

Due to the impact that Coronavirus is having, we have had to reduce our phoneline opening hours.

Our phonelines are open on Monday, Wednesday and Friday between 10 am and 4 pm.

You can use the [contact us service](#) to get answers to common questions or send us a contact request.

If gambling problems are affecting you or those close to you, support is available 24 hours a day, 7 days a week through GamCare. You can call them free on 0808 8020 133 or go to [gamcare.org.uk](https://www.gamcare.org.uk).

You can also read our [Guidance and FAQs](#) for more information.

GAMBLING
COMMISSION



[Home](#) > [For gambling businesses](#) > [Compliance](#)

Consultation on remote key equipment - responses

Consultation responses

April 2020

1 Executive Summary

1.01 A piece of equipment is remote gambling equipment if it is “used in the provision of facilities for gambling” and the components deployed on it perform one or more of the functions set out in section 36(4)(a) to (d) of The Gambling Act 2005 (The Act). These functions include storing information in relation to a person’s participation in gambling determinations and information relating to a result. It is used only by online operators and is also known as “key equipment”.

1.02 Licence condition 2.1.1 requires an operator to make an application to vary their licence every time they wish to add or move key equipment to a different jurisdiction. In addition, moving key equipment within a jurisdiction

must be reported to us via key event 15.2.1.7.

1.03 Over time it has become apparent that physical inspection of key equipment is not necessary as it is the data held on the equipment that is required. We will retain the ability to request the data via licence condition 2.1.2. In an outcome focussed regulatory environment we look initially for assurance rather than undertaking physical checks and therefore do not need to know the number of pieces of key equipment or where they are located. Further, technology continues to develop since the creation of these conditions and there is increasingly a move away from physical remote gambling equipment to storage in the cloud.

1.04 The consultation proposed the removal of the condition, 2.1.1. If this approach is adopted, we would also no longer require licensees, under notification requirement 15.2.1.7, to tell us when they add or relocate key equipment within the same country.

Licence condition 2.1.1:

All remote casino, bingo and betting licences other than ancillary licences and remote betting intermediary (trading room only) licences

1 Licensees must not add to any of the remote gambling equipment listed in Schedule R to their licence or relocate any of that equipment from the jurisdiction stated in the Schedule without first obtaining a variation of that detail of the licence on application pursuant to section 104(1)(b) of the Act.

2 For the purposes of this condition, in the case of geographical areas which are subject to the laws of both a state or provincial government and a federal government 'jurisdiction' means the area of the state or province; but England, Wales and Scotland are to be treated as a single jurisdiction.

If key equipment is moved within a jurisdiction, a licensee must advise of this via key event 15.1.2.7:

The entering an arrangement whereby a third party provides services to, or grants any licence concession or permission to, the licensee other than for full value: full details of the arrangements must be supplied.

1.05 We received 35 responses

- 30 from operators
- 1 from a trade association
- 4 from other organisations – one law firm, two gambling consultants and one supplier of connectivity and infrastructure.

1.06 There was significant support from respondents to the consultation proposals. Following consideration of the responses we intend to implement both proposals. Removal of this licence condition and notification requirement will result in increased efficiency and a reduction in regulatory burden.

1.07 Next steps

Remove licence condition 2.1.1:

We will implement this change in full

- The Commission will remind operators that access to data is a requirement under licence condition 2.1.2.

Not to require notification via key event 15.2.1.7 of any changes to the location of key equipment within a jurisdiction:

We will implement this change in full

- Key event 15.2.1.7 will be retained as there are other matters that need to be reported against it such as, a real events betting operator signing up with Opta to use their sport analytics software on their websites.

2 Our approach

Question 1: Summary of responses

Consultation question

Q1. To what extent do you agree with our proposal to remove licence condition 2.1.1?

2.01 The majority of the 35 respondents (94%) strongly agreed or agreed with the proposal.

2.02 Respondents clearly recognised the reduction in administrative and regulatory burden by the removal of the requirement to submit an application to vary a licence each time the location of remote equipment changed. This removes duplication where multiple operators are affected by a single change to the location of remote equipment. This also removes the need for the Commission to change licence details. This will positively impact efficiency for operators and the Commission, allowing focus on higher risk matters.

