



REPUBLIC OF SAN MARINO

DELEGATED DECREE No. 1 of 10 January 2007

**We the Captains Regent
of the Most Serene Republic of San Marino**

*Having regard to Article 5, last paragraph of Law No. 143 of 27 December 2006;
Having regard to Congress of State Decision No. 7 adopted in its sitting of 8 January 2007;
Having regard to Article 5, paragraph 3 of Constitutional Law No. 185/2005 and to Articles 8 and 10, paragraph 2 of Qualified Law No. 186/2005;
Promulgate and make public the following Delegated Decree:*

RULES GOVERNING PRIVATE-LAW COMPANIES UNDER ARTICLE 5 OF LAW NO. 143 OF 27 DECEMBER 2006 (ESTABLISHMENT OF THE PUBLIC INSTITUTION FOR GAMING ACTIVITIES)

Art. 1 *(Definitions)*

1. For the purposes of this Decree:
 - a) the term “Company” means the private-law company entrusted with the task of running the seats and operative structures where the games take place under Article 5 of Law no. 143 of 27 December 2006;
 - b) the acronym “ESG” means the Public Institution for Gaming Activities under Law no. 143 of 27 December 2006;
 - c) the term “Games” means the activities regulated by Law no. 67 of 25 July 2000;
 - d) the term “Contract” means the contract to run the seats and operative structures where the games take place under Article 5 of Law no. 143 of 27 December 2006.

Art. 2 *(Legal form of the company – Capital)*

1. The Company shall be established as a joint stock company, according to the legislation in force.
2. The ESG shall establish the minimum capital of the Company.

Art. 3
(Board of Directors)

1. The Company shall be managed by a board of directors composed of at least three members.

Art. 4
(Supervisory bodies)

1. The Company shall appoint the board of auditors and an approved audit firm.

Art. 5
(State participation in the capital of the Company)

1. The State shall be the majority shareholder of the Company.
2. The fiduciary ownership of the Company's shares shall not be admitted.
3. Anonymous companies shall not subscribe the capital of the Company.
4. In case of transfer of the Company's shares *inter vivos*, the transferor shall be required to preventively obtain the express agreement of the Congress of State, which shall first hear the opinion of the ESG. The document containing this agreement shall be attached to the document attesting the transfer of the Company's shares, under penalty of nullity.

Art. 6
(Requirements of good repute of the Company's shareholders and managers)

1. The following persons shall neither be shareholders, nor perform functions relative to the management, direction and control of the Company:
 - a) anyone who has suffered convictions, including non-final, for intentional crimes committed over the last 15 years;
 - b) anyone who is subject to bankruptcy procedures, either ongoing or concluded less than 5 years before;
 - c) anyone who has been the subject, over the last 15 years, of interdictions or sanctions imposed by supervisory authorities in the field of Games.
2. If the shareholder of the Company is a legal person, the cases referred to in paragraph 1 refer to the shareholders and members of the managing and controlling body of the latter.
3. The ESG shall establish by regulation the procedures to demonstrate the good repute of the Company's shareholders and managers.
4. The ESG may establish by regulation other requirements concerning the good repute of shareholders and persons performing functions related to the management, direction and control of the Company.

Art. 7
(Professional requirements)

1. The persons performing functions relative to the direction of the Company shall be required to have carried out professional activities in the field of Games for at least 4 years.
2. The ESG shall establish by regulation the procedures to demonstrate that professional requirements are met.
3. The ESG may establish by regulation the professional requirements to be met by persons performing functions relative to the management and control of the Company, as well as further professional requirements to be met by the persons referred to in paragraph 1.

Art. 8

(Situations precluding the conclusion of the Contract)

1. The Contract shall not be concluded with companies that:
 - a) have not fulfilled, either directly or indirectly, the conditions provided for in contracts concerning the operation of Games;
 - b) are participated, either directly or indirectly, by persons producing electronic equipment or machines used for the operation of Games.

Art. 9

(Termination of the Contract)

1. Besides the cases provided for by the legislation, the following are reasons for the termination of the Contract:
 - a) the fact that the shareholders and managers of the Company cease to fulfil good repute and professional requirements;
 - b) the occurrence of one of the situations referred to in Article 8, that prevents the Contract from being concluded.

Done at our Residence on 10 January 2007/1706 since the Foundation of the Republic

THE CAPTAINS REGENT
Antonio Carattoni – Roberto Giorgetti

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta