INSTITUTE FOR GAMBLING REGULATION

NEWSLETTER

december/20

WHAT'S UP IN THE INSTITUTE

CHRISTMAS MESSAGE OF THE DIRECTOR

Dear members, as this is the last issue of our newsletter of this never-ending year, let me briefly reflect on it. It has been a year full of unexpected and dramatic developments around the Covid-19 pandemic, which hit hard, affecting our sector. Unfortunately, we will be dealing with its consequences for many years to come. However, it has not been a year of just the pandemic, it is also necessary to mention, for example, the launch of the Register of Excluded Persons and its related obligations or the ARHA project, which may be a key project for future possible regulatory changes in our industry. And we believe that these will finally be changes for the better.

Although the pandemic casts its shadow on everything that has happened this year, it cannot be assessed negatively only as, together, we have achieved several successes and partial victories. These include the non-increase of taxation for individual types of gambling, inclusion of operators in individual support and compensation programs or the Ministry of Finance's belief that it is possible to continue operating gambling even in the event of failures of the REP. We also still have some hope that Minister Schillerová will change her political stance and forgive the minimum partial tax on technical games.

Next year, we will also be ready to deal with the obstacles that the coming year will present, that is to the satisfaction of all our members.

In conclusion, the entire IFGR team and I hope that you had a beautiful and peaceful Christmas and great holidays and would love to wish you good health, happiness and strength in 2021.

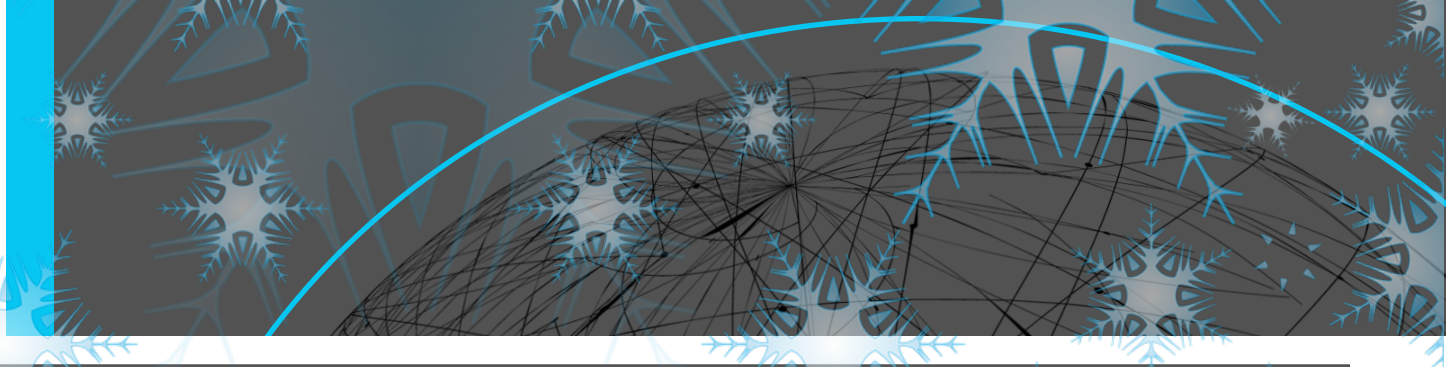
EVENTS IN THE CZECH REPUBLIC

RESULTS FOR 3Q OF THIS YEAR

In the direct comparison of the third quarters of this and last year, the achieved GGR had an increase of 5.6% GGR cumulatively for all types of gambling games. All land-based gambling games recorded a decrease of up to tens of percent, namely technical games decreased by 2%, fixed-odds betting by 22%, lotteries by 10% and live games by 17%, while online gambling games increased. Exceptions are fixed-odds bets, which decreased by 4%. You can see the details in the detailed table of economic results, which we regularly create for you and which is available in the member section of the website here.

