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# The Legal 500 Country Comparative Guides

## United Kingdom **GAMBLING LAW**

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This country-specific Q&A provides an overview of gambling law laws and regulations applicable in United Kingdom.

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# UNITED KINGDOM

## GAMBLING LAW



### 1. What is the legal definition of gambling?

Gambling is defined in the [Gambling Act 2005](#) (the “2005 Act”) as meaning gaming, betting and participating in a lottery. Activities which do not fall within this definition are not regarded as gambling.

#### Gaming

“Gaming” is defined as “playing a game of chance for a prize”. This includes three elements:

- a. playing a game: “playing” means that the player has a chance of winning, irrespective of whether he risks losing anything;
- b. a game of chance: this includes games which involve elements of both chance and skill, even where the chance element can be eliminated by superlative skill, for example in poker; and
- c. a prize: this constitutes money, or money’s worth.

If any of these elements are missing, the product is not gaming, although it could still fall within the definition of betting or a lottery.

The definition of gaming does not require payment of a stake by the player, meaning that social gaming or “free play” gaming can still be gaming, as long as there is a prize of money or money’s worth.

#### Betting

“Betting” is defined as the making of, or acceptance of, bets on:

- a. the outcome of an event;
- b. the likelihood of anything occurring or not occurring; or
- c. whether anything is or is not true.

There are several sub-categories of betting, which include:

- real event betting (including fixed odds

- betting);
- virtual event betting (based on a random number generator);
- betting intermediary (peer-to-peer);
- pool betting (betting which is made on terms that all or part of the winnings will be determined by reference to the total stakes of those betting, will be divided among the winners, or that the winnings may be something other than money – for example, fantasy football-type competitions); and
- betting prize competitions.

The 2005 Act does not cover spread betting or binary betting, as these are financial products regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000.

#### Lotteries

Lotteries can be “simple” or “complex”.

A simple lottery requires:

- a. payment to participate;
- b. one or more prizes being allocated to one or more members of a class; and
- c. that the allocation of prizes relies wholly on chance.

A complex lottery requires, in addition to (a) and (b) above, that where prizes are allocated according to a series of processes, the first of those processes relies wholly on chance. This definition therefore allows for the possibility of elements of skill, after the initial process has completed.

There are several sub-categories of lotteries which include:

- society lotteries (small and large)
- local authority lotteries
- incidental (non-commercial) lotteries
- private lotteries
- customer lotteries; and

- the National Lottery, which is subject to separate legislation.

## 2. What legislation applies to gambling? Please provide a summary of the legal/regulatory framework.

The 2005 Act is the primary legislation governing the gambling industry. It is set out as follows:

- [Part 1](#) interprets key concepts and contains definitions of important terms;
- [Part 2](#) establishes the Gambling Commission's powers and duties;
- [Part 3](#) deals with offences;
- [Part 4](#) addresses the protection of children and young persons;
- [Part 5](#), [Part 6](#), [Part 7](#) and [Part 8](#) deal with various types of licences.

In addition to the 2005 Act, there is other key legislation which applies to the gambling sector, including:

- [The Gambling \(Licensing and Advertising Act\) 2014](#)
- [The National Lottery Act of 1993 \(as amended by the National Lottery Act of 2006\)](#)
- [The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#)
- [The Fifth Anti-Money Laundering \("AML"\) Directive](#) (the UK opted out of transposing the Sixth AML Directive); and
- [The Proceeds of Crime Act 2002 \(Part 7\)](#).

## 3. Which body/ies regulate gambling?

The Gambling Commission regulates gambling in Great Britain. Its primary functions include:

- issuing operating and personal licences;
- specifying general licence conditions for each category of licence, and any individual licence conditions that it considers appropriate;
- issuing codes of practice;
- regulating licence holders;
- investigating and prosecuting illegal gambling and other offences under the 2005 Act;
- issuing guidance to local licensing authorities on their role; and
- advising the Secretary of State on the incidence of gambling, how it is carried out, its effects and its regulation.

The Gambling Commission's [Licence Conditions and](#)

[Codes of Practice](#) ("LCCP") is issued under the 2005 Act, and is a crucial reference document with which all licence holders must comply.

