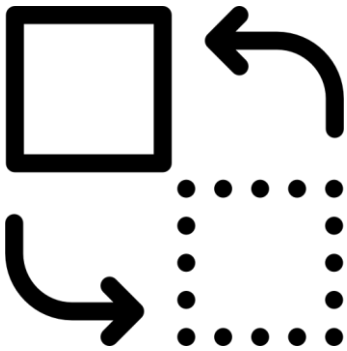
INSTITUTE FOR GAMBLING REGULATION

NEWSLETTER
April 2019

WHAT'S UP IN THE INSTITUTE

MAIN NEWS – THE VENUE OF IFGR MEETING



In the last Newsletter, we informed you about **the second meeting of IFGR sections** on 15 April 2019. It took place in **Prague StartUp Market,** Pražská tržnice - Bubenské nábřeží 306/13, Prague**.**

Program of the meeting started at 9:00 with a general meeting for all IFGR members, which ended at 10:30. Then, a special meeting of sections Technical and Live Game, or Authorized Persons, started at 11:00 and the meeting of Fixed-odds Betting and Lottery sections, or Manufacturers, followed at 12:00. Individual discussion points as well as the complete program were sent to you as a separate document. The presentation from this meeting will be translated and sent to you next week.

WHAT ELSE

- On 18 February 2019, the MoF sent a document to the MoF proposing the form of impact analysis of the reporting decree on personal data protection. On 11 April, IFGR received a reply from the MoF stating that there is no need for the analysis as the reported data on persons cannot be linked to a particular individual. The whole issue was discussed at the meeting of the IFGR sections.
- Due to increasing number of questions and persisting uncertainty, IFGR took **a stand on taking photographs of (not only) gambling participants in gaming premises,** which is available in the member section of our website.

WHAT'S NEXT

- Conference of IFGR in June 2019.
- Appearance of Institute director, Mgr. Jan Řehola, at Prague iGaming Affiliate Conference on 18 April 2019.

MoF PROPOSES CHANGE IN TAXATION OF GAMBLING



As an official comment place, IFGR received a bill amending certain tax laws in connection with increasing public budget revenue. At the same time, consultation on the bill started. This bill includes an amendment to the Gambling Tax Act in **relation to the size of rates for individual types of gambling games.** According to this drafted amendment, the gambling tax should have three rates, namely **25 % for fixed-odds betting, totalisator games, raffles and small-scale tournaments, 30 % for lotteries, bingo and live game, 35 % for technical game** (therefore, the amendment does not affect this type of gambling). You can find the complete bill, including the related explanatory memorandum, here. Given that IFGR is an official comment place, we would like to ask you for your comments, which we would then forward to the Ministry of Finance in a single format.

EVENTS IN THE CZECH REPUBLIC

- **Distribution of assets in SAZKA Group**
  On 14 March 2019, groups KKCG of Karel Komárek and EMMA Capital of Jiří Šmejc successfully concluded negotiations on the distribution of assets in SAZKA Group. After this distribution, KKCG group will have shares held by the SAZKA Group in the Czech Sazka, the Greek OPAP, the Italian Lottoitalia and the Austrian Kasina. Group EMMA will keep assets in the Croatian betting office SuperSport and will receive financial compensation. You can find complete information here.
- **Personnel changes at the Ministry of Finance**
  Mgr. Petra Nespěšná became Head of Division 7302 - Gambling Regulation - the division is primarily responsible for creating the concept of gambling regulation, legislation in this field and maintaining the Register of Excluded Persons.
- **Analysis of gambling regulation**
  The Government of the Czech Republic undertook to perform an overall assessment of application of the new regulation of gambling adopted in 2016 in its program statement. At the beginning of last month, MoF informed the IFGR about the start of this process called ARHA (Analysis of Gambling Regulation in the Czech Republic). At the same time, they sent a draft of the analysis structure to IFGR to comment. IFGR sent a summary document to the MoF, in which it proposed number of additional points to the analysis (for example, assessment of attractiveness of a legal offer, assessment of effects of illegal operation, etc.). You can find this document here as well as in general section of the member part of our website. MoF welcomed the comments received and confirmed that they would all be included in the overall analysis.

