

	Ref	Theme
13/03/2020	1	Ancillary activities
13/03/2020	2	Branding
13/03/2020	3	Branding
13/03/2020	4	Branding
13/03/2020	5	Branding

13/03/2020	6	Branding
13/03/2020	7	Branding
13/03/2020	8	Branding
13/03/2020	9	Branding
13/03/2020	10	Channels
13/03/2020	11	Channels
13/03/2020	12	Channels
13/03/2020	13	Channels
13/03/2020	14	Competition

13/03/2020	15	Competition
13/03/2020	16	Competition
13/03/2020	17	Competition
13/03/2020	18	Competition
13/03/2020	19	Competition
13/03/2020	20	Competition
13/03/2020	21	Competition
13/03/2020	22	Competition
13/03/2020	23	Competition
13/03/2020	24	Competition
13/03/2020	25	Competition
13/03/2020	26	Competition
13/03/2020	27	Competition
13/03/2020	28	Competition
13/03/2020	29	Competition
13/03/2020	30	Competition

13/03/2020	31	Competition
13/03/2020	32	Competition
13/03/2020	33	Contractors
13/03/2020	34	Corporate Governance
13/03/2020	35	Corporate Governance
13/03/2020	36	Data and Data Confidentiality
13/03/2020	37	Data and Data Confidentiality
13/03/2020	38	Data and Data Confidentiality
13/03/2020	39	Data and Data Confidentiality
13/03/2020	40	Data and Data Confidentiality
13/03/2020	41	Data and Data Confidentiality
13/03/2020	42	Data and Data Confidentiality
13/03/2020	43	Employees
13/03/2020	44	Employees
13/03/2020	45	Financial Strength

13/03/2020	46	Financial Strength
13/03/2020	47	Financial Strength
13/03/2020	48	Financial Strength
13/03/2020	49	Financial Strength
13/03/2020	50	Financial Strength
13/03/2020	51	Financial Strength
13/03/2020	52	Financial Strength
13/03/2020	53	Financial Strength
13/03/2020	54	Incentive mechanism
13/03/2020	55	Incentive mechanism

13/03/2020	56	Incentive mechanism
13/03/2020	57	Incentive mechanism
13/03/2020	58	Incentive mechanism
13/03/2020	59	Incentive mechanism
13/03/2020	60	Incentive mechanism
13/03/2020	61	Incentive mechanism
13/03/2020	62	Incentive mechanism
13/03/2020	63	Incentive mechanism
13/03/2020	64	Information and reporting
13/03/2020	65	Intellectual Property
13/03/2020	66	Intellectual Property
13/03/2020	67	Intellectual Property
13/03/2020	68	Licence Term
13/03/2020	69	Licence Term
13/03/2020	70	Other
13/03/2020	71	Other

13/03/2020	72	Portfolio
13/03/2020	73	Portfolio
13/03/2020	74	Protecting Participants' Interests
13/03/2020	75	Protecting Participants' Interests
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13/03/2020	81	Protecting the National Lottery Asset
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13/03/2020	83	Regulation
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13/03/2020	88	Regulation
13/03/2020	89	Regulation
13/03/2020	90	Regulation
13/03/2020	91	Regulation
13/03/2020	92	Regulation
13/03/2020	93	Regulation
13/03/2020	94	Regulation
13/03/2020	95	Regulation

13/03/2020	96	Regulation
13/03/2020	97	Regulation
13/03/2020	98	Regulation
13/03/2020	99	Regulation
13/03/2020	100	Regulation

13/03/2020	101	Regulation
13/03/2020	102	Regulation
13/03/2020	103	Regulation
13/03/2020	104	Regulation
13/03/2020	105	Regulation
13/03/2020	106	Regulation
13/03/2020	107	Regulation
13/03/2020	108	Technology
13/03/2020	109	Technology

13/03/2020	110	Transition
13/03/2020	111	Transition
13/03/2020	112	Transition
13/03/2020	113	Transition
13/03/2020	114	Transition
13/03/2020	115	Transition
13/03/2020	116	Transition
13/03/2020	117	Transition

13/03/2020	118	Transition
13/03/2020	119	Transition
13/03/2020	120	Transition
13/03/2020	121	Transition
13/03/2020	122	Transition
28/05/2020	1	Branding

