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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 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. In its white paper, *High Stakes: Gambling Reform for the Digital Age* (the "White Paper") which was published on 27 April 2023, Government proposes to equip the Gambling Commission with additional and enhanced powers to strengthen its enforcement and investigative abilities, for example requiring payment and IP blocking in respect of illegal online operators by internet service providers and payment providers.

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. To date, four of the large casinos have been awarded (not all have opened) and four of the small casinos have been

awarded, with one casino since closing. As there has been a lack of industry interest in the remaining areas, the White Paper proposes to reallocate any unused 2005 Act casino licences to other local authority areas where the demand for casinos is not already met.

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:

- hold (or are applying for) a remote gambling software; and
- 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.

In October 2021, The Gambling Commission 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.

The Gambling Commission published an [assessment](#) of the impact of the online game design changes on customer behaviour in June 2023. This revealed that there is some evidence that the design changes have resulted in reduced play intensity without a significant, negative impact on the enjoyment of gamblers. The White Paper proposes to extend the game design rules relating to online slots to other online gambling products, to remove features known to exacerbate risks and establish “a coherent system of safer product design standards.”

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 the

Gambling Commission acknowledges on its website that applications may take longer, noting resourcing issues. In practice, this the 16 weeks is very 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.

At the time of writing, the Gambling Commission is consulting on proposed changes to the key positions, which includes extending PML requirements to the individual chairing the Board of an organisation and also potentially to CEOs and directors of parent companies or subsidiaries of the licensed entity, as well as clarifying that the person responsible for the overall strategy key position should be the CEO or equivalent.

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 strong 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.

Although the White Paper did not materially restrict gambling marketing, it acknowledged that further protections are required including relating to cross-selling, free bets and bonuses, as well as strengthening informational messaging including on risks associated with gambling. The Premier League has voluntarily committed to banning front of shirt advertising from the end of the 2025/2026 season and sports' governing bodies have committed to developing a cross-sport gambling sponsorship code.

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.

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](#)). This financial contribution will be removed when the statutory levy is introduced.
- 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.

In May 2023, the Gambling Commission updated its [casino AML guidance](#) to incorporate and address “proliferation financing”, which refers to the act of financing the unlawful creation, supply or use of chemical, biological, radiological and nuclear-related weapons, goods and technology. Casino operators are now required to consider the risk proliferation financing poses to their business in their policies and procedures and money laundering risk assessment.

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
- 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 advice as to conduct;
- 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;
- where serious failings are revealed from a compliance assessment, placing a licence holder in “special measures”, requiring the licence holder to submit and agree an urgent action plan to rectify the failures identified; 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 published by HMRC on 15 March 2023, for the tax year 2023-24 and are applicable at the time of writing:

Tax	Rate
Bingo Duty	10% of bingo promotion profits.
Casino (Gaming) Duty	15% for the first £2,686,000 of GGY; 20% the next £1,852,000 of GGY; 30% for the next £3,243,000 of GGY; 40% for the next £6,845,000 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 net pool betting receipts 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 can exceed £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.

In April 2023, almost 30 months after the Gambling Review was launched and having received 16,000 responses, the Government published the White Paper, which aims to ensure that the 2005 Act is "fit for the digital age" and that the regulatory and legal framework continues to deliver on the three licensing objectives. Government intends for the policy proposals to be made through a mixture of primary and secondary legislation, LCCP changes and voluntary action.

The policy changes are set out across six chapters, and include the following key proposals:

1. Online protections (players and products)

- Imposing an obligation on licensees to carry out financial vulnerability checks at a moderate loss threshold of £125 in a rolling month or £500 in a rolling year, and financial risk assessments when net losses exceed £1,000 in a rolling 24-hour period or £2,000 in a rolling 90-day period (loss figures halved for young adults aged 18-24);
- Extending existing responsible game design rules for slots to other online gambling products (see section 5 above);
- Applying stake limits for online slots. At the time of writing, the Gambling Commission is consulting on proposals (a) to set the stake limit at between £2 and £15 per spin for the general population; (b) to set a lower stake limit of £2 or £4 for young adults between 18-24; or (c) if one stake limit is set for all adults, wider requirements for operators to consider age as a risk factor for gambling-related harm;
- Mandating data-sharing in relation to high-risk customers;
- Improving player-centric tools, for example making deposit limits mandatory with an opt-out option.

