

Licence Conditions and Codes of Practice

Remote gambling

Briefing paper, March 2006

The Gambling Commission's draft *Licence Conditions and Codes of Practice* was published for consultation on 10 March. It sets out the proposed new rules which will apply to gambling operators under the Gambling Act 2005. Responses to the document are due by 2 June.

Under the Gambling Act, remote (ie via such means as the internet, digital TV and mobile phones) gambling operators offering casino, bingo and machine-style gaming can lawfully establish their operations in Britain for the first time. From September 2007 the public will therefore have the choice of gambling on sites regulated by the Commission.

Key points for remote gambling

Protecting children and vulnerable people

- Because of the importance attached by the Commission to problem gambling, code provisions related to this issue have been given the force of conditions and are therefore mandatory.
- Remote gambling operators must have published 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 operators must provide clear information in a prominent place about responsible gambling and help available to problem gamblers. Online operators should have this accessible from their home and log-in pages, for instance, while others such as mobile phone operators may send this information to their customers when they register.
- Remote gambling operators must train employees about possible problem gambling and how to identify it. They must have procedures in place for approaching customers sensitively if necessary.
- Customers must be able to exclude themselves if they feel they have a problem. This should be by contacting customer services and also, where technology permits, by going through an automated process, perhaps on a website. The self-exclusion period should be for at least six months and should be able to be extended to at least five years.
- Advertising must comply with the advertising codes of practice. This will bar advertisers from encouraging irresponsible or excessive

Background

The Gambling Commission regulates gambling in the public interest. It does so by keeping crime out of gambling, by ensuring that gambling is conducted fairly and openly, and by protecting children and vulnerable people. It also provides independent advice to government on gambling in Britain.

The Commission is a Non-Departmental Public Body, sponsored by the Department for Culture, Media and Sport. It operates at arm's length from government and its advice is independent.

The Commission was formally established by the Gambling Act 2005 in October 2005. Its new responsibilities and powers will be taken on in stages as the provisions of the Act are introduced. It will be fully operational by the end of 2007, once the Act has come fully into force.

During the first half of 2006 the Commission is consulting widely on its regulatory approach. Its draft *Licence Conditions and Codes of Practice* sets out the conditions and codes with which all gambling operators must comply.

These, together with premises licences issued by licensing authorities, will form the core of the new regulatory system set up by the Gambling Act.

A full copy of the Licence Conditions and Codes of Practice, together with the Commission's other consultation documents, is available from www.gamblingcommission.gov.uk

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 under 25

- Online operators must make sure that customers are aware of how much time and money they have spent on their sites
- Remote gambling operators must use the best publicly available information for age verification purposes from whichever country the customer is from. They should also carry out random credit card checks to verify age, and make available filtering software to allow adults to block access by children and young people.
- Online operators must regularly review their age verification systems to ensure that they are keeping pace with technological advances.
- Each customer must only be allowed to register up to two credit cards and must be able to put a limit on their gambling.
- For *telephone* gambling a customer who has previously opened an account and had their age verified can gamble over the telephone but a new customer must undergo checks before being allowed to gamble. On *mobile phone* gambling, including by text message, the handset should not be allowed to access gambling until age checks have been completed. For interactive *television* gambling, access must require the entry of a security code that is only allocated to customers over the age of 18.
- Remote operators must not make their products specifically attractive to children and young people.

Making sure remote gambling is fair and open

- Operators must provide clear information about their rules, odds, house edge, average return to player and disputes and complaints procedures.
- Operators must keep records of complaints and disputes and provide them to the Gambling Commission quarterly and on request.

Keeping crime out of remote gambling

- Key staff, including managing directors, and directors of finance, compliance and marketing, will need to 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 legal and other responsibilities in respect of the fight against money laundering.
- Operators must give the Commission full and unrestricted access to any information it requires about gambling facilities and activities.

Financial robustness

- Online operators must provide evidence of adequate financing and they must ensure that customers' funds are legally ringfenced and available for immediate withdrawal.
- Operators must notify the Commission of any changes in the required arrangements for providing sufficient liquidity.

The Gambling Commission will monitor all gambling operators. It will levy fines or revoke licences as necessary on operators who fail to comply with licence conditions, and it will have significant new legal powers to prosecute illegal gambling.

Timetable for change

October 2005

Gambling Commission established

October 05 – July 06

Consultation on the Commission's approach to regulation.

July – September 06

Commission policies finalised and published

January 2007

Commission begins accepting licence applications under new legislation

September 2007

Gambling Act 2005 fully in force

General principles

The Commission expects all gambling licence holders 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 management systems to combat crime and disorder
- maintain adequate financial resources
- have due regard to the interests of customers and treat them fairly;
- have due regard to the information needs of customers, and communicate with them in a way which is clear, not misleading, and allows them to make a properly informed judgment about whether to gamble
- manage conflicts of interest fairly
- deal 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 will take these principles into account when considering the suitability of licence holders.