

**Changes to information requirements in  
the licence conditions and code of  
practice (LCCP), regulatory returns,  
official statistics, and related matters**

**Parts I and II**

**Responses**

**30 July 2020**

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# 1 Executive summary

## Overview

- 1.1 In early 2020, we consulted on proposals to change parts of the licence conditions and codes of practice (LCCP) relating to the information requirements we require licensees to provide to us. Also, on proposals to improve regulatory returns data collection and some of our official statistics publications.
- 1.2 Our consultation proposals wanted to make data requirements more efficient for licensees, and for us. Specifically, the proposals sought to:
  - improve data quality and the efficiency of regulation,
  - reflect our continued focus on consumers and social responsibility,
  - ensure requirements are reconciled against our current and future data needs,
  - streamline our existing requirements and, where possible,
  - reduce regulatory burden.
- 1.3 The aim was to ensure the information requirements placed on licence holders are proportionate and effective to inform our regulation of the industry.
- 1.4 We received 70 written responses to the consultation which ran for 12 weeks.
- 1.5 This document summarises the responses received and explains our position on each proposal. The proposed amendments to licence conditions and codes of practice affect all licensees and will come into force on 31 October 2020.
- 1.6 Other changes, for example to our eServices system, to regulatory returns, or our official statistics, will take place at the times indicated in the position statements for each specific change.
- 1.7 We will be updating existing guidance to reflect the changes detailed in this response (specifically [Complaints and disputes: procedural, information provision and reporting requirements](#) and [Notification of information security breaches](#)). There have been a number of requests for guidance on specific elements of our existing LCCP information requirements. We will keep this under review and encourage licensees to seek legal advice if unsure of their responsibilities as licence holders.
- 1.8 For ease of reference we have included a summary of the proposed changes to licence conditions and codes of practice as an annex to this response.

## 2 Introduction

### The Gambling Commission

- 2.1** We license and regulate commercial gambling within Great Britain, including the National Lottery, with the exception of spread betting which is regulated by the Financial Conduct Authority (FCA).
- 2.2** Our functions include:
- licensing operators and individuals,
  - monitoring compliance with licence conditions and the law,
  - investigation and enforcement, both in relation to licensees and illegal (unlicensed) gambling, and
  - providing advice to central and local government on the incidence, manner, effects, and regulation of gambling.
- 2.3** We have a statutory duty to aim to permit gambling if it is reasonably consistent with the statutory licensing objectives.

### Consultation proposals and background

- 2.4** In a [consultation](#) conducted between 26 February and 20 May 2020, we set out proposals to change some parts of the licence conditions and codes of practice (LCCP) relating to the information requirements we require from licensees.
- 2.5** The consultation was split into two parts. Part I detailed changes to information reporting requirements within the LCCP, and Part II focuses on other changes, to regulatory returns and some of our official statistics.
- 2.6** Our consultation proposals wanted to make data requirements more efficient for licensees, and for us. Specifically, the proposals sought to:
- improve data quality and the efficiency of regulation,
  - reflect our continued focus on consumers and social responsibility,
  - ensure requirements are reconciled against our current and future data needs,
  - streamline our existing requirements and, where possible,
  - reduce regulatory burden.
- 2.7** In Part I, we proposed to revise some of the information reporting requirements contained within the operating licence conditions, code of practice provisions and personal licence conditions of the LCCP. These relate to reporting suspicious activity, events that have a significant impact on the nature or structure of a licensee's business ('Key events'), other reportable events, social responsibility reporting and other matters. The revisions are primarily deletions or rewording of requirements, but we also proposed to introduce several additional requirements.
- 2.8** In Part II, we proposed to remove datapoints from regulatory returns that we no longer require. We also intended to introduce new datapoints that place a greater focus on our commitment towards consumers and the prevention of gambling-related harms, and to implement several changes focused on improving data quality (for example, harmonised reporting periods). In addition, we proposed improvements to our official statistics publications.

- 2.9** Our aim was to ensure the information requirements placed on licence holders are proportionate and effective to inform our regulation of the industry. For this reason, we propose to stop collecting monthly casino drop and win data from non-remote casino licensees; and to stop producing our monthly Casino Drop & Win publication. This data is provided to us on a voluntary basis and, while showing casino drop and win data monthly, duplicates data we collect via regulatory returns on a quarterly basis.
- 2.10** We received 70 written responses to the consultation from the following categories of respondents:
- 50 from licence holders,
  - 7 from trade associations,
  - 3 from charitable, non-profit or academic organisations,
  - 6 from members of the public, and
  - 4 from others.
- 2.11** Some responses included comments and proposals around measures either outside of the scope of this consultation, or that are outside the remit of the Gambling Commission to implement. We provide limited commentary on these aspects as they do not form part of the proposals being consulted on.
- 2.12** A summary of the responses we received to the consultation questions, along with our position in view of those responses, is provided in the sections below.

### **Next steps**

- 2.13** The proposed changes will affect all licensees, both those with operating licences and – to a lesser extent – personal licence holders. The changes to licence conditions and codes and practice summarised in Part I will take effect on 31 October 2020. Other changes, for example to our eServices system, to regulatory returns, or our official statistics, will take place at the times indicated in the position statements for each specific change.
- 2.14** We will be updating the following guidance documents to reflect changes detailed in this response:
- [Complaints and disputes: procedural, information provision and reporting requirements](#)
  - [Notification of information security breaches](#)
- 2.15** We require further time to review the responses to Part II, Question 2.5 (proposals for the new and modified regulatory returns questions) and are provisionally planning to hold a mini-consultation on this topic in October 2020.

### 3 Summary of responses (Part I)

#### Changes to Licence condition 13.1.1 (Pool betting)

- 3.1** We proposed to remove the requirement for operators to notify us about persons they have authorised to offer pool betting on a track in connection with a horserace or dog race in reliance on an occasional use notice. The proposed revision does not affect the existing statutory requirements and licensees will still be required nominate an authorised person under section 93(2) of the Gambling Act 2005.

#### Consultation question 1.1

**Do you agree with the proposed changes to the licence condition?**

#### Respondents' views

- 3.2** There was broad support for this LCCP licence condition change. Several respondents commented that the proposal was pragmatic and would not unduly reduce our oversight of pool betting operations, given that we would still require licensees (and any person they so authorise) to retain records of all transactions relevant to those operations. Others noted that the removal of the reporting requirement would reduce the regulatory burden on licensees.
- 3.3** One respondent requested clarification on whether we needed licensees to report the recorded pool betting transactions to us on a regular basis, or just store the records should we decide to inspect them. Another respondent expressed concern that removing the requirement to notify the Commission would reduce accountability.

#### Our position

The proposed revision removes the requirement for operators to report nominated persons to us. It does not affect the existing statutory requirements and licensees will still be required to nominate an authorised person under section 93(2) of the Gambling Act.

The proposal does not affect the substance of licence condition 13.1.1 (2) and we will continue to require licensees to store these and make them available for our inspection on request.

licence condition 13.1.1 (2) will be renumbered to become 13.1.1 (1) to reflect the change.

The below change will take effect from 31 October 2020.

**Final wording of amended licence condition 13.1.1:  
The italicised text highlights the changes from the existing condition**

**Licence condition 13.1.1**

**Pool betting**

**All pool betting operating licences, except those restricted to football pools**

- ~~1~~ Licensees must inform the Commission, within 14 days, in writing, of any person they authorise under section 93(2) of the Act to offer pool betting on a track in connection with a horserace or dog race in reliance on an occasional use notice. In doing so, they must include the terms and conditions under which this has been agreed, and provide contact details of the management and key staff of those that are authorised.
- 2 Licensees and any person they so authorise *under section 93(2) of the Gambling Act 2005 to offer pool betting on a track in connection with a horserace or dog race in reliance on an occasional use notice*, must produce and retain a record of the transactions relevant to each pool that they offer. The record must be capable of identifying individual bets into the pool and relating these to subsequent payment of winnings where applicable. Licensees must make this information available to the Commission on request.

**Changes to Licence condition 13.1.2 (Pool betting – football pools)**

- 3.4 We proposed to remove the requirement for the reporting to us of persons authorised by licensees in respect of football pool betting. The proposed revision does not affect the existing statutory requirements and licensees will still be required nominate an authorised person under section 93(3) of the Gambling Act 2005.

**Consultation question 1.2**

**Do you agree with the proposed changes to the licence condition?**

**Respondents' views**

- 3.5 There was broad support for this LCCP licence condition change. Several respondents noted that the proposal was pragmatic and would not unduly reduce our oversight of football pool betting operations; given that we would still require licensees (and any person they so authorise) to retain records of all transactions relevant to those operations. Others noted that the removal of the reporting requirement would reduce the regulatory burden on licensees. Some respondents requested clarification on whether we needed licensees to report the recorded pool betting transactions to us on a regular basis.

## Our position

The proposed revision removes the requirement for operators to report nominated persons to us. It does not affect the existing statutory requirements and licensees will still be required to nominate an authorised person under section 93(2) of the Gambling Act.

The proposal does not affect the substance of licence condition 13.1.1 (2) and we will continue to require licensees to store these and make them available for our inspection on request.

Licence condition 13.1.2 (2) will be renumbered to become 13.1.2 (1) to reflect the change.

The below change will take effect from 31 October 2020.

### Final wording of amended licence condition 13.1.2: The italicised text highlights the changes from the existing condition

#### Licence condition 13.1.2

#### Pool betting – football pools

#### All pool betting operating licences which authorise football pools

- 1 ~~Licencees must inform the Commission, within 14 days, in writing, of any person they authorise under Section 93(3) of the Act in respect of football pool betting. In doing so, they must include the terms and conditions under which this has been agreed.~~
- 2 Licensees and any person they so authorise *under Section 93(3) of the Gambling Act 2005 in respect of football pool betting*, must produce and retain a record of the transactions relevant to each pool that they offer. The record must be capable of identifying individual bets into the pool and relating these to the subsequent payment of winnings where applicable. Licensees must make this information available to the Commission on request.

### Changes to licence condition 15.1.1 (reporting suspicion of offences)

- 3.6 We proposed to amend licence condition 15.1.1 to introduce additional text which will enable us to specify the form and manner of the reporting of suspicion of offences etc. The amendment will align the requirement with other conditions relating to information reporting. This will make our information management more efficient and allow us to act in respect of reported offences more quickly and effectively. The changes will also reinforce the principle that responsibility for meeting the licence condition rests with licensees, not third parties.

### Consultation question 1.3

Do you agree with the proposed changes to the licence condition?

#### Respondents' views

- 3.7** Respondents noted the benefits of a standardised reporting approach; although these were tempered by a concern that any prescribed form or manner for reporting should not be overly burdensome. Several respondents noted that the change would make licensees more responsible for their own reporting of known or suspected offences. Two respondents queried whether it would be permissible for one licensee to provide information on behalf of another licensee within a group.
- 3.8** Some respondents requested that we define the required timescales for reporting known or suspected offences. One respondent queried whether fines would be imposed for late reporting or non-compliance.

#### Our position

While it is acceptable for one licensee to provide information on behalf of another within a group, ultimate responsibility for the timing and content of the submission rests with the licence holder.

We note the request to define timescales for the submission of known or suspected offences. However, we recognise that, in many instances, licensees will want to undertake due diligence to investigate the nature and scale of a potential breach. We do not, for this reason, think it practical to impose a 'one size fits all' time limit on reporting issues of known or suspected offences. Breaches will be dealt with in accordance with the principles contained within our [Licensing, compliance and enforcement under the Gambling Act 2005: policy statement](#).

We have developed a standardised template, in consultation with stakeholders, for reporting known or suspected offences under licence condition 15.1.1. The final version and supporting guidance will be available to licensees prior to the updated licence condition coming into effect.

The below changes to licence condition 15.1.1 will take effect from 31 October 2020.

**Final wording of amended licence condition 15.1.1:  
The italicised text highlights the changes from the existing condition**

**Licence condition 15.1.1**

**Reporting suspicion of offences etc - non-betting licences**

**All operating licences except betting, betting intermediary, ancillary remote betting, betting host and remote betting intermediary (trading rooms only) licences**

- 1** Licensees must as soon as reasonably practicable, *in such form or manner as the Commission may from time to time specify*, provide the Commission ~~or ensure that the Commission is provided~~ with any information that they know relates to or suspect may relate to the commission of an offence under the *Gambling Act 2005*, including an offence resulting from a breach of a licence condition or a code provision having the effect of a licence condition.

**Changes to Licence condition 15.1.2 (reporting suspicion of offences)**

- 3.9** We proposed to amend licence condition 15.1.2 (1b) to introduce additional text which will enable us to specify the form and manner of the reporting of suspicion of offences etc. and to reference the relevant section of the Gambling Act 2005 which gives us the powers to void a bet. We also proposed to modify licence condition 15.1.2 (2) relating to sport betting integrity reporting to provide additional scope for us to specify the form and manner of the reporting of suspicious offences. The reason for this is to improve the efficiency of our data collection for sports betting integrity reporting. Finally, we proposed changes to 15.1.2 (2) to provide clarification on the reporting of suspected breaches *of betting rules* to the appropriate sport governing body.
- 3.10** The consultation included a commitment that we will continue to explore alternative technological solutions, such as Application Programme Interfaces (APIs), to improve the effectiveness of suspicious activity reporting

**Consultation question 1.4**

**Do you agree with the proposed changes to the licence condition?**

**Respondents' views**

- 3.11** Respondents agreed that a standardised approach for reporting of known or suspected offences would provide greater clarity. There were requests for further guidance on the new reporting standards and that the new standards to be proportionate and not create additional burden for licensees. Some respondents commented the proposed development of APIs would enable speedy reporting and constituted a positive step forward, though noted that a low-tech solution may be needed for some licensees. Respondents agreed that the change emphasised the responsibility for known or suspected offences to be reported to us by licensees, rather than any place undue reliance on third parties (e.g. legal representatives).
- 3.12** Some respondents suggested that the requirement should be for licensees to report known or suspected breaches of the wider "rules" (ie rather than "betting rules")

applied by sport governing bodies. Also, it was suggested the words “to enable the sport governing body to carry out its regulatory function” be added to end of licence condition 15.1.2 (2) to reflect the fact that any such information provided may be used for the full range of a sport governing body’s regulatory functions, including both investigation and prosecution of integrity offences. A further suggestion was that licensees should report events that indirectly result in known or suspected breaches of the rules applied by them.