28/05/2020	2	Branding
28/05/2020	3	Channels
28/05/2020	4	Channels
28/05/2020	5	Channels
28/05/2020	6	Channels

28/05/2020	7	Competition
28/05/2020	8	Competition

28/05/2020	9	Competition
28/05/2020	10	Competition
28/05/2020	11	Competition
28/05/2020	12	Competition
28/05/2020	13	Evaluation

28/05/2020	14	Evaluation
28/05/2020	15	Evaluation
28/05/2020	16	Evaluation
28/05/2020	17	Evaluation
28/05/2020	18	Financial Model
28/05/2020	19	Financial Model
28/05/2020	20	Incentive Mechanism
28/05/2020	21	Incentive Mechanism
28/05/2020	22	Portfolio
28/05/2020	23	Portfolio

28/05/2020	24	Portfolio
28/05/2020	25	Portfolio
28/05/2020	26	Protected Conditions

28/05/2020	27	Regulation
28/05/2020	28	Regulation
28/05/2020	29	Regulation

28/05/2020	30	Regulation
28/05/2020	31	Regulation
28/05/2020	32	Transition
28/05/2020	33	Transition
28/05/2020	34	Transition
28/05/2020	35	Transition
28/05/2020	36	Transition
28/05/2020	37	Transition
28/05/2020	38	Transition

28/05/2020	39	Transition
28/05/2020	40	Transition
28/05/2020	41	Transition
01/07/2020	1	Transition
02/07/2020	2	Portfolio
08/07/2020	3	Evaluation

08/07/2020	4	Transition
08/07/2020	5	Transition
08/07/2020	6	Licence: Protected Conditions
15/07/2020	7	Portfolio
15/07/2020	8	Channels

17/07/2020	9	Transition
21/07/2020	10	Transition Costs

21/07/2020	11	Evaluation
21/07/2020	12	Trust
21/07/2020	13	VDR

Clarification Question

Is the Commission open to a bespoke cost and income sharing mechanism for specific Ancillary Activities?

Can the Commission provide further guidance on requirements for use of the National Lottery Brand during the Fourth Licence?

As owner of the National Lottery Brand, will the Commission pay any costs associated with alleged infringements?

Please provide more information about uses and characteristics of the National Lottery Brand.

How can potential Applicants understand the perspective of Distributors in National Lottery branding and other matters?

What marketing rights for existing National Lottery participants will be secured for the new Licensee?

Please explain the constraints on use of the brand set out in draft Licence Condition 13.2?

How does the NLPU work and how is the NLPU budget set, will this continue under the Fourth Licence?

Is the Gambling Commission aware of any plans for future changes to regulations on promotional activities, advertising or spend limitations relevant to the National Lottery?

Does the term "Retailer" cover all sales channels?

What, if any, restrictions apply to vending machines in relation to the sale of National Lottery products?

What is the purpose of the Retailer Charter?

Will the Licensee be free to innovate in automated sales, e.g. could ticket vending machines be unmanned?

Reference to Secure Area Rules is made in the APA, when will these be made available?

Will there be any opportunity for further changes to be made to the Fourth Licence after the formal competition launch?
Could the Commission clarify the relevant legislation it has in mind in relation to canvassing offences?
Is the Commission still intending on providing a Competition Broadcast at the start of the Fourth National Lottery Competition?
Can the Commission please clarify its approach to the debrief sessions for Applicants that are unsuccessful?
The Draft ITA refers to the Commission's sole discretion to respond to FOIA requests. Will the Commission offer the relevant Applicant an opportunity to make representations before the Commission makes its final decision?
Can the Commission confirm that if an Applicant is relying on a third party in their response to Section 8 (Section 10 in Revised SQ) Capability Criteria, that third party also has to be listed and qualified as a Key Sub-Contractor in Section 1.2(b)(ii)?
Can Applicants participate in the Competition (and Selection Questionnaire phase) in more than one bid, for example as a lead Applicant on one bid and as a Key Sub-Contractor on another bid?
Will the Commission provide market forecast information?
What are the requirements for submission of Applications?
Is the Commission willing to relieve bidders of the "no exclusivity" condition relating to supplier contracts post award of the Licence?
The Draft ITA refers to undertakings in respect of restrictive agreements "with any supplier of equipment". Does the Commission mean any supplier of any equipment, or is it intended to apply in essence to suppliers of equipment that is specifically designed for use in lotteries (e.g. terminals, PPOS, etc)?
If Applicants have already entered Restrictive Agreements - prior to ITA publication - are they required to terminate those in addition to disclosing to the Commission? Would those also be disclosed to other Applicants?
Is the Commission open to extending the SQ deadline to enable bidders to fully form their consortia and sub-contractor arrangements, and how can this be done without the ITA?
Please can the Commission provide guidance on if and when it will be issuing a specific SoR or if this is referring to sections 7 - 18 of Volume 5?
What agreements can Applicants enter into with potential suppliers when putting together their Applications?
Will the access permissions for the documentation in the VDR be relaxed to enable emailing?