2. Marketing and advertising

- The Commission will consult on new social responsibility requirements in relation to incentives such as bonuses and free bets, to ensure that they do not encourage excessive or harmful gambling;
- Requiring a higher standard of consent for direct marketing of online gambling;
- From 1 December 2023, the Industry Code will require that all sponsored or paid-for social media adverts be targeted at consumers aged 25+ (unless the advertiser can prove that the adverts were precisely targeted to 18+). Further, safer gambling messaging must constitute 20% of all digital marketing advertising;
- The Gambling Commission and the ASA to take a joint approach to tackle the issue of "content marketing" that may inappropriately appeal to children;
- Sports-governing bodies to develop a cross-sport code of conduct on gambling advertising.

3. The Commission's powers and resources

- Introducing a new statutory levy paid by licensees to the Gambling Commission, which will fund the research, education and treatment of gambling harms;
- Legislating to improve the Gambling Commission's powers to investigate operators with an "enhanced approach to compliance enforcement" and to give it powers to further tackle illegal online operators by requiring payment and IP blocking by payment providers and internet service providers respectively;
- Giving the Gambling Commission the power to set its own fees.

4. Dispute resolution and customer redress

Government is proposing that industry and other stakeholders in the gambling sector will work to create an ombudsman which is fully operationally independent from the Gambling Commission and industry. The ombudsman will deal with disputes relating to social responsibility or gambling harm where an operator is unable to resolve them, and will provide appropriate redress where a customer suffers losses due to the operator's social responsibility failures. It is expected that the ombudsman will be established within a year of the White Paper being published, however if it appears to be undeliverable, Government will legislate to create a statutory ombudsman.

5. Children and young adults

- Requiring that land-based gambling operators “Think 25” rather than the existing “Think 21” when conducting age verification;
- Requiring that small land-based operators carry out test purchasing, which is currently only required from larger operators;
- Increasing the minimum age for playing Category D slot machines to 18+;
- Legislating to raise the age limit for society lotteries and football pools products to 18+.

6. Land-based gambling

- Casinos established under the Gaming Act 1968 (“1968 Act”) will be allowed the same number and of gaming machines as a small 2005 Act casino if they meet certain size requirements of a small casino, which will increase their allowance from 20 gaming to 80 machine (or on a sliding scale if smaller);
- Increasing the ratio for gaming machines to table games for 1968 Act and small casinos to 5:1, in line with the existing entitlement for large casinos;
- Permitting betting in 1968 Act casinos (already authorised in small and large casinos);
- Reallocating unused 2005 Act casinos to areas where the casino demand is unmet (see section 4);
- Permitting cashless payments on gaming machines;
- Amending the existing 80/20 ratio relating to the balance of Category C/D to Category B machines in bingo and arcade venues to 50/50;
- Raising the cap on licensing authority fees for premises licences.

Although the White Paper was a significant step in the history of the British gambling industry, it left too many questions unanswered and did not provide a clear strategic direction, as Government believes. There is a staggering amount of work required, especially by the Gambling Commission, which is facing – rightfully in our view – criticism from many corners, as it struggles with its normal licensing, compliance and enforcement work.

At the time of writing, Government and the Gambling Commission are consulting on several of the proposed changes, with further consultations expected to start in November 2023. Government and the Gambling Commission are aiming for the implementation of the majority of the White Paper measures by Summer 2024 which is ambitious, not least because some of the

proposals will require primary or secondary legislation to be implemented.

We strongly urge industry and its stakeholders to engage with the Government and Gambling Commission consultations, providing robust evidence wherever possible.

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

White Paper

We expect to see the implementation of the first wave of policy proposals from the White Paper, with those relating to player protection likely to be prioritised, including financial vulnerability checks and financial risk assessments (with a planned pilot), online slot stake limits, online game design, gambling ombudsman and the statutory levy.

The most vexing proposal on the horizon is the financial vulnerability checks and financial risk assessments because there is a worrying disconnect between Government clear policy and industry practice. The challenge remains the implementation and ensuring the checks are “frictionless” or “largely frictionless”.

Industry Forum

In September 2023, the Gambling Commission announced the formation of an Industry Forum, made up of 10 members, to provide it with further insight into the view of gambling businesses. The recruitment of a Chair began the same month, at which point the Gambling Commission would invite expressions of interest for members.