## **Our position**

This change will support our intention to standardise the provision of information related to known or suspected offences and of breaches of betting rules applied by relevant Sports Governing Bodies (SGBs). We think that this will provide enhanced clarity for licensees on our information needs and improve the effectiveness of suspicious activity reporting.

We recognise that SGB regulations may cover a range of rules related to integrity and corruption. However, we consider that broadening the licence condition to include ‘any rules’ may compel licensees to share information with SGBs that may fall outside of our regulatory remit, which would not be appropriate.

Section 30 of the Gambling Act 2005 permits us to share information we receive with those bodies listed on Schedule 6 for use in the exercise of the body’s functions. Information that licensees are currently required to provide to SGBs (i.e. breaches of betting rules), is information that we could ourselves provide to the SGBs under Section 30 of the Act. The LCCP requirement therefore shortens the administration and timescales involved in providing the information to SGBs (i.e. operators can provide an SGB directly with this information rather providing us with the information to forward to the SGB).

SGBs can use existing legal gateways to make specific data requests to betting operators and us, if such requests are lawful and necessary to undertake investigations or prosecutions that fall under their own regulatory remit. These include the Data Protection Act 2018 and additionally the Gambling Act 2005 when making requests to us for information.

We cannot include the term “to carry out its regulatory function” for the reasons outlined above. In addition, not all bodies listed on Schedule 6 of the Gambling Act 2005 are regulatory bodies and therefore do not have a regulatory function.

We have reviewed the suggestion for licensees to report to us events that ‘indirectly’ result in known or suspected breaches of the rules applied by SGBs. We do not consider this appropriate at this time as it would be a disproportionate burden for licensees and too open to interpretation.

We have developed a standardised template, in consultation with stakeholders, for reporting known or suspected offences under licence condition 15.1.1. The final version and supporting guidance will be available to licensees prior to the updated licence condition coming into effect. Follow-on development of reporting arrangements for known or suspected offences (e.g. APIs) will involve further discussion with stakeholders.

We have also removed the wording “or ensure the Commission is provided with” to

make the language consistent with the removal of this phrase from elsewhere in the LCCP. These changes will reinforce the principle that responsibility for meeting the licence condition rests with licensees, not third parties. We will, however, accept submissions by one licensee to provide information on behalf of another within a group.

The below changes will take effect from 31 October 2020.

**Final wording of amended licence condition 15.1.2:  
The italicised text highlights the changes from the existing condition**

**Licence condition 15.1.2**

**Reporting suspicion of offences etc - betting licences**

**All betting operating licences including betting intermediary, ancillary remote betting, betting host and remote betting intermediary (trading rooms only) licences**

- 1** Licensees must as soon as reasonably practicable provide the Commission ~~or ensure the Commission is provided with any information, *in such form or manner as the Commission may from time to time specify*, from whatever source that they:~~
  - a** know relates to or suspect may relate to the commission of an offence under the Act, including an offence resulting from a breach of a licence condition or a code provision having the effect of a licence condition
  - b** suspect may lead the Commission to consider making an order to void a bet *under section 336 of the Gambling Act 2005.*
- 2** Licensees who accept bets, or facilitate the making or acceptance of bets between others, on the outcome of horse races or other sporting events governed by one of the sport governing bodies ~~for the time being included in Part 3 of Schedule 6 to the *Gambling Act 2005*, must also as soon as reasonably practicable provide the relevant sport governing body with sufficient relevant and necessary information to conduct an effective investigation if the licensee suspects that they have any information from whatever source that may:~~ *from whatever source, that they know or suspect may relate to a breach of betting rules applied by that sport governing body.*
  - ~~**a** lead the Commission to consider making an order to void a bet~~
  - ~~**b** relate to a breach of a rule on betting applied by that sport governing body.~~
- 3** ~~In 2b above, 'rule on betting'~~ *'Betting rules'* includes any rule about bets the making or acceptance of which would be a regulated activity within the meaning of section 22 of the Financial Services and Markets Act 2000 ('spread betting').

### **Additional Licence condition 15.1.3 (reporting of systematic or organised money lending)**

- 3.13** We proposed to introduce a new licence condition (15.1.3) relating to the reporting of systematic or organised money lending. Ordinary code provisions 3.8.1 and 3.8.2 currently provide for licensees to report to us instances of systematic or organised money lending between customers on their premises. We proposed to formalise this reporting requirement via a new licence condition which requires all non-remote casino, non-remote bingo, general betting, adult gaming centre, family entertainment centre and remote betting intermediary (trading rooms only) licensees to report to us any systematic or organised money lending, in accordance with the ordinary code provisions.

#### **Consultation question 1.5**

**Do you agree with the proposals for the new licence condition?**

#### **Respondents' views**

- 3.14** Overall, respondents welcomed the introduction of this new licence condition and stated that improved reporting of known or suspected systematic or organised money laundering would give us more visibility of this issue and allow us to better protect consumers. A standardised format and common submission arrangements were also appreciated by licensees.
- 3.15** Some respondents commented that detailed guidance would be required for them to interpret this licence condition. Specific points related to the need for clarity over the terms “reasonably practical”, “suspect may relate to” and a request for definitions of “systematic or organised money lending”. Others added that the new licence condition duplicated ordinary code provision 3.8.1, which requires non-remote casino licensees to report systematic or organised money lending to us.
- 3.16** Another respondent stated that there is no evidence that systematic or organised money lending is currently an issue within gambling premises and therefore this new licence condition is unnecessary. Moreover, that if any such activity were identified, it would be reported to the police and the resultant criminal investigation reported to us as a key event. This comment was supported by the observation that the current ordinary code provision requiring non-remote casino licensees to report systematic or organised money (3.8.1) was not mirrored in the linked provision (3.8.2) for premises types other than casinos. Another queried why the licence condition would not also apply to remote gambling.

## **Our position**

Ordinary code provision 3.8.1 provides that non-remote casino licensees should take steps to prevent systematic or organised money lending between customers on their premises, and have appropriate arrangements in place to cover any cases where it appears that the lending may be commercial in nature or may involve money laundering. The ordinary code also provides that a report should be made to us of all cases where the licensee encounters systematic or organised money lending.

Additionally, it provides that a licensee should follow the reporting requirements where any lending may involve money laundering.

Ordinary code provision 3.8.2 provides that licensees other than casinos should seek to prevent systematic or organised money lending between customers on their premises, including arrangements for staff to report any instances of substantial money lending when they become aware of them.

Ordinary code 3.8.1 includes a provision to report instances to us and ordinary code 3.8.2 provides for the reporting of instances of substantial money lending by staff. In the latter case, such information is of interest to us as the regulator of gambling and to meet our obligations to prevent gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime.

Currently, there is no formal mechanism to report instances of money lending to us and we proposed to add this licence condition to make provision for such reporting. The new licence condition had no other purpose and does not supersede ordinary code provisions 3.8.1 and 3.8.2. We have, however, amended the proposed licence condition so that it better reflects that position.

The term “as soon as reasonably practical” is used elsewhere in the LCCP and we do not intend to define it separately here. The need to report money lending has not been extended to remote gambling as structural differences limit the risk of money lending between customers in that environment.

As with all other reportable events, reports should be submitted via the eServices digital service for operators on our website. We intend to provide further guidance on how to meet this requirement. However, the information provided should include details of the incident in sanitised form, for example, the financial volume involved and the actions taken by the licensee (such as whether it was reported to law enforcement and whether the customers involved were barred by the licensee). Where a suspicious activity report is submitted to the United Kingdom Financial Intelligence Unit (UKFIU), the licensee should also provide the unique reference number of the report.

It is our intention to review ordinary code provisions 3.8.1 and 3.8.2 later in 2020, to ensure that they correctly align.

The below changes will take effect from 31 October 2020.

## Final wording of new licence condition 15.1.3:

### Licence condition 15.1.3

#### Reporting of systematic or organised money lending

**All non-remote casino, non-remote bingo, general betting, adult gaming centre, family entertainment centre and remote betting intermediary (trading rooms only) licences**

- 1 Licensees must as soon as reasonably practicable, in such form or manner as the Commission may from time to time specify, provide the Commission with any information relating to cases where they encounter systematic, organised or substantial money lending between customers on their premises, in accordance with the ordinary code provisions on money lending between customers.

### Changes to licence condition 15.2.1 (reporting key events – operator status)

- 3.17** Licensees are required to notify us of "key events" that could have a significant impact on the nature of their business. The full suite of key events is contained within licence condition 15.2.1. Licence conditions 15.2.1 (1), (2) and (3) concern the reporting of the presenting of a winding up order or petition, entering into administration or receivership, bankruptcy, sequestration, or an individual voluntary arrangement. We proposed to improve the readability of these requirements by merging them into a single key event, and to expand it to include shareholders.

#### Consultation question 1.6

**Do you agree with the proposed changes to the licence condition?**

### Respondents' views

- 3.18** Some respondents noted that the merged key events were more concise and easier to read, which would in turn increase understanding and ease of compliance. One respondent suggested that we specify a need to report "any other event which could result in an impact on player funds or an operator's ability to guarantee or protect player funds or ability to pay players". Another respondent queried why – as a non-departmental public body – we could not obtain this information from other government bodies.
- 3.19** Some respondents considered the requirement to report on incidences involving any "shareholder or anyone named as part of the licence" to be unnecessarily burdensome; one suggested shareholder should be replaced with the term "controller", as in our [Change of Corporate Control](#) definition. Clarification was sought as to whether the proposed phrase "named as part of the licence" referred to anyone named on the licence or included anyone in a "key position". One respondent queried the requirement to report on incidences that occur to any company within a group and asked whether this would only apply in respect of those in the direct parent company/ownership chain of any Commission licensed entity.

## **Our position**

We note the concern over expanding the requirement to all shareholders and we will modify the text so that it only applies to shareholders holding 3% or more of the issued share capital of the licensee or its holding company. This is consistent with our definition of relevant shareholders contained elsewhere within the LCCP and is more appropriate than the term “controller” for our regulatory needs.

We also note the request for clarification about the term “anyone named as part of the licence”. In this case, we will replace the term with “any person holding a key position”. Again, this is consistent with our definition of relevant persons contained elsewhere within the LCCP.

In response to the comment about whether the occurrence types would only apply in respect of those in the direct parent company/ownership chain of any Commission licensed entity, we intend to maintain our existing definition for “group company” defined at the end of licence condition 15.2.1 (“any subsidiary or holding company of the licensee and any subsidiary of such holding company”).

We have reviewed the suggestion to specify anything which impacts on player funds or an operator’s ability to guarantee or protect player funds or ability to pay players. Licensees must set out clearly in the terms and conditions whether customer funds are protected in the event of insolvency, the level of such protection and the method by which this is achieved. We do not propose to introduce additional reporting requirements in respect of this topic at this stage.

While we recognise that we can, and do, obtain some occurrence information from other sources (e.g. other governmental and non-governmental bodies), our processes and systems are not currently robust enough to capture this information for all relevant persons or companies to which the licence condition applies.

We have removed the wording “or ensure the Commission is provided with” to make the language consistent with the removal of this phrase from elsewhere in the LCCP. This change reinforces the principle that responsibility for meeting the licence condition rests with licensees, not third parties.

The below changes will take effect from 31 October 2020.

## Final wording of amended licence condition 15.2.1 (reporting key events - operator status):

The italicised text highlights the changes from the existing condition

### Licence condition 15.2.1

#### Reporting key events

#### All operating licences

A key event is an event that could have a significant impact on the nature or structure of a licensee's business. Licensees must notify the Commission, ~~or ensure the Commission is notified~~, in such form or manner as the Commission may from time to time specify, of the occurrence of any of the following key events as soon as reasonably practicable and in any event within five working days of the licensee becoming aware of the event's occurrence<sup>1</sup>.

#### Operator status

- ~~1 — In the case of licensees which are companies, a petition being presented for their winding up or the winding up of any group company of theirs, or they or any group company being placed in administration or receivership or their directors proposing to creditors a composition in satisfaction of its debts or a scheme of arrangement of its affairs.~~
- ~~2 — In the case of licensees which are bodies corporate, but not companies, any event substantially equivalent to those listed at 1 above.~~
- ~~3 — In the case of a licensee who is an individual (or a partner in a partnership licensee) their being presented with a petition for their bankruptcy or sequestration or their entering into an individual voluntary arrangement.~~

*Any of the following applying to a licensee, any person holding a key position for a licensee, a group company, or a shareholder or member (holding 3% or more of the issued share capital of the licensee or its holding company):*

- presenting of a petition for winding up,*
- making of a winding up order,*
- entering into administration or receivership,*
- bankruptcy (applicable to individuals only),*
- sequestration (applicable in Scotland), or*
- an individual voluntary arrangement.*

## Changes to licence condition 15.2.1 (reporting key events - relevant persons and positions)

**3.20** We proposed to remove three key events in the relevant persons and positions section (15.2.1 (5), (7) and (9)) as we have determined that we no longer require this information to be reported to us. We also propose to make minor adjustments to 15.2.1 (8). In addition to being notified of persons who are appointed to or cease to occupy a 'key position', we also want to be notified when they leave one position to take up another. We propose to amend our definition of a 'key position' (15.2.1 (8c)) for the purpose of anti-money laundering and counter terrorist financing compliance and reporting.

### Consultation question 1.7

**Do you agree with the proposed changes to the licence conditions?**

### Respondents' views

**3.21** Whilst there was strong support for these proposals, several clarifications and modifications were suggested. These included:

- Whether the reference to, "a position where the holder of which is responsible for the licensee's anti-money laundering and counter terrorist financing compliance and for the reporting of known or suspected money laundering or terrorist financing activity", refers to a single person with overall responsibility for anti-money laundering and counter terrorist financing compliance (e.g. a licensee's Money Laundering Reporting Officer), or any person with responsibility for implementing such matters.
- That we amend the wording of "(including leaving one position to take up another)" to clarify this means leaving one "key position" if this is the intent of our change.
- That the wording "anti-money laundering and counter terrorist financing compliance" be changed to "anti-money laundering *and / or* counter terrorist financing compliance" to capture situations where a different individual may be responsible for each aspect.
- That persons in key positions should include a licensee's Head of VIP Accounts. whether the eServices' portal would be updated to reflect the changes to reporting requirements.

**3.22** One respondent sought clarification as to why we no longer needed the deleted key events to be reported to us. Another queried whether the removal of Key Event 15.2.1 (5) would weaken our ability to monitor a licensee's source of funding.

## Our position

After a review, we have determined that the regulatory value of these key events is limited and that to continue to require them to be reported to us would be unnecessarily burdensome for licensees.