Licensing authorities regulate land-based gambling in a particular local area. They each issue a statement of licensing policy setting out their expectations for licensees, and are responsible for issuing and regulating premises licences for casinos, bingo, betting shops, and arcades (adult gaming centres and family entertainment centres). They also register small society lotteries and issue permits for certain types of gaming machines including on alcohol-licensed premises, authorisations for the temporary use of premises and occasional use notices.

## 4. Are licences available? If so: a) What is the duration of a licence? b) What types of licences are available? c) Are there different types of licences for B2C and B2B operators? d) Do software suppliers need to be licensed?

Operating and personal licences are available, and not limited in number, subject to an application fee being paid and the applicant fulfilling certain criteria.

Premises licences are available for bingo, betting, adult gaming centres and family entertainment centres. However, there is a limitation on land-based casino premises licences, which are not generally available. The majority of casinos have "converted" casino premises licences; these were licences that were originally awarded under the Gaming Act 1968 and were converted to premises licences when the 2005 Act came into force. Converted casino premises licences can be moved to alternative premises within the same licensing authority area, but there are no new licences available.

However, the 2005 Act allowed for sixteen new premises licences, eight "small" casino premises licences and eight "large" casino premises licences. These were allocated to sixteen licensing authorities and could be awarded following a public competition. Most of these licences have now been awarded (although not all those casinos have opened), with competitions in respect of the remaining licences now unlikely to be held in the foreseeable future, due to lack of industry demand.

### a. What is the duration of a licence?

#### [Operating licences](#)

[Section 110](#) of the 2005 Act sets out that operating licences are indefinite in duration, subject to the

payment of annual fees and compliance with licence terms and conditions.

#### Personal licences

Section 131 of the 2005 Act sets out that personal licences are indefinite in duration, subject to compliance with licence terms and conditions. They are also subject to a maintenance check every five years, which includes payment of a maintenance fee.

#### Premises licences

Premises licences are indefinite in duration (unless applied for a limited duration), subject to the payment of an annual fee and compliance with the licence terms and conditions.

### **b. What types of licences are available?**

Gambling businesses can apply for operating licences and premises licences. The former are either non-remote (generally, for land-based activities) or remote (generally, online activities). The latter are land-based only, for example, for a bingo hall or casino.

Individuals can apply for personal functional licences ("PFLs"), generally for croupiers in land-based casinos, or personal management licences ("PMLs"). PMLs can be non-remote and/or remote, and must be held by individuals in key positions (see section 7 below).

In all cases, there must be a "genuine need" to hold the licence.

### **c. Are there different types of licences for B2C and B2Bs?**

Prior to the introduction of the Gambling (Operating Licence and Single-Machine Permit Fees) Regulations 2017 (the "2017 Regulations"), operating licences did not distinguish between B2B and B2C businesses, and B2Bs which hosted gambling products through a B2C's website would require, in addition to a remote gambling software licence, a remote operating licence authorising the relevant activity (casino, bingo and real/virtual event betting). This is because the hosting of games is classed as providing facilities for gambling under the 2005 Act.

The 2017 Regulations introduced a sub-category of remote operating licences which are specific to B2Bs, called "host" licences, including:

- Casino (game host);
- Bingo (game host);
- General betting (host) (real events); and
- General betting (host) (virtual events).

However, host licences can only be obtained by B2Bs which:

- a) hold (or are applying for) a remote gambling software; and
- b) will not contract with players directly.

### **d. Do software suppliers need to be licensed?**

A gambling software operating licence must be held by anyone who manufactures, supplies, installs or adapts gambling software for use in connection with remote gambling. It is also a condition on all operating licences that all gambling software used by a licensee must have been manufactured, supplied, installed or adapted by the holder of a gambling software operating licence.

## **5. Are any types of gambling products prohibited?**

In general, all types of gambling products may be offered, with certain nuances and exceptions. Lotteries are prohibited unless they fall within certain exemptions (see section 1 above), with small and large society lotteries being required to include a charitable element.

The Gambling Commission has also introduced specific responsible game design requirements in its remote gambling and software technical standards ("RTS") which prohibit certain features in relation to slot games, with a view to limiting harm to players. These include:

- a ban on auto-play functions;
- a ban on reverse withdrawals;
- a requirement to display the elapsed time and net gaming position in the gaming session;
- a prohibition on multiple slots games being played simultaneously;
- a requirement of a minimum of 2.5 seconds elapsing between game cycles;
- a ban on turbo, quick spin and slam stop (or similar) features; and
- a ban on celebrating a return which is less than, or equal to, the amount staked by the player.