<p>The Commission does not set out its duty of confidentiality in either the ITA or the APA; what can applicants assume in this respect?</p>
<p>Page 21 of the Draft ITA, 5.11 Language and Currency states that "All responses should be exclusive of VAT". Can the Commission provide further clarity on this point?</p>
<p>What will be the Commission's approach to designating contracts as Designated Lottery Subcontracts?</p>
<p>Can the Commission clarify how condition 22.14 on remuneration of senior executives is intended to apply in practice?</p>
<p>What is the role of the Compliance and Risk Management Committee?</p>
<p>Would the Commission be prepared to limit what data must be shared under condition 12.5?</p>
<p>Condition 12.6 requires the Licensee to ensure that the Commission (or any person nominated by the Commission) can at all times access and use Lottery Data held or controlled by the Licensee of any Lottery Subcontractor. It may not be possible that all subcontractors (e.g. cloud subprocessors) will be willing to agree to such provisions. Would the Commission be willing to consider alternative models?</p>
<p>Licence Conditions 4.1 and 4.2: It is understood the Licensee could use services outside the UK (e.g. SaaS model) under the constraints specified in Draft Licence section 4.1 and 4.2. Does this also cover the use of player data or does player data need to remain within the UK?</p>
<p>Please clarify the intent of Condition 28. Currently this would prohibit the Licensee from using any information relating to itself that is not in the public domain without the consent of the Commission.</p>
<p>Condition 12 requires the Licensee to allow access to and transfer of Lottery Data (including Lottery Data gathered by Lottery Subcontractors) to the Commission. How does this interact with data protection laws?</p>
<p>Licence Condition 12.7: This Condition could be entirely beyond Licensee control, whereby change in laws may put the Licensee offside despite best efforts, or present unbudgeted costs. Could the Commission add mitigants / qualifiers to deal with these types of situations?</p>
<p>There are several restrictions on the use of data under the Fourth Licence. Are similar restrictions currently placed on the current licensee?</p>
<p>Licence Condition 20: Can the Commission please confirm if these requirements will be captured in a policy that employees are required to adhere to? Is the Commission proposing specific drafting to agree a commercial position which differs from the legal position and is there a pre-determined view of which staff will be designated on the start date?</p>
<p>Can the Commission confirm that the 105% cap on total Lottery staff costs is regardless of the prevailing inflation rate at the time?</p>
<p>Licence Condition 18.9 (v): Could this be revised to say the breach is "unremedied and incapable of being remedied"? Presumably the Commission is seeking to capture situations of persistent distress, not technical / minor situations which could soon be solved between Licensee and lenders?</p>

Can the Commission expand upon the requirements for Escrow (Schedule 5C)?

What are the equity or capitalisation requirements to pass the Financial Strength assessment?

What guidance can Applicants expect on acceptable capital structure / credit support / financial resilience?

Licence Condition 18.9 (ii): What sort of covenants is the Commission expecting to implement?

Licence Condition 18.16: Related Party Agreements must already be approved upfront and meet the Commission's criteria and consent. Can the Commission clarify whether the additional criteria is needed and why?

Licence Condition 18.6: We note that the concept of Significant Business Event as currently defined may extend to a very wide range of ordinary course business decisions and therefore limit the Licensee's independence?

How much is the Licensee expected to pay into the Security Trust prior to commencement of the Licence?