We are satisfied that the requirements in key events (15.2.1 (4) and (6)) along with the retained financial events (15.2.1 (10-17)) and licence condition 15.2.2, are sufficiently strong to enable us to understand when there may be issues with a licensee's source of funding.

We will amend the wording under licence condition 15.2.1 (8c) to specify that licensees must report to us details of persons leaving one key position to take up another.

With respect to our proposal to expand the definition of a key position to include persons responsible for counter terrorist financing, we will amend the wording to "a position where the holder of which has overall responsibility for the licensee's anti-money laundering *and / or* counter terrorist financing compliance and / or for the reporting of known or suspected money laundering or terrorist financing activity". This clarifies that we only need to be informed about persons with "overall responsibility" for these functions and recognises that a licensee may appoint different people to be responsible for anti-money laundering "and / or" counter terrorist financing, "and / or" the reporting of known or suspected money laundering or terrorist financing activity. Further guidance in relation to the status and standing of these positions is provided in the Commission's [guidance](#) and [advice](#) documents on anti-money laundering.

We have considered the suggestion that our definition of persons in key positions should include a licensee's Head of VIP Accounts. This addition is outside the scope of the proposed changes in this consultation. In June 2020 we launched a consultation on High Value Customers through which this issue is explored further.

On the matter of the eServices' portal, we can confirm that we are planning to update the system to align with all the key events changes (and for those updates to be rolled-out in October 2020).

We have removed the wording "or ensure the Commission is provided with" to make the language consistent with the removal of this phrase from elsewhere in the LCCP. These changes will reinforce the principle that responsibility for meeting the licence condition rests with licensees, not third parties.

The below changes will take effect from 31 October 2020.

**Final wording of amended licence condition 15.2.1 (reporting key events - relevant persons and positions):**

**The italicised text highlights the changes from the existing condition**

**Relevant persons and positions**

**4** [No change]

~~**5** Any investment in a licensee which is not by way of subscription for shares.~~

**6** [No change]

~~**7** The entering into 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.~~

**8** The appointment of a person to, or a person ceasing to occupy, a 'key position' (*including leaving one position to take up another*). A 'key position' in relation to a licensee is:

**a** in the case of a small-scale operator, a 'qualifying position' as defined in the Gambling Act 2005 (Definition of Small-scale Operator) Regulations 2006.

**b** in the case of an operator which is not a small-scale operator, a 'specified management office' as set out in (current) LCCP licence condition 1.2

**c** a position *where the holder of which has overall responsibility for the licensee's anti-money laundering and / or counter terrorist financing compliance procedures, including suspicious activity reporting, and / or for the reporting of known or suspected money laundering or terrorist financing activity* ~~suspicious activity reporting.~~

**d** any other position for the time being designated by the Commission as a 'key position'. (Notification is required whether or not the person concerned is required to hold a personal management licence and whether or not the event notified requires the licensee to apply for a variation to amend a detail of their licence.)

~~**9** Any change to the structure or organisation of the licensee's business which affects a 'key position' or the responsibilities of its holder.~~

**Changes to Licence condition 15.2.1 (reporting key events – financial events)**

**3.23** We proposed to remove 15.2.1 (13), (14) and (16) as we have determined that we no longer require this information to be reported to us as key events. We have found different ways of assuring ourselves on the risks that these key events were designed to mitigate against. We also proposed to move 15.2.1 (15) to "other reportable events" under licence condition 15.2.2 as whilst we still need to be informed of this matter, we no longer consider it to be an event that could have a significant impact on the nature or structure of a licensee's business.

**Consultation question 1.8**

**Do you agree with the proposed changes to the licence condition?**

## Respondents' views

- 3.24** These proposals, to remove four key event reporting requirements, were widely supported. Respondents commented that their removal would reduce the regulatory burden for licensees and improve their operational efficiency.
- 3.25** One respondent stated that we need to be aware of any unsettled court judgments as these may indicate wider financial problems with a licensee. Another respondent suggested that all betting licensees (non-remote and remote) should be required to produce independently audited accounts. One respondent queried if removing the key events related to customer funds would place consumers at greater risk.

### Our position

Having reviewed historical submissions for licence condition 15.1.1 (13), relating to court judgments, we consider that any significant matters that would be reported under this key event are sufficiently accounted for by other key events, such as 15.2.1 (23) (reporting the commencement of material litigation). Also, where the subject of the court judgment constitutes an offence under the Gambling Act, including a breach of the LCCP, it would be reported to us under licence condition 15.1.

In relation to the submission of audited accounts (15.2.1 (14)) our focus is on issues of material impact and we now consider these to be sufficiently covered across other reporting requirements.

In the case of licence condition 15.2.1 (15), concerning arrangements for the protection of customer funds, this is to be moved to licence condition 15.2.2 (other reportable events). We will still require this information to be reported to us but have decided to no longer classify it as key event.

For licence condition 15.1.1.(16), reporting of a customer fund account deficit, we have concluded that our key events concerning financial viability (combined with other data sources we use to assess financial risks) are sufficient for us to trigger actions to protect customer funds with a specific licensee, without us continuing to require this key event.

The below changes will take effect from 31 October 2020.

**Final wording of amended licence condition 15.2.1 (Financial events):  
The italicised text highlights the changes from the existing condition**

**Financial events**

**10** [No change]

**11** [No change]

**12** [No change]

**13** ~~Any court judgments (in whatever jurisdiction) against the licensee or, where the licensee is a body corporate, a group company, remaining unpaid 14 days after the date of judgment.~~

**14** ~~Where the licensee is required to have their accounts independently audited, any qualification to an auditors' report; and any unplanned change of auditor including a change prompted by a dispute or resulting from auditors being unable or unwilling to sign an unqualified audit report.~~

**15** ~~Any change in the licensee's arrangements for the protection of customer funds in accordance with the general licence condition 4 relating to the protection of customer funds (where applicable).~~

**16** ~~Where the licensee holds customer funds in a separate bank account, any deficit on reconciliation of such bank account.~~

**17** [No change]

**Changes to licence condition 15.2.1 (reporting key events - legal or regulatory proceedings or reports)**

**3.26** We proposed to:

- Amend licence condition 15.2.1 (19a) to simplify our definition of which persons the key event relates to,
- Simplify the wording of licence condition 15.2.1 (19b) and add the need to report to us of any criminal investigations by a law enforcement agency involving persons in a "key position",
- Remove licence condition 15.2.1 (20) as we have determined that we no longer require this information to be reported to us as a key event,
- Amend licence condition 15.2.1 (21) to provide further examples of the types of third parties who may raise material concerns about the provision of facilities for gambling that are referred to a licensee's Board, or persons performing the function of an audit or risk committee, and
- Amend licence condition 15.2.1 (21) to reflect our expectation that licensees notify us of any material concerns raised and not just those "which are expressed...as requiring attention as a high priority".

## Consultation question 1.9

Do you agree with the proposed changes to the licence condition?

### Respondents' views

- 3.27** Overall respondents were supportive of the proposals on the grounds that the changes were either deregulatory or made the key events simpler to understand.
- 3.28** Some respondents queried the decision to retain licence condition 15.2.1 (19a) and the requirement to notify us of any investigation that “could result in the imposition of a sanction or penalty”. It was suggested that, given the range of sanctions or penalties available to government, professional, and regulatory bodies such a requirement could apply to low level matters, which could not reasonably be expected to raise doubts about the licensee’s continued suitability to hold a Gambling Commission licence. It was proposed that we narrow the scope of the requirement and instead request details of any investigations which could reasonably be expected to raise doubts about the licensee’s continued suitability to hold a Gambling Commission licence. One respondent suggested that we revise the wording of licence condition 15.2.1 (19a) such that we will only require to be informed of the conclusion of an investigation. Also, that we state that we do not require licensees to report to us any investigation initiated by ourselves. It was further suggested that we provide examples of the types of investigations that needed to be reported to us. Another respondent suggested that we replace the term “a person in a key position” (as defined in licence condition 1.2.1) with the wording “a person in a specified management office”.
- 3.29** On licence condition 15.2.1 (19b), one respondent stated that the removal of the word “reasonably” would significantly widen the range of reportable events.
- 3.30** In relation to licence condition 15.2.1 (21) a respondent asked for clarification on what matters we consider to be of “material concern”. Other respondents queried whether a “professional body” referred to an individual (e.g. as an auditor) or an organisation, and that “lawyer” be specified among the listed bodies. One respondent commented that the key events did not include a timeframe by which these matters should be reported to us.

### Our position

These proposals seek to amend licence conditions 15.2.1 (19a), (19b) and (21). Also, to remove licence condition 15.2.1 (20).

The rationale for the change to licence condition 15.2.1 (19a) is to simplify our definition of which persons the key event on the reporting of investigations by a professional, statutory, regulatory or government body into the licensee’s activities relates to. We want to know about investigations as they are initiated, rather than at their conclusion, such that we can take risk-based actions in a timely manner, should they be required.

We want to remove the term “if imposed” because it has, in some instances, led to licensees not reporting the matter to us because a sanction or penalty has not yet been imposed. The final part of the event already makes it clear that this is a sanction or penalty which would bring into question suitability to hold a licence with us.

On licence condition 15.2.1 (19b) we have removed the word “reasonably” as part of our drive to make licence conditions and codes of practice more concise and easier to understand to drive greater compliance.

“Key position” is defined in Licence condition 15.2.1 (8). The term key position is used to include both specified management offices which apply to licensees who are not small-scale operators and to qualifying positions which apply to licensees who are small-scale operators.

We consider that providing examples of the types of investigations that need to be reported would be counterproductive. Examples would not cover the breadth and depth of investigations and may lead to licensees focussing only on those types of investigations covered by the examples. We will not require licensees to report to us investigations conducted by us but do not consider it necessary to amend licence condition 15.2.1 (19a) to reflect this.

We want to change licence condition 15.2.1 (21) to provide further examples of the types of third parties who may raise material concerns about the provision of facilities for gambling that are referred to a licensee’s Board, or persons performing the function of an audit or risk committee, and that we wish to be reported to us. The wording “a professional, statutory, regulatory or government body” is consistent with our use of this term elsewhere in the LCCP.

We will also remove the words “which are expressed (in whatever terms), as requiring attention as a high priority” from licence condition 15.2.1 (21) as we wish to be informed of any material concerns raised.

As will all key events for operating licence holders, we require these matters be reported to us within five working days of the licensee becoming aware of the event’s occurrence.

The proposed changes will take effect from 31 October 2020.

**Final wording of amended licence condition 15.2.1 (reporting key events - legal or regulatory proceedings or reports):**  
**The italicised text highlights the changes from the existing condition**

**Legal or regulatory proceedings or reports**

**18** [No change]

**19a** Any investigation by a professional, statutory, regulatory or government body (in whatever jurisdiction) into the licensee's activities, or the activities ~~in relation to the licensed entity of a personal licence holder or a person occupying a qualifying position employed by them~~ of a person in a 'key position', where such an investigation could result in the imposition of a sanction or penalty which, ~~if imposed,~~ could reasonably be expected to raise doubts about the licensee's continued suitability to hold a Gambling Commission licence.

**19b** Any criminal investigation by a law enforcement agency in any jurisdiction in relation to which:

- ~~the licensee is involved (including, but not limited to investigations of crimes allegedly~~

~~committed against the licensee or involving the gambling facilities provided under the licence), AND~~

- ~~the circumstances are such that the Commission might reasonably be expected to question whether the licensee's measures to keep crime out of gambling had failed. Notification of the event must occur as soon as practicable after the licensee becomes aware of any such investigation in which the licensee is involved, and measures may have failed.~~

*Any criminal investigation by a law enforcement agency in any jurisdiction in which the licensee, or a person in a 'key position' related to the licensee, is involved and where the Commission might have cause to question whether the licensee's measures to keep crime out of gambling had failed.*

~~**20** The receipt of any report from a professional, statutory or other regulatory or government body (in whatever jurisdiction) of the outcome of a compliance assessment in relation to the gambling activity of the licensee or, where the licensee is a body corporate, of any group company in which at least one person who holds a key position in or in respect of the licensee holds a key position: a copy of the report should be provided where available to the licensee.~~

**21** The referral to the licensee's Board, or persons performing the function of an audit or risk committee, of material concerns raised by a third party (such as an auditor, *or a professional, statutory or other regulatory or government body (in whatever jurisdiction)*) about the provision of facilities for gambling ~~which are expressed (in whatever terms) as requiring attention as a high priority:~~ a summary of the nature of the concerns must be provided.

**22** [No change]

**23** [No change]

**24** [No change]

## Changes to licence condition 15.2.1 (reporting key events – gambling facilities)

**3.31** For key events concerning the provision of gambling facilities we proposed to:

- Update licence condition 15.2.1 (25a) to enhance our requirements for the reporting of information security incidents.
- Reassign licence condition 15.2.1 (26), concerning reporting of Alternative Dispute Resolution entities, from key events to "other reportable events" under Licence condition 15.2.2.
- Remove licence condition 15.2.1 (27) as we no longer need this information to be reported to us as a key event.
- Update licence condition 15.2.1 (28) for remote gambling to put beyond doubt that we expect domains covered by 'white label' arrangements to be included in the reporting to us of the commencement or cessation of trading on website domains. This will improve our ability to monitor the licensee's compliance across all website domains through which gambling is being offered in reliance on a Gambling Commission licence.
- Amend the footnote for licence condition 15.2.1, to reinforce that key event submissions are to be made online via our eServices' portal. This will enable us to capture and process key events faster and more efficiently.

### Consultation question 1.10

**Do you agree with the proposed changes to the licence condition?**

## Respondents' views

**3.32** Overall, respondents supported the proposal to reword our key events relating to information security (licence condition 15.2.1 (25a)). Some respondents preferred the explicitness of the original wording (e.g. "for longer than 24 hours"), and viewed the new wording as open to interpretation (e.g. would we need to be notified of one minute of downtime during which customers could not access their accounts). Others commented that the existing wording is more aligned with reporting requirements for the Information Commissioner's Office (ICO), in which the regulator only needed to be notified of instances that had an "adverse impact" on the customer data. It was suggested that the proposal to expand the requirement to *all* breaches that affect the confidentiality of customer data was disproportionate and burdensome; and is wider in scope than the requirements of the relevant legislation and guidelines on notifiable breaches issued by the ICO. One respondent sought clarity on what would constitute a "licensee's environment" and an acceptable amount of time for cyber-attacks that lasted beyond a "licensee's defined sustained period".

