent convictions)
- Regulatory history and any previous disciplinary actions
- Financial standing, including bankruptcies or insolvencies
- Professional background and relevant experience

Two Directors of the Regulated Entity must also sign the declaration confirming that the Regulated Entity has conducted its own due diligence in respect of the Regulated Person. This form captures the following roles:

- Shareholders with 5% or less holding in the Regulated Entity, Ultimate Parent Company, or Intermediary Companies
- Shareholders of a Publicly Listed Companies ('PLCs') with less than 20% shareholding in the Regulated Entity
- Directors of the Ultimate Parent, or Intermediary Companies
- Directors of Corporate Directors of a Regulated Entity
- Directors of a Corporate Director that holds 5% or more shareholding in the Regulated Entity
- Investors, investing between £50,000 and £250,000 and no more than 25% of the total amount invested
- Stakeholders who make critical, non-financial contributions
- Money Laundering Reporting Officers ('MLROs')
- Deputy Money Laundering Reporting Officers ('DMLROs')
- AML/CFT Compliance Officers
- Nominated AML/CFT Officers
- Senior Managers responsible for:
    - Corporate Strategy;
    - IT, Security of registration and games or betting infrastructure;
    - Regulatory Compliance;
    - Financial Control;
    - Commercial Development or
    - Any other Senior Management function.

The information provided within these declaration forms are reviewed alongside independent checks.

To maintain a proportionate but robust approach to ownership changes, the GSC asks that shareholders with holdings below 5% provide a declaration confirming that they are not subject to criminal and regulatory sanctions.

This helps ensure that the flexibility built into the shareholding thresholds cannot be exploited, while keeping requirements light for low-risk shareholders, this is achieved through the SPDF.

Where a person technically falls within the definition of a Regulated Person but appears to have little or no meaningful ability to influence or control the activities of the Regulated Entity, the GSC may determine that the provision of fitness and propriety information is not required. In such cases, the Regulated Entity should nevertheless identify the individual to the GSC and provide sufficient information to enable the GSC to determine whether further due diligence is required. In such cases, no SPDF are required in respect of these individuals unless the GSC directs otherwise.

Due Diligence

The GSC will independently verify the information provided in a declaration form through a combination of open-source research and corroboration from third-party providers. These checks are designed to validate the accuracy and completeness of the submitted information. The GSC also carries out independent checks to verify the identity of the Regulated Person or Regulated Entity.

The level of scrutiny applied will be proportionate to the responsibility or influence associated with the role. Failure to disclose material facts, or the provision of incomplete or misleading information, may result in the rejection of the application and/or regulatory action.

This is achieved through checks with third-party agencies, public records, and regulatory bodies. The objective is to rule out any of the following: fraud, terrorism, money laundering, bribery, corruption, and other criminal activities, as well as to identify politically exposed persons (PEPs) or those subject to financial sanctions. The assessment also considers any history of criminal, civil or regulatory sanctions.

The scope and depth of these checks are determined by internal risk criteria, which align with the Isle of Man's National Risk Assessment and international standards set by the Financial Action Task Force (FATF).

Examples of due diligence checks include, but are not limited to:

- Criminal background checks to identify any past or pending legal issues
- Financial history reviews to detect involvement in money laundering or fraud
- Verification of professional qualifications and memberships to ensure credibility and integrity
- Screening against international sanctions lists to identify individuals subject to restrictions
- Monitoring for PEPs to manage risks associated with influential positions
- Foreign Regulatory Outreach

- Analysis of curricula vitae for continuity (a lack of ommissions).

Ongoing monitoring of government sanctions lists, watchlists, PEP databases, and other open-source information will continue throughout your relationship with the GSC to detect any unusual or suspicious activity. For more details, please refer to the GSC's privacy notice.

Under the Gambling Acts, the GSC must be satisfied that all Regulated Persons meet the F&P requirements. This is considered:

- At the time of application and
- On an ongoing basis thereafter

Any changes that could affect the GSC's assessment must be reported promptly. All sections of this guidance should be considered.

