

Update on Gambling (Licensing and Advertising) Bill implementation and LCCP consultations

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| For Board approval | <input type="checkbox"/> |
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Prepared by:

Date: 14 March 2014

Executive summary

1. This paper provides the Board with an update on the timetable for implementation of the Gambling (Licensing and Advertising) Bill ('the Bill'), and on progress towards finalising the Licence Conditions and Codes of Practice ('LCCP'), following the two consultations on proposed amendments. Annex A to the paper provides an update on plans for licensing operators currently based overseas.
2. The Board last received an update on these issues in January 2014. In particular, that paper explained that written responses to the consultations were in line with the feedback we had received at the consultation workshops in October and November 2013, and in January 2014. The Board also approved the general approach to implementing the LCCP provisions which would give operators three months notice after publication before they come into force. The Board also agreed that in finalising the LCCP provisions and responses document we only return to Board for approval by correspondence where, in the Chief Executive's opinion, a change is significant or a departure from agreed policy.
3. We now expect Royal Assent by 8 May and anticipate go-live on 1 August. As such we now plan to publish the final LCCP amendments in two parts – by end of March and then end of April – which will give operators more time to implement the provisions on which we have certainty at this stage.
4. The Board is asked to comment on these plans and progress.

Background

5. The Bill will be read a third time in the House of Lords on 18 March. The current expectation is that Royal Assent will be received in early May, meaning that advanced applications will be accepted in late June, and therefore licences could be issued in early August.
6. We now plan to publish the final LCCP amendments in two parts. For the most part changes represent improvements to the framework but there are a couple of more significant changes such as the strengthening of licence condition 15.1 and new provisions in relation to the licensing of gambling software suppliers and networks. These new provisions will increase our leverage over business to business operators which is an important factor when seeking to restrict the activities of those operators that might attempt to target the British market without the necessary licence.
7. The first part of LCCP will be published at the end of March and will include the majority of the amendments that apply to non-remote sectors or to both remote and non-remote sectors, such as to the complaints and disputes provisions and the requirement to take responsibility for third parties.
8. The second publication will comprise of the changes that are more closely connected to the Bill reforms, such as display of licensed status requirements (or kitemarking). This part will be published approximately one month later at the end of April, which will enable us to take account of final developments in the Bill debates and to fully resolve issues that have arisen. We anticipate that both parts will be brought into force at the same time by end of July. Publishing in two stages however gives operators more time to implement the provisions on which we have certainty at this stage.

Issues

Possible amendments / concessions

9. In the January update we informed the Board that during the passage of the Bill DCMS was considering concessions, one of which related to dormant accounts. There was no concession in this area.
10. However, an amendment has now been tabled by DCMS for Third Reading that would introduce a requirement for holders of remote operating licences to make a Horserace Betting Levy payment. This will require the Bill to return to the Commons to approve the amendment.
11. The proposed amendment on self-exclusion that would require the Commission to maintain a national self-exclusion database was withdrawn but was accompanied with a commitment that the Commission would review self-exclusion provisions as part of a wider exercise to strengthen player protection provision.

Timetable

12. The next available opportunity for Royal Assent is at prorogation, likely to be just before State Opening of Parliament 8 May 2014. This now gives a provisional implementation date of 1 August 2014.
13. The table below provides further information about the schedule of events and estimated timetable.

Broad outline of provisional timetable to Bill and overall implementation¹

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| Lords Third Reading | 18 March 2014 |
| *Publication of LCCP Part 1 provisions and response documents, along with communication to industry and others | By end March 2014 |
| Commons consideration of Lords amendments | By end March 2014 |
| *Publication of LCCP Part 2 provisions and response documents, along with communication to industry and others | By end April 2014 |
| Royal Assent | By 8 May 2014 |
| *Transitional SI comes into force | 27 June 2014 |
| Advanced applications window (one month) | 27 June 2014 to 25 July 2014 |
| One week 'clearing/dead week' following advanced application window | 25 July 2014 to 1 August 2014 |

¹ All dates are provisional, but this table gives an overview of the schedule/ proposed order of key 'events'.

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| *Majority of LCCP provisions come into force | 1 August 2014 |
| Full implementation of Bill | 1 August 2014 (if RA happens by 8 May 2014) |
| Individual LCCP provisions may be brought into force on a later timetable (for example the gambling software provision) | During latter half of 2014 / early 2015 |
| <p>Phase 2 of LCCP/ regulatory returns consultations</p> <ul style="list-style-type: none"> • A further round of consultation on compliance information for protection of customer funds and on regulatory returns is anticipated. • Consultation on changes to remote technical standards and testing requirements. | In line of implementation of the regime |

Recommendations

14. As set out in the Executive Summary, this paper updates the Board of progress of LCCP and plans for licensing overseas operators.
15. Commissioners are invited to note progress.

Appendix 1 Licensing progress update

1. This annex provides an update in preparation for licensing overseas based operators.
2. From information known about those who currently target and transact with GB customers we are expecting circa 150 operators to seek a Commission licence. The number of applications is likely to exceed that number as our discussions with some operators who hold licences in more than one EEA or White list jurisdiction indicate they are likely to apply for more than one licence to retain the separation of businesses for operational and tax purposes.
3. Licensing recruited additional 5 staff in November to cover the additional work in preparing Licensing for the implementation of the Bill and the expected influx of applications when Royal Assent is granted and the application window opens. Staff have been trained and continue to receive relevant further training as preparations progress. Guidance and processes for staff have been updated and continue to be updated when relevant as policy matters are decided for example, due diligence requirements on licensees in relation to their operations in overseas markets and the transition of games that are already available to British consumers into our regulatory framework. We are communicating any updated advice or guidance in a fortnightly update of our FAQ's.
4. Preparations for acceptance of applications continue. Pre-application checks on the majority of those expected to apply were completed in January. These have identified nine operators who from the size and scale of their business will be added to the list of High Impact Operators. In some instances the checks have also revealed areas where we will wish to dig more deeply on receipt of the application, for example outstanding US indictments of key individuals.
5. To help potential applicants prepare for and gather the required information and supporting documentation in advance of submitting their application the new application forms and guidance notes and information requirements have been on our website since the end of December 2013. The new application form is more robust in the information and evidence it requires of remote licence applicants at application stage and where applicable brings those requirements in line with those sought by other regulators. It therefore incorporates the Multi Jurisdictional Business Form which we are piloting on behalf of IAGR members. We have been meeting with some applicants to discuss their application in more detail and to identify the licences and Personal Management Licence (PML) holders they will require. We have also been meeting with regulators of white listed jurisdictions to obtain their co-operation in sharing information held on those they licence to avoid duplication and ease the burden on operators. All of which should help smooth the transition process.
6. The online application facility for new and non EEA/white list applicants went live on 17 February. To date four applications have been submitted with a further 95 showing as in progress. Of these, 64 are initial registrations in anticipation of completing and submitting an application. We will launch the online application facility for those who already hold a non remote or remote Commission licence, on 17 March. We intend to launch the online facility for existing EEA and white-list applicants in April and we will actively publicise the availability of this service following Royal Assent.
7. We still await the Statutory Instrument on the transitional arrangements. We have been working closely with DCMS and Treasury Solicitors to ensure that those who currently transact with GB customers can continue to do so on a like for like basis should their application not be determined by the date the Remote Bill comes into force. We have also

ensured that there will be no "free running" as those who are granted a continuation licence will be liable for annual fees 30 days after its issue. This is unlike the transitional provisions in 2007 where the annual fee became payable when the application was determined.