**3.33** Respondents welcomed our proposal to reassign key event 15.2.1 (26), concerning reporting of Alternative Dispute Resolution entities, from key events to "other reportable events" under licence condition 15.2.2. Respondents also agreed that the removal of key event 15.2.1(27) will reduce regulatory burden and improve operational efficiency.

- 3.34** Respondents commented that the inclusion of domains covered by ‘white labels’ in the reporting to us of the commencement or cessation of trading on website domains reflected good practice.
- 3.35** There were no objections to our clarification that key events are to be reported to us via our eServices system, rather than by email or other means. A couple of respondents asked whether our eServices system would be updated with the revised set of key events. There was a suggestion that an ‘Other’ option be added to the available sub-categories for reporting of key events. and another that the footnote relating to how key events are to be reported to us, be amended from “Key events are to be reported” to “Key events must be reported”.

### **Our position**

We have considered comments received about the proposal to update our key event about information security (licence condition 15.2.1 (25a)). We accept comments from licensees that the key event should be more explicit and less open to interpretation. Also, that if we focus it only on the reporting of breaches which cause adverse impacts, that this will be more proportionate, and risk based. We have revised the proposed wording in this light.

After the revised set of key events come into effect, we will update the eServices system reporting options in line with those. We will not add an ‘Other’ category for key events, as these are all explicitly defined, but we will do so for ‘other reportable events’.

If licensees do experience technical issues preventing them reporting key events to us via eServices within 5 days, they should capture evidence of the problems experienced and contact their Licensing Account Manager for assistance.

We will use the wording “are to be reported” to us online via the eServices digital service”, instead of “must be reported”, as this allows for exceptions to be made for accessibility reasons.

These changes will take effect from 31 October 2020. We will publish further guidance relating to the changes before that date. This will include updating our guidance on [Notification of information security breaches](#).

**Final wording of amended licence condition 15.2.1 (Gambling facilities):  
The italicised text highlights the changes from the existing condition**

**Gambling facilities**

- 25a** ~~Any breach in the licensee's information security that adversely affects the confidentiality of customer data or prevents customers from accessing their accounts for longer than 24 hours.~~ *Any security breach to the licensee's environment that adversely affects the confidentiality of customer data; or prevents the licensee's customers, staff, or legitimate users from accessing their accounts for longer than 12 hours.*
- 25b** [No change]
- 26** ~~Any change in the identity of the ADR entity or entities for the handling of customer disputes, as required by the social responsibility code provision on complaints and disputes.~~
- 27** ~~The reference of a dispute to an ADR entity other than one in respect of which contact details were given in accordance with the social responsibility code provision on complaints and disputes; the reason for selection of that ADR entity should be given.~~
- 28** In the case of remote gambling, the commencement or cessation of trading on website domains (including mobile sites or mobile device applications) or broadcast media through which the licensee provides gambling facilities (*including domains covered by 'white label' arrangements*).

In this condition:

'body corporate' has the meaning ascribed to that term by section 1173 of the Companies Act 2006 or any statutory modification or re-enactment thereof

**a** in respect of a company, 'holding company' and 'subsidiary' have the meaning ascribed to that term by section 1159 of the Companies Act 2006 or any statutory modification or re-enactment thereof

**b** a 'group company' is any subsidiary or holding company of the licensee and any subsidiary of such holding company

<sup>1</sup> Key events ~~can~~ *are* to be reported ~~securely online at the Commission's website through our~~ *to us online via the 'eServices' system digital service on our website* [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk) Alternatively, for operators unable to access this system, you can report a key event by email to: [key.events@gamblingcommission.gov.uk](mailto:key.events@gamblingcommission.gov.uk)

## Changes to licence condition 15.2.2 (other reportable events)

**3.36** We proposed to update licence condition 15.2.2, which details other reportable events which must be reported to us. Specifically, we proposed to:

- Remove existing licence conditions 15.2.2 (1a) and (1b), which concern the conclusion of disputes referred to an Alternative Dispute Resolution entity and reporting of outcomes adverse to the licensee.
- Incorporate some of the requirements of ordinary code provision 8.1.1. Specifically, the need to inform us of any material change in the licensee’s structure or the operation of its business, and any material change in managerial responsibilities or governance arrangements.
- Undertake minor amendments to licence condition 15.2.2 (1c) to provide clarity on the definition of the 3% or 10% threshold contained within the condition.
- Incorporate key event 15.2.1 (15) - changes to customer funds arrangements, and 15.2.1 (16) - change in identity of the ADR entity or entities used by a licensee for the handling of customer disputes; both reassigned from Licence condition 15.2.1.
- Amend the footnote for licence condition 15.2.2, to reinforce that other reportable events submissions are to be made online via our eServices’ portal. This will enable us to capture and process other reportable events faster and more efficiently.

**3.37** We also proposed to introduce a new requirement to enable us to better manage money laundering and terrorist financing risks to keep crime out of gambling, and to encourage self-reporting by licensees. licence condition 15.2.2 (1d) will require the reporting of actual or potential breaches by the licensee of the requirements imposed by or under:

- Parts 7 or 8 of the Proceeds of Crime Act 2002,
- Part III of the Terrorism Act 2000, and
- any UK law by which those statutes are amended or superseded.

### Consultation question 1.11

**Do you agree with the proposed changes to the licence condition?**

## Respondents’ views

**3.38** Overall respondents supported the removal of two key events (licence conditions 15.2.2 (1a) and (1b) (current) from the existing LCCP and the redefinition of two key events into this section as ‘other reportable events’ (licence conditions 15.2.1 (15) and (26)) (to become 15.2.2 (1a) and (1b) (new)).

**3.39** On the proposed elevation of two ordinary code reporting requirements into this section, one licensee stated that they already routinely reported material changes to business operations and governance arrangements. Other licensees supported this if detailed guidance was published to define “material impact” and “material change”. However, a number of respondents queried the elevation of reporting to us of events

“which could have a material impact on a licensee’s business or on the licensee’s ability to conduct licensed activities compliantly and consistently with the licensing objectives” from ordinary code 8.1.1 to licence condition 15.2.2 (1). They suggested that the term “material impact” was broad and open to inconsistent interpretation and could lead to excessive reporting of non-important issues. Some respondents commented that our list of key events should sufficiently cover those events which we required to be made aware of and therefore that this element of the LCCP should be retained in ordinary code 8.1.1.

**3.40** Changes to licence condition 15.2.2 (1c) were supported in principle, but there were several comments that the proposed wording needed to be clearer. There was a suggestion that the event should be separated into two parts; such that it was clear that one part related to non-licensees advertising remote gambling services in a new jurisdiction and the other related to non-licensees generating 3% or 10% of group GGY. In addition, respondents sought clarification on:

- whether the 3% and 10% related to all non-Gambling Commission licensees within a company group, or an individual non-licensed company within the group; or whether the figures relate to GGY or revenue specifically within the new jurisdiction that an entity within the company group is advertising remote gambling facilities,
- the need to report this information, and
- whether licensees were required to report fluctuations outside the thresholds on a recurrent basis (e.g. if the GGY of a non-Gambling Commission licensed company was generating more than 3% of group company one month, then did not the next month, then did the month after).

**3.41** One respondent suggested that licence condition 15.2.2 (15) - changes to customer funds arrangements, to be moved into this section - should only require “material” changes in customer funds arrangements to be reported to us.

**3.42** On the addition of licence condition 15.2.2 (1d), on the need to report “potential breaches” under the new POCA and Terrorism Act, some respondents considered this reporting requirement too broad. One respondent commented that licensees were already required to report criminal investigations under licence condition 15.2.1 (19b) and therefore this requirement was unnecessary. Other queries included:

- whether the requirement could put licensees at risk of breaching s.333 or s.342 of POCA,
- whether the submission of suspicious activity reports (SAR) was the criteria to notify these matters to us, or whether our proposal extended beyond this,
- whether it was in fact the role of the relevant prosecuting authorities and – ultimately – courts to determine whether a breach of the law contained within these legislative acts, and
- clarification on the process we would following to interpret and adjudicate whether breaches had occurred.

**3.43** On the proposed footnote change requiring other reportable events to be submitted to us via our eServices system, several respondents requested the addition of sub-categories aligned to these events and an ‘other’ category to capture any other events licensees may choose to report.

## Our position

We note the feedback in relation ordinary code provision 8.1.1 and have decided not to proceed with the proposals to elevate elements of the code into licence condition 15.2.2 at this stage. Ordinary code provision 8.1.1 will be retained in its current form.

For the other reportable event relating to changes in arrangements for the protection of customer funds (licence condition 15.2.1 (15), transferred from being a key event to become licence condition 15.2.2 (1a)) we will add the word “material” (as in “material changes”) and review whether further guidance would be appropriate.

We suggested minor amendments to licence condition 15.2.2 (1c) to provide clarity on the definition of the 3% and 10% threshold contained within that condition. We have taken on board comments raised that the current and proposed requirement need further clarification. Therefore, we will be changing the new requirement to state that thresholds will relate to group Gross Gambling Yield only, rather than a combination of GGY and revenue. This is to align with our use of Gross Gambling Yield for other financial figures we require. We are also adding that the threshold applies to new jurisdictions. We will continue to keep the event as one entry to avoid further confusion and judge that it sufficiently explains that it applies to all non-Gambling Commission licensees. Any additional clarification, such as why we require this information will be found within additional guidance to be published.

We have considered the comments of respondents on our proposal to introduce licence condition 15.2.2 (1d) and must re-emphasise that the primary purpose of this reportable event is to encourage self-reporting by licensees of breaches by the licensees of the relevant provisions of POCA or the Terrorism Act. We do not agree that the requirement is too broad as it covers actual or potential breaches of Parts 7 or 8 of POCA or Part III of the Terrorism Act *by the licensee*. The only relevant provisions therefore are the reporting requirements in relation to known or suspected money laundering or terrorist financing activity, breaches of the tipping-off or prejudicing an investigation requirements, or committing one or more of the principle money laundering or terrorist financing offences. It does not extend to breaches of POCA or the Terrorism Act *by customers* of the licensee.

We also do not agree that it would put licensees at risk of breaching section 333 or 342 of POCA. In the first instance, we assume that respondents are, in fact, referring to section 333A of POCA. This section provides that a person *in the regulated sector* (casino licensees in the context of gambling) commits an offence if they disclose to another person that they have submitted a suspicious activity report (SAR) to the National Crime Agency, that disclosure is likely to prejudice any investigation that might be conducted following submission of the SAR, and the information came to the person in the course of business of the licensee. Likewise, section 342 provides that a person commits an offence where the person knows or suspects that an appropriate officer is acting in connection with a confiscation investigation, a civil recovery investigation, a detained cash investigation or a money laundering investigation, makes a disclosure which is likely to prejudice that investigation, and falsifies, conceals, destroys or disposes of documents which are relevant to the investigation. However, a person does not falsify, conceal or destroy such documents if they do not know or suspect that they are relevant to the investigation and does not intend to conceal any facts disclosed by the documents

from any appropriate officer. Notification to us of breaches of the provisions listed in the previous paragraph does not constitute offences under these sections of POCA. In fact, licensees would be required to notify us where they breach these provisions.

The submission of SARs is not the appropriate criteria to notify us of these matters. The reporting requirement is in relation to breaches of the relevant provisions of POCA or the Terrorism Act by the licensee. It is not concerned with the reporting by the licensee of known or suspected money laundering or terrorist financing activity involving their customers.

We agree that it is for the courts to decide whether a breach has occurred, and we do not intend to adjudicate in place of this. We do expect a licensee to be capable of identifying whether a breach has or potentially has occurred, and this should be reported to us as it may have an impact on the continued suitability of an operator to hold a licence. The reportable event is a simple process of notifying the Commission of either proven or potential breaches. We encourage self-reporting by licensees which allows us to better manage potential money laundering and terrorist financing risks, and thus keep crime out of gambling.

We will ensure that the submission headings on the eServices digital portal are aligned to the events listed in 'other reportable events' and that an 'other' category is included for events which need to be reported to us, but which we haven't defined. We will use the wording "are to be reported" to us online via the eServices digital service, instead of "must be reported", as this allows for exceptions to be made for accessibility reasons.

The below changes will take effect from 31 October 2020.

**Final wording of amended licence condition 15.2.2 (other reportable events):  
The italicised text highlights the changes from the existing condition**

**Licence condition 15.2.2  
Other reportable events  
All operating licences**

- 1** Licensees must also notify the Commission in such form or manner as the Commission may from time to time specify, ~~or ensure that the Commission is so notified~~, as soon as reasonably practicable of the occurrence of any of the following events:
- ~~a~~ the conclusion of a dispute referred to an ADR entity and in such case providing the Commission with a copy of the decision or note of the outcome<sup>2</sup>.
  - ~~b~~ any outcome adverse to the licensee of any proceedings taken against the licensee (in whatever jurisdiction) by a customer in relation to a gambling transaction; but excluding proceedings allocated to the County Court small claims track or equivalent in jurisdictions outside England and Wales.
  - a any material change in the licensee's arrangements for the protection of customer funds in accordance with the licence condition 4 (protection of customer funds) (where applicable).*
  - b any change in the identity of the ADR entity or entities for the handling of customer disputes, as required by the social responsibility code provision on complaints and disputes.*
  - c their becoming aware that a group company which is not a Commission licensee is advertising remote gambling facilities to those residing in a jurisdiction in or to which it has not previously advertised or their becoming aware of a sustained or meaningful generation of the 3% or 10% of group Gross Gambling Yield threshold being exceeded by the group in that jurisdiction.*
  - d any actual or potential breaches by the licensee of the requirements imposed by or under Parts 7 or 8 of the Proceeds of Crime Act 2002, or Part III of the Terrorism Act 2000, or any UK law by which those statutes are amended or superseded.*

In this condition:

- a* 'group company' has the same meaning as in condition 15.2.1; and
- b* without prejudice to section 327 of the *Gambling Act 2005*, 'advertising' includes: having a home page directed towards a jurisdiction and written in, or in one of, that jurisdiction's official language(s), having arrangements enabling that jurisdiction's currency to be selected for gambling or the use of payment methods available only in that jurisdiction, and providing a specific customer service facility referable to that jurisdiction.

