NEWSletter



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INSTITUTE
FOR GAMBLING
REGULATION

2023

We welcome you to the first edition of our newsletter in 2023. This year too, we will regularly give you all the essential news from home as well as the world. You will not miss anything important this way.

We had only positive responses to the appearance and composition of the articles, which is why we will not make any major changes this year.

Enjoy reading.

ECONOMIC RESULTS EXCEL

The assessed gambling tax for the third quarter of 2022 is the second record period in a row; It is slowly becoming a tradition. Since 2017, when we started tracking the results, the currently assessed gambling tax in total has once again been among the absolute highest. It follows on from the successful last quarter of 2021 and the first two quarters of last year. The second quarter has been a record so far with CZK 4.112 billion.



The assessed gambling tax for the third quarter of 2022 is approximately CZK 4.153 billion, with approximately CZK 2.155 billion attributable to land-based gambling and CZK 1.998 billion to Internet gambling.

Although these are again record results compared to the second quarter of 2022, we can speak of stagnation, as the volume of GGR increased by only about 1%.

When broken down into individual games, **fixed-odds betting** operators recorded the highest **increase**, **by approximately 7.5% GGR.** Technical game operators recorded, in summary, results practically identical to the second quarter of this year. On contrary, **lottery operators saw a decrease of approximately 5.7% GGR.**

Where there is no change is traditionally in the case of bingo and totalizator games. Bingo is still not operated at all in the Czech Republic; totalizator games achieve completely negligible economic results and are operated only in the land-based form, the total assessed tax in their case amounts to CZK 273,000.

WE ARE GETTING BACK TO THE OPC INFORMATION SHEET

In the December issue, we reported that the Office for the Protection of Competition (OPC) issued an "information sheet" in which it summarized its findings on the municipal regulation of gambling. This is implemented through generally binding decrees, which, from the point of view of the OPC, are often in conflict with economic competition.

The OPC plays a very important role in the regulation of gambling through generally binding decrees. Out of fear of possible punishment by the OPC, municipalities prefer to approach zero tolerance rather than coming up with criteria for an adequate form of regulation.

The added value of the OPC information sheet mainly consists in the fact that it contains proposals for possible criteria that would be in line with economic competition and at the same time would enable municipalities to allow the operation of gambling in selected places in that municipality. Adequate regulation of gambling at the municipal level is one of the long-term priorities of the IFGR, and in this regard we believe that the OPC information sheet can be one of the first things contributing to municipalities having examples of functioning adequate regulation of our industry and subsequently to not being afraid of applying them in practice. In this regard, we have prepared a summary of the sheet where you can find the essential points. You can find this Czech summary on our website here.

BÍLINA WANTS TO DEFEND ITS DECREE!

The town of Bílina in the Teplice area is defending its generally binding decree tooth and nail. In order to maintain the existing regulation of gambling in its territory, the town will file a constitutional complaint. This is directed against the negative decision of the chairman of the Office for the Protection of Competition and against the ruling of the Brno Regional Court.

The town authorities allowed the operation of gambling games in only four places in the town. According to the statement of the antimonopoly office, the municipality pursued a legitimate goal, but chose an unjustifiable way of achieving it. It was on the basis of the office's decision that the Ministry of the Interior proposed to the Constitutional Court the annulment of the decree. Its validity is suspended for the time being. The submission of the new constitutional complaint was approved by Bílina representatives at an extraordinary meeting. We will continue to monitor the situation.

REFERENDUM IN KLADNO AND NEW DECREES IN LIBEREC AND TURNOV

After the new year, there was again a lot of activity around gambling and generally binding decrees., that is in Liberec, Turnov and last but not least Kladno. The regulation of gambling at the local level was debated in all these cities.



Liberec

After preliminary proceedings were conducted with Liberec by the Office for the Protection of Competition, the authorities of Liberec decided to amend the decree regulating gambling in the city. Its new form was approved by city councillors and will come into effect in mid-February. However, part of the opposition fears that the changes will allow more casinos to open.

Seven addresses in the city meet the conditions of the still valid decree from 2018. Only casinos are allowed and the condition is that they are at least 150 meters away from schools, kindergartens and the Větrník Children and Youth Centre. In addition, the casinos must not be in a location where they would disproportionately increase the risks connected to ensuring public order, which was assessed by police officers or social service providers. It is because of this subjective point of view that the OPC has conducted preliminary proceedings with the city since last year.

In the new decree, the subjective point of view is replaced by two other objective ones. In addition to delimiting the area around school buildings, there will also be a condition that casinos must not be within a radius of 200 meters from the buildings of the Liberec municipality, the town hall in Vratislavice nad Nisou, the regional office and the labour office. The third criterion will be that, if the previous two conditions are met, casinos will be able to be commercial in areas that are defined in the local plan as mixed central or civic amenity areas. This is exactly what the opposition representatives find insufficient. The parameter is evaluated as too moderate and vague, and they fear that casinos could appear in places where they currently cannot appear.



