INSTITUTE
FOR GAMBLING
REGULATION

Minutes from meeting of section Authorized Persons from 15 April 2019

Place: PragueStartupCentre, Prague Market, Bubenské nábřeží 306/13, hall 24

Date: 15 April 2019, 11:00-12:00

Program:
1. Testing the obligations from the Reporting Decree
2. Expert assessments with the negative (unsatisfactory) conclusion
3. Suggestions to ARHA
4. Assessment of two central authorities in one expert assessment

Attachment: Presentation

Ad 1) Testing the obligations from the Reporting Decree

- IFGR received a question from its members as to whether they have the obligation to test certain technical measures resulting from the Reporting Decree as part of the expert assessment. IFGR believes that **there is no obligation** of expert assessment **from the Reporting Decree** for the authorized persons because the form and content of a data package, the accuracy of the certificates used and the encryption will be checked by the Customs Administration who will be the receiver of the data package.

- In order to confirm the drafted answer of the IFGR, the question was sent to the MoF, which has not yet sent its answer.

Ad 2) Expert assessments with the negative (unsatisfactory) conclusion

- IFGR presented a **suggestion for the process of issuing expert assessments with unsatisfactory conclusion**, i.e. if the game system (including RNG or gambling games) is not in compliance with any provision of the Gambling Act or implementing regulations. The process was also based on supporting materials sent by an ITC authorized person.

- Given that

    - Decree No. 439/2016 Coll., stipulates the obligation for the initial page of the expert assessment to include a statement that it is not the legal assessment and that a positive or negative assessment does not give rise to a gambling operation licence;
    - in accordance with Section 1 par. 4, point f) of Decree No. 439/2016 Coll., the result of the expert assessment, which assesses the conformity of individual technical parameters with the regulations in question, is a part of the expert assessment;
    - the impartiality and independence of the Authorized Person during the expert assessment must be maintained,
    - if such an expert assessment is issued, the certificate of operability will not be issued and, therefore, neither will the registration mark;

  the authorized person must issue the expert assessment even if any of the technical parameters of the game system, RNG or gambling games do not comply with the Gambling Act and with implementing decrees, and this fact is stated in the result of the assessment.

- In addition, a possible **request from the Ministry of Finance regarding its informing** (by e-mail) was discussed in advance in case that an expert assessment with an unsatisfactory conclusion is issued. Members said they would probably have no problem with it, but they also stated that an issued expert assessment is always stored in a repository of Authorized Persons, to which the MoF has remote access.

- In this context, the form and method of issuing expert assessments, or inspection certificates in other jurisdictions where Authorized Persons operate, was also discussed.

Ad 3) Suggestions to ARHA

- IFGR presented a project of the Ministry of Finance called the Analysis of Gambling Regulation in the Czech Republic, which is due to be completed in 2020 and which is intended to assess the set regulation of gambling since new Acts on gambling have taken effect. Based on suggestions from its members, IFGR sent a statement to the MoF on the proposed structure of this Analysis. The MoF accepted all the IFGR's comments and stated that they would be incorporated into the Analysis structure.

- IFGR stated that the structure includes fields such as No. 2 (Stability and Legal Certainty) and No. 5 (Setting a dialogue between the regulator, supervisory authorities and the market), where possible member requirements could be implemented.

- There was a discussion on what issues should be discussed within the ARHA project. In conclusion, it was agreed that the **IFGR would focus on the following**:

    - Preparation of a single document stating which provisions of the Gambling Act and implementing regulations should be tested in order to unify the testing practice. The MoF should then assess and confirm this document with binding effect as part of the project;
    - Preparation of a drafted suitable procedure within the so-called game system audits;
    - Assessment of the obligation to mark servers;
    - Assessment of applicability of implementing decrees No. 208/2017 Coll. and 439/2016 Coll.

- **IFGR, in cooperation with its members** as they know the pitfalls of the current regulation and procedures of the MoF within the testing process, will prepare materials for each of the above-mentioned points (of others, if need be), **which, after they are approved by the members, will be submitted to the MoF in the ARHA project.**

Ad 4) Assessment of two central authorities in one expert assessment

- IFGR discussed with the members of the section the question of the possibility to test the game system with two central authorities in one expert assessment, i.e. that a game system would be tested by the central authority no.1 and the same game system would be then tested by the central authority no.2. The results of both tests would be presented in the same expert assessment. Then it would be up to the operator to decide which central authority they want to use, about which they would probably have to inform the MoF.

- Members present - Authorized Persons EZU and ITC - stated that they must discuss this situation in detail with their technicians and then they will inform the IFGR.

Ad 5) Assessment of "Authorized Person for a day"

- At the last meeting of sections, project called "Authorized Person for a day" was presented to the members, which the members have not yet been interested in due to their large workload.

Results of the meeting:

- IFGR will **send a reminder to the MoF** in relation to the issue of testing the provisions from the Reporting Decree.

- IFGR will prepare **a draft summary of the process of issuing expert assessments with the unsatisfactory conclusion**, which will then be sent to all the section members for comments. If one of the members prefers a different process, please, send this suggestion, and this different process would then also be prepared.

- IFGR, in cooperation with the members of the section, will prepare **materials for the ARHA project.** Should the members have **any comments on the above-mentioned points or new suggestions**, they should send them to emails institut@iprh.cz or durovicova@iprh.cz.

- Members will send their comments to the issue of assessment of **two central authorities** to the IFGR.

- Members should send their suggestions for the activities of the section, the content of member websites, or the interest in monitoring specific topics in professional journals to e-mails institut@iprh.cz or durovicova@iprh.cz .