DRAWING COMPENSATION FROM SUPPORT PROGRAMS IS STILL POSSIBLE

The Ministry of Labor and Social Affairs has assured us that it is **still possible to draw employee compensation from the ANTIVIRUS PLUS program** (contribution in the amount of 100% of paid wage compensation + deductions, max. up to CZK 50,000) **and the ANTIVIRUS A program** (contribution in the amount of 80% of eligible expenses - wage compensation paid to an employee + the corresponding statutory deductions - however, a ma-



ximum of CZK 39,000). The difference in these programs is also in the origin of the money provided. Contributions from the ANTIVIRUS PLUS program are included in the overall limit of EUR 800,000, which can be provided as public support within the framework of European law. Contributions within the COVID RENT program are also included in this limit. The **ANTIVIRUS B** program (60% of average earnings, maximum CZK 29,000 per employee per month) should also be extended until the end of February next year.

Other support programs published by Minister Havlíček include:

- COVID RENT for the months of October to December in the amount of 100%
- COVID ACCOMMODATION - the criterion should be the number of rooms, in the amount of CZK 100 to 330/room/day
- COVID GASTRO - contribution of CZK 400/employee/day

However, the detailed conditions have not yet been published, so it is necessary to wait for the wording of the appeals for application submission for the compensation drawing. We are still in close contact with Minister Havlíček and his team and we will inform you about all possible news.

WE ARE NOT GIVING UP THE DISPUTE OVER MINIMUM PARTIAL TAX

Although Minister Schillerová rejected our proposal to use her authority to forgive the minimum tax on technical games for the period when extraordinary measures prohibit doing business, we have not come to terms with this unfavourable result. Based on the data sent by you, we have prepared an impact analysis, which demonstrates not only the unconstitutionality and the suffocating effect of the minimum tax at the time of closing the gaming premises, but also the economic illogicality with which the state insists on the payment of the minimum tax in a situation where it endangers the collectability of deferred taxes and current revenues in subsequent tax periods.

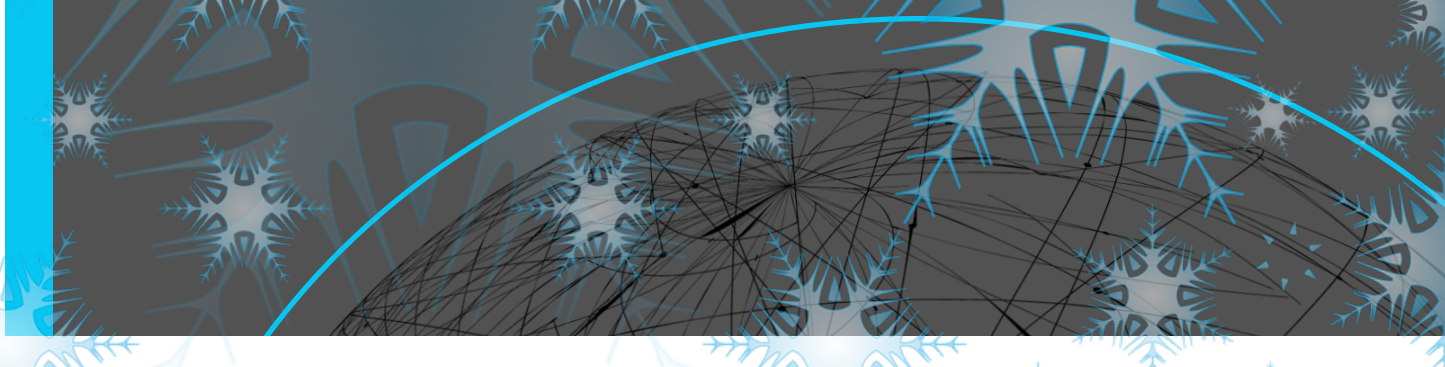
We sent this analysis to Deputy Kouba, who appreciated it very much and undertook to try to persuade Minister Schillerová to change her stance.

Although we may not be able to change her political stance, we are of the opinion that if we point out the illogical nature of the minimum tax in practice, it could lead to the future tax forgiveness if this situation lasts longer, or to the legislative abolition of the whole concept, which we propose, among other things, in the ARHA analysis.