<sup>1</sup> ~~Other reportable events required to be notified to the Commission by 15.2.1 or 15.2.2 may~~ are to be reported securely online at the Commission's website through our ~~to us online via the 'eServices' system~~ digital service on our website [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk) or by email to: [key.events@gamblingcommission.gov.uk](mailto:key.events@gamblingcommission.gov.uk)

<sup>2</sup> ~~In respect of the referral of disputes to an ADR entity the licensee's attention is drawn to social responsibility code provision 6.~~

### **Additional licence condition 15.2.3 (Other reportable events)**

**3.44** We proposed to introduce a new licence condition (licence condition 15.2.3) relating to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on Payer) Regulations 2017 (“the Regulations”). This licence condition will require licensees to report to us any actual or potential breaches by the licensee of provisions of the Regulations, or any UK Statutory Instrument by which those regulations are amended or superseded. Also, we require to be notified of the identity of the persons responsible for the licensee’s compliance with the Regulations (in accordance with regulation 21(1)(a)), and the identity of the licensee’s nominated officer (in accordance with regulation 21(3)). This new licence condition applies only to non-remote and remote casino operating licences.

#### **Consultation question 1.12**

**Do you agree with the proposals for the new licence condition?**

### **Respondents’ views**

**3.45** Some respondents requested further guidance on the types of breaches that should be reported to us, if we wanted reporting to be consistent, non-subjective and not overly burdensome to licensees. For example, one respondent asked whether we should be notified of any customer accounts suspended due to a lack of satisfactory source-of-funds documentation. One respondent suggested that our requirement to report “potential breaches” was significantly beyond that prescribed in the Regulations. Other queries included:

- Whether the new licence condition was necessary given the existing key event requirement to report any criminal investigations by a law enforcement agency (licence condition 15.2.1 (19b)). Similarly, another respondent commented that the new licence condition appeared to duplicate a similar requirement for all operating licence holders to be added to licence condition 15.2.2 (1d).
- If we plan to publish further information on the “form or manner” of these new notification requirements and how they are to be reported to us. Clarification as to the reason for not making the role of “nominated officers” responsible for reporting breaches a “key position” and whether it would be acceptable for a single staff member to hold both positions.

### **Our position**

Regulation 46(2)(e) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on Payer) Regulations 2017 (“the Regulations”) requires that we, as a supervisory authority under the Regulations, must take effective measures to encourage casino licensees to report breaches of the provisions of the Regulations to us. To encourage such self-reporting by casino licensees, we have proposed the introduction of this licence condition. It will require casino licensees to report to us any actual or potential breaches *by the licensee* of provisions of the Regulations.

This includes breaches of the customer due diligence, record keeping and training requirements, and of the requirements for risk assessments and policies, procedures, and controls.

Licensees are not required to notify us through this licence condition of any customer accounts suspended due to a lack of satisfactory source-of-funds documentation. We only require notification of breaches by the licensee of the provisions of the Regulations.

The licence condition is not rendered unnecessary by, or a duplication of, licence conditions 15.2.1 (19b) and 15.2.2 (1d), as they address different requirements. Licence condition 15.2.2 (1d), for example, concerns a notification requirement for breaches of POCA or the Terrorism Act, whereas this proposed licence condition addresses a requirement to report breaches of the Regulations by casino licensees. Regulation 21(4) of the Regulations requires casino licensees to inform us of the identity of the person responsible for the licensee's compliance with the Regulations (in accordance with regulation 21(1)(a)). There is a similar requirement in relation to the appointment of a nominated officer (in accordance with regulation 21(3)). This licence condition provides the mechanism through which casino licensees can fulfil this obligation formally.

Licensees must, within 14 days of the appointment, notify us of the identity of the persons so appointed using the eServices digital service on our website. The notification should include the full details of the individuals, the date of their appointment and details of their position within the business, senior management, or role on the board. Licensees are also required to notify us of any departures or removals of individuals from the positions mentioned above. So, licensees must, within 14 days, notify us of the identity of the persons who have departed or been removed using the eServices digital service. The notification should include the full details of the individuals, the date of their departure or removal, and the reason for their departure or removal.

We intend to consult on the status of the nominated officer role later in 2020. Guidance in relation to the standing of the nominated officer is already provided in the Commission's guidance on [The prevention of money laundering and combating the financing of terrorism](#) and advice on [Duties and responsibilities under the Proceeds of Crime Act 2002](#).

This new licence condition applies only to non-remote and remote casino operating licences.

The below changes will take effect from 31 October 2020.

## Final wording of new licence condition 15.2.3 (other reportable events):

### Licence condition 15.2.3

#### Other reportable events – money laundering, terrorist financing, etc All non-remote and remote casino operating licences

- 1** Licensees must notify the Commission in such form or manner as the Commission may from time to time specify, as soon as reasonably practicable of any actual or potential breaches by the licensee of the provisions of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on Payer) Regulations 2017, or any UK Statutory Instrument by which those regulations are amended or superseded.
- 2** Licensees must, within 14 days of the appointment, notify the Commission of the identity of the individual appointed as:
  - a** the officer responsible for the licensee’s compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on Payer) Regulations 2017 (regulation 21(1)(a)),
  - b** the nominated officer (regulation 21(3)),and any subsequent appointment to either of those positions.
- 3** Licensees must, within 14 days of the departure or removal of any individual appointed to the positions mentioned in 2 above, notify the Commission of such departure or removal.

Other reportable events are to be reported to us online via the ‘eServices’ digital service on our website [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)

## Changes to licence condition 15.3.1 (general and regulatory returns)

- 3.46** We proposed to amend licence condition 15.3.1 (general and regulatory returns) to simplify the requirement, to reduce the time we allow for submission of annual returns and to harmonise reporting periods across the industry.
- 3.47** We currently allow licensees 28 days to submit quarterly regulatory returns and 42 days to submit annual returns. We proposed to reduce this requirement to 28 days for both types of return to:
  - simplify reporting processes for operators with multiple licences and/or licensed activities, and
  - reduce the time it takes us to publish aggregated industry data.
- 3.48** Currently, licensees have flexibility to choose their own reporting periods for regulatory returns. These are generally based on their accounting year or the anniversary of the granting of their operating licence. This variation in reporting period dates complicates our internal processes and impacts on the quality of industry statistics. We propose to change this, so that reporting periods are harmonised across the industry, with unified submission dates.

**3.49** We also proposed to incorporate requirements transferred from ordinary code provision 8.1.1 (1), reinforcing our expectation that licensees inform us of any matters that we would reasonably need to be aware of in exercising our regulatory functions.

**Consultation question 1.13**

**Do you agree with the proposed changes to the licence condition?**

**Respondents' views**

- 3.50** A number of respondents queried the proposal to elevate elements of ordinary code provision 8.1.1 (1) into licence condition 15.3.1, specifically the need to report to us “any matters that the Commission would reasonably need to be aware of in exercising its regulatory functions”. The terms “any matters” and “reasonably be aware of” were considered too broad, with the latter not specific enough to form the basis of an offence. For these reasons, several respondents suggested that the requirement remain an ordinary code provision, where it has been already successfully used in enforcement proceedings. Others proposed that such requirements should be reported to us as a key event.
- 3.51** In relation to licence condition 15.3.1, the proposal to harmonising reporting periods across the industry was generally supported. Respondents commented that the proposal would aid the production of more accurate industry data and would simplify the administration for licensees that held multiple licences. Some respondents requested that the regulatory return due dates were scheduled to avoid busy periods, such as horse racing festivals and end of year accounting periods.
- 3.52** There was some concern as to whether 28 days provided sufficient time to prepare accurate annual returns and could impose increased burden on licensees. In relation to harmonised reporting periods, it was suggested that a simpler approach would be to require all returns to be submitted quarterly, with the added benefit of this enabling more frequent and accurate publication of industry statistics. A couple of respondents commented that licensees be given the flexibility to determine their own reporting periods to better enable them to manage their resources to comply with their various other financial, regulatory, and business reporting obligations. There was a suggestion that a change of reporting periods would lead to “additional costs”, such as the need for repeated external auditor visits to audit financial accounts and regulatory returns. A licensee queried whether the eServices system would be stable enough to allow all licensees to submit their regulatory returns at the same time, should reporting periods be harmonised. Another operator queried whether an API would be made available to make submission of data easier for licensees.

**Our position**

Considering the general support for harmonising reporting periods across the industry, we will proceed with implementing this change. The new industry-wide reporting periods will be:

<b>Type of return</b>	<b>Reporting period</b>
Annual returns	1 April - 31 March
Quarterly returns	1 April - 30 June
	1 July - 30 September
	1 October - 31 December
	1 January - 31 March

We recognise that the transition to the new reporting periods will cause some initial disruption to those licensees impacted, but we consider this is proportionate to the change required. In the case of charities holding society licences, for example, their annual regulatory returns contain no financial data and are much smaller than the other types of returns we collect. We also commit to work with industry representatives to implement the changes in a manner which will limit any disruption it may cause.

Having reviewed the comments relating to our proposal to reduce the submission window for annual regulatory returns from up to 42 days to within 28 days, we acknowledge that some licensees will struggle to meet this reduced timescale. We note, particularly, the concerns put forward by several trade bodies about this change. Taking these views into account, and in the interests of ensuring accurate data submissions, we have decided to maintain a 42-day submission window for annual returns, for the time being.

We stopped providing downloadable paper-based regulatory returns forms some time ago and we therefore proposed to update the footnote to licence condition 15.3.1 to reflect this. We did not receive any objections to this, so we will make the amendment.

We did receive one comment about the stability of the eServices system and a suggestion asking us to develop an API. In response, we can confirm that we will be developing the eServices system to accommodate the changes from this consultation. As part of this development we will investigate options for data submission via an API.

We note the feedback in relation ordinary code provision 8.1.1 and have decided not to proceed with the proposals to elevate elements of the code into licence condition 15.2.2 at this stage. Ordinary code provision 8.1.1 will be retained in its current form.

The below changes to licence condition 15.3.1 will take effect from 31 October 2020.

Technical scoping work for the harmonisation of reporting periods will start in autumn 2020.

**Final wording of amended licence condition 15.3.1 (General and regulatory returns):  
The italicised text highlights the changes from the existing condition**

**Licence condition 15.3.1  
General and regulatory returns  
All operating licences**

- 1 On request, licensees must provide the Commission with such information as the Commission may require, *in such form or manner as the Commission may from time-to-time specify*, about the use made of facilities provided in accordance with this licence, and the manner in which gambling authorised by this licence and the licensee's business in relation to that gambling are carried on., ~~including in particular information about:~~
  - ~~a the numbers of people making use of the facilities and the frequency of such use~~
  - ~~b the range of gambling activities provided by the licensee and the numbers of staff employed in connection with them~~
  - ~~c the licensee's policies in relation to, and experiences of, problem gambling.~~
- 2 In particular, within 28 days of the end of each quarterly period or, for those only submitting annual returns, within 42 days of the end of each annual period, licensees must submit an *accurate* Regulatory Return to the Commission containing such information as the Commission may from time to time *specify*<sup>1</sup>.

<sup>1</sup>Regulatory returns ~~can are to be~~ submitted ~~securely online at the Commission's website through our to us online via the 'eServices' system available at digital service on our website~~ [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)

**Changes to social responsibility code 3.2.1, 3.2.3, 3.2.5 and 3.2.7 (access to gambling by children and young persons)**

- 3.53** We proposed to amend social responsibility codes 3.2.1, 3.2.3, 3.2.5 and 3.2.7 (access to gambling by children's and young persons). We do not currently specify the form or manner of reporting test purchasing results. Consequently, there is a broad variety of formats in the data submissions we receive. This makes it difficult for us to collate and analyse those results, and therefore to evaluate the effectiveness of policies and procedures to prevent underage gambling. We are planning to develop a standard format for the reporting of test purchase results, which we will publish for further informal consultation with relevant licensees in due course.

**Consultation question 1.14**

**Do you agree with the proposed changes to the code provisions?**

## Respondents' views

- 3.54** The proposal to amend these four social responsibility code provisions to allow us to standardise the reporting of test purchasing was widely supported. There was agreement on the need to ensure the protection of children and young people, and the role of test purchasing in doing this. Several respondents added that standardisation of reporting would enable better quality quantitative data to be produced on the scale and effectiveness of test purchasing.
- 3.55** There were requests that the standardised form or manner should be designed with industry participation (including third party testing providers). It was also suggested that:
- different formats may be required for specific sectors,
  - the reporting process be semi-automated (e.g. a system which allowed licensees to upload a standardised csv file) to avoid the administrative burden of manual data entry, and
  - that test purchasing be conducted by a third-party supplier, rather than by a licensee, to enhance the integrity of the process.

### Our position

We have not yet designed the standardised format but commit to including representatives from the gambling industry, third-party age verification testing providers and local authorities in the design process. We acknowledge that different formats may be required for specific sectors.

In respect of collection systems, we similarly want to design an approach which is proportionate. We do intend to set-up either a semi-automated system (e.g. a.csv file upload), an automated system (e.g. using an application programming interface (API)), or both, but interim arrangements may be required while we build these systems.

Any further changes to test purchasing arrangements are outside the scope of this consultation.

Where licensees do not comply with these social responsibility code provisions, or allow a child or young person to gamble, we will act in accordance with the principles contained within our [Licensing, compliance and enforcement under the Gambling Act 2005: policy statement](#).

The below changes will take effect from 31 October 2020.

