

Gaming machines

Key points: Conditions and codes

Under the Gambling Act 2005 (the Act), there are four categories of gaming machine, ranging from category A to category D. The stakes and prizes for these machines will be set in regulations by the Department for Culture, Media and Sport.

Category B1 machines may only be sited within casinos and have a maximum stake of £2 and prize of £4,000.

Category B2 machines may only be sited in casinos, in betting shops and in tracks occupied by holders of pool betting licences and have a maximum stake of £100 and prize of £500.

Category B3/B3A machines will a maximum stake of £1 and prize of £500.

Category B4 machines have a maximum stake of £1 and prize of £250.

Category C machines currently have a maximum stake of 50p and prize of £35, but this is under review.

Category D machines (which may be played by children, under 16s and young people, under 18s) have a maximum stake of 10p and prize of £5 cash, or 30p stake and £8 prize when non-monetary, but this is under review.

The Commission licenses and regulates all those who manufacture, supply, install, maintain, adapt or repair machines, through 'gaming machine technical operating licences', which are the subject of this briefing paper.

Operators such as casinos, bingo clubs and arcades are also licensed by the Commission (see separate briefing notes on each of these). Licensing authorities will issue gaming permits to pubs, clubs and unlicensed family entertainment centres. Those who hold gaming machine permits for clubs or alcohol-licensed premises, either under the Act or those who hold permits or registrations under the 1968 Act should refer to the separate Gaming Machine Permits Code of Practice available on our website.

General principles

The Commission expects all gambling licensees to:

- conduct their business with integrity
- act with due care, skill and diligence
- take care to organise and control their affairs responsibly and effectively, with adequate risk systems and controls to protect the three licensing objectives
- maintain adequate financial controls and resources
- have due regard to the interests of customers and treat them fairly
- have due regard to the information needs of customers, and to communicate with them in a way that is clear, not misleading, and allows them to make a properly informed judgment about whether to gamble
- manage conflicts of interest fairly
- work with the Commission in an open and cooperative way and disclose to the Commission anything relating to the operator of which the Commission would reasonably expect notice.

The Commission takes these principles into account when considering the suitability of licence holders.

Since September 2007 gambling operators in Britain are required to be licensed by the Gambling Commission (the Commission). The Commission published Licence Conditions and Codes of Practice (LCCP) in November 2006, followed by a supplement in December 2006. A further revision of LCCP was published in June 2007 replacing both previous documents.

Since the publication of the LCCP in June 2007 a number of issues were raised both within the Commission and by external stakeholders. Some of these were concerned with clarifying the meaning of certain provisions, but there were also instances where with the benefit of some experience of the new regime, it became apparent that new provisions were required or existing ones needed amending. A consultation exercise was undertaken, during which stakeholders, including industry representatives and other interested parties, were given the opportunity to express their views about the proposals.

The proposals were published for consultation in April 2008. The Commission consulted widely with the industry, consumer groups with an interest in gambling and other interested parties, and made changes in response to the consultation.

The latest version of LCCP was published in October 2008 and takes effect from 1 January 2009. This revised document incorporates some additional and clarified provisions which reflect further work and consultation. It sets out the licence conditions and social responsibility code provisions with which licensees must comply and the codes of practice on how gambling should be conducted.

The Commission's role

The Commission regulates gambling in the public interest. Its remit is to keep crime out of gambling, ensure that gambling is conducted fairly and openly, and protect children and vulnerable people from harmed or exploited by gambling. The Commission also provides independent advice to government on gambling in Great Britain.

The Commission is a Non-Departmental Public Body. It operates at arm's length from government. It is independent from any political party, industry interest or pressure group.

The Commission was set up in October 2005 under the Gambling Act 2005. It took over the work of the Gaming Board for Great Britain. Under the 2005 Act, the Commission will regulate betting, bingo, casinos, gaming machines, lotteries, and remote gambling.

The Commission does not regulate spread betting (the responsibility of the Financial Services Authority) or the National Lottery (regulated by the National Lottery Commission).

Key points

Protecting children and vulnerable people

- All machine manufacturers and suppliers etc are required to comply with the Commission's technical standards, which include requirements to protect children and vulnerable people.
- Customers will only be able to play one game at a time and the speed of play on any game will be restricted.
- Manufacturers must not make machines (other than category D machines) specifically attractive to children and young people.
- Gaming machines (sometimes referred to as fruit machines) are currently being phased out from premises such as taxi offices and chip shops. This is to ensure that children and other vulnerable people are not exposed to gambling in certain non-gambling premises. You can no longer apply for a permit for such machines. Existing permits are permitted to run their course until they expire. This means that it will be illegal to offer machines on any of these premises from 31 July 2009. Please note that this measure will not apply to pubs, clubs and other alcohol licensed premises or amusement arcades. You can read more about this process of phasing out gaming machines in non-gambling premises on the [Department for Culture, Media and Sport website](#).

Making sure gaming machines are fair and open

- Gaming machines must display information on the machine, including the category of the machine, the percentage return to the player, or other relevant information about the likelihood of winning, and information about help available to problem gamblers. These requirements are set in regulations from the Secretary of State and in the Commission's technical standards.
- Where technologically possible, in the case of a dispute between the operator and a customer, gaming machines must allow the operator to track the history of previous games played on that machine.
- Gaming machines will be required to undergo certain tests or an ongoing compliance regime to ensure that they are fair and open before they can be supplied or offered to the public. The nature of these tests or the compliance regime will vary according to the category of the machine.
- From 1 January 2009 licensees offering the supply of gaming machines or gambling software on websites must display the following information on the first page of the website which offers gaming machines or gambling software in reliance on the licence: (i) a statement that they are licensed and regulated by the Gambling Commission, (ii) their licence number and (iii) a link to the Commission's website, display at least the information at (i) above on each page of the website which offers gaming machines or gambling software in reliance on the licence. Where operators offer on pages of, or by means of a link from, their website, the supply of gaming machines or gambling software which are not provided in reliance on their licence, they must clearly distinguish those products which are regulated by the Commission from those which are not.

Financial robustness

- Working closely with other enforcement agencies, the Commission will use its powers to tackle illegal gambling. This includes taking action against manufacturers, suppliers and/or operators of illegal machines.

The Commission will not hesitate to use its legal powers to prosecute illegal gambling operators and to take tough regulatory action against licensees who fail to comply.

Gambling Commission ■ Victoria Square House ■ Victoria Square ■ Birmingham ■ B2 4BP

T 0121 230 6666 ■ F 0121 230 6720 ■ www.gamblingcommission.gov.uk