## **6. What is the headline application procedure? Please include any eligibility and other application requirements, including approximate application costs and any need to establish a local presence.**

#### Operating licences

Operating licence applications are submitted to the Gambling Commission via its online application portal.

This is a detailed and unintuitive system that requires voluminous disclosure, including the proposed activities in Great Britain, group corporate structure and management structure, identification of those holding 3% or more ownership or voting rights on a look through basis, detailed policies and procedures, financial projections, source and evidence of funding (setup and ongoing) and a business plan.

The application fee, which must be paid upon submission, varies according to the type of licence being applied for and is based on gross gambling yield (“GGY”) for all licences except for gambling software, which is based on annual gross value of sales unless there is no external supply of those activities.

In assessing an application, the Gambling Commission will thoroughly investigate the applicant’s suitability to carry out licensed activities and ability to comply with the licensing objectives. In assessing suitability, the Gambling Commission considers the following matters:

- identity and ownership;
- finances;
- integrity;
- competence; and
- criminality.

The Gambling Commission’s current service standard for operating licence applications is 16 weeks, although this is often exceeded, particularly in cases with a complex corporate structure or a novel product, and where there is a licensing backlog.

There is no need for applicants to establish a local presence to apply for an operating licence, and servers/key equipment do not need to be located in the UK.

A first annual fee is payable within 30 days of determination and then annually before the licence anniversary. If the annual fee is not paid by the licence anniversary date, the licence must be revoked (unless the Gambling Commission considers that the failure to pay is attributable to administrative error).

PFLs and PMLs

Please see section 7 below.

Premises licences

Premises licence applications are submitted, in hard copy, to the licensing authority in which the premises are located. Notices must be submitted to other “responsible authorities” and displayed on the premises and in a local newspaper.

Applicants must have a right to occupy the relevant premises and must hold or have applied for an operating licence. Licensing authorities have the power to set their own application fees for premises licences, although these are subject to a maximum cap under The Gambling (Premises Licence Fees) (England and Wales) Regulations 2007.

There is a 28-day consultation period following submission of the application; if representations are received, a public hearing must be held at which the application will be determined.

**7. Do individuals within the business need to be personally licensed or authorised? If so, please provide headline requirements.**

There are two types of personal licences:

- a. PMLs
- b. PFLs

Individuals who occupy a specified management office (known as a “key position”) are required to hold a PML. The key positions, as defined in licence condition 1.2.1 of the LCCP, are:

- overall strategy and delivery of gambling operations;
- financial planning, control and budgeting;
- marketing and commercial development;
- regulatory compliance;
- gambling-related IT provision and security;
- the money laundering reporting officer;
- management of licensed activity for a particular area in Great Britain where there are five or more sets of premises for which a premises licence is held; and
- management of a single set of bingo and/or casino licensed premises.

PML applicants must provide:

- address history;
- employment history;
- identity documentation;
- details of any other personal gambling licences held or training received;
- details of any criminal offences;
- a credit report (if outside Great Britain); and
- a DBS application (if in Great Britain) or a police report (if outside Great Britain).

An application fee of £370 is payable for a PML.

Where the gambling business is eligible as a “small-scale

operator" (i.e. it has three or fewer individuals occupying the key positions) the individuals may be exempt from the requirement to apply for PMLs, and can alternatively submit an Annex A declaration. An Annex A, which is normally submitted by an individual who personally holds 10% or more of the ownership or voting rights or is otherwise able to exercise influence over the gambling business, is almost identical to a PML application, but it is not a licence and no application fee is payable.

Individuals working in a casino who are involved in gaming or handling cash must hold a PFL. This is similar to the PML application, although the fee payable is £185.

PML, PFL and Annex A applicants are assessed by the Gambling Commission according to the suitability criteria set out in section 6 above.

PMLs and PFLs must be maintained every five years by submitting a maintenance application and paying an application fee (£370 for a PML and £145 for a PFL) within 30 days of the anniversary date of the licence. If a maintenance application is not made within 30 days of the licence anniversary date, the Gambling Commission will send a notice of revocation allowing the licensee an additional 28 days to submit the maintenance application, following which, if an application still has not been made, the licence will be revoked.

## 8. Is advertising of gambling permitted and, if permitted, how is it regulated?

Gambling advertising is permitted in the UK, but since 1 November 2014, any gambling operators wishing to advertise in the UK must hold an operating licence authorising the type of activity being advertised.