Licence Condition 18.14. Could the Commission consider a longer time period than 5 Business Days?

How are Related Party Costs and Revenues treated as part of the Incentive Mechanism?

Is the Commission intending to make changes to the Incentive Mechanism, in particular to the Fixed Contribution, in light of market feedback on the design?

<p>How are revenues and costs relating to lost and stolen scratchcards treated as part of the Incentive Mechanism?</p>
<p>Section 10.1 (page 33) of the draft ITA refers to mechanisms to cover NLDF underpayment and outstanding liability. How does the Commission anticipate interest would be treated under these mechanisms?</p>
<p>If the next Licensee incurs additional costs as a result of the current Licensee, will these costs be included in the Incentive Mechanism?</p>
<p>Please could the Commission confirm whether financing costs are to be excluded from the calculation of surplus?</p>
<p>How are NLPU costs treated as part of the Incentive Mechanism?</p>
<p>Will the Commission consider adding explicit protection in the Licence around the use of hindsight with respect to the assessment of Wasteful Costs?</p>
<p>Is the Commission able to provide more detail on how it will approach assessing Wasteful Costs?</p>
<p>What is the scope of protection offered to the Licensee through the Incentive Mechanism against changes to the taxation regime?</p>
<p>Will the Licensee be expected to produce Good Cause Contribution forecasts, for sharing with distributors?</p>
<p>Licence Condition 19.3: Will the Commission provide a copy of the Lottery IP Guidelines?</p>
<p>With reference to Condition 19.20 of the draft Licence, can the Commission clarify its position as to whether the Licensee will receive any potential damages payments toward loss of profit, in addition to 'properly incurred costs'?</p>
<p>Is this Commission intending to make any amendments to Condition 19, National Lottery IP?</p>
<p>How will the Commission ensure that the Licensee is provided with sufficient notice ahead of a Contingency Extension in order to be able to prepare appropriately?</p>
<p>Licence Condition 4.4: Would the Commission consider including qualifiers to ensure economics of intended changes and a reasonable timeline to implement changes are considered?</p>
<p>Will the Commission consider refining certain definitions under the Fourth Licence?</p>
<p>Which Social Value Legislation is referred to in Section 4.3 of the Draft ITA?</p>

Will the Gambling Commission award both the Section 5 and Section 6 Licences to the same operator?

Can National Lottery products be bundled together or with other products?

Can National Lottery tickets be provided free of charge?

NB the LC8.7 needs to be revised to cover tickets/plays, or entries for consistency with the Directions

In relation to life-changing prizes, to what extent must the Licensee support life-changing prize winners and find the winners of such unpaid prizes? What is considered a life-changing prize (amount) and when is a life-changing prize considered unpaid (time frame)?

When will the outcome of the Consultation on the Legal Age Limit for playing National Lottery games be communicated to potential Applicants?

Please can the Commission clarify if it would be open to permitting the Licensee to require winners to agree to waive their confidentiality?

Is there a clear definition of excessive play? If not, will this be agreed prior to Licence commencement?

Can players use credit or debit cards to purchase National Lottery tickets and products?

Are there restrictions on Lottery Staff participating in the National Lottery?