All criteria in this guidance are relevant when assessing the F&P requirements prescribed under the Gambling Acts.

Not Providing Material Information

Where material information is omitted and is identified by the GSC through its own enquiries, this may raise concerns and adversely affect the application.

Material information is the information listed in the section on Integrity Risk and Red Flags, the section on Competency Risk and Red Flags, and the events under the sections relating to the Financial Standing of Regulated Persons, as well as Regulated Entities.

It also extends to information held on public record, in the public domain and information made available from third party diligence services.

Seriousness of the Findings

The GSC distinguishes between different types of concerns, such as:

- Rumours or unverified allegations;
- Formal charges or regulatory actions and
- Criminal convictions or equivalent findings

Where information suggests criminal association or ongoing investigations, the GSC will require independent evidence to be satisfied as to the integrity of the Regulated Person.

Timing and Context

The GSC considers when the issue occurred and whether it remains relevant:

- Historic matters may carry less weight, particularly if rehabilitation is demonstrated
- Spent convictions are treated differently from unspent convictions
- In cases involving historical business activity in uncertain legal markets, the GSC may take a balanced view, provided the activity ceased once the legal position became clear

Relevance to the Role

The nature of the concern is assessed in relation to the responsibilities of the proposed Regulated Person. For example:

- A fraud conviction is more relevant to a financial controller than a driving offence
- Alcohol-related offences may be more significant for staff working in premises licensed by the GSC to sell alcohol (such as a terrestrial casino)

Part 7: Supervision

Supervision is a core function of the GSC and is essential to ensuring that Regulated Entities operate in a compliant manner. It is an ongoing, risk-based process that involves regular engagement with Regulated Entities to assess their adherence to legal and regulatory obligations.

The GSC's supervisory approach includes both scheduled inspections and thematic reviews, with a focus on compliance, internal controls, and the performance of Regulated Persons. To assist Regulated Entities, the GSC has set out the key components of its supervision.

Fit and Proper Oversight

The GSC conducts ongoing assessments to ensure Regulated Persons continue to meet the required standards of integrity, competence, and financial soundness.

This includes periodic background checks and reviewing any new information that may affect their suitability.

Ongoing Monitoring

As part of routine inspections, the GSC assesses how effectively Regulated Persons are discharging their responsibilities.

This includes evaluating compliance cultures and the ability to manage risk and compliance obligations.

Where concerns arise, the GSC may request further information, conduct interviews, or reassess the Regulated Person's fitness and propriety.

Training and Development

The GSC expects Regulated Entities to foster a culture of continuous learning and professional development. Ongoing training is essential to ensure that Regulated Persons remain competent, informed, and capable of meeting evolving regulatory expectations.

Training should be tailored to the responsibilities of each role, with particular focus on areas such as:

- Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)
- Responsible gambling practices
- Data protection and cybersecurity

- Regulatory compliance and reporting obligations

Newly appointed Regulated Persons must receive structured onboarding to ensure they understand the regulatory framework, licence conditions, and internal policies relevant to their role.

Regulated Entities should maintain a formal professional development programme that:

- Tracks training activities and learning outcomes
- Encourages participation in industry seminars, workshops, and certifications
- Is reviewed regularly to ensure relevance and effectiveness

Training plans and records must be documented and made available for inspection. The GSC may review these records during supervisory visits to assess whether training is adequate and up to date.

The GSC maintains open lines of communication with Regulated Entities and provides feedback following inspections. Where deficiencies are identified, the GSC may issue recommendations, require remedial action, or impose conditions on the licence.

Appeals and Complaints

Any person aggrieved by a decision made by the Commissioners as set out in Schedule 4 of the Gambling (Amendment) Act 2006 and section 34(2) of the Gambling (AML/CFT) Act 2018, may appeal the decision to the Gambling Appeals Tribunal.

Appeals should be made within one month of the notification of the original decision.

Outside the formal appeals process, complaints can be submitted in writing to the GSC Chief Executive, following the procedure outlined on the GSC website

APPENDIX 1 - Legislation

The requirement for ensuring Regulated Persons are fit and proper is outlined in various Gambling Acts and associated secondary legislation governing gambling within the Isle of Man.