Gambling advertising is regulated by the [Advertising Standards Authority](#) ("ASA"). However, the ASA does not have enforcement powers, so any enforcement action for breach of gambling advertising rules must be brought by the Gambling Commission pursuant to the LCCP. The LCCP sets out specific rules relating to advertising which include requirements that:

- all marketing of gambling products must be undertaken in a socially responsible manner;
- that licensees comply with the [UK Code of Non-broadcast Advertising and Direct & Promotional Marketing](#) (the "CAP Code") and the [UK Code of Broadcast Advertising](#) (the "BCAP Code");
- that any relevant industry code on advertising, notably the [Gambling Industry Code for Socially Responsible Advertising](#) (the "Industry Code"), be followed;

- advertisements should not include a child or young person, and no one who is, or seems to be, under 25 may be featured participating in gambling;
- operators must satisfy themselves that their advertisements are not misleading;
- operators must comply with any provisions of the CAP and BCAP Codes in relation to free bet and bonus offers, including by stating significant terms and directing customers to the full terms, which should be no further than one click away;
- no advertisements should be placed on any webpage that provides advice or information on responsible gambling; and
- operators must not place advertisements on websites providing unauthorised access to copyrighted content and must take all reasonable steps to ensure that third parties (i.e. affiliates) do not do the same. Operators must be able to terminate contracts with third parties that breach this provision.

The ASA administers the CAP and BCAP codes which set out rules designed to ensure that gambling advertising is conducted in a socially responsible manner and in such a way as to protect children, young and vulnerable persons. On 1 October 2022, the ASA updated the CAP and BCAP codes by strengthening rules relating to the appeal of advertisements to children and young people.

The Betting and Gaming Council's Industry Code was developed by the gambling industry and provides social responsibility standards for gambling operators which covers matters such as safer gambling messaging, a watershed for television advertisements, sponsorship of sports and television programming, affiliate activity, social media advertising and search engine advertising, which includes a blacklist of negative keywords against which no gambling advertising should be served.

## 9. Are marketing affiliates permitted? If so, are they licensed or regulated?

Marketing affiliates are permitted, however they are not regulated by the Gambling Commission because an operating licence is not required for companies that provide only advertising services or branding to a gambling operator.

The LCCP provides that responsibility for marketing affiliates' compliance is with the licensed gambling operator who must ensure that affiliates conduct themselves as if they were bound by the LCCP.

## 10. What are the penalties for offering, facilitating or marketing unlawful gambling, and can the gambler be penalised for participating in unlawful gambling?

It is an offence under [section 33](#) of the 2005 Act to provide facilities for gambling unless an operating licence is held which authorises the activity, or a specified exemption applies.

A person provides facilities for gambling if he:

- a. invites others to gamble in accordance with arrangements made by him;
- b. provides, operators or administers arrangements for gambling by others; or
- c. participates in the operation or administration of gambling by others.

Under [section 330](#) of the 2005 Act it is an offence of advertise unlawful gambling, i.e. gambling that requires a licence, but a licence is not held.

The penalties for offering, facilitating or marketing unlawful gambling are a maximum of 51 weeks' imprisonment and/or an unlimited fine.

Additionally, [section 42](#) of the 2005 Act prescribes that a gambler can be penalised if they cheat at gambling or do anything to enable or assist another person to cheat at gambling. The penalties are imprisonment for a maximum of two years and/or a fine.

## 11. Briefly detail key requirements for licensees.

### Operating licences

Once licensed, an operating licensee must comply with the LCCP, which sets out the requirements all licensees must meet in order to hold a Gambling Commission licence. These requirements are split into the following three categories:

- a. Operating Licence Conditions ("LC"): breach of a condition constitutes a breach of the operating licence, which is a criminal offence.
- b. Social responsibility code provisions ("SRCP"): these have the status of a licence condition, therefore breach of a SRCP constitutes breach of the operating licence.
- c. Ordinary code provisions ("OCP"): these do not have the status of a licence condition but set out good practice. Gambling businesses

can adopt an alternative approach to that set out in an OCP if they can show that such an approach is reasonable or has a similar effect.