<p>Licence Condition 5.4 (b): This provides a broad Commission veto on amendments to Finance Agreements which may reduce the Licensee's ability to negotiate better terms with lenders or to effectively manage situations that won't necessarily need the Commission's time and attention. The same point applies to the Shareholder Agreements – could these be qualified in any way?</p>
<p>What criteria will be used to assess and approve related party agreements?</p>
<p>Would the Commission be prepared to review the obligation imposed by Licence condition 23.9?</p>
<p>Will the Commission provide a list of conditions that cannot be modified during the term of the Licence without Licensee consent?</p>
<p>In the event the Commission directs a change to the Licence how would the impact on the Licensee be addressed?</p>
<p>Licence Condition 25.5: Is the Commission open to considering the timeline and process to determine changes in the Key Performance Standards?</p>
<p>Licence Condition 24.3 (b): As currently drafted, this provision could capture a very wide range of situations where the assessment is discretionary and not based on objective criteria. Could this be qualified by materiality and awareness of the Licensee?</p>
<p>What assurance can the Licensee get that the outcomes-based principles set out in the Licence will be fairly and reasonably applied and enforced by the Commission? What will the relationship be with the Licensee in this regard (e.g. ability to consult on or challenge treatment by the Commission)?</p>
<p>The Draft Licence contains a number of areas where the Commission must provide approvals. Will the Commission commit to providing approvals within a specific timeline or giving relief against compliance where it delays approval?</p>
<p>Would the Commission be open to dialogue regarding the definition of Good Causes?</p>
<p>How will the assessment of Good Causes Contribution account for the extent to which the National Lottery operation under the Fourth Licence might affect Good Causes under subsequent Licences?</p>
<p>In relation to Condition 25.4 (g), would the Commission be open to providing the Licensee with a notification [x] days prior to publishing the whole or any part of the Independent Performance Review?</p>
<p>Can the Commission provide further clarity on the concept of "Matters to be Protected" as used in the Draft Licence?</p>
<p>Certain principles and requirements are quite widely drafted, what opportunity will Applicants have to clarify how these will be implemented in reality?</p>
<p>Will the Commission provide any qualification to its discretions (e.g. with reference to materiality) in enforcing the Licence?</p>

Can the Commission provide further clarity on the concept of "must do everything it can" as used in the Draft Licence?

What is the Commission's approach to imposing financial penalties during the Fourth Licence term?

How will the Commission use objective performance criteria to assess the Licensee's performance?

Is the Licensee or the Commission responsible for demonstrating compliance with the Licence?

Will the Licensee be permitted to expand the National Lottery into other forms of gambling beyond lotteries? How does the National Lottery compete with other forms of gambling?

Please clarify the approach to waivers under the Third and Forth Licence, including the provision for waivers to be carried over.

What will the Commission's approach be to regulating the Fourth Licence?

With regard to Schedule 5, Part C (Exceptions, Restatements or Revisions), will any independent expert be involved in the determination or will it be at the Commission's sole discretion? Does the Licensee have any protection in case of disagreement with the Commission's assessment?

How much "day-to-day" involvement in the business and operations of the Licensee does the Commission envisage being required in order to fulfil its monitoring responsibilities? Will this be more or less onerous than under the Third Licence?

Could the Licence contain an independent arbitration clause in respect of certain decisions made under the licence, for example the decision to impose a financial penalty or revoke the licence?

Where the Licence requires Commission approval of certain Licensee decisions or gives the Commission rights of veto over these, how will the Commission ensure that these Licence provisions do not restrict the Licensee's freedom and ultimately harm the National Lottery?

To what extent does the Licensee bear the risk or benefit of any changes in regulation over the course of the Licence Term?

The Third National Lottery Licence included more detailed provisions on testing the technology solution, security, business continuity and disaster recovery. Will these be included in the Fourth National Lottery Licence at a future date?

Will the Commission support the use of COTS or cloud based solutions as part of a Licensee's IT Operation?

Will the Commission introduce further requirements on the existing Licensee during the transition period, including maintaining normal levels of working capital, maintenance capex, staffing, etc?

Please explain the approach and purpose of the Enabling Agreement and Co-operation agreement

How will the Successful Applicant be held to their Application response on Day 1 of Licence Award?

What is the Gambling Commission's preferred approach to the transfer of assets from the current operator to the Licensee for the Fourth Licence?

What are the consequences of a contractual breach during the Transition period?

How will the costs of the contingency extension of the Fourth Licence extension be shared?

How will the transfer of employees, including any associated costs, be treated in the Transition period?

Licence Condition 17.2 (c). Is the Commission expecting to change the two-year period over time? What is the main reason for including the unilateral right as "...unless the commission determines in writing..."?

Licence Condition 17: Please could the Commission explain how it expects this condition to apply to Lottery Assets inherited from the incumbent? Does the Commission expect the Licensee to invest in such Lottery Assets if they don't meet this standard but are to be replaced with new Licensee-introduced assets after a Transition period? Additionally, does the Commission require the Licensee to own all equipment outright (e.g. no leasing or cloud service or subcontractor ownership)?

How will outstanding prize payments be dealt with through the Transition Period from the Third to the Fourth Licence?

Please provide further guidance on how the transfer of EuroMillions will occur, if the Successful Applicant is to take this game on.

