INSTITUTE FOR GAMBLING REGULATION

NEWSLETTER

april/21

"March – hiding behind the heater, April - still hiding there" - this is a famous check weather saying. However, we do not follow weather sayings in the IFGR and we are certainly not hiding anywhere. On the contrary, we are trying to bring a fresh breeze into the stagnant waters of the opinions of members of the government and the main representatives of the central authorities, who do not look upon our industry very friendly. We work hard to convince them of the safety and difference of the operation of gambling establishments and casinos between other operations (especially restaurants) in order to open them as soon as possible. We are dealing with the Ministry of Finance and the Financial Administration regarding the minimum partial tax. We started a discussion with the Office for Competition and the Ministry of the Interior on the topic of gambling regulation by generally binding decrees. We will have a meeting at the Ministry of Health with the Chief Hygienist. We are also dealing with other topics and you can read about some of them on the following pages. Thank you for your support and enjoy reading.

EVENTS IN THE CZECH REPUBLIC

IFGR MET WITH FINANCIAL ADMINISTRATION REPRESENTATIVES TO DISCUSS MINIMUM PARTIAL TAX

In connection with the ongoing efforts of the IFGR and its members to have the minimum partial tax on technical games forgiven by the Minister of Finance, talks were held with representatives of the General Directorate of Customs and the Specialized Tax Office, who are the main methodology specialists for administering gambling tax. As the Minister of Finance has not yet, despite all our arguments, forgiven the tax, the members are considering their options regarding the due date of this tax. In such a case, the Tax Code allows them to use the so-called institute of tax deferral. At the meeting, the requirements of the application for tax deferral, its annexes proving the financial situation of the operator, the conditions for filing or the possibility of using the repayment schedule from the proceeds from the future resumption of gainful occupation were discussed. Details of the meeting itself can be read in our minutes, which are available here.

WE APPEALED FOR REOPENING OF GAMLING GAME OPERATIONS

We prepared a letter addressed to the Minister of Health Arenberger, the Chief Hygienist Svrčinová, the MeSES Advisory Group and the Minister of Industry and Trade Havlíček, in which we appealed for the reopening of all gambling premises. We focused on the arguments why gambling establishments, casinos and betting offices are not epidemiologically risky and are even able to comply with more stringent measures than the already open or nearly open establishments. We supported the arguments with an up-to-date description of the situation and pointed out the need to justify the government's action under the Pandemic Act and the current practice

of the courts.

The Ministry of Industry and Trade immediately responded to the letter sent. Minister Havlíček connected us with his deputy, Mrs. Jirotková, with whom we continue to communicate in the matter. In addition, we officially requested a meeting with the Chief Hygienist, Mrs. Svrčinová. We are trying to look into the current situation, or rather which decision-makers accepted our argument and which do not agree with the earlier opening of establishments and casinos compared to restaurants. We would then focus on them and try to convince them of the correctness of our arguments.

