INSTITUTE
FOR GAMBLING
REGULATION

Minutes of the meeting of section Manufacturers from 29/1/2019

Place: Hotel International Praha, Bivoj lounge

Date: 29th January 2019, 16:15-18:00

Participants: cbData s.r.o., e-gaming s.r.o., Leris.CZ s.r.o., MOD elektronik, s.r.o., Microgaming and Net and Games a.s. (KAJOT)

Absent: APOLLO SOFT s.r.o.

Attachment to the minutes: Presentation

Program:

1. Summary of the Institute's activities up to now
2. The Reporting Decree
3. "Manufacturer for one day"
4. Information on the preparation of the Information System for Gambling Operation, the so-called AISG
5. Prioritisation of the section's activities

Ad 1) Summary of the Institute's activities up to now

The IFGR concluded its activities up to now and its past negotiations with MoF, FAO, MoI, General Financial Directorate (hereinafter referred to as the "GFD") and with doc. MUDr. Viktor Mravčík, Ph.D., the head of the National Monitoring Centre for Drugs and Addictions. They further stated that they are seeking to negotiate with the First Deputy of the General Directorate of Customs (hereinafter referred to as the "GDC"), Col Ing. Lumír Šatran

The IFGR has become a comment place for the preparation of legislation in the field of gambling at the MoF. The Institute sent the application for inclusion in a comment place to the Ministry of Justice and the Ministry of Industry and Trade, which is the administrator of the Act on the Regulation of Advertising

There was a negotiation with MoF on the Reporting Decree, which addressed the issue of protecting game data of the individual participants and protecting the trade secret of individual game system manufacturers. **Next meeting with the MoF on this issue will take place on 4th February 2019**. The result of the meeting at the FAO was that the Institute was promised to participate in the forthcoming amendment to the AML Act, modification of the methodological guideline for the identification and the check of a client and in a consultation during the preparation of the National Risk Assessment. This Assessment is very important for gambling operators because the lottery, raffles and bingo were excluded from the AML Act in the light of the conclusions of this Assessment. As part of the AML amendment, methods of remote identification could be expanded, but everything suggests that the FAO will not agree with this step. During the meeting, the representatives of the MoI offer the IFGR their expert assistance within the planned modification of the methodology for general binding regulations (hereinafter referred to as the "GBR"), which should be used only on the basis of conclusions of the Constitutional Court in connection with the assessment of GBR illegality of the city

of Bílina, if this decision comes to new conclusions regarding the criteria of municipal regulation. MoI assumes that the CC will decide within one year. There was also discussed the issue of the current legal regulation, when municipalities set up the local regulation through the GBR that the MoI does not consider appropriate.

The IFGR introduced **the private part of its website**, which has a general section with access for all members of the Institute as well as a section with access only to members of that specific section. The private part will contain relevant legislation, methodologies, forms, FAQ, and video trainings. The IFGR plans to organize these video trainings in case of ad hoc addressed issues with participation according to the interest of individual members, when this method of seminars will save the IFGR members' time and costs related to commuting. It is also possible to send queries via the private part, which will be displayed only to the IFGR and not on the website itself.

The access can be obtained by sending an e-mail to institut@iprh.cz , stating the required number of accesses and the name, surname and e-mail of the person. The number of accesses per member is currently unlimited.

Ad 2) The Reporting Decree

The IFGR informed about the legislative status of the Reporting Decree, which was published on 18th January 2019 in the Legal Code. Given that the IFGR got involved in the legislative process of the Decree adoption only at the very end, it was no longer possible to change the method, in which data packages are sent, because the MoF refused to change the particular provision of the Decree. However, **the most significant change was the postponement of the effectiveness of the Decree to 1st June 2019 except the provision on registration (Section 2), which will come into force on 1st April 2019.** This provision imposes an obligation on an operator **to provide the data necessary to technically secure the provision of automated output** to the supervisory authority, according to the IFGR calculation, **by 2nd May 2019** at the latest.

The IFGR perceives the importance of protecting the personal data of players due to a very real impact on the results of gambling operation the moment it would be clear to the public that players' data are not sufficiently protected. **The IFGR believes that the MoF needs to assess the means, by which players' personal data provided on the grounds of the Reporting Decree will be protected.** In order to do this, the MoF was offered cooperation or drafting such a document. The MoF initially rejected the IFGR's argument, saying that they are anonymized data (but they are only pseudo-anonymized data), but has changed its approach on the grounds of the past negotiations and is currently dealing with this issue. This will be the subject of the aforementioned meeting at the MoF on 4th February 2019. In this context, the IFGR informed of the planned press conference of the Minister of Finance, where the adoption of the Reporting Decree will probably be emphasized. The conference is scheduled for mid-February.

The IFGR urged its members to **send their questions to the Reporting Decree by 1st February 2019**. The IFGR will prepare draft responses to the questions, which will then be sent to the MoF to ask for their correctness. Afterwards, these responses will be posted in the private part of the website in the FAQ section.

The members of the section asked about technical details of the registration process beyond those stated in the annex to the Decree, and the IFGR stated that they would put the question to the MoF during the Monday meeting. They will also ask about the content of testing environment and will try to obtain details of the announced workshops and the methodological guideline. The members asked

the Institute to **create a model notification** containing the data necessary to technically secure the provision of automated output to the supervising authority, which the IFGR would then get approved by the MoF. The members also talked about the issue of data protection within the MoF itself, which MoF staff will have access to these data; they especially find problematic the taking of the data from the Ministry and their abuse for competition. They also considered possibilities for further action if the MoF does not provide information on how the players' data are protected. The members should carry out an internal assessment of the protection of players' data and obligations under the EU-GDPR Regulation; they should find out if, by providing these data to the MoF, they would breach this directly enforceable regulation that takes precedence over the Czech legislation.

