

The Chief Officer of Police - England and Wales
The Clerk to the Justices - England and Wales
The Chief Executive of the Local Authorities – England and Wales

17 December 2003

Gaming Circular (11)

Dear Sir or Madam

THE REGULATORY REFORM (GAMING MACHINES) ORDER 2003 (SI NO 3275 /2003)

GAMING MACHINES: METHODS OF PAYMENT

1. I am writing to draw your attention to the above Order which is made under Section 1 of the Regulatory Reform Act 2001, and which amends the text of the Gaming Act 1968 to

- allow the use of banknotes and non-cash payments (such as 'smartcards') in gaming machines covered by section 31 of the Gaming Act 1968 ('jackpot machines') and
- allow the use of banknotes in gaming machines covered by section 34(5A) of the Gaming Act 1968 ('all-cash AWP¹' machines)

3. The Order came into force on 16 December 2003.

Jackpot machines and AWP machines

4. Jackpot machines are used by virtue of licence or registration under section 31 of the 1968 Act. They can be sited in casinos, registered clubs, and bingo clubs. By virtue of section 31(3) of the Act they have a maximum stake of 50p. Their maximum prize, prescribed under section 31(5), is £250 (in a registered club), £500 (in a bingo club) and £2,000 (in a casino).

5. All-cash AWP machines are used in a casino or bingo club by virtue of a licence under section 31 of the 1968 Act and a direction under section 32. They can be used in a betting shop under the terms of paragraph 4 of schedule 4 of the Betting, Gaming and Lotteries Act 1963. They can be used in other locations – such as arcades and public houses – under the terms of a permit issued by the Magistrates or the local authority under schedule 9 of the 1968 Act.

6. The maximum stakes and prizes for an 'all-cash AWP' machine in any location are 30p and £25 respectively.

7. Coin or token AWP machines – which can also be used under the terms of a permit issued by the Magistrates or the local authority under schedule 9 of the 1968 Act – are not affected by this Order.

¹ In this circular, 'AWP' stands for 'amusement with prizes'.

The Gaming Act

8. The Gaming Act has had the effect that jackpot and higher-value AWP machines have had to operate by means of coins only. These machines could not accept stakes, or pay out prizes, by any other means. The Act was also considered to have the effect that both types of machine had to be able to accept payment for a single game, and of effectively preventing players from instructing these machines to retain any winnings for use in future plays.

What the Order will allow

9. The Order amends sections 31 and 34 of the Gaming Act 1968

10. The Order will allow jackpot machines (described in paragraph 4):

- to accept banknotes and payments by means other than cash - such as smartcards – as well as coins;
- to pay out prizes by means of banknotes or in non-cash form, as well as in coin;
- to dispense with the requirement that they be able to accept payment for a single game; and
- at the player's discretion, to store winnings for use in further play without the player having to reinsert money into the machine.

11. Jackpot machines which accept notes or non-cash payment media will only be able to deduct money from them in units which do not exceed the highest coin value (currently £2). If the player wants to commit more money to play he must make a deliberate decision to do that.

12. The Order allows all-cash AWP machines (described in paragraph 5)

- to accept payment, and to pay out winnings, in banknotes as well as coins (but not by any other means); and
- to dispense with the requirement that they be able to accept payment for a single game.

13. All-cash AWP machines which accept banknotes will only be able to deduct money from them in units which do not exceed the highest coin value (currently £2). If the player wants to commit more money to play he must make a deliberate decision to do that.

14. All cash AWP machines will not be able to store winnings for use in further play, or to use smartcards or any other non-cash payment media.

Payment other than in cash (jackpot machines only)

15. Where payment is made into a jackpot machine using an object other than cash – such as a smartcard – then it must be redeemable on demand at the premises where the machine is situated at any time when gaming machines are available for use on those premises. Where a machine delivers a prize in a form other than cash, then it must be in a form which enables the person concerned to claim the prize in cash or cheque in the same way.

Industry Guidance

16. BACTA, the industry representative body, and the Gaming Board for Great Britain, have drawn up detailed guidance on how jackpot and all cash AWP machines should

operate in the light of this Order. This says, among other things, that:

- £20 is the maximum denomination of note that can be used;
- A player cannot commit more than £20 from a smartcard without the player reinserting it into the machine;
- A player cannot receive any inducement or invitation to play a game unless he has committed money to play, and when a player first puts a smartcard into a machine, the machine will do no more than show how much credit is on the card;
- Players who use a smartcard must have the full value owing to them on the machine's bank meter returned at any reasonable time.

Coin or token AWP machines

17. The maximum stakes and prizes in 'coin or token' AWP machines (described in para 7) are respectively 30p and £5 (in money) or £8 (in the form of a non-monetary prize). Like all-cash AWP machines, they can be used under the terms of a permit issued by the Magistrates or the local authority under schedule 9 of the 1968 Act.

18. Coin or token AWP machines are not affected by the Order. Their payment methods remain the same as before – they can accept coins or tokens, but nothing else.

Enquiries

19. The text of the Statutory Instrument can be viewed through the HMSO website at www.hmso.gov.uk

20. Any enquiries should be made to Richard Beston at the above address or on ☎0207 211 6498 e mail Richard.beston@culture.gsi.gov.uk

21. It may be possible in future to e-mail gambling circulars to you rather than sending them in the post. If you would prefer this please send an e-mail to gavin.fleming@culture.gsi.gov.uk

Graham Catt
Gambling and National Lottery Licensing Division