Key requirements in the LCCP include:

- Reporting key events ([LC 15.2.1](#)). These include reporting shareholders holding 3% or more of the share capital of the licensee or its parent, changes to key positions, financial matters such as the taking of a loan, changes to banking arrangements, legal or regulatory investigations or proceedings, gaming system faults and security breaches.
- Reporting other matters which could have a material impact on the licensee's business or its ability to be compliant, known as "LCCP notifications" ([OCP 8.1](#)).
- The submission of regulatory returns ([LC 15.3.1](#)).
- The segregation and protection of customer funds ([LC 4.1.1](#)).
- Obtaining and verifying information to establish a customer's identity ([LC 17.1.1](#)).
- Having policies and procedures in place intended to promote socially responsible gambling and making an annual financial contribution to one or more organisations which are approved by the Gambling Commission and which between them deliver or support research into the prevention and treatment of gambling related harms, harm prevention approaches and treatment for those harmed by gambling, known as "RET payments" ([SRCP 3.1.1](#)).
- The provision of gambling management tools and information ([SRCP 3.3](#)).
- B2Cs must sign up to the relevant national multi-operator self-exclusion scheme ([SRCP 3.5](#)).
- Requirements for B2Cs to interact with customers ([SRCP 3.4](#)).
- Compliance with the Gambling Commission's AML guidance ([OCP 2.1](#)).
- Compliance with the Gambling Commission's RTS and testing strategy ([LC 2.3.1](#)).

In addition to the key event, LCCP notification and regulatory return reporting requirements and the requirement for RET payments, licensees must pay an annual fee to the Gambling Commission for their operating licence. If this is not paid by the anniversary date of the licence, the Gambling Commission must revoke the licence.

### Premises licences

Premises licences are also subject to an annual fee which is paid to the local licensing authority. If the annual fee is not paid on or before the due date, the licensing authority must revoke the licence.

#### Personal licences

Personal licences are not subject to an annual fee but, as set out at section 4 above, a maintenance application and fee must be submitted every five years to avoid the licence being revoked. Personal licensees are also subject to the LCCP, which requires that they must take “all reasonable steps” to keep themselves informed of developments in gambling legislation, LCCP and Gambling Commission guidance which is relevant to their role, and submit key events for matters including criminal investigations, disciplinary sanctions or sanctions of other bodies following an investigation, and a change in name or address.

### **12. Briefly detail key anti-money laundering requirements.**

One of the licensing objectives under the 2005 Act is preventing gambling from being a source of crime and disorder, being associated with crime or disorder or being used to support crime.

The primary AML legislation is the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the “MLRs”) which implements the Fifth AML Directive. Money laundering offences are set out in the Proceeds of Crime Act 2002 and the Terrorism Act 2000.

Remote and land-based casinos fall within the scope of the MLRs as they are “relevant persons” to whom the MLRs apply. Whilst the MLRs do not apply to other gambling businesses, the Gambling Commission requires that they all have policies and procedures in place to minimise the risk of money laundering and terrorist financing. The Gambling Commission has produced two sets of AML guidance – one for casinos and the other for all other gambling businesses – to which they must have regard.

The AML requirements are very extensive and complex, but include:

- setting thresholds upon which the B2C must conduct customer due diligence and enhanced customer due diligence
- conducting a money laundering and terrorist financing risk assessment, at least annually
- reporting unusual and/or suspicious transactions or activity

- player identity verification, including PEP/sanction checks
- for casino businesses, appointing a money laundering reporting officer, (“MLRO”), although the Gambling Commission recommends that businesses appoint an MLRO.

### **13. Briefly detail key responsible gambling (or safer gambling) requirements.**

Another of the licensing objectives under the 2005 Act is protecting children and other vulnerable people from being harmed or exploited by gambling.

Key safer gambling requirements include:

- preventing underage gambling, including age verification measures
- customer interaction, through which operators must identify at-risk customers through behaviours and triggers, interact with them, and evaluate the impact and effectiveness of the interaction
- the provision of gambling management tools. These include providing responsible gambling information, financial limits, timers displayed on screen, reality checks, and timeouts for periods between 24 hours and six weeks
- a self-exclusion process which allows customers to self-exclude for a minimum of 6 months and up to at least 5 years
- participation in the relevant national multi-operator self-exclusion scheme
- assessing a customer’s affordability, which must be evidenced
- signposting customers to counselling and support services
- compliance with the RTS in relation to the responsible product design
- undertaking marketing in a socially responsible manner (see section 8 above)

### **14. Briefly detail shareholder reporting and approval threshold(s).**

#### Licence applications

As part of a new licence application or a change of corporate control (see below), the Gambling Commission requires disclosure of all individuals/entities with 3% or more ownership or voting rights, as filtered by the corporate layers.