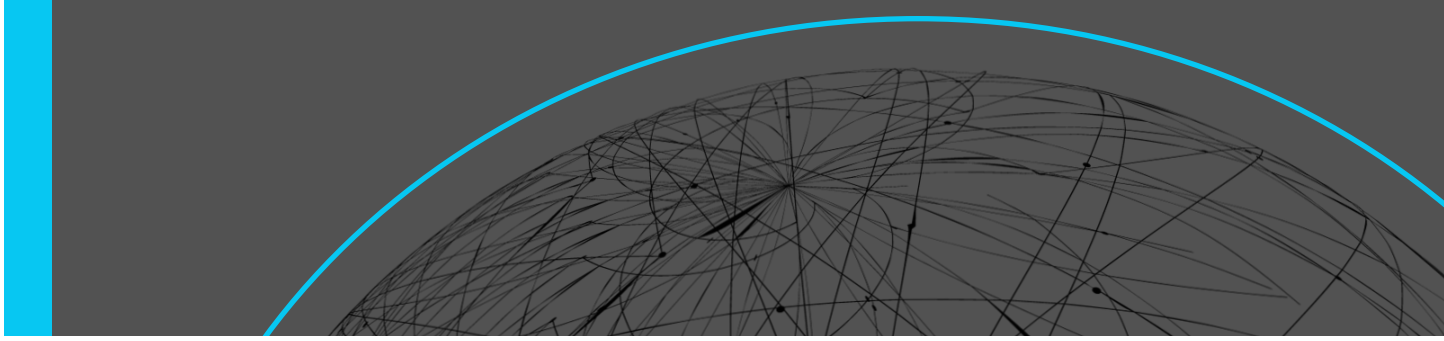
DISCUSSION ON THE NEW PRAGUE DECREE CONTINUES

Although a new decree has been in force in Prague since the new year prohibiting the operation of technical games throughout its territory, discussions continue on whether it has entered into force correctly and whether it does not distort competition. The last official discussion took place at the last meeting of the Prague City Council. Thanks to the accepted material (here), we already know the answer to the first question. The Legislative Department of the Municipality confirmed that the entry into force of the decree was not conditioned in any way, not even by the "apparent" obligation of Councillor Marvanová to discuss the decree with the Office for the Protection of Competition. She mainly fulfilled this obligation by doing the maximum possible to obtain an opinion from the Office on the legality of the decree. Although the Office has not yet had the last word, it has provisionally stated that even this decree may not be compatible with the protection of competition. The Office finds it problematic to determine the regulation concerning live game, where in some districts of the city, there is total ban on it and some districts of the city allow it to be operated. According to the Office, there must be uniformly applied distinguishing criteria across city districts, even for such a method of regulation. On the contrary, it has no problem with the overall ban on the technical game for now. We will have to wait for the final conclusion of the debates on the regularity of the new Prague decree, pending the decision of the Office.

IFGR INITIATED A MEETING WITH REPRESENTATIVES OF OPC AND MINISTRY OF THE INTERIOR OVER REGULATION THROUGH GBDs

As part of the vote on the priorities for IFGR activities, you also agreed on the topic of gambling regulation through generally binding decrees of municipalities and cities. More precisely, for us to try to reverse the current trend, when more and more municipalities are heading towards a ban on gambling throughout, in order to avoid fines for breaches of competition. That is why we initiated a meeting with the new chairman of the Office for Protection of Competition, Mr. Mlsna, his colleague Mrs. Kostruhová (formerly the director at the Ministry of the Interior in charge of GBDs) and Mr. Veselý from the GBD supervision and control department at the MoI, to whom we sent this letter. In the letter, we described the current problems that municipalities face in determining regulation, despite all methodological efforts. We received warm responses to the letter, and the previously announced meeting with all those named took place on Wednesday, 26 May. In particular, the participation of Director Mlsna would be crucial in the negotiations as we would first of all like to discuss the Office's approach to the criteria for determining local regulation by address places so that municipalities are not forced into prohibition decrees due to the possibility of fines.

INSTITUTE FOR GAMBLING REGULATION



IFGR COOPERATION VERY BENEFICIAL, SAYS FAO

IFGR has repeatedly cooperated with the Financial Analytical Office in the area of National Risk Assessment, specifically in the area of comparing the high-risk nature of individual types of obliged persons. The Office perceived our contributions very positively, especially those that concerned the real functioning of gambling operators, taking into account the individual types of gambling games and their operation. Thanks to our comments, the high-risk nature of certain high--risk situations has been lowered, mainly due to the strict legal regulations that already applies in the field of gambling.

Gambling operators were assessed very well by the FAO. In most of the assessed areas, the risk of gambling operators was assessed as medium, with an overall assessment of medium-risk nature, at the level of e.g., shops with art objects or leasing providers, even with an assessment of low-risk impact on the functioning of the entire AML system in the Czech Republic. We believe in the continuation of cooperation within this professional platform, thanks to which we will be able to respond in this way to further legislative developments in this dynamically developing area of state regulation.

EXTENSION OF COVID PROGRAMS STILL UNRESOLVED

The subsidy programs COVID 2021 and COVID UNCOVERED COSTS have a decisive period for drawing only until the end of March. However, the closure of not only our industry continues and it is not clear when it will end. Minister Havlíček (MIT) mentioned at one of the government's press conferences that the COVID 2021 program should be further extended, but did not give any further details. We have not yet noticed any public statements about the COVID UNCOVERED COSTS program. That is why we have established cooperation with Deputy Minister Tauberová from the Ministry of Industry and Trade in this matter, and we ask her whether the programs will be extended and under what conditions.

IFGR RESPONDED TO THE STATEMENTS ISSUED BY MINISTRY OF FINANCE

The Ministry of Finance has recently issued a number of interpretative statements, the goal of which is to present how certain provisions of the Gambling Act and the obligations arising from them are understood by the Ministry and how the Ministry will proceed towards operators. Unfortunately, however, the statements raised a number of additional questions, which is why the IFGR decided to formulate them in a letter sent to the MoF.

The most fundamental of these statements could be the one regulating the so-called relicensing of basic licences and any subsequent general licences. This is a situation that will, over time, affect the whole market, because the six-year licences of everyone will eventually expire. Therefore, it is not surprising that most questions were directed to this statement. In particular, we mentioned the obligation to duplicate deposit payments, to document already documented attachments or to reopen game plans. As a result of the amendment to the Gambling Act, a new legal obligation was introduced, which, however, is still duplicated in the basic licence, which has a significant impact on the amount of a possible fine (CZK 50 million vs. CZK 3 million). This is despite the fact that the Ministry of Finance has promised that it would be removed. Therefore, the IFGR reminded the Ministry of this promise.

KURZARBEIT IN THE SENATE

On 7 May 2021, the Chamber of Deputies approved in the third reading the amendment to the Employment Act, which introduces an anti-crisis measure - support during part-time employment, commonly known as "kurzarbeit". At present, the Czech Republic does not have modified system support, which would potentially and effectively support the preservation of jobs in the case of their jeopardy by external factors. This was confirmed in March last year, when due to the spread of Covid-19, the protection measures began to have a significant impact on employers! activities.