Turnov

In Turnov, too, a decree was addressed again, for the umpteenth time in the last five years. The city itself does not want to change anything regarding the regulation of gambling. However, it has received requests from operators who would like to turn their gambling establishments into casinos. The debate surrounding gambling regulation is always heated. So, it was no surprise that, in addition to the debate about allowing game establishments to be turned into casinos, there

were also proposals to ban them completely. The biggest fighter against gambling is the local Pirate Party, which submitted a proposal for a complete ban on gambling games in Turnov to the council. However, it did not find majority support for its proposal in the council as only 11 representatives spoke in favour of the complete ban. So, the current status applies: two gambling establishments are allowed.



Kladno

A similar situation exists in Kladno. The city authorities there is satisfied with the current regulation of gambling in the city. According to the mayor of Kladno, Milan Volf (Election for Kladno), there are no problems with gambling in the city, nevertheless, there are initiatives that fight against gambling there as well.

Together with the first round of presidential elections, a referendum on gambling and its possible ban was held in the largest city in Central Bohemia. This was initiated by the "Kladno bez hazardu" initiative and a member of the initiative and also the opposition representative Anna Gamanová from the STAN movement. **Although the participation of Kladno voters in the first round of the elections reached 62%, the participation in the referendum was low and not sufficient to meet the legal conditions (35%) for its validity and binding effect; only 27% of voters took part in the referendum.**

What Preceded the Referendum?

The "Kladno bez hazardu" initiative criticized the city last year for obstructions during the preparation of the referendum, the proposal for its organization was flawed according to the city hall. The Regional Court in Prague decided on the holding of the referendum in November. The city filed a cassation complaint, but at the beginning of January, the Supreme Administrative Court (SAC) did not recognize its suspensive effect. It has not yet ruled on the city's complaint itself.

Unsuccessful Referendum Is Not the End

The unsuccessful referendum has not ended it all. The opposition representative Gamanová stated that the initiative did its best. She appreciated that over 10,000 voters voted for the gambling ban. According to her, however, voting was not equally available in all rooms, there was a lack of sufficient marking in some places, and in other places, people had to ask for the ballots for the referendum separately from the ballots for the presidential election.

Less than two weeks after the referendum, the initiative filed a lawsuit with the Regional Court in Prague due to the invalid referendum on banning gambling in Kladno. The reason for doing so was that, according to the initiative, the election commissions did not function uniformly and the issuing of ballots for the local referendum did not take place automatically.

City Hall spokesperson Vít Heral has a different opinion. On the contrary, according to his information, many specific members of the district election commissions complained about inappropriate, even illegal pressure from the supporters of the initiative and inappropriate behaviour of specific people in the polling stations.

UNWELCOME CHRISTMAS GIFT FOR PRAGUE

It was not so long ago that we wrote about a record non-enforceable fine of CZK 2.679 million which the Office for the Protection of Competition (OPC) imposed on Prague for generally binding decrees from 2012 to 2016. And there was another fine imposed. At the end of last year, the OPC imposed on Prague the second fine in a row, this time in the amount of CZK 1.274 million. Again, this is an non-enforceable fine for violation of competition rules in connection with a gen-



erally binding decree regulating the operation of gambling games, in this case for 21 December 2018 - 14 October 2021.

In the opinion of the OPC, even in this case, the selection of address locations, or urban areas where gambling games could be operated, was not made on the basis of objective, non-discriminatory and previously known criteria. Therefore, the capital city of Prague disrupted economic competition in the gambling market on its territory without justifiable reasons by favouring competitors who could continue to operate gambling games in the specific locations.

Prague used its right and filed an appeal against the decision of the OPCS in this case as well.

CEN DEVELOPING UNIFORM EUROPEAN STANDARD FOR ONLINE GAMBLING HARM INDICATORS

European countries **have approved the proposal of the European Gaming and Betting Association (EGBA) to create a common European standard for indicators of high-risk behaviour (markers of harm) when participating in gambling games.**



Members of the European Committee for Standardization (CEN), the official body responsible for developing standards in Europe, have voted to create a European standard for indicators of high-risk behaviour for online gambling. The proposal for the introduction of the standard was submitted to CEN by the EGBA association with the aim of promoting safer online gambling and strengthening the protection of players in Europe.

Markers of harm are changes in a player's behaviour when playing online gambling games, such as speed, time and duration of play, that can be used to identify high-risk or harmful gambling behaviour. Many organizations, including the health sector and gambling operators, already use markers of harm, but there is no commonly agreed-on list. The aim of the EGBA proposal to create a CEN standard is to solve this problem at the European level by creating a standardized list of risk behaviour indicators.