#### Ongoing reporting requirements



Under LC 15.2.1(2) of the LCCP, licensees who are companies or other bodies corporate having a share capital, must report any new individual/entity with 3% or more of the issued share capital of the licensee or its holding company, irrespective of whether that person was already a shareholder. This must be reported by the licensee via its eServices account, which must be submitted as soon as reasonably practicable and in any event within 5 working days of the licensee becoming aware of the event's occurrence.

Section 102 of the 2005 Act provides that a change of corporate control occurs when a new person or entity in the licensee's ownership structure becomes a controller of the licensee. The definition of a controller stems from financial services legislation, namely section 422 of the Financial Services and Markets Act 2000 ("FSMA") which, broadly speaking, defines a controller as a person or entity that holds:

- a. 10% or more of the shares in the licensee or in a parent company of the licensee (i.e. directly or indirectly);
- b. 10% or more of the voting power in the licensee or in a parent company of the licensee; or
- c. Less than 10%, but is able to exercise significant influence over the management of a licensee.

This is a complex legal provision, particularly where financial institutions are involved. Where a change of corporate control has occurred, a change of corporate control application must be submitted - by the licensee - to the Gambling Commission within five weeks of the change occurring, for the operating licence to continue to have effect. When considering the application, the Gambling Commission must determine whether, based on the information provided, it would have granted the operating licence to the licensee, had the new controller been a controller at the time the original operating licence application was made. If the Gambling Commission is not so satisfied, it must revoke the operating licence. To mitigate the risk to the operating licence, it is possible to apply for pre-approval.

## 15. Briefly detail the regulator's enforcement powers, including sanctions.

### Operating and personal licences

The Gambling Commission is empowered under the 2005 Act to initiate investigations and prosecute offences.

Under section 116 of the 2005 Act, the Gambling

Commission can review a licence where it suspects that a licence condition has been breached, if it believes that a licensee has been convicted of a criminal offence or may be unsuitable to continue holding a licence, or generally if it considers a review is appropriate.

Following a licence review, the Gambling Commission's regulatory powers include:

- giving the licence holder a warning;
- attaching, removing or amending a condition to the licence;
- suspending the licence;
- revoking the licence;
- imposing a financial penalty.

Further regulatory powers include:

- imposing a financial penalty, without the need for a licence review, where the Gambling Commission considers that a licence condition has been breached;
- suspending a licence at the outset of a licence review;
- revoking an operating licence for non-payment of the annual fee;
- revoking an operating licence for failure to submit a change of corporate control application within the statutory five-week period, or where it finds the new controller unsuitable to hold a licence;
- requiring information from the licence holder relating to the licensed activities;
- voiding bets; and
- in cases where the Gambling Commission considers that a licensee has become incapable of carrying on the licensable activities for reasons of mental or physical incapacity, it can decide that the licence has lapsed.

### Premises licences

Local licensing authorities have the power, as a responsible authority, to review a premises licence, and must review a licence if another responsible authority or interested party submits an application for review, unless it has grounds to reject the application (for example, if it considers the application to be frivolous or vexatious). As a result of a licence review, the licensing authority has the power to:

- revoke the licence;
- suspend the licence for a specified period not exceeding 3 months;
- add/remove/amend a licence condition.

Additionally, the licensing authority must revoke a

premises licence if an annual fee is unpaid, unless the licensing authority considers that the failure to pay is attributable to administrative error.

## 16. What is the tax rate?

The following rates, which were updated on 30 September 2022, apply for the tax year 2022-23:

Tax	Rate
Bingo Duty	10% of bingo promotion profits.
Casino (Gaming) Duty	15% for the first £2,686,500 of GGY; 20% the next £1,852,000 of GGY; 30% for the next £3,243,000 of GGY; 40% for the next £6,845,500 of GGY; and 50% for any remaining GGY.
General Betting Duty	15% of "net stake receipts" (essentially the gross profits from bookmaking) for fixed-odds bets, totalisator bets and pool bets on horse or dog races 15% of the commission charges charged by betting exchanges; 3% of "net stake receipts" for financial spread bets; and 10% of "net stake receipts" for all other spread bets.
Pool Betting Duty	Payable at 15% of a bookmaker's profits from bets which are not at fixed odds, and are not on horse or dog racing.
Lottery Duty	12% of the price paid or payable on taking a ticket or chance in a lottery.
Machine Games Duty	Machine Type 1: 5% of net takings where the cost to play is £0.20 or less and the maximum cash prize is £10 or less; Machine Type 2: 20% of net takings where the cost to play is between £0.21 and £5, and the cash prize is £11 or more; and All other machines: 25% of net takings from all other machines where the cost to play is more than £5.
Remote Gaming Duty	21% of gross gaming revenues on all remote gaming transactions with customers whose usual place of residence is in the UK.
Value Added Tax	The majority of gambling activities are exempt from VAT.

## 17. Are there any proposals for changing

### gambling laws and regulations in the next 12-24 months? If so, please provide an overview of the proposed changes and likely timing.

The UK Government launched a review of the 2005 Act (the "Gambling Review") in December 2020, in which it looked at key aspects of the legislative and regulatory framework relating to gambling and considered whether the current framework is effective, if the balance of regulation is right, and if further protections from harm are needed.

The White Paper, which will set out Government's recommendations, was due to be published in June 2021 but has been subject to continued delays in its publication. At the time of writing, publication is not expected until Autumn 2022 at the earliest, and possibly not until 2023, given the economic and political landscape.

However, there was a widely published leak of the White Paper in July 2022, which suggests that Government's recommendations will include:

#### Online Protections – Players, Products and Customer Redress

- Obligations for operators to check three key risks: binge gambling, significant affordable losses over time and financially vulnerable customers
- Affordability thresholds being set, with limits suggested to be £125 net loss per month/£500 in 12 months, at which point customers will be subject to "soft" frictionless checks in the first instance (i.e. through credit agencies or open banking), with "hard" checks, including detailed source of wealth checks, on customers with higher levels of spend, such as losses of £1,000 within 24 hours/£2,000 in 90 days (figures unconfirmed)
- Deposit limits could become mandatory for online gambling
- Default stake limits for online slots, suggested to be between £2 and £5 per spin (unconfirmed) which customers may be able to increase if they undergo enhanced due diligence checks, and proposals to review stake, price and speed limits on other casino products
- A ban on online VIP schemes and bonus/free bet offers which are based on a customer's spend or loss
- The establishment of a gambling ombudsman, which may be an entirely new body or a

strengthening of existing dispute resolution bodies

#### Gambling Commission's Powers and Resources

- Voluntary agreement or an amendment of the LCCP to increase RET payments
- Increased funding for the Gambling Commission
- Giving the Gambling Commission the power to set its own fees in the future, which will likely result in higher application and annual fees for licences
- The Gambling Commission could also have the power to require and analyse bulk data from licensees to identify non-compliance with the LCCP

#### Advertising, Sponsorship and Branding

- A voluntary agreement with the Premier League to ban gambling companies from being main shirt sponsors, with the possibility that this could, in time, extend to the lower leagues

#### Land-based casinos

- Increased gaming machine entitlements for certain land-based casinos
- Allowing high-end casinos to offer credit to international customers
- Possible reallocation of unused small and large casino licences

### **18. What key regulatory developments are proposed or on the horizon in the next 12-24 months?**

#### Customer Interaction

Following a consultation on remote customer interaction, the Gambling Commission announced in April 2022 that it planned to introduce a suite of new remote customer interaction requirements under SRCP 3.4.3 of the LCCP and would publish associated guidance, on 12 September 2022. The majority of the requirements took effect on this date, as planned, and include requirements that B2Cs:

- implement effective customer interaction systems and processes to minimise gambling related harm, which must embed the three elements of customer interaction, namely: identify, act and evaluate;
- monitor customer activity from the point when

an account is opened, to identify harm or potential harm from gambling;

- monitor specified harm indicators, including spend, time spent gambling and gambling behaviours, and use of gambling management tools, to identify gambling harm; and
- tailor the action taken based on the number and level of indicators of harm exhibited by the customer.

However, the Gambling Commission has not published its guidance, which has delayed the introduction of provisions which reference that guidance. This includes a requirement to consider the factors that might make a customer more vulnerable to experiencing gambling harms and implement systems/processes to take appropriate and take timely action where indicators of vulnerability are identified. It has also delayed a requirement to prevent marketing and the take-up of new bonus offers where there are strong indicators of harm until 12 February 2023.