**Final wording of amended social responsibility code 3.2.1, 3.2.3, 3.2.5 and 3.2.7  
(access to gambling by children's and young persons):  
The italicised text highlights the changes from the existing condition**

**Social responsibility code provision 3.2.1**

**Access to gambling by children and young persons – casinos SR code**

**All non-remote casino licences**

**1-8** [No change]

- 9** Licensees must conduct test purchasing or take part in collective test purchasing programmes as a means of providing reasonable assurance that they have effective policies and procedures to prevent underage gambling, and must provide their test purchase results to the Commission, *in such form or manner as the Commission may from time to time specify.*

**Social responsibility code provision 3.2.3**

**Access to gambling by children and young persons – AGC SR code**

**All adult gaming centre licences**

**1-7** [No change]

- 8** Licensees in fee category C or higher must conduct test purchasing or take part in collective test purchasing programmes, as a means of providing reasonable assurance that they have effective policies and procedures to prevent underage gambling, and must provide their test purchase results to the Commission, *in such form or manner as the Commission may from time to time specify.*

**Social responsibility code provision 3.2.5**

**Access to gambling by children and young persons – bingo and FEC SR code**

**All non-remote bingo and family entertainment centre licences**

**1-6** [No change]

- 7** Licensees in fee category C or higher must conduct test purchasing or take part in collective test purchasing programmes, as a means of providing reasonable assurance that they have effective policies and procedures to prevent underage gambling, and must provide their test purchase results to the Commission, *in such form or manner as the Commission may from time to time specify.*

### **Social responsibility code provision 3.2.7**

#### **Access to gambling by children and young persons – betting SR code**

**Paragraphs 1, 2 and 4-7: all non-remote betting and remote betting intermediary (trading rooms only) licences**

**Paragraph 3: all non-remote betting licences (except general betting (limited) licences) and remote betting intermediary (trading rooms only) licences**

**Paragraph 8: non-remote pool betting licences**

**Paragraph 9: non-remote general betting (standard) licences in fee category C or above**

**1-8 [No change]**

- 9** Licensees must conduct test purchasing or take part in collective test purchasing programmes, as a means of providing reasonable assurance that they have effective policies and procedures to prevent underage gambling, and must provide their test purchase results to the Commission, *in such form or manner as the Commission may from time to time specify.*

### **Changes to social responsibility code provision 6.1.1 (complaints and disputes)**

- 3.56** We proposed to amend social responsibility code provision 6.1.1 to remove the requirement for routine reporting of the outcomes of disputes referred to Alternative Dispute Resolution and court proceedings that are adverse to the licensee. This revision is consistent with our proposal to remove event reporting for these matters, currently contained within licence condition 15.2.2 (1) (a) and (b). We may still require licensees to provide this information on request, but we will not require it to be routinely reported to us. We also proposed to make the wording of the code provision consistent with other sections of the LCCP and specify that licensees keep records of consumer complaints in a form that we may from time to time specify.

#### **Consultation question 1.15**

**Do you agree with the proposed changes to the code provision?**

### **Respondents' views**

- 3.57** Some respondents welcomed the adoption of standardised reporting for complaints and disputes and the simplification of our requirements. Some expressed concern that changes would weaken our oversight of complaints and disputes, which could flag when an operator is facing financial difficulties. Others requested that the standardised record keeping be proportionate and reasonable. One respondent asked for clarification on whether data on customer complaints that are refused or discontinued by an ADR entity as invalid needed to be reported to us.
- 3.58** A few respondents queried whether it was our intention to specify the way licensees should maintain records of complaints and disputes. Another respondent requested clarification on how long licensees should be expected to store complaints and disputes data.

## Our position

This proposal, to amend the social responsibility code provision relating to complaints and disputes record keeping and reporting, was intended to align the text used in the provision with other parts of the LCCP (i.e. adopting the phrase “form or manner”). Also, to remove the prescriptive elements of the complaints and disputes information we may require licensees to report to us (i.e. specifying the outcomes of disputes referred to ADR, and court proceedings adverse to the licensee).

It is not our intention to introduce an industry standard for complaints and disputes record- keeping. To clarify this matter, we intend to change the wording of the proposed changes to social responsibility code provision 6.1.1 (7) to: “Licensees should keep records of customer complaints and disputes and make them available to the Commission on request.”

Additionally, we made a proposal on the reporting of complaints and disputes. The intention of this change was to remove the prescriptive elements of the complaints and disputes information we may require licensees to report to us. We have reviewed our original proposal in response to the comments received, and now intend to remove the entire second sentence of social responsibility code provision 6.1.1 (7). We consider that information reporting requirements are better captured within the LCCP in Section 15 - Information Requirements.

We currently collect complaints and disputes data from licensees through regulatory returns and intend to continue to do so. In Part II of this consultation we have proposed changes to the complaints and disputes data fields we collect within regulatory returns. We also receive and review regular reporting from ADR entities on customer disputes escalated to them, including the numbers of disputes they refuse or discontinue. Additionally, licensees are required to inform us of the commencement and outcome of any material litigation against them (licence condition 15.2.1 (23)).

Our [Complaints and disputes: procedural, information provision and reporting requirements](#) document provides guidance on the procedures to be followed, information provision and reporting requirements relating to complaints and disputes. We will publish an updated version of this guidance after the LCCP changes resulting from this consultation come into effect.

We will not be stating a minimum period for the retention of complaints and disputes records, as these matters are covered by legislation, such as the Data Protection Act 2018.

The below changes will take effect from 31 October 2020.

## Final wording of amended social responsibility code provision 6.1.1 (complaints and disputes):

The italicised text highlights the changes from the existing condition

### Social responsibility code provision 6.1.1

#### Complaints and disputes

All licences (including ancillary remote licensees) except gaming machine technical and gambling software licences

1-6 [No change]

7 Licensees should keep records of customer complaints and disputes *and make them available to the Commission on request* ~~in such manner as the Commission may from time to time specify in advice or guidance. They must provide information to the Commission about customer complaints, disputes, the outcomes of disputes referred to ADR, and court proceedings adverse to the licensee, also in such manner as the Commission may from time to time specify.~~

### Changes to ordinary code provision 4.2.8 (betting integrity)

**3.59** We proposed to amend ordinary code provision 4.2.8. to clarify that licensees should ensure that a condition of their accepting bets is that for a bet to be valid, customers placing such bets must not be in breach of *any* rules (as opposed to rules concerning irregular and / or suspicious betting) on betting or misuse of inside information relevant to a sports governing body.

#### Consultation question 1.16

Do you agree with the proposed changes to the code provision?

### Respondents' views

**3.60** Several respondents commented that the proposed changes were reasonable and minor. One respondent stated that the proposed requirement is already met within their current operations.

**3.61** There was a suggestion that the code be worded to reflect that it related more broadly to a breach of rules *applied by* a sports governing body, other professional body of which they are a member, or their employers; and not only those related to betting.

### Our position

The provision is designed to ensure that licensees should a) take active steps to make themselves aware of sport governing body (SGB) or other professional body rules on betting and or misuse of inside information, and b) wherever possible not to accept bets from those who might be in breach of such rules (e.g. a sportsperson betting on their own sport where this is not allowed by an SGB).

This ordinary code provision 4.2.8 supports licence condition 15.1.2 (2) which requires operators to report breaches of betting rules to the relevant SGB. It would be disproportionate to expect operators to familiarise themselves with “all rules applied” by a SGB, other professional body of which they are a member, or their employers, particularly as some of these rules will not be relevant to placing a bet with an operator.

The below changes will take effect from 31 October 2020.

**Final wording of amended to ordinary code provision 4.2.8 (betting integrity):  
The italicised text highlights the changes from the existing condition**

**Ordinary code provision 4.2.8**

**Betting integrity**

**All betting operating licences, including betting intermediary, ancillary remote betting, and remote betting intermediary (trading rooms only) licences**

1 [No change]

2 Licensees should ensure that a condition of their accepting bets is that for a bet to be valid, customers placing such bets must not be in breach of any rules ~~about irregular and/or suspicious~~ *on* betting or misuse of inside information relevant to a sports governing body, other professional body of which they are a member, or their employers. Where a breach of these rules is identified, licensees should then take steps to void the bet.

**Changes to ordinary code provision 8.1.1 (information requirements – ordinary code)**

**3.62** We proposed to elevate elements ordinary code provision 8.1.1 into licence conditions 15.2.2 (other reportable events) and 15.3.1 (general and regulatory returns) to reinforce our expectations that matters that will have a material impact on the licensee’s business are reported to us. We also planned to remove ordinary code provision 8.1.1 (2c), which is provided for by an existing key event (licence condition 15.2.1 (21)). Our expectation that licensees inform us of any matters that we would reasonably need to be aware of... (ordinary code 8.1.1 (1)) was proposed to be incorporated into Licence condition 15.3.1.

**3.63** Aside from the above changes, we proposed to remove ordinary code 8.1.1 on the basis that the provisions would be covered in the proposed changes to Licence conditions 15.2.2 and 15.3.1 or within other sections of the LCCP. For example, the expectation that licensees work with us in an open and cooperative way is specified under ordinary code 1.1.1. Sections 1.11 and 1.13 of this consultation contain the corresponding change to licence conditions 15.2.2 and 15.3.1 respectively.

### **Consultation question 1.17**

**Do you agree with the proposed changes to the code provision?**

#### **Respondents' views**

- 3.64** Many respondents were generally supportive of this change and commented that the proposal simplified the LCCP and that it be clearer if all information requirements were consolidated within Section 15 (Information Requirements).
- 3.65** Some respondents had concerns over the elevation of elements of this ordinary code provision to be included within existing licence conditions. Several commented that the wording was too broad for something that could, if breached, constitute a criminal offence. Others requested guidance on the meaning of “material impact” and specific examples of events that needed to be reported to us. One respondent noted that many would have to update and enhance their reporting protocols to ensure that they do not breach the related conditions.

#### **Our position**

We note the feedback in relation ordinary code provision 8.1.1 and have decided not to proceed with the proposals to elevate elements of the code into licence condition 15.2.2 at this stage. Ordinary code provision 8.1.1 will be retained in its current form.

#### **Changes to personal licence conditions**

- 3.66** We proposed to change the time within which personal licence holders must report key events to us and to update the reporting arrangements to reflect the introduction of our new digital service for maintaining personal licenses. One of the outputs of this review was a proposal for us to allow personal licence holders more time to inform us of event occurrences by increasing the period required for submissions from within five working days to within 30 days. Also, noting the introduction of our new digital service – and that we expect personal licence holders to report key events to us directly, rather than operators doing this for them – we proposed to remove the option for operators to report event occurrences for personal licence holders.

### **Consultation question 1.18**

**Do you agree with the proposed changes to the licence conditions?**

## Respondents' views

**3.67** Overall, the proposal to extend submission period for personal licence key events to up to 30 days. was considered more practical and achievable for licence holders than the existing five working day timeframe. One respondent added that it would improve the quality of reporting as personal licence holders would have more time to prepare their key event report and for more information to be known about the event being reported. However, several respondents disagreed with the extension on the basis that:

- It implied a two-tier system within key events reporting in which issues concerning key decision makers were subordinate to those pertaining to wider business operations.
- Some of the key events, such as that relating to bankruptcy and sequestration (3h) may lapse the personal licence while others, such as disqualification of company director (3g) potentially puts the operating licence at risk and could impact upon an operator's overall suitability.
- The change would lead to a misalignment of reporting periods for operating licence holder and personal licence holder key events, with the former remaining at up to five working days.

**3.68** Additionally, there was a suggestion to merge Personal licence conditions 3(a) and 3(b), and (3c) and 3(d). Similarly, it was suggested that that 3(e) and 3(f) could be merged and reworded to require the reporting of the imposition of a disciplinary sanction or a resignation related to a gross misconduct disciplinary proceedings, only when such an event impacted upon the overall suitability of the personal licence holder to continue to hold their licence. Another respondent commented that a personal licence holder may need to report a matter relating to a key event to other regulator or government bodies and therefore that it might be more efficient for a function within the business to do this for them on their behalf.

**3.69** Clarification was sought as to whether:

- Another individual could report a personal licence key event on the personal licence holder's behalf (e.g. a personal assistant or a member of the Compliance function).
- Operating licence holders would still be required to report matters to us pertaining to conduct by personal licensees (e.g. dismissal for gross misconduct) to us as key events, if we also required personal licence holders to report them to us.
- Disqualification from acting as a company director (3g) should only need to be reported for persons in 'key positions'.

### Our position

During the design of our new 'Manage your personal licence' digital service, we reviewed our requirements for the reporting of key events by personal licence holders. One of the outputs of this process was a proposal for us to allow personal licence holders more time to inform us of event occurrences.

Having considered the mixed responses to this question, we judge that an extension to the period is warranted, but that (up to) 10 working days is a more

appropriate timeline for submission. We acknowledge that a 30-day window may have created a misalignment with operating licence key event reporting that could be problematic in some circumstances.

Whilst we welcome ideas that might simplify event reporting for personal licence holders, we do not agree that merging these events as suggested is sensible. This is primarily because the events identified are not the same and they initiate separate responses by us. Moreover, conviction of an offence, for example, could take some considerable time to occur. Knowing about the initiation of an investigation ahead of this conviction allows us to take appropriate action at an earlier stage, if warranted.

We expect personal licence holders to report key events to us directly. Personal licensees should take ownership and responsibility for their own licences and therefore, we will no longer accept personal licence holder key events to be reported to us by another party (e.g. a personal assistant or a member of the Compliance function). As we have been asked to provide clarity on this, we will add the word “themselves” to the first sentence of the personal licence condition about key events (i.e. “Personal licence holders must *themselves* notify the Commission...”).

Despite these changes, we will still require operators to report to us those key events and other reportable events set out in the operating licence conditions of the LCCP (via eServices). We acknowledge that this means some events (e.g. dismissal of a personal licence holder in a key position for gross misconduct) will be reported to us twice (i.e. by the operator and by the personal licence holder).

The below changes will take effect from 31 October 2020.

**Final amends to personal licence conditions:  
The italicised text highlights the changes from the existing condition**

**Personal licence conditions**

**All personal licence holders**

**1-2** [No change]

**3** Personal licence holders must *themselves* notify the Commission of the occurrence of any of the following key events within ~~five~~ *ten* working days, ~~or as soon as reasonable practicable~~ after the licensee becomes aware of the event's occurrence<sup>1</sup>:

**a** their *subjection* to any criminal investigation which is listed under Schedule 7 Relevant Offences of the Gambling Act 2005;

**b** their conviction of any offence listed under Schedule 7 – Relevant Offences of the Gambling Act 2005;

**c** any current or pending investigation by a professional, statutory, regulatory or government body in Great Britain or abroad;

**d** the imposition of any sanction or penalty against them following an investigation by any professional, statutory, regulatory or government body in Great Britain or abroad;

**e** the imposition of a disciplinary sanction against them, including dismissal, for gross misconduct;

**f** their resignation from a position for which a personal licence is required following commencement of disciplinary proceedings in respect of gross misconduct;

**g** their disqualification from acting as a company director;

**h** the presentation of a petition for their bankruptcy or sequestration or their entering into an individual voluntary agreement;

**i** a change in their name or address.

<sup>1</sup> These matters ~~can~~ *are to* be reported ~~securely online at the Commission's website through our eServices system to us online via the 'Manage your licence' service on our website [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)~~ Alternatively, for operators unable to access this system, you can ~~report~~ *report* these events by email to: ~~key.events@gamblingcommission.gov.uk~~

## 4 Summary of responses (Part II)

### Reduce the amount of data we collect

4.1 We proposed to remove certain data from regulatory returns to focus on the data we require to fulfil our statutory duties. Areas where we are proposing significant reductions are:

- **Non-GB data.** For remote sector financial information, we intend to only ask for non-GB data at an aggregated activity level, no longer requiring it at sport and game category level (eg 'betting real events' replaces splits for football, dogs, horses, etc.)
- **B2C revenue share.** We proposed that B2C revenue share Gross Gambling Yield (GGY) is reported combined with proprietary GGY (formerly labelled 'General') across all Remote Casino, Betting and Bingo (RCBB) sport and game categories. Also, that B2C revenue share turnover is reported combined with proprietary turnover in the same manner. This will simplify reporting of GGY and turnover for B2C licensees.
- **Gaming Machine Technical.** We will no longer ask for the number of units sold, software sales, gross value of software sales, instead just requiring total value of sales. We will remove the requirement for reporting numbers of machines leased, sold, profit share, by venue type. Also, we will remove the number of machines purchased or scrapped, by second-hand (legacy), second-hand (non-legacy), and new.