- **Financial Analytical Office:**

- At the beginning of February, the Council of Europe Committee of Experts on Anti-Money Laundering and Terrorist Financing, aka "Moneyval", published the Czech Republic's assessment report. The public wording can be found here. The report assesses preventive measures applied at the level of the private sector and methods of state authorities. First and foremost, the adequate approach to coordination and cooperation in the fight against terrorist financing is appreciated. What is seen negatively is the activity of state authorities in their supervisory activities; it is needed to increase the efficiency of the supervision of the private sector, especially by imposing deterrent fines.
- Report from the 1st round of the risk assessment - FAO published a report on the 1st round of the National Risk Assessment process, which can be found here, including related statistics. **The conclusions of the National Risk Assessment are very important as they are then reflected in the upcoming regulation, methodical materials and FAO activities.**
- 2nd round of the risk assessment - FAO started the 2nd round of the National Risk Assessment, to which the IFGR signed up on behalf of its members. As a result, a representative of the FAO agreed to appear at the Monday's meeting of sections. In the presentation, this process and the following steps of the FAO were presented in more detail.
- Request for the IFGR's opinion from the FAO - FAO addressed the IFGR with a request for an opinion on securing a client's check over duration of business relationship, i.e. monitoring deals being carried out within the duration of the relationship in order to assess the truthfulness of information known to an operator about a client. You can find the request here. This topic was discussed in more detail at the relevant section meeting.
- AML Amendment – From the information available to us, the IFGR, as a comment place, should soon receive a draft amendment to the AML Act. After receiving this draft, it will be sent to you for consultation.

EXPRESS NEWS FROM ABROAD

- **Europe**
  In our Newsletter, we regularly inform you that the **number of countries with the regulated online market is increasing**. This trend was also confirmed by a review created by the European Gaming & Betting Association, which showed that only markets in Slovenia and Ireland are completely deregulated in the EU. In addition, in near future, regulation is under preparation in Ireland. In 2009, there were only 5 countries in the EU with effective regulation, and online gambling was banned or operated by one monopoly company in the rest of the countries. You can read more in the member section of our website.
- **Germany**
  Also, the development of regulation in Germany is regularly monitored by the IFGR. After all, the seemingly endless talks of federal state representatives ended (albeit temporarily) and **the 3rd state gambling treaty was signed**. However, this treaty is only a transitional solution and addresses the issue of licensing from 1 January 2019 to 30 June 2020, and then a completely new gambling regulation of our western neighbour should be started. Opinions on the content of the treaty differ, but the negative ones prevail. You can read more in the member section of our website.
- **Ireland**
  As indicated above, Ireland is also preparing for its first online gambling regulation. The first steps were the creation of an independent gambling regulator and the publication of interim upgrades through the amendment to the Gambling Act and Lottery Act. The amendment concerns age restrictions, employee training, social exclusion and social fund exclusions measures. Other regulated issues include licensing conditions, advertising regulation, sponsorship and promotion of gambling products, and the establishment of an integrity unit of sports betting that would promote sports integrity. You can find out more in the member section of our website. Still, it is clear Irish people will have to wait for their first comprehensive regulation of online gambling a little bit longer.
- **Sweden and Denmark**
  We also regularly inform you about **the regulation of advertising in Europe**, and **trends** in this field can also be seen. For example, we regularly monitor the situation in Sweden, where the Ministry of Consumer Protection Affairs first issued a warning that if the market could not regulate itself, the state would proceed to create a strict legal framework to regulate gambling advertising. Other reports of public harassment by industry-based marketing followed, and it is said that the Swedish Parliament will soon be preparing new advertisement modification. A similar situation is now in Denmark, where Spillemyndigheden, the local regulator, has already proposed an amendment to the current act regulating advertising. In addition to the amendment to the Act, the Office envisages the creation of a code of conduct for gambling operators that will go further than the amendment. The aim is to reduce the amount of gambling marketing messages, to protect minors from these gambling messages, and to create a transparent framework of rules. It is the same process as in Sweden but also in other countries. The general European-wide trend is to tighten regulation of gambling advertising and bonuses. One possible means of mitigation can be effective self-regulation of gambling operators.