The following Acts place requirements on the GSC to be satisfied of the following character requirements:

Requirement	Act	Section
To be "**fit and proper**"	Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Act 2018	s.25(1) (requirement that directors, senior managers or controllers be "fit and proper")
		s.26(1) (requirement that an individual of the company with responsibility for carrying out a regulated activity be "fit and proper")
To be of "**integrity**"	Online Gambling Regulation Act 2001	s.4(2)(a) (in respect of the company overall)
		s.4(2)(c) (in respect of the management of the company)
		s.10(3) (in respect of "designated officials" only)
		s.12(2) (in respect of directors)
	Casino Act 1986	s.3(6)(a) (in respect of the licence holder)
		s.3(6)(f) (in respect of the licence holder if that licence holder is a company)
		s.4(3)(c) (in respect of directors)
To be of "**competence**" or "**competent**"	Online Gambling Regulation Act 2001	s.4(2)(c) (in respect of the management of the company)
		s.10(3) (in respect of "designated officials")
To a person's "**financial status**"	Online Gambling Regulation Act 2001	s.11(1)(b) (duty to investigate the financial status of persons involved in online gambling)
To a person's "**character**"	Online Gambling Regulation Act 2001	s.11(1)(b) (duty to investigate the character of persons involved in online gambling)
To a person's "**integrity**"	Online Gambling Regulation Act 2001	s.12(2) (duty to be satisfied of a director's integrity)
To be **"suitable"**	Online Gambling Regulation Act 2001	s.15(2) (requirement that a director or other senior manager of the company be "suitable")

APPENDIX 2 – Competency Table

*This table shows examples where competency can be demonstrated. Each example in isolation is not required, and the list is not exhaustive, but the GSC may consider these points when assessing competency. Each case will be considered on its own merits.

Role	Core Competencies	How competence can be demonstrated
Designated Official	In addition to meeting the requirements of a Director, the GSC expects a person holding the position of a Designated Official to be able to devote sufficient time to the role, having regard to the nature, scale and complexity of the Regulated Entity's business and to demonstrate a thorough knowledge of that business	• The individual should be experienced in regulatory requirements and demonstrate a thorough knowledge of the Regulated Entity's business; • Participation in interactions with the GSC, Compliance Inspections and AML Inspections as required; • Ensure that regulatory requirements have been met and • Have accountability and actively assist in the resolution of issues
Director	The GSC expects a person holding the position of a Director to have: • An appropriate level of experience; • A clear understanding of the role and responsibilities of a Director; and • A good understanding of the gambling industry and its regulatory environment. Overall, the Board of Directors should collectively exhibit a balanced mix of skills and experience	• An existing level of service as a Director or senior management in the gambling or corporate services industry (or another regulated industry) in the Island or an appropriate jurisdiction; • Previous experience as a Director; • Capable of explaining the business model to the GSC's inspectors if asked; • Understanding any legal restrictions that apply to the Regulated Entity, and they should have access to reports that allow them to assess the health of the Regulated Entity; • Ensuring that deadlines are met when dealing with the GSC; • No previous Competency issues identified, or previous Competency issues have been addressed • Understands the responsibility of the Board to approve the control framework implemented by the firm (e.g. AML/CFT policies) and to receive appropriate reporting so as the Board can ensure that the controls remain effective and that no material issues have arisen outside of their purview and influence.