Other proposed removals included:

- **Bingo (non-remote).** We will no longer ask for turnover to be split between participation fees and sales.
- **Research, Education and Treatment (RET)<sup>1</sup>.** We proposed to exchange the current seven questions with two new questions: 'Contributions made to approved beneficiaries in the period covered by this return (name of beneficiary, £value of contribution)'.
- **Workforce.** We proposed to stop asking for workforce numbers, as we recognise that there are inherent data quality issues with workforce reporting (for example, apportioning an operator's employees against different licensed activities, or across GB and non-GB operations). Instead we will use the annual [DCMS Sectors Economic Estimates: Employment](#) as a proxy to measure employment in the regulated gambling industry.

In addition, we proposed to amend numerous questions to better align terminology used within regulatory returns (eg Profit or Trading Results to be replaced with the term 'GGY'). Also, to reword questions to provide clarity and consistency across multiple activities.

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<sup>1</sup> Now known as Research, Prevention and Treatment.

## Consultation question 2.1

### Do you agree with the proposals?

#### Respondents' views

- 4.2** Overall, respondents welcomed the reduction in datapoints and commented that streamlining our data requirements would improve operational efficiency for licensees. Some respondents agreed with the approach but observed that the impact of reporting of GGY without a revenue share deduction may have a direct implication on licence bandings for B2C operators. We were also asked whether host licence reporting could be more closely aligned with the gambling software return; or for us to remove the need for a gambling software return if an operator has a host licence where all software is hosted.
- 4.3** Some respondents commented that the changes would reduce our knowledge and understanding of the industry and of particular sports or casinos. One respondent queried whether the new datapoints would enable us to obtain accurate gaming machine data. Another respondent expressed concern over our proposal to stop collecting non-Great Britain data at sport and game category level for remote gambling, which they considered beneficial for sports betting integrity purposes.

#### Our position

This proposal to reduce the quantity of data collected via regulatory returns is consistent with our objective to reduce regulatory burden wherever possible.

Having reviewed our data needs, we consider that the removal of these data points will have negligible impact on our understanding of the gambling industry.

We note the concerns about us not collecting non-Great Britain data at sport and game category level from remote licence holders who are reliant on their Gambling Commission licence to offer gambling services to other jurisdictions. We will still collect non-Great Britain GGY at an aggregate level (e.g. betting real events), as this will give us an awareness of what proportion of a licensee's GGY is being generated from overseas customers. We do not consider that the lack of non-GB data at sport and game category level will adversely impact our work to maintain the integrity of sports. Non-GB GGY can be used to support the assessment of betting integrity risks, but there are many other components to these assessments.

With respect to Gaming Machine Technical returns, we are satisfied that we collect sufficient detail on gaming machine numbers operated by non-remote licensees in arcades, betting, bingo and casino premises, that we no longer require the current level of detail on machines from gaming machine suppliers.

On the comments that our proposal to merge the 'B2C' and 'Proprietary' GGY fields for remote licensee reporting may affect fee categorisation; we clarify that this is not our intent and we will design the changes to ensure this does not happen, while reducing the reporting requirement where we are able to.

We also note the concerns about reporting arrangements for host licence data on regulatory returns. We want to minimise reporting requirements where possible. We will therefore seek to resolve this issue during the design of the new regulatory returns digital service.

Due to technical constraints, the removal of these data fields from regulatory returns cannot be implemented until we redesign our eServices system. Work on this is scheduled to commence in late FY20-21.

### **Remove the requirement for licensees to report premise acquisitions and disposals**

- 4.4** We require licensees to inform us of any gambling premises they have acquired or disposed of within regulatory returns, which is currently entered on an address-by-address basis. Instead, we will monitor acquisitions and disposals via improved liaison with premises licensing authorities (i.e. local authorities), with an option for us to build a new digital service allowing licensees to self-log and maintain lists of premises with us in the future.

#### **Consultation question 2.2**

**Do you agree with the proposal?**

#### **Respondents' views**

- 4.5** Almost all respondents supported this proposal, commenting that a separate digital service for reporting acquisitions and disposals of premises was preferable over the current approach. However, concerns were expressed with the reliability of licensing authority data and the potential delay between us stopping to collect acquisitions and disposals via regulatory returns and the introduction of a replacement digital service for this topic.

#### **Our position**

Based on feedback from licensees, we have determined that regulatory returns are not a satisfactory system for data on acquisitions and disposals of individual premises at an address level.

Licensing authorities have a statutory obligation to maintain a register of premises licences issued by them and to report to us any premises licences granted (or rejected). We work closely with licensing authorities to obtain this data to maintain a national register of gambling premises. We also receive copies of licence applications and related matters (e.g. disposals, variations etc) directly from licensees, which we use to update the register. Combined, these sources of data give us a robust data set to understand where licensed gambling takes place.

We will still collect total numbers of active premises from licensees and, where we identify that these differ from the number of premises attributed to them on the national premises register, we will contact relevant licensees to ask them to reconcile or correct their data.

We intend to keep this approach under review and, if we find that it is not working, we will include licensee-maintained premises lists within our future suite of digital services.

We will deactivate premise acquisitions and disposals within the regulatory returns' component of eServices on 31 October 2020.

### **Remove the requirement for non-remote casino licenses to report data on a casino-by-casino basis**

- 4.6** Within the regulatory return system, we require non-remote casino operators to submit regulatory return data on a casino-by-casino basis. This is inconsistent with how we collect data for other non-remote sectors. We proposed to remove individual casino return entries and to collect aggregate data from non-remote casino licensees.

#### **Consultation question 2.3**

**Do you agree with the proposal?**

### **Respondents' views**

- 4.7** The proposal was widely supported. Some respondents commented that the change would significantly simplify the regulatory return process for them and reduce the associated data submission burden. One respondent asked how we would identify issues with specific casinos.

### **Our position**

After a review, we have determined that we no longer require non-remote casino operators to submit regulatory return data on a casino-by-casino basis.

However, within the casino section of a return, we will likely require aggregate data to be reported to us split into two categories: casinos located within the 'High End London' and those in 'Other' areas. This data distinction will help us to understand the casino sector better.

We conduct regular inspections of casino premises and are satisfied that these, and our other regulatory activities, are sufficient for us to understand regulatory issues with specific casinos.

Due to technical constraints, these changes to regulatory returns cannot be implemented until we redesign our eServices' system. Work on this is scheduled to commence in late FY20-21.

## **Remove the requirement for gambling software licence holders to report individual gambling software titles**

- 4.8** Regulatory returns contain a legacy requirement for gambling software companies to supply details of all their active software titles. This requirement has been superseded by the roll-out of our [Games Register](#), which is now the primary system for the submission of details of games and relevant test reports by gambling software licences holders. Therefore, we proposed to remove software titles collection from regulatory returns.

### **Consultation question 2.4**

**Do you agree with the proposal?**

### **Respondents' views**

- 4.9** Respondents were generally supportive of the proposal on the basis that it would reduce double reporting.

### **Our position**

Our [Games Register](#) is now the primary system for the submission of details of games and relevant test reports by gambling software licences holders. This digital service was created to make it easier for licensees to report details of remote games to us in bulk. Non-remote games are reported to us via separate arrangements.

While we issued guidance that licensees are to use this service and no longer need to add games titles to regulatory returns, we ran the two systems in parallel to allow time for licensees to transition to the new service.

It is two years since we introduced the Games Register and we no longer consider it necessary to maintain the software titles functionality within regulatory returns.

We will deactivate the gambling software screens within the regulatory returns' component of eServices on 31 October 2020.

## **Enhance the operational information section of regulatory returns with more consumer and safer gambling questions**

- 4.10** We proposed to add a range of new operational information questions to regulatory returns focusing on consumers and safer gambling. We received a high number of comments on this question and we need more time to evaluate the responses. For that reason, our response to Consultation question 2.5 will be published in a separate document, the publication of which will follow this consultation response.

### **Consultation question 2.5**

**Do you have any comments on our proposals for the new and modified regulatory returns questions?**

#### **Link the requirement for licensees to submit quarterly or annual returns to the aggregate maximum GGY permitted by all their licences**

- 4.11** We proposed to change the requirement to submit quarterly or annual regulatory returns from a sector-based approach, to one based on the aggregate maximum GGY permitted by each of the licence types an operator holds. To determine whether a licensee submits a quarterly or an annual return, we would add together the ‘upper level’ of GGY permitted by the fee category for each licensed activity the licensee holds a licence for. This would give us an aggregated ‘total maximum’ GGY amount for each operator. For example, an operator with the following fee categories would be allowed to generate the following maxima of GGY in reliance on each licence:

AGC – Category A1 – maximum GGY of £200,000

Bingo – Category A2 – maximum GGY of £750,000

Maximum aggregated GGY = £950,000

We would then set a GGY level across the industry above which a quarterly return would be required. If an operator’s aggregated total permissible GGY is below this threshold, we would only require them to submit an annual regulatory return. For example, larger bingo operators may change from annual returns to quarterly returns, whereas small remote sector operators, with no or few other licensed activities, may change from quarterly returns to annual.

### **Consultation question 2.6**

**Do you agree with the proposal?**

- 4.12** This proposal was supported by half of respondents, particularly by licensees in the remote sector who generate lower levels of GGY but are currently required to submit quarterly returns. It was acknowledged that the changes would make the regulatory reporting process less burdensome whilst improving data quality. Further information was requested by some on how the GGY threshold would be generated, applied and whether it be subject to review.
- 4.13** Objections to this proposal were received from the bingo and non-commercial society lotteries sectors. Representatives of the bingo sector commented that the change would increase the administrative burden for larger bingo operators and that it does not recognise the low risk profile of licensed bingo clubs. Several society lotteries stated that, if the aggregate maximum GGY level is set at £5 million, that this would put many society lotteries in scope for the quarterly return requirement. They added that if larger society lotteries moved to quarterly returns, this would incur additional costs which would reduce funds available to be contributed to good causes. Like the bingo sector, they commented that their sector has a lower risk

profile and that we should determine the frequency of reporting requirements based on the risk of gambling harm, rather than on GGY. Alternative suggestions included the introduction of an approach where only key financial data is submitted quarterly, with other data (such as social responsibility related data) submitted only annually.

## **Our position**

We are changing how we determine whether a licensee is required to submit either quarterly or annual returns to improve our visibility of individual licensees who generate the higher levels of GGY. In doing so, we also aim to reduce the total number of returns required from the industry.

Many smaller operators who currently submit quarterly returns will move to annual submissions with this new approach. Some large operators who now submit annual returns, will move to quarterly submissions.

We recognise that the shift from annual to quarterly submissions will increase the regulatory reporting burden for those licensees affected, but we consider this appropriate given the amount of GGY they generate from consumers. While individual products differ in their risk profile, we also have an interest in the risks posed by the licensee as an operator of those products. We use a licensee's total GGY as a component of our risk profiling and therefore we judge that quarterly returns from larger operators is more appropriate.

With respect to the concerns raised by larger non-commercial society lottery licensees, our view is that the society lottery regulatory return – which is comprised mainly of quantitative safer gambling questions, does not contain any financial data (except for total amount of voluntary contributions to research, education and treatment) and consists of less than 20 questions – is not an undue burden to complete quarterly. We note also that most society lotteries will still only need to submit annual returns under the new approach. While the External Lottery Manager return includes 8 financial questions, it is similarly short.

Noting the concerns raised, we commit to working with industry trade bodies to further develop this proposal – or a variation of it - before we implement the change.

Work on this will start in autumn 2020, with implementation not before April 2021.

## **Improve our digital service for regulatory returns collection (eServices)**

- 4.14** We proposed to improve the usability, accessibility, and availability of our eServices system for the submission of regulatory returns and building a new digital service. Improvements included exploring adding additional tailoring to the regulatory returns part of eServices (enabling us to remove sections from the regulatory return which are not relevant for that licensee for that period's return) and considering options for multi-format data submissions of regulatory returns (e.g. introducing an Application Programme Interface (API)). We also invited other suggestions on how we could improve our systems for regulatory return data submissions.

### **Consultation question 2.7a**

**Do you agree with the proposals?**

### **Consultation question 2.7b**

**Do you have any other suggestions to improve our systems for regulatory return data submissions?**

## **Respondents' views**

- 4.15** There was wide support for our proposal to introduce additional tailoring to the regulatory returns part of eServices, which respondents commented would make the returns simpler, easier, and quicker to complete.
- 4.16** While our suggestion of providing alternative options for submitting regulatory returns data to us (e.g. an API) was welcomed by some, others commented that if this was the only method of submitting regulatory returns, it would require them to adapt their business' internal data arrangements. Several respondents suggested a comma-separated values (csv.) file upload system may be more suitable than an API solution.
- 4.17** Many respondents were critical of our eServices' portal and were attracted to the development of a new system, though were concerned that any new system might have initial glitches and require data entry staff to be retrained. There was a request for us to include more detailed guidance and definitions for regulatory returns both on our website and within the eServices' portal. Another request asked for us to publish the regulatory return question set, so that licensees could have this readily at hand prior to entering data into the eServices' portal.
- 4.18** It was also suggested that we capture data about the number of customers who try to claim monies from a licensee via the small claims court. One respondent asked if we could review how we collect data on regulatory returns for gambling software licensees and for those with host operating licences, noting the inter-relationship between these two licence types.

- 4.19** Operators with multiple licensed activities spread across several regulatory return types, and operators with multiple licences within a company group, asked for certain data points (e.g. operational events) to be reported at an ‘operator level’, rather than on different returns; commenting that disaggregated of many of these events by return type was difficult.
- 4.20** A few responses asked for us to redesign our regulatory returns system so that the figures from a licensee’s previous return were visible on the same screen as the data being requested in the current return. Two respondents asked for more information to be provided in the data validation section of regulatory returns, such that the licensees could understand why their data has been flagged.

