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## **CONCLUSIONS**

### **WORKSHOP ON ONLINE GAMBLING; EFFICIENT NATIONAL ENFORCEMENT MEASURES AND ADMINISTRATIVE COOPERATION, 16 SEPTEMBER 2011 IN BRUSSELS**

On 16 September, DG Internal Market and Services held the fifth expert-based workshop, complementing the Green Paper on On-line Gambling in the Internal Market with representatives from gambling regulators, public and commercial gambling operators, and service providers from the IT and payment service sectors. Further to roundtable debates on the pre-determined topics participants agreed on the following conclusions:

#### **1. NATIONAL GAMBLING REGULATORS AND THEIR COMPETENCES**

Regulators are either independent entities or part of the ministry in charge (mainly Finance or the Interior), and regardless of their set-up they are ultimately accountable. They should have a coherent legal basis, be adequately resourced and their rules and procedures should be fit for purpose.

A number of regulators consider it important that the regulator's powers cover all kinds of gambling (on-line and land-based). In a rapidly developing market, it is essential for regulators to understand business and technology and to have up-to-date information. This is also deemed helpful as regards setting licensing/authorisation requirements.

Cooperation with other enforcement bodies and dialogue with industry (not only operators but also related services such as hardware and software IT providers and consumer associations) is deemed crucial to properly regulate the market as well as share knowledge and experience. Dialogue with industry can be formal or informal or on an ad-hoc basis. Regulators and industry alike stressed that continuous cooperation and dialogue can only benefit the quality and efficacy of regulation.

A number of regulators expressed a lack of experience with on-line gambling regulation, due to their unregulated or newly regulated markets, as well as their desire to draw knowledge from more experienced regulators.

## **2. ENFORCEMENT TOOLS**

A number of regulators suggested that regulators need to have full enforcement rights against illegal offers, including appropriate administrative and criminal sanctions. Without such powers close and robust working arrangements with law enforcement authorities are required. A number of participants suggested that a sanction regime should also cover related services, such as ISPs, financial services, media.

A proper post-licensing process is important to ensure full compliance with the respective regulatory regime. In order to have a full understanding of the market and the regulated entities that are operating it is crucial to collect information not only from the regulated operators but from all relevant sources. Establishing the information requirements, collecting and processing the information are key challenges for regulators.

Technology is an important enforcement tool but should not be overestimated. Many regulators consider direct contact with operators to be at least equally important. From the authorities present few regulators consider the location of the server in the recipient Member State as essential while the majority of regulators do not see a need for such requirement from a technological standpoint. Instead, access to servers at a distance, central control units and real time control through technical supervisory tools (allowing, for example, for KYC checks by operators, central list of excluded players and storage of players' balances) are considered far more efficient and appropriate, provided that the information is processed and analysed adequately. Ensuring the accuracy of data is considered more important than physical access to it. Duplication of IT infrastructure furthermore increases the complexity of a system without necessarily facilitating access to information. The on-line environment requires pragmatic solutions. Software and hardware certification can play an important role in this respect.

Trust marks, issued by gambling regulators, exist in several jurisdictions. There were however different views on the impact they have on consumers in choosing an operator.

ISP blocking does not work as an isolated enforcement tool and can be circumvented, but it may serve as a deterrent though only in combination with other instruments. Furthermore it is to be considered as a communication tool, providing information to consumers in terms of what are legal and illegal offers. Authorised operators and consumers consider state control as beneficial. However, depending on the technology used, ISP blocking might impact on legitimate businesses.

Some regulators consider financial blocking a more efficient instrument than ISP blocking, experience however is lacking. Adverse effects need to be considered (loss of forensics, blocking legitimate businesses, driving consumers to the unregulated market).

## **3. COOPERATION BETWEEN REGULATORS AND OTHER AUTHORITIES**

All participants considered enhanced cooperation imperative to meet today's regulatory challenges. In a first step cooperation should focus on exchange of information and best practice, in order to share intelligence, reduce administrative burdens and build confidence and trust between regulators. Regulators should start collaborating on common objectives. However, the challenge will clearly be to define the kind of information to be shared as this involves a number of streams, and to put the right infrastructure in place to ensure protection and reliability of data. Regulators furthermore

need to have proper competences and cooperation with relevant authorities at national level in order to meet demands for cooperation from other Member States' regulators and not to fall short of their expectations. Cooperation on criminal investigations should be improved; existing international information and intelligence exchange mechanisms should be understood and better exploited.

Use of the IMI system was suggested though the debate did not go further than that. Other possible areas of cooperation are consumer protection (e.g. cross-border self-exclusion list), licensing requirements, combating illegal offers and the fight against match-fixing. Bilateral cooperation agreements are in place in a few instances and a number of others are under preparation.

Views were exchanged on the use of industry standards as a starting point for enhanced cooperation. While some regulators already use or refer to industry standards in their regulatory work, most participants consider the lack of common regulation as an obstacle to common standards, in particular with regard to the CEN-framework.

Several regulators called for the establishment of an expert group by the Commission. Regulators with no or little experience in the on-line gambling market wish to learn from other regulators with more experience.

With regard to illegal offers from third countries regulators have little or no contact with relevant authorities in other parts of the world, often because no such regulators or contact points exist, making it difficult for regulators of Member States to follow-up on operators from such countries (e.g. Asian ones). In some instances regulators use established networks in other industry sectors, such as financial services, for information sharing.