The Senate will now discuss it. If the Senate approves the text of the Chamber of Deputies and the final form of the amendment to the Employment Act is known, we will prepare its brief summary.

NEWS FROM ABROAD

ALMOST 20% OF PEOPLE IN SPORT FACED PROPOSALS TO AFFECT MATCHES

It is well known that influencing sports matches is a widespread worldwide negative phenomenon. An extensive international study called "Evidence-Based Prevention of Sporting-Related Match-Solving" (EPOSM) coordinated by the University of Ghent examined the influence of results in 7 European countries (Austria, Belgium, Croatia, France, the Netherlands, Switzerland and the United Kingdom).

The first results of the study show that almost 20% of the more than 5,000 participants which included current and former athletes, coaches, board members, referees and others involved in several sports (including football, tennis, basketball, hockey, handball and cricket) stated that they knew someone who had encountered matchfixing. In addition, 8% of the research participants revealed that they were directly contacted to influence sports results.

It is probably no surprise that the main reason why the person finally agreed to influence the match was the financial or other property benefit. Many people, however, were also being threatened.

On the contrary, the money resulting from a possible win thanks to favourable odds is not a priority for the initiator. However, they often resort to this act to prevent a particular club from relegating or, on the contrary, to allow a player or club to win a given competition.

Despite the still active threat of influencing sports matches, this type of illegal activity is often underestimated and, therefore, neglected in the preventive initiatives. Therefore, the EPOSM project will focus on this area in its second phase. The people will try to fill the imaginary gap by developing action plans and workshops on the prevention of influencing results, especially in sports matches.

BETTER PLAYER PROTECTION BECOMING A PRIORITY FOR MOST OPERATORS

Operators are increasingly focusing their attention on tools to contribute to greater player protection as they are aware of their responsibility to all their customers. They are focusing especially on the timely identification and interaction with customers, as well as on training and raising the awareness of employees so that they can provide appropriate support and timely interventions.

LeoVegas's recent results can prove that these types of communication are increasingly common between the operator and the customer. It monitored last year an increase in all possible interactions (starting with communication with customers and ending with their volunta-

ry self-exclusion) in the area of "responsible gaming" in lower hundreds of percent, compared to 2019.

The introduction of the LeoLine helpline may have been a major contributor to this massive increase. It is a live chat service that offers immediate assistance to customers who want to solve their gambling problems.

Although, on the one hand, LeoVegas monitored a higher level of interactions, on the other hand, it monitored a decrease of 53% of players who set deposit limits. However, the company explains this by saying that many players had set deposit limits in previous years.

Despite this decline, it is impossible not to think that the established trend in the field of responsible gambling will not increase further. It can be assumed that other European operators will gradually join this initiative.

GREAT BRITAIN CONSIDERS STRICTER RULES FOR ADVERTISING

The Advertising Standards Authority (ASA) has confirmed that there are talks about making advertising rules stricter within the negotiations on the modernization of the rules on gambling advertising. This applies especially to the provisions governing marketing that affect children. Newly, the rules could prohibit the use of anything that could catch children's attention in gambling ads. It would probably preclude the appearance of all sports stars in them which would be a significant blow, as many fixed-odds betting companies use, in particular, football stars to promote their products.

The ASA has been consulting on the new marketing rules since last October, but it cannot be expected that the new rules will come into force this year. According to regulator representative Andy Taylor, they still have a long way to go to find out what the regulation will eventually head towards.

DREADED ASSUMPTION A REALITY: SWEDEN EXTENDED THE COVID-19 RESTRICTIONS

To the displeasure of all legal operators, the Swedish government has extended the restrictions adopted last year to protect players during the Covid-19 pandemic. In particular, deposits are limited to SEK 5,000 (EUR 492) per week and bonuses to SEK 100. However, such a bonus can only be granted for successful registration.

The rules, which had already been extended once, that is until 30 June, will now continue until 14 November. The dreaded scenario that these restrictions will eventually be adopted permanently is slowly beginning to materialize.

BOS, business group for online gambling games, has repeatedly pointed out the negative aspects of these lingering rules. This mainly concerns the shift of players to illegal operators. The Swedish government is pursuing rhetoric about consumer protection, but in practice, it is doing the exact opposite, said Gustaf Hoffstedt, the group's secretary general.

BOS's view was also supported in a recent report by the Swedish Agency for Public Management, which described the shift of players to illegal operators as "alarmingly high". According to the report, the level of illegal gambling rose to 15% last year from 12% in 2019. At the same time, it calls on the Swedish regulator to carry out further research to find ways to stop this trend.

And to add to the number of Swedish reports and analyses during the pandemic, the Swedish Public Health Agency presented its own report in March. It claimed that gambling problems were stable in Sweden during the pandemic, but problem gamblers and the unemployed are showing signs of growing problematic behaviour.

It will therefore be interesting to see which opinion ultimately prevails with the Swedish government.