The CEN vote took place in December 2022 and work on the standard is expected to start in Q1 2023. The CEN process is designed to enable a wide range of European interested parties, including academics, health professionals, gambling authorities, operators, and consumer organizations to participate in discussions through national delegations represented in the CEN. While the final CEN standard will be a voluntary instrument, it may also be legally binding through legislation.

At the IFGR, we consider this initiative to be very important, especially with regard to the further direction of the Responsible Gambling Project. In this context, we were in contact with the Ministry of Finance before the end of last year and were approached by the Czech Agency for Standardization (ČAS), which sponsors this project, to participate in this project on behalf of the IFGR and the Responsible Gambling Project, if it is approved. Following this, we have actively applied for cooperation on the creation of a standard and have already nominated a representative for the Institute. The first steps in this matter should be taken relatively soon, and our efforts will of course be aimed at taking into account our previous experience and already achieved results within the Responsible Gambling Project as much as possible.

NFT RACING HORSES FOR SALE IN FRANCE

French horse racing operator Pari Mutuel Urbain (PMU) will offer non-fungible tokens (NFTs) linked to real racehorses as part of a new Internet game.

The abbreviation NFT denotes a transparent proof of ownership of a digital item and enables a clear and quick identification of the owner. This is most often an image, video, song, game item or even a tweet. In essence, it can be "tokenized", i.e., it is possible to create a digital proof of ownership of whichever thing.

Non-fungible tokens always relate only to a specific unique item and carry information about the owner. So, it is similar to, for example, a registration in the real estate register or a patent for a unique invention.



But now to PMU. Here, players will be able to purchase digital models of horses whose performance in virtual competitions is linked to their performance in the real world. Actual races will use data and statistics from real racecourses, and each racehorse has unique characteristics based on its actual twin. According to the manufacturer, regardless of the horse's innate abilities, a player's strategic decisions will be crucial in determining their success in the race.

The new platform, called Stables, is expected to launch in the coming weeks. You can find out more about Stables on the website Stables.

BLOCKING OF ILLEGAL WEBSITES SLOWLY STARTING IN GERMANY

The newly authorized German gambling authority Gemeinsamen Glückspielbehörde der Länder (GGL) reported on the current figures and, in particular, on future procedures in the fight against illegal online gambling. This happened on 10 January, at the first press conference since 1 January when it took complete authority over most of the regulation of gambling in Germany.

The office itself checked 1,150 websites for violations and many operators removed their illegal offers when contacted, GGL representatives said.

Individual states retain authority over online table games such as roulette and blackjack and can decide whether to ban them or limit their operation to the state monopoly.

Previously, the Hessian Darmstadt regional council had jurisdiction over sports betting, while the Saxony-Anhalt administrative authority checked online slots and poker licences. It was from these authorities that GGL took over a number of cases of illegal operation. In this regard, GGL informed that more than 60 bans were issued by the previous regulatory authorities and more than 30 cases were referred for prosecution.



In addition to the fight against illegal gambling, GGL is also committed to taking action against legal operators if they offer games for which they are not licenced. Such actions may be taken against a holder of a fixed-odds betting licence offering online slots or poker to German players without first obtaining an additional licence. "*If we find serious violations, we will revoke the licence*," chairman Ronald Benter said in a statement issued by GGL.

All participants were interested in how the office dealt with blocking illegal websites. According to GGL representatives, they are working on setting up all the procedures necessary to start blocking websites and payments, and said that they would welcome the establishment of a special prosecutor's office in Halle, Saxony-Anhalt, which would speed up and simplify the crackdown on illegal operators.

"*Our goal is equal conditions for all operators. We want to ensure that any illegal or inappropriate business model offering gambling games on the Internet is not sustainable in the long term*," added Benter.

Currently, 38 companies have a licence for fixed-odds betting and 22 of them have obtained a licence for the online technical game. Not all licence applications have

been managed as a number of them are waiting for the required €5 million security deposit, which can take weeks or months. However, requests for approval of individual games are also managed slowly. So far, only 600 of the 3,500 games submitted for testing have been approved, GGL said. According to Benter, many applications lack the basic essentials, like, for example, the game instructions are in English instead of German.

GGL currently employs 75 people, expecting the number to rise to at least 104 people with regard to the whole agenda.

ICE EXHIBITION IN LONDON BACK AT ITS BEST

The ICE International Exhibition in London is back in style. After the cancelled year before last year and a bad last year in terms of number of exhibitors, it looks like 2023 will be the return of the ICE exhibition as we knew it before the pandemic.

The organizers expect more than 650 exhibitors from more than 150 countries to show up; the expected 35,000 visitors can look forward to all the internationally important representatives. ICE is a first-class source of the latest innovations, technological solutions, regulatory news or expert knowledge.



The exhibition will take place from 7 to 9 February at the Excel exhibition centre in London. You can find more information about the exhibition here: https://www.icelondon.uk.com/welcome .