INSTITUTE
FOR GAMBLING
REGULATION

Minutes from meeting of section Manufacturers from 15 April 2019

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

Date: 15 April 2019, 12:00-13:00

Program:
1. Black box solution and registration process
2. Client check by the AML during business relationship
3. AISG – obligation of REP check during each entry of a player into gambling premises and logging into their user account
4. Suggestions to ARHA
5. Assessment of "Manufacturer for a day"

Ad 1) Protection of the trade secret and technical solution via the so-called black box

- **Black box solution - The present** members dealt with the detailed **technical and legal draft of the black box solution**, which was sent to them by company e-gaming, which could not participate in this meeting. The main topic included the encryption of game and financial data so that these data would not be "visible" to gambling operators, who consider this problematic with regard to the impossibility of any control over the data sent to the supervisory authority. Requirements to establish an entirely separate server for provision of these data were found to be both technically and financially demanding. All members agreed that the suggestion for high NDAs for individuals is unacceptable for them. Due to the need to find a fast solution to the provision of game and financial data, another meeting of the Manufacturers' Section in Olomouc was scheduled; IFGR would be responsible for organizational matters and would inform individual members about them.

- **Regarding the registration process**, members stated that they provide their clients with cooperation in completing the electronic form.

- Members discussed the legality of the MoF's procedure, when it **tightened the regulation in the Reporting Decree** after notification. They stated that they would send to the IFGR stricter provisions of the Decree and further common procedure will be planned.

Ad 2) Client check by the AML at the time of establishment and duration of business relationship

- IFGR was contacted by the Financial Analytical Office for a **statement on the scope of an operator's obligations in the client' check by the AML** Act at the time of establishment and duration of a business relationship, in which the FAO essentially requests an "online check" of a player directly in gambling premises. The FAO emphasizes the requirement for a more thorough check of the origin of funds used in the business relationship, where the solemn declaration of a player is not enough, because the exact origin of the funds must always be stated. The FAO believes that the check should also include questions about the "expected volume of bet funds in the future, expected frequency of entries into gambling premises, reason for entering gambling premises, etc."

- Members agreed that the data on IN is always known to operators only retrospectively, based only on manual data processing. However, in the current technical solution, operators in gambling premises do not know these data immediately in order to meet the FAO's requirement. The only available data are those provided every 8 hours according to the Reporting Decree. Furthermore, a discussion was held as to why such a strict measure requested by the FAO is not applied to banking institutions.

Ad 3) AISG – obligation of RVO check during each entry of a player into gambling premises and logging into their user account

- Following the launch of the new AISG information system and the launch of the Register of Excluded Persons (REP), the obligation to **verify players in the REP each time they enter gambling premises and each time they log into their user account** will come into force. Thus, a player will have to be verified in the REP, even if they switch to another technical device within one gambling premise.

- Members discussed the issue of REP malfunction as well as the current problems with very frequent ROB outages. It will be necessary to analyse operators' entitlement to compensation for damage caused to the state as a result of the REP malfunction.

Ad 4) Suggestions to ARHA

- IFGR presented a project launched by 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 evaluate the regulation of gambling and the effectiveness of new acts in the field of gambling. Based on suggestions from its members, IFGR sent a statement to the MoF on the proposed structure of this Analysis. MoF accepted all the IFGR's stated comments and stated that they would be incorporated them into the Analysis structure.

- Members agreed that, from their point of view, the most important part of this Analysis is to **convince the MoF to discuss the technical and economic impacts of a measure with the entities concerned** before taking any action/measures for operators.

Ad 5) Assessment of "Manufacturer for a day"

- Only company NET and GAMES displayed their interest in participating in the "Manufacturer for a day" project, of which members were informed at a previous section meeting. Again, IFGR stressed the importance of this project to gain awareness of operational practice. Other members were also interested in being involved in this project (specifically company MOD Electronic) and suggested that it could be part of ARHA.

Ad 6) Reporting within the Reporting Decree

- The issue of reporting the acceptance of a bet and the payment of winnings was discussed by the members. Whether this datum can be the same because the winnings are already known when the RNG starts and the next course of the game is just visualisation.
- At the same time, the members drew attention to the long time periods for dealing with specific questions by the MoF and the Shared Services Centre, and in this context, they cast doubts on the functionality of helpline and helpdesk that should deal with these specific questions related to the Reporting Decree.

Results of the meeting:

- IFGR will schedule another meeting of the section in the matter of the **black box solution** in Olomouc probably for Wednesday, 24 April 2019.

- Members may inform the **IFGR about stricter provisions of the Reporting Decree** and next steps will be agreed, or question about this fact will be sent to the Ministry of Finance.

- As part of the ARHA project, it is very important to convince the MoF to assess the technical, operational and economic impacts of their measures when setting a regulation.