

Significant LCCP changes w.e.f. 31 October 2020

Extracted from The Gambling Commission's Responses document (dated 30 July 2020) entitled ["Changes to information requirements in the LCCP, regulatory returns, official statistics and related matters"](#)

1. AML/CTF related LCCP changes w.e.f. 31 October 2020

(a) Systematic or organised money lending

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.

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.

Consultation question 1.5

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

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.

(b) Reporting key events (with relevance to AML/CTF compliance & reporting)

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.

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.~~

(c) Self-reporting of POCA or TACT breaches

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.

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 follow 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:

- ~~1. 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 outcome².~~
- ~~2. 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~~7~~ 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.

¹ ~~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 or by email to: key.events@gamblingcommission.gov.uk

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

(d) Self-reporting of MLR 2017 breaches

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 Player) 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.

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.

Consultation question 1.12

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

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

2. Additional notification requirement w.e.f. 31.10.20 in relation to the insolvency of a 3% (or more) shareholder

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.

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 occurrence¹.

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.*