### **Our position**

We are committed to improving our regulatory returns collection approach, both to make the returns simpler, easier, and quicker to complete for licensees, but also to improve the quality of data we receive.

We welcome the suggestions made during this consultation and will take them into account as we explore either improving the current regulatory returns system or building a new digital service for this purpose.

Scoping for this project will start in autumn 2020. We commit to engaging with the industry as we design, build, test and roll-out any new approach. This engagement will be carried out alongside our existing [User Research Programme](#) for improving our digital services. Until the scoping exercise is completed, we are not able to provide any further details on timescales for this work.

We agree that it would be helpful to publish guidance for regulatory returns and also to and the full regulatory return question set on our website. These changes will be implemented within the current financial year.

## **Proposal to discontinue collecting monthly non-remote casino drop and win data**

- 4.21** We proposed to stop collecting monthly casino drop and win data from non-remote casino licensees; and to stop producing our monthly Casino Drop & Win publication. This data is provided to us on a voluntary basis and, while showing casino drop and win data monthly, duplicates data we collect via regulatory returns on a quarterly basis.

### **Consultation question 2.8**

**Do you agree with the proposal?**

## **Respondents' views**

- 4.22** This proposal was well supported by the wider industry but opposed by non-remote casino licensees. Those who wanted casino drop and win data collection and reporting to continue stated that they used it for commercial purposes (e.g. calculating market share). Operators offered to work with us to improve the efficiency of casino drop and win data collection or alternative collection approaches. They also suggested that eServices could be modified so that drop and win figures for regulatory returns could be entered monthly in lieu of quarterly returns.

### **Our position**

We have reviewed our casino drop and win reporting requirements and concluded that the data non-remote casino licensees supply us on a quarterly basis, through regulatory returns, is sufficient to meet our regulatory needs.

We consider it disproportionate and burdensome for us to continue to ask non-remote casino operators for monthly data which we no longer need. It is also anomalous that we collect and publish monthly data for the non-remote casino sector (which represents about 7% of total industry GGY) but do not do this for other sectors.

Further to this, as casino drop and win reporting is a voluntary arrangement, the quality of the data varies as the number of participating casinos differs each month.

Currently, we do not intend to explore alternative collection arrangements for non-remote casino data (such as modifications to our eServices' portal) as this investment would be uneconomical, given that we do not require monthly data from casinos to carry out our work.

We will continue to publish casino financial data from regulatory returns in our Industry Statistics publications, including breaking this down by quarterly periods.

Not collecting and reporting casino drop and win data for non-remote casinos will allow us to use our limited resources to improve the quality of the other data sets we publish.

## Industry Statistics - review of user requirements

**4.23** We proposed to make improvements to our Industry Statistics publication. These included:

- reducing the time lag from the end of the reporting period to publication of Industry Statistics,
- changing how we report half-year data,
- publishing Industry Statistics data broken down by quarterly periods,
- making the data more accessible and interactive,
- removing Non-Great Britain (GB) data,
- reformatting the MS Excel document as a time series, and
- presenting B2B data in a separate section or report.

### Consultation question 2.9a

**Do you agree with the proposals?**

### Respondents' views

**4.24** There was strong support for us to reduce the time lag from the end of the reporting period to the publication of each Industry Statistics report. Several respondents asked for us to reduce the time lag to less than the 3 months proposed, with some asking for 'real-time' data. The proposal for us to move to publishing a proper half-year data set (covering the period 1 April to 30 September annually) was also supported, with no contrary comments.

**4.25** Many respondents supported the proposal for us to publish publishing Industry Statistics data broken down by quarterly periods. Others went further and called for this data to be published quarterly (rather than biannually). Some asked for monthly data publications, commenting that this would provide more insights into seasonal variation and the impact of events (e.g. a major betting event or a regulatory change).

**4.26** Making the Industry Statistics publication more accessible and interactive was welcomed, although one respondent asked us to ensure that we maintain the ability to extract sector-specific statistics, as required. The proposal to reformat the MS Excel document as a time series were supported with no contrary comments. One respondent called for us to go further than our proposal to remove Non-GB data from the Remote section of Industry Statistics, and to not collect any data for activities we do not licence, suggesting there was no lawful statutory basis for us to do so.

**4.27** Moving B2B data to a separate section within Industry Statistics was supported. At the same time, several respondents asked us to review how we collect and report B2B data, giving examples of issues with data from host operating licences and inconsistencies within the industry relating to B2B/B2C revenue share agreements, associated costs and proportioning to products.

## Our position

While we recognise the benefits of reducing the time lag from the end of the reporting period to publication of Industry Statistics to less than 3 months, we do not consider this feasible currently; not least because we allow 42 days from the end of the reporting period for annual returns to be submitted to us. However, we commit to reducing the time lag as much as possible, over time, commensurate with ensuring our ability to maintain the quality of the statistics.

We will shift the reporting period for our half-year Industry Statistics update from 1 October to 30 September (covering 12 months), to 1 April to 30 September (covering 6 months). This change will be implemented from the next half-year update, due for publication in May 2021.

The time periods by which we can breakdown and report Industry Statistics data is linked to the frequency by which we collect it. As we do not collect any regulatory returns data more frequently than quarterly, it is not possible for us to publish data split by months. We will publish Industry Statistics data with a quarterly breakdown (within our biannual publications) from autumn 2021 for those sectors where we are able to, expanding this to other sectors over time (noting that this is dependent on linking the requirement for licensees to submit quarterly or annual returns to the aggregate maximum GGY permitted by all their licences).

As we introduce interactive charts on our website, utilising PowerBI, we will ensure this complies with the [Public Sector Bodies \(Websites and Mobiles Applications\) Accessibility Regulations 2018](#). Our primary Industry Statistics output format will be a MS Excel document, which will be optimised for data analysis and allow for sector-specific extracts. These changes will be implemented from our November 2020 publication.

Our removal of non-GB data fields from the Remote section of Industry Statistics will also take effect from the November 2020 publication. We will continue to request non-GB data at an aggregated activity level (but not game or sport category level) to assist us in carrying out our statutory functions within this jurisdiction.”

The reformatting of the MS Excel document into time series format was implemented in our May 2020 publication. This was well received by analysts and we will continue to use that new format.

Initial changes to B2B reporting will be incorporated within our November 2020 publication, but more detailed changes may be implemented after that, subject to our review and resolution of the comments raised.

### Consultation question 2.9b

**Do you have any other suggestions on how we could improve Industry Statistics?**

#### Respondents' views

- 4.28** We received suggestions that we should publish data on safer gambling from licensees (including numbers of complaints received). Several respondents called for us to issue more guidance, developed in cooperation with the industry, to improve the consistency of data measurement and reporting across the industry. It was also suggested that we should publish open anonymous datasets of the raw data on which we base Industry Statistics, allowing third parties to analyse that data for safer gambling purposes. One respondent asked us to publish how we use Industry Statistics to inform our regulatory work.

#### Our position

The request for us to publish more data on safer gambling is useful. It aligns with our own views in this area and our focus on keeping gambling safe for consumers. We are in a unique position to be able to obtain and publish industry-wide safer gambling data from licensed gambling operators and intend to do so. In Question 2.5 we have consulted on changing the questions related to safer gambling within regulatory returns. Given the data we publish is linked to that which we collect, we will respond more fully on this topic within our consultation response to Question 2.5 (due in early autumn 2020).

We agree that more detailed guidance on our data requirements would improve the consistency of data measurement and reporting across the industry and, therefore, the quality of our Industry Statistics publication. We commit to working with industry representatives to review and improve the information, advice, and guidance we publish about regulatory returns and other regulatory data.

We do not make the raw data used for Industry Statistics available on an [open data](#) basis due to the commercial sensitivity of that data. While there are approximately 2,700 licensees providing gambling facilities within, or into, Great Britain, many of the sectors we regulate are dominated by large operators. Because of this, anonymisation of the data would not be sufficiently robust for some market leaders to not be identified within the data sets. However, we are committed to putting data and transparency at the heart of the work we do and will continue to review the data which we hold to assess it for publication.

We want licensees to better understand how we use their data to inform our regulatory activity and agree to publish more information on this subject in autumn 2020.

## 5 Annex

### Summary of changes to licence conditions and codes of practice

#### Part I – LCCP changes

- 5.1 Changes to licence condition 13.1.1 (Pool betting).** We are removing the requirement for operators to notify us about persons they have authorised to offer pool betting on a track in connection with a horserace or dog race in reliance on an occasional use notice.
- 5.2 Changes to licence condition 13.1.2 (Pool betting – football pools).** We are removing the requirement for the reporting to us of persons authorised by licensees in respect of football pool betting.
- 5.2 Changes to licence condition 15.1.1 (reporting suspicion of offences).** We are amending licence condition 15.1.1 to introduce additional text which will enable us to specify the form and manner of the reporting of suspicion of offences etc.
- 5.3 Changes to licence condition 15.1.2 (reporting suspicion of offences).** We are amending licence condition 15.1.2 (1b) to introduce additional text which will enable us to specify the form and manner of the reporting of suspicion of offences, and to provide clarification on the reporting of suspected breaches of betting rules to the appropriate sport governing body.
- 5.4 Additional licence condition 15.1.3 (reporting of systematic or organised money lending).** We are introducing a new licence condition (licence condition 15.1.3) relating to the reporting of systematic or organised money lending.
- 5.3 Changes to licence condition 15.2.1 (reporting key events – operator status).** We are merging licence conditions 15.2.1 (1), (2) and (3) and expanding the condition to include reporting on these occurrences applying to shareholders.
- 5.4 Changes to licence condition 15.2.1 (reporting key events - relevant persons and positions).** We are removing licence conditions 15.2.1 (5), (7) and (9), and making minor adjustments to 15.2.1 (8).
- 5.5 Changes to licence condition 15.2.1 (reporting key events – financial events).** We are removing Licence conditions 15.2.1 (13), (14) and (16), and moving 15.2.1 (15) to “other reportable events” under licence condition 15.2.2.
- 5.6 Changes to licence condition 15.2.1 (reporting key events - legal or regulatory proceedings or reports).** We are making minor amendments to Licence condition 15.2.1 (19a), (19b) and (21), and removing licence condition 15.2.1 (20).
- 5.7 Changes to licence condition 15.2.1 (reporting key events – gambling facilities).** We are updating Licence condition 15.2.1 (25a) to enhance our requirements for the reporting of information security incidents, moving 15.2.1 (26) to “other reportable events” under Licence condition 15.2.2, removing Licence condition 15.2.1 (27), and updating Licence condition 15.2.1 (28) to ensure ‘white label’ website domain changes are reported to us.

- 5.8 Changes to Licence condition 15.2.2 (other reportable events).** We are updating Licence condition 15.2.2, which details other reportable events which must be reported to us; replacing licence conditions 15.2.2 (1a) and (1b) with key events moved into this section, making minor amendments to licence condition 15.2.2 (1c) to make the requirement clearer, and introducing a new requirement to enable us to better manage money laundering and terrorist financing risks to keep crime out of gambling.
- 5.9 Additional licence condition 15.2.3 (Other reportable events).** We are introducing a new licence condition (Licence condition 15.2.3) requiring licensees to report to us any actual or potential breaches by the licensee of provisions of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on Player) Regulations 2017.
- 5.10 Changes to licence condition 15.3.1 (general and regulatory returns).** We are amending licence condition 15.3.1 (general and regulatory returns) to simplify the requirement and to harmonise reporting periods across the industry.
- 5.11 Changes to social responsibility code 3.2.1, 3.2.3, 3.2.5 and 3.2.7 (access to gambling by children and young persons).** We are amending social responsibility codes 3.2.1, 3.2.3, 3.2.5 and 3.2.7 to allow us to specify the form or manner of reporting test purchasing results.
- 5.12 Changes to social responsibility code provision 6.1.1 (complaints and disputes).** We are amending social responsibility code provision 6.1.1 to remove the requirement for routine reporting of the outcomes of disputes referred to Alternative Dispute Resolution and court proceedings that are adverse to the licensee.
- 5.13 Changes to ordinary code provision 4.2.8 (betting integrity).** We are amending ordinary code provision 4.2.8. to clarify that licensees should ensure that customers placing bets must not be in breach of any rules on betting or misuse of inside information relevant to a sports governing body.
- 5.14 Changes to personal licence conditions.** We are changing the time within which personal licence holders must report key events to us from up to 5 working days to up to 10 working days.

## **Part II – Regulatory returns and official statistics changes**

- 5.15 Regulatory returns – reduce the amount of data we collect.** We are removing certain data from regulatory returns to focus on the data we require to fulfil our statutory duties. These include some non-Great Britain, B2C revenue share and Gaming Machine Technical data points.
- 5.16 Regulatory returns – remove premise acquisitions and disposals reporting.** We are removing the requirement for licensees to inform us of any gambling premises they have acquired or disposed of within regulatory returns.
- 5.17 Regulatory returns – remove the requirement for non-remote casino licenses to report casino-by-casino data.** We are removing the requirement for non-remote casino operators to submit regulatory return data on a casino-by-casino basis.

- 5.18 Regulatory returns – remove the requirement for gambling software title reporting.** We are removing the requirement for licensees to report individual gambling software titles to us via regulatory returns.
- 5.19 Regulatory returns - link the requirement for licensees to submit quarterly or annual returns to the aggregate maximum GGY permitted by all their licences.** We are changing the requirement to submit quarterly or annual regulatory returns from a sector-based approach, to one based on the aggregate maximum GGY permitted by each of the licence types an operator holds.
- 5.20 Regulatory returns – improve our digital service for regulatory returns collection.** We will improve the usability, accessibility, and availability of our eServices system for submitting regulatory returns and build a new digital service.
- 5.21 Official Statistics – stop Casino Drop & Win publication.** We will stop collecting monthly non-remote casino drop and win data and discontinue producing our monthly Casino Drop & Win publication.
- 5.22 Official Statistics – improve Industry Statistics publication.** Changes to our Industry Statistics publication will include: reducing the time lag from the end of the reporting period to publication of Industry Statistics, changing how we report half-year data, publishing Industry Statistics data broken down by quarterly periods, making the data more accessible and interactive, removing Non-Great Britain data, and presenting business-to-business data separately.

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Keeping gambling fair and safe for all

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