#### Advertising

Changes to advertising will be seen following the introduction of tough new rules for gambling advertisements which came into effect on 1 October 2022, and which aim to further help safeguard children and young persons. The rules state that gambling advertisements must not be likely to be of "strong appeal" to children or young persons, especially by reflecting or being associated with youth culture, which is a significant shift from the previous requirement that they not be of "particular appeal", as licensees can no longer rely on a comparison with the likely appeal of the content to adults.

The new rules will prohibit gambling advertisers from using any social media influencers, sportspeople, celebrities, and reality stars, who are prominent in youth culture and of strong appeal to under-18s. Advertisers must now satisfy themselves "to a high degree of confidence" that the advert is unlikely to appeal strongly to under-18s.

#### National Lottery

The current National Lottery licence, held by Camelot, is due to expire in 2024. The Commission awarded the Fourth National Lottery Licence to Allwyn Entertainment Limited after Camelot withdrew its legal appeal against the Gambling Commission regarding the competition process, in September 2022.

#### Regulatory Panel Reform

The Gambling Commission has confirmed that it will

proceed with its proposal to introduce the role of an adjudicator to Regulatory Panels, despite concerns being raised by the industry (including our firm) as to their independence and impartiality. The adjudicator will be an employee of the Gambling Commission who is legally qualified and employed solely for the purpose of sitting on Regulatory Panels.

The Gambling Commission has also confirmed that it will amend its quorum for a Regulatory Panel to a minimum of one adjudicator and one commissioner, from the existing quorum of two commissioners. The consultation response indicated these changes will come into effect “during 2021 to 2022 once adjudicators can be recruited” and four weeks’ notice of the date of change would be communicated via its website. To date, no such date has been communicated.

### 19. Do you foresee any imminent risks to the growth of the gambling market in your jurisdiction?

Enforcement action, against both gambling businesses and their senior management who hold PMLs, will continue unabated. This is both a risk to the British market and an opportunity as it the increasing cost of compliance is likely to drive further mergers and acquisitions in the sector.

The Covid-19 pandemic devastated the land-based gambling industry, as all non-essential premises (including casinos, betting shops, bingo halls and arcades) were required to close from March 2020, with casinos being the last to reopen fully more than a year later in May 2021. Whilst the land-based industry was closed for business, players who wanted to gamble had to do so online, and the land-based industry has not yet fully recovered, with visitor numbers and spend still lower than pre-Covid.

Meanwhile the Gambling Commission’s regulation of the gambling industry is ever more draconian. Whilst the Gambling Commission has an important role to play in shaping a fair, safe and open market, it has at times arguably overstepped legislative boundaries in this

pursuit. For example, there has been evidence that the Gambling Commission has been covertly imposing a requirement on B2Cs to conduct evidenced affordability checks, despite the absence of settled law on this topic, which is now awaited in the Gambling Review White Paper. B2Cs – both online and land-based – are losing customers and profitability due to the invasiveness and inconvenience of such affordability checks, which many customers object to being subjected.

Further, the changes to advertising, including the proposed ban on gambling operators being main football shirt sponsors, and the now implemented ASA rules prohibiting the use of celebrities, sportspeople and other persons prominent in youth culture from appearing in gambling advertisements, could also hinder the growth of the gambling industry.

### 20. If a gambling start-up was looking for a jurisdiction in which to commence its activities, why would it choose yours?

The UK is the largest, and arguably the most respected, online gambling market in the world. In the year to March 2022, participation in gambling was at 43%, representing significant consumer demand which is attractive to gambling start-ups looking to capitalise on a mature gambling market.

The Gambling Commission’s licence application process is thorough and detailed, designed to ensure that licences are only awarded to suitable gambling businesses. As such, it is widely regarded that if a UK licence has been successfully obtained and maintained, securing licences in other jurisdictions will be at least a little easier and other regulators will take comfort from its existence.

The UK landscape is becoming increasingly challenging, particularly with an increasingly strict gambling regulator. Although the cost of compliance is likely to be higher in the UK, and should be borne in mind, in the words of Albert Einstein “[i]n the middle of every difficulty lies opportunity.” A start-up might find that they are more nimble and agile than well-established gambling businesses.

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