

**Minutes of the meeting held between the Gambling Commission and the Remote Gambling Association**  
**Thursday 29<sup>th</sup> September 2005**

<b>Attendees</b>	
Helen O'Kane (Transition Team) Victoria Bazalgette (minutes)	Clive Hawkswood (RGA) Peter Nicol (Victor Chandler) John Coates (Bet365) Ian Spearing (William Hill) Julian Graham-Wrack (William Hill)

**Item 1: The Gambling Commission and Transition Update**

1. HOK provided a brief update on transitional issues, highlighting the impending launch of the Commission on 1 October, and following this, the public consultation on the *Statement of Principles*. The new website will be live from Monday 3 October. The Commission is in the final stages of securing a property in Birmingham and the office space will be ready for occupation by the beginning of 2006.
2. HOK explained that draft codes of practice relating to technical standards for machines and the remote sector will not be issued as part of the main consultation document on codes and conditions in early 2006; they will be kept separate and be consulted on subsequently.
3. The subject of white-listing was raised. HOK confirmed that DCMS are conscious that this is an important issue in terms of where remote operators choose to base themselves under the new legislation, and they aim to allow as much time as possible in order to allow operators flexibility.

**Item 2: Location of Equipment**

4. RGA members emphasised that remote operators must be able to respond to the new regulatory and tax regimes, or operating in the UK will not be viable for business.
5. RGA members raised the subject of how section 89(2) will be applied ie. which remote gambling equipment used by the licensee must be situated in Great Britain, as the implementation of technical change can be a very time-consuming process. HOK confirmed that this power may be used on a case-by-case basis. A more detailed discussion about section 36(4) ensued, operators querying which servers would have to be based in the UK.
6. Operators thought that section 89(2) should only capture equipment dealing with gambling activity and not equipment for payment processing and other elements concerning the management of customer funds. HOK confirmed that the Commission will be interested in the outcome of gambling activity, in terms of ensuing that customers are receiving the winnings that they are entitled to, but will not be concerned with the administration of businesses.

7. The group discussed "single-wallet" customer accounts, and how to ascertain which records would be relevant to the Commission, provided that a company website's sportsbook section may be located in the UK and licensed by the Commission, whereas the online casino may be based in another jurisdiction. The RGA were keen that the key equipment to be based in the UK denoted in section 36(4) should not include customer wallets. It was agreed that payment processing equipment is not caught by section 36(4), but the Commission has not confirmed a view about what information is related to licensed activities and what is not.
8. Operators confirmed that when customers engage in a selection of gambling activities on a website, virtual game rooms present information about the jurisdiction in which they are situated. HOK confirmed that she is considering the issue of kitemarking separately. This could potentially be a method of indicating which areas of a site are licensed by the Commission.
9. This issue of self-exclusion for those who gambling remotely was raised. All parties were concerned that if those wishing to self-exclude were obliged to do so across all products offered by a particular operator rather than being able to self-exclude selectively, some customers would choose not to self-exclude at all.
10. RGA members summarised that they wanted the "single-wallet" system to prevail, and for logged data containing personal accounts' transaction activity to be based off-shore. If required, this type of information can be transferred to the UK at the point of interrogation. All core data concerning remote gambling activity would remain where this activity was licensed. Operators emphasised that there must be a clear divide between gambling activity and purely financial transactions on individual accounts. HOK said that if the Commission accepts that the movement of money through accounts does not constitute licensed activity, it will then need to consider how to participate from the stage when bets are placed.

### **Item 3: Advertising and Marketing**

11. HOK explained that the Commission was not anticipating that equipment for advertising would be caught by 89(2). Operators could have a separate marketing database, and have an excluder to allow them to access information from it.
12. There was a discussion about how graphics and other display elements are generated on a gaming website. Operators explained that these elements are often not held on principal gaming servers; they are pulled from servers around the world closer to where customers are based to improve quality. It is unclear at this stage whether servers that generate graphics would be caught by section 36(4)(b).
13. Operators took the view that customer service teams and equipment should not be required to be based in the UK, and look forward to more information from the Commission on how key equipment will be classified.

### **Item 4: Personal Licensing**

14. HOK explained that the concept of personal licensing is based on the probity of individuals. The Commission will also want to be informed about levels of training that have been completed. Under the new system, it will be the individual's prerogative to demonstrate to the

Commission that they are honest, competent and well-trained. Once an individual has been issued a personal licence, he/she is free to retain it from job to job.

15. HOK explained that the Commission is not aiming to designate roles within remote operations that should be personally licensed, but to focus more on functions and tasks that would require licensing. Those who hold key operational functions (such as heads of compliance, HR, marketing, security etc) should also be licensed, even if their own work is not directly related to gambling activity.
16. Operators explained that who should be personal licensed in an IT department would depend on software and development. They proposed that those responsible for certain procedures and meeting technical standards should hold personal licences.
17. In terms of financial processes, operators advocated the personal licensing of companies' heads of finance and finance controllers, as those who ensure that financial systems operate well.
18. HOK suggested that the Commission could issue a compliance submission document, asking remote operators to detail who in their companies is responsible for certain functions. Operators replied that this could be difficult for IT functions, as much of this work is outsourced.

**Action:** *William Hill to forward an internal control document to HOK.*

19. The next meeting between the Gambling Commission and the RGA will be a more in-depth discussion of technical standards and systems testing and will take place before Christmas.