IFGR IS FIGHTING FOR INCREASE OF THE SUBSIDY LIMIT OF EUR 800,000

As we informed you in the last issue, we turned to Minister Havlíček a few weeks ago with a request to increase the limit of EUR 800,000, which represents the maximum drawing of one entity under the Covid Rent and Antivirus Plus programs. Some companies have already reached this limit and with the prolonged ban on their activities, its increase will be important for several other members of the Institute. The Minister has delegated us in this matter to the relevant Deputy, Mrs. Tauberová, with whom we are further looking for a solution to this matter. The MIT itself is aware of the situation and is already acting together with other countries to convince the European Commission (EC) to extend the programs and increase this limit. A progress in this matter can be expected in the EC during January, and the Deputy hopes that this situation will be resolved in a way that companies that are on the limits of the assistance can draw from the existing programs. We are still waiting for the Deputy's answer to the question of how the Czech state will proceed if EU programs are not extended, or which of the new programs gambling operators can draw from now.

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NEW YEAR WILL INTRODUCE A NUMBER OF NEW DUTIES

As a result of the adoption of the amendment to the Gambling Act (GA) and the AML Act, which were finally approved by the Chamber of Deputies after an awfully long legislative process (began in July 2019), a few changes await us in the new year. **The wording of the amendments has already been published in the Legal Code (here), and, therefore, the amendments will take effect on the first day of the new year.** The change of the GA introduces mainly a new duty to record all repairs and other changes to the game systems and to observe the related processes of immediate and small interventions, a new definition of net loss and personal data of players, addition of regulations on the functioning of authorized persons and a few new rights and obligations for supervisory authorities. The amendment to the AML Act then abolishes the limit of EUR 2,000 for the obligation of continuous check of clients, the institute of an authorized person or supervisory powers regarding the online operation of the Customs Administration. We have prepared a detailed overview of all the new changes to these Acts for you in the summary, which can be found on the IFGR's website here.

IFGR COLLECTED A NUMBER OF INITIATIVES WITHIN THE ARHA PROJECT

The Gambling Regulation Analysis (ARHA) project, launched by the Ministry of Finance some time ago, is over. He had only two rounds. The first one concerned responsible gaming and the second one the concept of gambling regulation and especially individual legal provisions. The Institute, in cooperation with its members, collected several dozen comments, divided into the necessary, important, and legislatively technical ones, whose wording you can find here. At present, the comments received are being processed by the Ministry of Finance and consulted with other supervisory authorities. According to the government's policy statement, the final report on this project is to be submitted to the government in the middle of next year.

NEW SELF-RESTRICTING MEASURES ALREADY IN FORCE

Along with the introduction of the Register of Excluded Persons, new self-restricting measures for live game (net loss per calendar day and month and number of casino visits per calendar month) also entered into force on 20 December of this year. As their introduction raised several interpretative questions, the Ministry of Finance published an official opinion (here), which provides clear answers to many of them. The Institute has therefore prepared for its members **a summary in the form of main conclusions arising from the statement**, which can be found here.

SDSL VERIFICATION SERVICE HAS ENDED AFTER A FEW YEARS

The Ministry of Finance (MoF) issued information on the termination of the SDSL player verification service (the so-called player verification in the ROI) on 4 January 2021, due to the mandatory connection of operators to the new MoF system related to verification in the Register of Excluded Persons (REP). The verification of a player in the REP will also include the verification in ROI.

LONG WAITING FOR OPENING AND THEN QUICK CLOSING

After the long-awaited opening, which happened on 3 December, we received bad news on Monday, 14 December. After a government meeting, Minister Blatný announced that in connection with the deteriorating epidemiological situation, there would be a shift to the 4th degree of the PES system on Friday, 18December, and, therefore, a forced closure of establishments, except for retail and certain services. Although Minister

Blatný did not explicitly name the premises of gambling establishments, casinos and betting offices, there were concerns that the closure would also affect them. Unfortunately, the concerns were legitimate as the publication of a government resolution confirmed their closure. Although we repeatedly appealed and presented arguments, we were not heard out by government officials. Our efforts to point out our anti-epidemiological options and the differences between our establishments and restaurants did not meet with understanding. The whole decision-making is based on the ignorance of our industry and its societal perception. This is evidenced by Minister Blatný's justification for the closure of restaurants, when he said that there was a greater risk of infection in these establishments, because guests take off their masks when eating and drinking. This was one of our arguments as to why gambling establishments, casinos and betting offices are different.

