INSTITUTE
FOR GAMBLING
REGULATION

Minutes from meeting of section Manufacturers from 24 April 2019

Place: Clarion hotel Olomouc

Date: 24 April 2019, 10:00-12:00

Program: **Technical and legal solution to the so-called black boxes**

At the last meeting of the Manufacturers section held on 15 April 2019, members of this section agreed that another meeting is needed. The subject of this meeting is to discuss the technical and legal provision of the proposed solution for the provision of game and financial data by individual manufacturers to gambling operators via the so-called black boxes. The meeting was divided into two parts, discussing technical details of the black box solution in the first part, and dealing with issues related to the legal provision of this solution, especially the issue of provisions related to the NDA in the second part.

The following are the results of the meeting:

1) **Technical part**

- Members discussed the issue of **certificates and encryption of mutual communication between GAPI and RAS** where it was stated that only the mutual communication would be encrypted and not the one containing data. For this purpose, standard client certificates that e-gaming company has and will allow others to use them will be used because they provide greater security and mutual identification of parties.

- According to the operators, the biggest problem with the black box solution is the fact that they do not have access to game and financial data, which are really sent "for them" to the supervisory authority. So, they have no control over these data, according to which they must prepare tax returns. E-gaming company said that the data sent will be made available, but only based on justified requirements, such as checks of the supervisory authority or the tax administrator. **It was agreed, however, that the data could be forwarded to operators on an aggregate basis, for example, once every 8 hours within data packages, with an operator being notified of any possible errors in the package.**

- The subject of the discussion was the "cleanness" of the data transmitted and the procedure in cases where, within the data transmitted, there will be such data that would demonstrate violations of the law or other regulatory conditions (e.g. exceeding the maximum playing time). **Members agreed that, via the black box solution, the data sent to a manufacturer will always be forwarded to the supervisory authority, even though their internal controls will inform the operator that the data package contains data that violate the regulation (the operator will be notified of this).** The data will be forwarded and then they should wait for the supervisory authority's confirmation package, and any errors will be dealt with as follows via correction packages.

- Following the previous discussion, we also dealt with the recording of the method of paying out funds exceeding CZK 270,000, i.e. strict compliance with the statutory obligation to pay out winnings (funds) over CZK 270,000 only in non-cash, to which the

records in the relevant data files should also correspond. **In this context, it was agreed that the terms BankOut and BankIn will be used in the reporting instead of the proposed OnlineOut and OnlineIn.**

- IFGR informed about the FAO's request for a statement on the **technical solution of ensuring continuous monitoring of a client**. Members agreed that the current technical solution as requested by the FAO does not exist. It is possible to ensure the client check every 8 hours based on data provided according to the Reporting Decree.

2) Legal part

- The draft contract sent to members include an NDA for the legal entity as well as the natural person working for that legal entity in the event there is an unauthorized transmission of game and financial data to a third party.

- All members, except company APOLO Soft (no mandate to express), agreed that **signing the NDA for natural persons (i.e. employees) working for them is not realistic** with regard to a fine for any violation, and the issue is whether legally sufficient NDA concluded with the legal entity, or with the owner of that subject, is enough do provide data security. As the legal solution to the draft contract is a matter for its contracting parties, this section will be dealt with between e-gaming company and other members of the section at separate meetings.

3) General part

- Members of the section agreed to send these minutes to company Apex Gaming Europe, which is not a member of the IFGR but asked to receive it. It is another major manufacturer of game systems.

- IFGR offered members of the section the possibility to exchange proposed documents via the member website.

- Members shall send their questions concerning the MoF's readiness to the Reporting Decree by 2 May 2019. IFGR will then process them and send them to the Ministry of Finance through a request under Act No. 106/1999 Coll., On Free Access to Information.

Beyond the meeting, the IFGR warns that if a technical solution consisting in adding a brand new server will be accepted, it will mean the following for gambling operators:

- Assessment by an authorized person to verify that the RAS server complies with Decree No. 208/2017 Coll., as it is a server enduring an important part of the overall operation of the server and thus fulfils the definition of Section 5 of the Gambling Act; and

- Sending a new contract to this server as part of the reporting of new facts.

The question then is whether the central authority's version will change after the implementation of the new module providing the reporting of data to the central authority. The change of the central authority's version could result in the necessity of a new certification.