INSTITUTE FOR GAMBLING REGULATION

NEWSLETTER

august/19

WHAT'S UP IN THE INSTITUTE

FIRST ANNUAL IFGR CONFERENCE

IFGR plans to organize an **annual** professional **conference** of all interested parties in gambling in the Czech Republic every year. These should include especially state gambling authorities (Ministry of Finance, Customs Administration, Financial Administration, Government Office), the Association of Operators, gambling operators as well as experts from abroad. The long-term goal of this conference is to create **an annual balance meeting of interested parties** that will create a suitable environment for expert discussion on gambling regulation. **This year's conference will take place on 9 October 2019 in the afternoon at the Academy of Sciences of the Czech Republic, Národní 1009, Prague 1.** The list of lecturers as well as the program is being prepared and will be sent to you in advance. If you have a topic or a speaker you would like to discuss or see at the conference, feel free to contact us.

WHAT ELSE

As a reaction to the government bill, the **Association of Poker and Fixed-Odds Betting Players** was formed, which was transformed from the Poker Players Association. The aim of this association is to protect the interests of players, their education and participation in the preparation of legislation. More about this association can be found here.

In addition, the project "Petition Against the Taxation of Players' Winnings" was created to point out the disadvantages of the proposed taxation. The petition itself can be found here.

WHAT'S NEXT

The budget committee of the Chamber of Deputies of the Czech Republic will discuss the increase in gambling tax and taxation of players' winnings on 4 September 2019.

The first annual IFGR conference will be held on 9 October 2019.

Handling of **comments on the amendment to the GA and AML Act.**

2nd round of meeting with the **FAO, MoF, GFD, GDC, MoI and the Government Office.**

COMMENTS ON THE AMENDMENT OF ZHH AND AML

On 26 July 2019, the external consultation on the draft amendment to Act No. 253/2008 Coll., On Certain Measures Against Money Laundering and Financing of Terrorism (AML), and to Act No. 186/2016 Coll., On Gambling (GA).

IFGR has prepared a **detailed analysis of the areas affected by the changes**. This analysis has already been sent to the Institute's members.

Based on the suggestions received, IFGR also prepared **comments** on the above-mentioned amendments to the Acts, whose summary and the full wording can be found here. **What are the comments?**

GA - failure to conduct impact analyses, violation of the government's policy statement, requirement to eliminate duplicate obligations, requirement to extend the deadlines for conducting expert assessments in the case of changes in gaming systems.

AML - exemption from some of the newly introduced obligations for gambling operators, keeping the existing rate of fines, etc.

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EVENTS IN THE CZECH REPUBLIC

MoF published an updated technical FAQ to the Reporting Decree

On 29 July 2019, the Ministry of Finance published on its website an **updated overview of the most frequent technical questions and answers to the Reporting Decree**. New questions and the answers are marked "NEW". Their wording can be found here.

MoF published an instruction video to fill in templates for daily game reporting

On 1st August 2019, the Ministry of Finance published on its website a **video tutorial** for filling in daily game reporting. The instruction can be found here.

The first victim of strict gambling regulation

At one time, one of the largest operators of technical games in a land-based environment, company **SLOT Group a.s.**, is in insolvency. The company filed for bankruptcy due to the inability to pay its liabilities. According to published information, **the liabilities exceed CZK 1 billion and the loss was deepened to CZK 300 million**. You can read more in the article published by E15 here. According to the bankruptcy filing, the company proposes to reorganize the company, i.e. if a suitable investor is found, it could continue its business.

Company Sazka Group failed in concession of Italian SuperEnalotto

Sazka Group applied for a nine-year concession to operate Italian lottery company SuperEnalotto. The lottery portfolio was to be expanded to include another Italian company. The Group still owns 32.5% of the shares in the Italian lotto company LottoItalia. Together with the Sazka Group, two Italian companies - Sisal and Lottomatica - applied for the concession. **The nine-year concession was won by its current holder, Sisal.** They offered EUR 222 million, Lottomatica offered EUR 130 million, while Sazka offered EUR 100 million. In terms of technical evaluation, Sisal (45 points) fared the best, followed by Lottomatica (42.8 points) and then Sazka (35.9 points).

