

GAMBLING COMMISSION



Society lotteries, external lottery managers and service providers

A quick guide for local authorities



It is common practice in the lottery sector for organisers of lotteries to employ third parties to provide materials and services to assist in the promotion of lotteries. Those third parties are generally commercial companies and include ticket printers, advertising agencies, response handling, telemarketing and direct mail companies etc. In many cases those third parties will simply be acting as 'service providers' rather than being involved in the promotion or facilitation of the lottery and they will not require a licence or any other specific permission under the Gambling Act 2005 (the Act).

What is an External Lottery Manager (ELM)?

Under the Act a third party will require an operating licence from the the Commission if the services the third party provides amounts to the promotion or facilitation of a lottery under section 252 or 259. Under the Act a society or local authority lottery may employ a third party (an ELM) to promote all or part of its lottery.

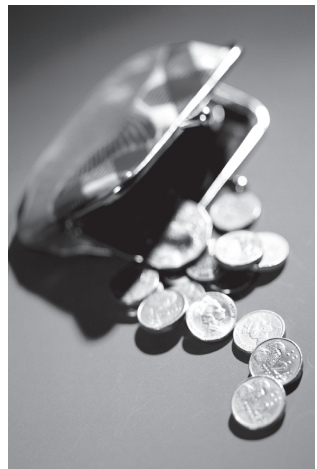
Section 257 of the Act defines an ELM as a person or body that makes arrangements for a lottery on behalf of a society or authority of which they are not a member, officer or employee. Further advice on the distinction between ELMs and service providers is given in sections 7 and 8 of the Commission's advice document: ***Promoting society and local authority lotteries (November 2009)***, available on our website.

What licences does an ELM need?

ELMs must hold a lottery manager's operating licence issued by the Commission before they can manage a licensed society, local authority lottery or a society lottery registered with a local authority.

It is the responsibility of the society or local authority to ensure that before employing anyone to manage all or part of their lottery that that person or body holds a valid lottery manager's operating licence issued by the Commission.

A list of licensed ELMs is available on the Commission's website.

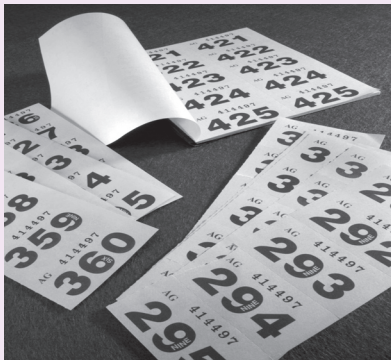


What licences does an ELM need? (continued...)

Some ELMs are also required to hold Personal Management Licences and they must ensure that certain directors and senior managers, including the managing director, chief executive, finance director, compliance manager, marketing manager and IT manager hold licences.

ELMs will also need to hold a remote gambling licence if they are involved in the promotion of a society lottery where tickets are sold by means of remote communication (internet, telephone etc).

The fact that a society or local authority lottery employs a licensed ELM to manage all or part of its lottery does not absolve the society, or local authority, from its responsibility for ensuring that the lottery is conducted in such a way that it is lawful and fully complies with all licence or registration requirements. In cases where a licensed ELM is employed, the society or local authority lottery will still need to hold a licence(s) or a registration.



What responsibilities do local authorities have?

The Commission has responsibility for the licensing and regulation of ELMs. However, many ELMs and service providers supply materials and services to small society lotteries registered with local authorities where the Commission has no involvement or any direct regulatory responsibility.

It is recommended that, at the time a society applies to a local authority for a society lottery registration or makes their annual renewal payment for their registration, the local authority should ask the society to confirm whether or not they employ a person or body to promote all or part of their lottery, and if so, whether that person or body is licensed by the Commission as an ELM.

If that third party person or body is promoting a society lottery without a licence from the Commission they may be committing an offence under section 258 of the Act.



What responsibilities do local authorities have? (continued...)

Where a local authority becomes aware of a person or body operating as an unlicensed ELM they should inform the Commission and provide details of that person or body. The local authority should also inform the society that they may also be committing an offence under the Act by employing an unlicensed entity to promote all or part of its lottery.

In most cases where the Commission becomes aware of an unlicensed ELM it will investigate the circumstances. One option open to the Commission is to give the person or body in question the option of either applying for a lottery manager's operating licence or ceasing its business of promoting lotteries.

Where there is doubt about whether a third party is acting as an ELM or a service provider our advice in ***Promoting society and local authority lotteries (November 2009)***, available on our website, may help. The Commission's Contact Centre may also be able to give advice on **0121 230 6666**.

**GAMBLING
COMMISSION**
keeping gambling fair and safe for all

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