2.03 Some respondents noted that “the move to cloud-based environments would mean that operators have the freedom for provision and decommission capacity dynamically, based entirely on their current workload”. Also, that this environment provides, “better means of availability, traceability and accessibility of data and that requests for such information by the Commission could be responded to in a more efficient way”.

2.04 One respondent suggested that there might be some benefit in retaining a Commission register of remote equipment (like that used for the games register). This was considered but we recognised that developing such a register would not mitigate any risks of data access and would result in continued regulatory requirements as operators would need to inform and update the Commission of any changes to the location of remote key equipment.

2.05 Another respondent highlighted potential risks associated with situations where:

- a. the operator may not wish to divulge or be unable to divulge where access would be useful
- b. the regulator could be in a position where they are unaware where data

is, which would assist when an operator is winding down in order to ensure player fund repatriation

c. access may be denied by the co-location or cloud provider to the data and infrastructure where there may be monies owed to them by the licensee

d. the regulator may not be contacted and made aware of the location of such items if they are subject to potential seizure and investigation by law enforcement.

2.06 The implementation of this proposal will take effect at the end of July 2020.

Our position

2.07 We will remove licence condition 2.1.1, which requires operators to complete an application to vary their licence when adding new or moving equipment to a jurisdiction.

2.08 We will retain the ability to request data via licence condition 2.1.2 which requires that an operator must, on request, permit an enforcement officer to inspect any of their remote gambling equipment and/or provide to the Commission copies of data held on such equipment in such format and manner as the Commission may request. Given these requirements and that operators will only conduct business in locations where gambling is legal, will mitigate risks to access.

2.09 The Commission's website guidance '[Closing a Gambling Commission Licensed Gambling Business – What you need to do](#)', informs operators of our expectations when leaving the British Market or in the event of a business ceasing to trade and should be followed.

Question 2: Summary of responses

Consultation question

Q2 To what extent do you agree with our proposals not to require notification via key event 15.2.1.7 of any changes to the location of key equipment within a jurisdiction?

2.10 The majority of the 35 respondents (88 %) strongly agreed or agreed with the proposal.

2.11 Respondents in support of the proposal recognised that given the proposal to remove licence condition 2.1.1, the requirement to report movement of equipment within a jurisdiction would become less of a priority or even obsolete.

2.12 Respondents also suggested that this proposal would reduce the regulatory burden, ensure greater efficiencies that would benefit both the Commission and the gambling operators whilst at the same time not introduce any adverse impact on the consumer or the ability of the Commission to regulate.

2.13 A respondent highlighted that for dedicated RNG hardware where the licensee changes which regionally distinct RNGs are active in production, this would probably still warrant an after-the-fact notification.

2.14 Another respondent highlighted potential risks associated with situations where:

- a. the operator may not wish to divulge OR be unable to divulge where access would be useful.
- b. the regulator could be in a position where they are unaware where data is, which would assist when an operator is winding down in order to ensure player fund repatriation.
- c. access may be denied by the co-location or cloud provider to the data and infrastructure where there may be monies owed to them by the licensee.

d. the regulator may not be contacted and made aware of the location of such items if they are subject to potential seizure and investigation by law enforcement.

2.15 The implementation of this proposal will take effect at the end of July 2020.

Our position

2.16 Key event 15.2.1.7 will be retained as there are other matters that need to be reported against it such as a casino operator using an affiliate company to market their product and traffic customers to their websites.

2.17 Given the requirements of licence condition 2.1.2 and that operators will only conduct business in locations where gambling is legal, this will mitigate risks to access.

2.18 The concerns raised about the location of RNG hardware is currently covered as part of the Remote Technical Standards and security risks are addressed through the security audit process.

2.19 As stated for the removal of licence condition 2.1.1., the Commission website guidance for when leaving the British Market or a business ceases trading should be followed.