

January 2009

## Remote Gambling

### Key Points: Conditions and Codes

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.

All the relevant LCCP publications are available on the Commission's website or in hard copy by contacting the Commission.

**Under the Gambling Act 2005, operators of remote gambling (via such means as the internet, digital TV and mobile phones) offering casino, bingo and machine-style gaming can lawfully establish their operations in Britain for the first time. Since 1 September 2007 the public have had the choice of gambling on sites regulated by the Commission. It is a criminal offence to allow children or young people to game or bet remotely.**

## Key points

### Protecting children and vulnerable people

- Until now, many responsible operators have voluntarily adopted codes of practice on social responsibility. The licence conditions and social responsibility codes of practice now in force have statutory force. Remote gambling licensees must have policies and procedures for promoting socially responsible gambling. These must include how they will contribute to research into the prevention and treatment of problem gambling, to education of the public on the risks of gambling and how to gamble safely, and to the identification of problem gamblers and their treatment.
- Remote gambling licensees must provide clear information about responsible gambling and links to help available for problem gamblers.

### 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 control 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; and
- 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.**

## 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).

- Remote gambling licensees must train employees about possible problem gambling and how to identify it. They must implement policies and procedures for customer interaction where they have concerns that a customer's behaviour may indicate problem gambling. The policies must include training for all staff on their respective responsibilities.
- Remote gambling licensees must put in place procedures which allow customers to exclude themselves if they feel they have a gambling problem either by contacting customer services or, where technology permits, by going through an automated online process. The self-exclusion period should be for a minimum of six months and should be capable of extension to at least five years. At the end of the period chosen, the self-exclusion should continue unless the customer takes positive action to end it, eg to tick a box on the internet, or answer a direct question over the phone.
- Remote bingo, casino, general or pool betting operations offering gambling on websites must display a statement that they are regulated by the Gambling Commission, their licence number, and a link to the Commission's website. Where an operator offers on pages of a website, or by means of a link from a website, facilities for gambling which are not provided in reliance on their Gambling Commission licence, they should clearly distinguish those products which are regulated by the Commission from those which are not.
- Advertising should comply with the advertising codes of practice. This will bar advertisers from encouraging irresponsible or excessive gambling, from seeking to harm or exploit children, the young, or other vulnerable persons, from directing advertisements at those under 18, and from featuring people who seem to be younger than 25.
- Marketing must be socially responsible and licensees must comply with strict controls on incentives to gamble.
- Remote gambling licensees must have robust procedures to prevent underage gambling. This includes checks to verify age, and making available filtering software to allow adults to block access by children.
- Licensees must ensure that staff understand their responsibilities for preventing underage gambling and receive appropriate training. They must use the best publicly available information for age verification from whichever country the customer is from. Online operators must regularly review their age verification systems to ensure that they are keeping pace with technological advances.

## Making sure remote gambling is fair and open

- Licensees must implement fair complaints and disputes procedures. In relation to disputes, licensees must allow complainants to refer their dispute to an independent body or person. Licensees must keep records of complaints and disputes, and provide information to the Commission through the regulatory returns.
- Licensees must provide clear information about each gambling opportunity.
- Licensees must comply with the Commission's remote gambling and software technical standards, which are published separately. Certain functionality will be subject to independent third party testing prior to release.
- The technical standards require operators to determine results fairly and for "play for fun" games to operate in the same manner as the real games.

## Keeping crime out of remote gambling

- Operators and key personnel must be licensed by the Commission. The application process for licences is an important stage in the process of keeping crime out of gambling and making sure that operations are in the hands of those suitable and competent to conduct them.
- Procedures must be in place to ensure that operators meet their responsibilities relating to money laundering. One or more staff should be given responsibility for this. All staff involved in handling money and accounts should receive training.
- Licensees must give the Commission full and unrestricted access to gambling facilities and provide any information it requires about gambling facilities and activities.

## Financial robustness

- Operators are expected to provide evidence of adequate financing and satisfactory arrangements for control of cash and credit.

**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.**