Sazka Group is also applying for a state lottery in Turkey

Sazka Group has also bid tender for **a ten-year licence to operate Turkish state lottery Milli Piyango, which offers scratch cards as well as the Internet number lottery**. The company has done so for the second time since the previous tender was cancelled in 2014. This state lottery has been privatized since 2003 and Turkish President Recep Tayyip Erdogan himself joined the management last year. The bid will be decided by Turkish state fund Türkiye Varlik Fonu (TVF), which has lottery licence rights. **According to published information, this licence should be decided this year.**

Article in Forbes on behind the scenes of discussing the Gambling Act

The August issue of magazine Forbes includes interesting information **from behind the scenes of the discussed Gambling Tax Act**. The introductory article of the issue is devoted to this topic. It also reports on the IFGR activities or an alleged agreement of Prime Minister Babiš with entrepreneur Karel Komárek, based on which the **lower taxation of lotteries should be exchanged for the fourth mobile operator**. It will be of great interest for the IFGR and its members to see whether further discussions of the bill introducing, among other things, also the taxation of the winners, will confirm these speculations.

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EXPRESS NEWS FROM ABROAD

THE NETHERLANDS

In mid-July, the Dutch Gambling Regulator (KSA) issued a **proposal for new conditions to be met by all new licence applicants**. At the same time, the regulator also defined **six basic rules that every licence applicant must follow for at least two years before submitting the application**, and an applicant, who did not comply with these rules retrospectively, is considered an illegal operator in the Netherlands. At first glance, this is another trend that has neem repeatedly pointed out by the IFGR, i.e. that individual EU Member States will **enforce legal and responsible behaviour from operators retrospectively, or they will assess their behaviour in all the countries where these operators operate**. However, in the case of the Netherlands, the nature of the new 6 basic rules, which an applicant must follow for at least two years before submitting the application (for example, not operating a website where typically Dutch payment methods such as iDEAL would be used, not operating a gambling website on a Dutch domain or in the Dutch language, etc.) together with the 2-year term seems rather goal-oriented. According to experts on the Dutch market, operators plan to submit around 180 applications for the operation of gambling games on the Internet between 2020 and 2021. By contrast, the Dutch regulator does not hide its plan to grant licences to a maximum of 90 entities. According to the IFGR, this will create considerable rivalry between applicants and an effort to circumvent the newly set rules. On the other hand, KSA states in the explanatory memorandum that it has already implemented basic measures, such as creating a list of illegal persons and their property structures so that it is not easy to set up new "impeccable companies". Potential licence applicants may still focus their hopes to the Parliament, which must approve the new regulation. However, according to estimates by Dutch experts, politicians are willing to approve it.

ITALY

Italian advertising regulator AGCOM, which is responsible, besides other things, for enforcing the rules on gambling advertising, has recently **sent an open letter to the Italian Parliament**, pointing out that **the Decree on the ban on gambling advertisements is inconsistent with the Italian Constitution, competition law as well as EU law**. The regulator stated in the letter that the obligations contained in the Decree are unenforceable, putting legal gambling operators at a disadvantage compared to illegal operators and potential concession applicants at a disadvantage compared to the existing operators. In addition, entities, which could lose out on the application of the new rules prohibiting any gambling advertising, are football clubs in Italy, which could lose up to EUR 100 million per year, or television companies, which could have a huge disadvantage compared to the companies broadcasting in the Italian language, but from another country, and, therefore, the advertising ban would not apply to them.

According to the regulator, the Decree should be speedily revised.

EU

In the first half of 2019, **a significant increase in the number of blocked websites offering illegal gambling** continued. Over the mentioned period, **the number of banned sites increased by 25%**. So, more than 65,000 online gambling websites are being blocked in the EU nowadays.

For example, Switzerland has recently introduced blocking websites, but it is not included in the above statistics as it is a non-EU country.