Operations Manager	In addition to meeting the requirements of a Director, the GSC expects a person holding the position of an Operations Manager to be able to demonstrate a thorough knowledge of the Regulated Entity 's business	• The individual should be experienced in, and demonstrate a thorough knowledge of, the IOM regulatory requirements; • Participation in interactions with the GSC, Compliance inspections and AML inspections; • Actively assist in the resolution of issues
Senior Managers	The GSC expects a person holding the position of a Senior Manager to have: • A clear understanding of their role, responsibilities and the Regulated Entity's business; • The relevant experience and qualifications associated with their primary responsibilities; and • A good understanding of the relevant regulatory requirements as it applies to the role	• A member of the senior management of a Regulated Entity will have an appropriate level of experience in a relevant industry; • A member of senior management who has responsibility for a specialist function should demonstrate specific knowledge related to that function; • No backlog or delays in handling duties; • No previous Competency issues identified, or previous Competency issues have been addressed
MLRO** and Deputy MLRO**	The GSC expects a person holding the position of an MLRO or Deputy MLRO to: • Be sufficiently senior in the organisation of the operator or have sufficient expertise and authority; • Understand the Regulated Entity's business and how the AML/CFT legislation applies to it; • Have the appropriate level of maturity and experience to demonstrate independence from colleagues, clients and the Board;	• The MLRO/Deputy MLRO should hold a relevant professional qualification and/or a qualification specifically related to AML/CFT; • In addition, the individual should have relevant knowledge of the industry and of the applicable regulatory requirements; • Manage and Maintain reporting records effectively; • The GSC will expect an MLRO/Deputy MLRO to be able to describe in detail: - o Applicable suspicious activity reporting requirements; o Gambling typologies and risk factors; o The business model and customer base; o All aspects of AML/CFT processes in the organisation and o Broad patterns or trends • An MLRO/Deputy MLRO should be able to demonstrate that they have sufficient time and resource through: - o Staying abreast of AML/CFT trends and typologies;

	• Have relevant experience associated with AML/CFT in the relevant industry; and • The MLRO/Deputy MLRO should be independent from the enterprise functions of the company	○ No backlogs or delays in handling suspicious activity reports or enquiries; ○ Making good quality and timely external disclosures; ○ Regular reports on SARs (trends, volumes) to the board and ○ Participation in AML/CFT consultations and events such as the AML forum • Must have or develop a good understanding of the products and services offered by the company; • Have input into risk assessments, policies and training from an AML perspective; • No previous Competency issues identified, or previous Competency issues have been addressed
AML/CFT Compliance Officer**	The GSC expects a person holding the position of AML/CFT Compliance Officer to: • Be sufficiently senior in the organisation of the operator or have sufficient expertise and authority; • Understand the business and how the AML/CFT legislation applies to it; • Have sufficient time and resource to discharge responsibilities; and • Have the appropriate level of maturity and experience to demonstrate independence from colleagues, clients and the Board	• The AML/CFT Compliance Officer should hold a relevant professional qualification and / or a qualification specifically related to AML/CFT. In addition, the individual should have a thorough knowledge of the industry and of the applicable regulatory requirements; • Demonstrating up-to-date and detailed understanding of AML/CFT requirements and the Regulated Entity 's own procedures and controls, including any short comings and plans for remediation; • Regular (at least annually) AML/CFT reports to the board, which provide a summary of the company's compliance with AML/CFT legislation, as well as other internal governance developments relevant to AML/CFT compliance; • Participation in AML/CFT consultations and events; • Must have a good understanding of the products and services offered by the company; • No previous Competency issues identified, or previous Competency issues have been addressed; • Have input into risk assessments, policies and training from an AML perspective
Nominated AML/CFT Officer**	The GSC expects a person holding the position of Nominated AML/CFT Officer to:	• The Nominated AML/CFT Officer should have knowledge and understanding with experience of AML/CFT and reporting. In addition, the individual can

	• Be a senior experienced individual, with a direct reporting line to the Board; • Understand the business and how the AML/CFT legislation applies to it; • Have sufficient time and resource to discharge responsibilities; and • Have the appropriate level of maturity and experience to demonstrate independence from colleagues, clients and the Board	demonstrate the implementation of appropriate internal control mechanisms and has sufficient oversight and time to carry out any duties; • Participation in AML/CFT consultations and events; • No previous Competency issues identified, or previous Competency issues have been addressed; • Be able to make and implement recommendations in line with the business risk assessment

**The GSC may conduct interviews with MLROs, Deputy MLROs, AML/CFT Compliance Officers and Nominated AML/CFT Officers to assess these competencies, if they are a previously unknown person to the GSC or if there are ongoing concerns.