Putting aside the belated timing and that it is not placed on an equal footing to other Gambling Commission advisory groups, we very much welcome the announcement as it is a clear signal that the Gambling Commission has listened and heard that its industry engagement needs to increase, recognising that better relationships with industry leads to better outcomes.

Customer Interaction

Following a consultation, the Commission’s updated remote customer interaction guidance will come into effect from 31 October 2023. Licensees are required to take the guidance into account, which has been designed to help them understand and comply with the remote customer interaction requirements in the LCCP. However, the guidance is complex and, in many cases,

unclear, and we expect operators to find it challenging to comply with. For this reason, it is likely to be an ongoing area of focus.

Advertising

The Online Advertising Programme consultation was established in March 2022 with the aim of building a framework to protect consumers against harmful (paid-for) content posted online. On 25 July 2023, the Government published its response to the Online Advertising Programme consultation, which will have implications for marketing affiliates and the publishers and platforms with which they work. After considering the 115 submissions, the Government has pledged to implement a new statutory framework to tackle illegal advertising and increase protections for children and young people. The Government is set to form a Ministerial-led taskforce to undertake non-legislative action, including improving the evidence base on the sale of threat and impact of illegal harms, and will be launching a further consultation on the mechanics of the legislation (including its preferred choice of regulator to oversee the rules).

Reform of the AML and counter-terrorism financing (“CTF”) supervisory regime

In July 2023, HM Treasury published its consultation on reform of the AML and CTF supervisory system, seeking views from stakeholders on four possible models for improving the UK’s AML/CTF supervisory regime. The Gambling Commission is a statutory supervisor for the casino industry, one of only three statutory supervisors.

Three of the consultation proposals would have little impact on the Gambling Commission’s regulation of AML/CTF, however the proposal to institute a Single Anti-Money Laundering Supervisor (“SAS”), if implemented, would mean that the Gambling Commission would relinquish its AML/CTF supervisory duties completely.

From licensees’ perspective, there has been confusion about the Gambling Commission’s approach to AML/CTF for some time, particularly in relation to the inevitable cross over between AML/CTF and safer gambling, and affordability/financial vulnerability. Licensees may therefore consider that the SAS model will introduce consistency to the AML/CTF supervision of casinos that operate in the UK, and a more proportionate and coherent regime. However, if an SAS model is introduced, licensees would be faced with (a) dual regulation which will inevitably introduce an additional burden; and (b) supervision by the SAS, a newly created regulatory body that will almost certainly have less industry expertise than the Gambling Commission.

HM Treasury’s consultation closed on 30 September 2023, and at the time of writing, the response to this consultation is pending.

Proposed changes to the LCCP

From February 2023 to May 2023, the Gambling Commission undertook a consultation on the LCCP. The Gambling Commission has proposed to:

- extend GAMSTOP (the multi-operator self-exclusion scheme) to additional categories of betting licensee, so that those that make and accept bets by telephone and email will be required to participate in the scheme;
- require all licensees to inform the Gambling Commission when they become aware that a person who has gambled with them has died by suicide; and
- make a technical update to ensure that the provision on payment services reflects the current and future legislative provisions.

At the time of writing, the response to this consultation is pending.

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

The White Paper brings both risk/challenges and opportunities.

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 even at the time of writing in late 2023, 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. In the financial year 2022-2023, the Gambling Commission imposed over £60 million in penalty packages (13

financial penalties and 8 regulatory settlements), suspended three licences and revoked one. 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. The Gambling Commission is consulting on new obligations for operators to conduct financial vulnerability checks and financial risk assessments on customers, which it intends to introduce as new codes of practice in the customer interaction section of the LCCP. In the meantime, B2Cs – both online and land-based – are losing customers and profitability due to the invasiveness and inconvenience of such checks, to which many customers object to being subjected.

Further, the changes to advertising, including the pending voluntary ban on gambling operators being main football shirt sponsors, and the 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 2023, participation in gambling (in the prior four weeks) was at 44%, 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. The publication of the White Paper gives an indication of the direction of travel for gambling laws and regulations, but uncertainty over timing of implementation of the proposals, particularly those which will only be looked at when “parliamentary time allows” creates some uncertainty due to the timing of the next General Election.

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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