ENDLESS STORY OF THE STATE OF EMERGENCY

It has almost become a tradition. The Government submits, with regularity, proposals to the Chamber of Deputies (CHoD) to extend the state of emergency by 30 days. However, they do not have enough support for the proposals, and, therefore, the state of emergency is always extended for a shorter period at the suggestion of the opposition. This was also the case during the last discussion on its extension, which was finally extended until 23 December. However, Minister Blatný has already made it known that with the deteriorating epidemiological situation, the government will once again ask for the extension by the traditional 30 days, i.e., until 22 January. The Chamber will decide at its meeting on 22 December for how long the state of emergency will be extended or whether at all.

NEWS FROM ABROAD

OPERATORS' FEARS IN SWEDEN REALIZED

In previous issues, we were regularly reporting on the strict restrictions on gambling in Sweden during the pandemic, consisting in limiting deposits and limiting bonuses. According to the plan, these restrictions were to apply until the end of this calendar year, with speculation of their extension until January 2021. However, the Swedish government's decision of 31 November surpassed all the speculations, as it was decided to extend the deposit limit of SEK 5,000 for online casinos and the limit of SEK 100 (EUR 10) for bonuses, that is at least until the end of June 2021, and it is already speculated that this may not be the final date.

GREAT BRITAIN REVISES THE GAMBLING ACT

It has been 15 years since the current regulation of gambling in Great Britain came into force, and according to local politicians, it stopped being purposeful with the rapid development of this industry. That is why the United Kingdom Government has embarked on its long-awaited revision, which should, among other things, lead to the introduction of stricter limits or restrictions on promotion and advertising.

The Department for Digital, Culture, Media & Sport (DCMS) expects from the new regulation the provision of protection for more vulnerable players, while giving freedom to those who participate responsibly. At the same time, DCMS specified that by the end of March, they will be collecting suggestions while dealing with their use.

Regarding the changes themselves, the government declared that by October 2021, it would increase the minimum age required to participate in the national lottery from 16 to 18 years. At the same time, online sales will be unavailable for 16 and 17-year-olds. They also promised to consider introducing limits on online betting, while not specifying the amount yet. The influential All-Party Parliamentary Group for Gambling Related Harm (APPG) is highly active in this matter, having been pressing for the £ 2 limit for a long time.

Another new thing will be the possibility for players to turn to a yet specified body in case they feel that the operator violated the principles of responsible gaming, e.g., did not intervene when a player showed signs of problem gambling or did not ensure the protection of children and adolescents from gambling. The regulator itself – Gambling Commission (GC), which has faced strong criticism in recent months – will also face the review.

Whatever the outcome of the regulatory change in the UK, experts hope the government will dependably focus with this regulation on problem gamblers and the people at risk. Otherwise, there is a risk that the changes will lead players to the unregulated black market, where there are no elements of protection of vulnerable peop-

YOU WILL NOT SEE "ILLEGALS" ON SHIRTS IN BELGIUM'S TOP COMPETITION

In May 2019, the Belgian regulator, the Belgian Gaming Commission (BGC), concluded a framework agreement with representatives of the country's top Pro League football competition, which was to prevent individual members of football clubs from betting on matches of the clubs for which they work. Allegedly, a "data exchange" has been introduced, which allows betting office to block these types of bets.

This cooperation is followed by BGC and Pro League with a new agreement, this time concerning responsible marketing. The key point of this agreement is the **ban on Pro League clubs being sponsored by gambling operators who do not have a Belgian licence**. Clubs from the Belgium's top football competition are now awaiting a revaluation of partnerships with gambling operators under the new stringent measures added to the responsible marketing guidelines developed jointly with BGC, including the cooperation with illegal operators. **In the BGC's view, this proactive policy can be a source of inspiration for other professional sports in Belgium.**