Ad 3) "Manufacturer for one day"

The IFGR described to the members a proven British concept ("in one's shoes") of possible involvement of manufacturers of gaming systems for the operation of gambling and gambling in the process of training officers of state administration bodies, that is by allowing them to visit the workplaces. This could help to understand the individual elements of gambling games. In case of the members' interest, we would ask for information **no later than 1st March 2019**. The potential party would then be selected from the received applications and this program would be offered to the MoF. If this program does not interest the IFGR members, it will not continue.

Ad 4) Information on the preparation of the Information System for Gambling Operation, the so-called AISG

The IFGR summarized the previously known information on the preparation of AISG and in the following days will conduct a more detailed research based on the available tender specifications for the contract of the MoF, especially on its analytical and technical documentation. The research will be sent to all the IFGR members for **comments and queries that the Institute would then summarize and present to the MoF so that gambling operators have enough time** to adapt their gaming systems to the new technical requirements resulting from the launch of AISG.

The IFGR informed that on 17th February 2018, the MoF signed the contract on delivery of the AISG with company CCA Group a.s. The AISG will fully replace the current information system MF – SDSL. The system will have three modules - administrative, supervisory and analytical. The analytical module is created so-called in-house, when the supplier is the Treasury Shared Services Centre (STSSC). Although this is primarily an information system for state administration bodies, its functioning will likely have an **impact on gambling operators:**

- enabling the use of web forms for applications to issue/change the basic licence,
- storage of Authorized Persons, which could lead to the abandonment of delivery of the "paper" expert assessments and the operability certificates
- new channel for the check of identity and age in the Population Register, and
- launch of the Register of Excluded Persons and the related PID (player's ID), which should be only one for each player, and that is across all operators

Another issue that the IFGR will discuss with the Ministry of Finance is the issuance of the regulation setting out the technical parameters of joining of gambling operators to AISG and the technical specification. With the publication of the technical specification on the official notice board of the MoF, there will start to run the year period for the operators to join the Register of Excluded Persons and to start fulfilling other obligations stipulated by the GA - e.g. self-limiting measures for live game

Ad 5) Prioritisation of the section's activities

Proposals of the members:

- They consider the issue of protecting the game secret to be crucial in the process of providing game and financial data based on the Reporting Decree. Members discussed the fact that the provision of data to gambling operators is a violation of competition as it is possible to reveal gambling game logic from these data. There was also a debate over the new technical solution proposal, i.e. sending of data from manufacturers to the so-called blackboxes, which will be protected against the manipulation with data by the operators. Operators will have to trust the data provided by individual manufacturers. Blackbox would be managed by one of the independent central authorities. Blackbox will collect the data from manufacturers, and the operator will send them all in a single data package to the supervising authority in accordance with the Reporting Decree. It would be ideal if this solution is regulated in the methodological guidance prepared by the MoF. With respect to the expertise of the individual members, they will prepare a document describing technical parameters of this solution, which the IFGR will then present to the MoF. The proposed solution, or providing game and financial data via blackboxes, was accepted by all the participating members of this section. In relation to the trade secret, representatives of company e-gaming informed that, from their point of view, the obligations arising from the Reporting Decree continue to pose an imminent risk to their trade secret within the game and financial data and, for this reason, they intend to contact the Office for the Protection of Competition. The IFGR management offered cooperation and to continue to work together in a coordinated way in finding the solution to this issue. The next steps in this matter will result from the follow-up communication.

  The IFGR asked members whether there could be a technical solution that would allow the provision of only partial data to meet the purpose of the Reporting Decree, with the personal data of players not being provided if the MoF does not assess the protection of personal data.

- The conceptual point in the future amendment to the Gaming Act is to allow technical games with the additional bet, such as video poker.

- The subject of the discussion was the Ministry of Finance's interpretation regarding the limitation of deposit and withdrawal of funds from the user account in the case of the unified wallet for the land-based and Internet operation. Members agreed that it is technically possible to distinguish the funds provided from the verified payment instrument.

  The IFGR informed about the preparation of an opinion on changes made within gaming systems or versions of gambling games, where such changes then have an impact on the professional assessment and certification. Members agreed that it would be useful to discuss this opinion, and with section Authorized Persons, too.

The members agreed that the priority task is the repeated discussion with the Ministry of Finance over the protection of the game secret within the provision of data on the basis of the Reporting Decree and the introduction of the new agreed technical solution via the so-called MoF blackboxes.

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Conclusions of the section's meeting:

- **In case of interest in the access to the private part of the website, IFGR members will send their request for the access to the email institut@iprh.cz stating the name, surname and e-mail of the person.**

- **Members can send their inquiries about the Reporting Decree by 1st February 2019.**

- **The main point of the IFGR negotiations with the MoF on 4th February 2019 will be the Reporting Decree and especially the issue of the need to assess the protection of the game secret, to find out the details of the prepared methodological guideline, the forthcoming workshops and technical issues related to the testing environment.**

- **In case of interest in participating in the project "Manufacturer for one day", the section members will contact the IFGR no later than 1st March 2019.**

- **The IFGR will prepare a more detailed analysis of the joining of Authorized Persons to AISG.**