LATVIAN CONSTITUTIONAL COURT RULED THAT ONLINE GAMBLING BAN WAS ANTI-CONSTITUTIONAL

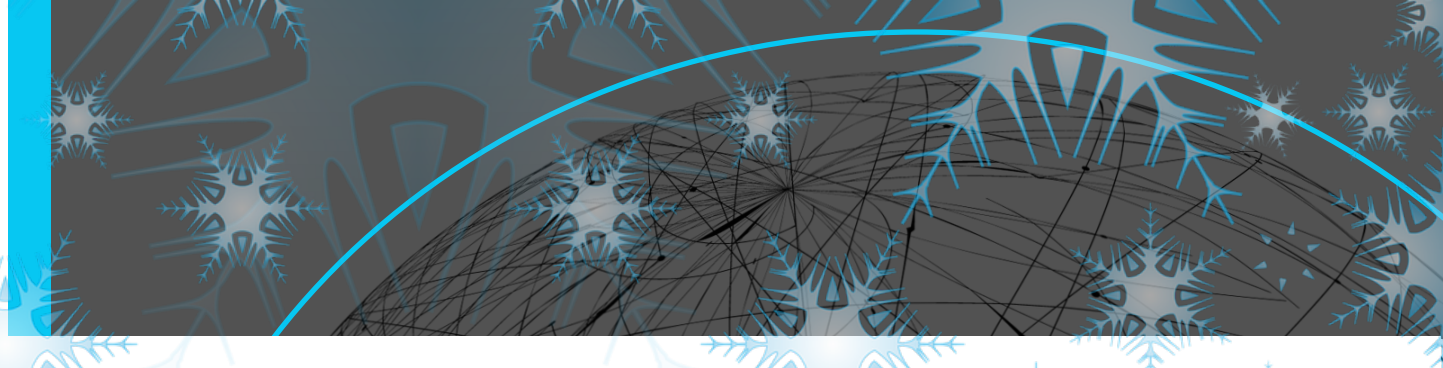
The ruling, already of the spring wave of the pandemic, to "close" all gambling websites in addition to gambling establishments, casinos and other land-based premises, did not meet with the understanding of the Latvian Constitutional Court. It ruled a few days ago that **in the case of the websites, it was an unconstitutional intervention, which cannot be considered adequate, not even by the reasons given, i.e., the protection of the public from the spread of COVID-19 or protection of the public from wasting money.** On the contrary, the Court found that the closure of gambling establishments, casinos and other premises was an appropriate way to limit the spread of COVID-19.

CHANGES IN CYPRUS

The Cypriot regulator, the National Betting Authority (NBA), has presented some of the main changes proposed in the amendment to the local regulation. According to the NBA, *"they are considering introducing standards and conditions in the field of gambling, including casino games, which will allow their legal operators to provide a full range of regulated services to customers residing outside the Republic of Cyprus."*

The regulator also wants to introduce two new licences. The first one is a licence to manufacture, supply, in-

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stall, maintain or repair slot machines. The second one is a licence to manufacture, supply, install or customize gambling games software.

The NBA proposal also includes the introduction of annual fees. At present, licensees must pay in advance for one or two years. In the case of its permission, the period for which it is issued should be extended from two to five years. At the same time, "incentives for start-ups" are expected, that is in the form of changes in licencing requirements and annual fees.

The NBA also intends to "expand" the definition of betting *"to allow licensees to list odds and accept bets on events other than live sports such as virtual games, skill games or Daily Fantasy Sports DFS"*.

STUDY OF PATHOLOGICAL GAMBLING AMONG DIFFERENT ETHNICS

An independent company known as GambleAware, which is involved in the UK's national strategy to reduce the potential impact of gambling, has presented results of a new study. It focused on possible differences in problem gambling among individual ethnic groups represented in the population. The results showed significant differences, both in the case of a certain level of addiction as well as seeking help.

In the case of the ethnic minorities of the black and Asian populations, one in five adults had a certain level of addiction. In the case of the white population, it was 12%.

It is not surprising that the occurrence of pathological gambling is then proportional to seeking help or asking for advice on how to deal with the situation. In the case of the ethnic minorities, three-quarters of people defined as addicts said they wanted treatment, support or advice. For comparison, it was 49% in the case of most of the Caucasian population.

Merry Christmas
and Happy New Year

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