Licence Condition 24: Does the Commission have a list of exceptions that will apply on the Start Date?

Would Condition 27.5 apply to assets that were recently purchased prior to Exit and which were not fully depreciated?

Will restrictions apply to co-branding or linking the National Lottery with other commercial or non-commercial brands and organisations?

How does the NLPU work and how is the NLPU budget set, will this continue under the Fourth Licence?

Can UK National Lottery products be sold outside of the UK to UK residents (for example, while a UK resident is abroad on holiday)?

Can the Commission provide further clarity on the definitions of "Sales Outlet" and "Retailer", particularly in relation to their coverage of sales channels?

Can players use credit or debit cards to purchase National Lottery tickets and products?

Will the Licensee be permitted to expand the National Lottery into other forms of gambling beyond lotteries? How does the National Lottery compete with other forms of gambling?

To what extent must Key Subcontractors be identified at SQ?

What changes may the Applicant make to their proposed structure and / or Persons Relevant to the Application post SQ submission and what procedures will they be required to follow?

What process does the Commission intend to follow for the approval of Ancillary Activities?

What does the Commission mean by "reasonable capability" in the context of the Selection Questionnaire Capability Criteria, and how will the Commission ensure that it undertakes a fair and open competition on a level playing field?

Can the Commission clarify whether the undertaking with respect to restrictive agreements in the case of retailers relates to any exclusive association with a retailer (irrespective of the materiality of the retailer in the potential landscape) or only to retailers that have a significant share of a target distribution channel?

Please clarify what is meant by "controlled fund arrangements" in Section 9.5 of the SQ (Financial Management).

Will there be minimum requirements in the Business Plan assessment?

How will the Commission assess Licensee costs at the Competition stage and during the Licence Term?

How will the Commission ensure that the Solution Risk Factor will not 'double-count' risks within Applicants' Business Plans?

How will the contribution to Research, Prevention and Treatment of gambling related harms be evaluated?

Will applications be evaluated on the basis of a 10 year Licence Term?

What are 'Other Games' in the Financial Model?

Should online Retailer forecasts be included in Retailer forecasts in the Financial Model?

Is the Licensee required to make a profit from the operation of the Licence?
Where the Licensee does make a profit, could that be given to charity?

How will the Licensee be protected through the Incentive Mechanism against changes to the taxation regime? In addition, how should VAT be shown in the Financial Model?

How do the Distributors see the National Lottery landscape changing over the course of the Fourth Licence Term?

What sort of relationship do the Distributors want to have with the future Licensee?

Will Applicants have the opportunity to engage with Distributors face-to-face?

Could you please provide an overview of the Game proposals review and feedback process being offered to Applicants in Phase One of the Competition?

With reference to the 'Protected Conditions', can the Commission clarify the circumstances under which it could unilaterally change conditions in the licence?

Changes to the regulation of society lotteries including on maximum prizes are due to be implemented. Can you please confirm whether the new regulation of society lotteries is still planned?

Will applicants be able to make the case to DCMS for a change to the Secretary of State's Directions or Regulations?

What commitment will the Commission give to grant “day 1 approvals” for Committed Games in order to ensure that the Successful Applicant is able to enact the strategies set out in its business plan?

Does the Commission intend to revise its Regulatory Approach to the Fourth Licence and/or to provide more clarity on the action that it may take in the event any regulatory interventions are required?

Does the Commission intend to revise the Draft Fourth National Lottery Licence Condition 18.20 Change of Gambling Law to extend to be broader than only a change in 'Gambling Law' and/or to provide more clarity on the action that it may take in the event that this Condition is triggered?

Can further information be provided on the detail and extent of the current operator's obligations, including the nature and extent of the Transferring items, and the full and prompt performance of those obligations?

Can the Commission provide clarity on the process and timelines for agreeing the form of the Cooperation Agreement between the Gambling Commission, the current operator and the Successful Applicant?

Can the Commission provide further clarity on the definition of the 'Lock Down Deadline' in the Enabling Agreement?

Will the start date defined in schedule 1 of the Enabling Agreement be the same as indicated in the Draft Licence?

Can the Commission confirm that it is the Outgoing Licensee's responsibility to ensure that on the Start Date of the Fourth Licence, there are sufficient funds for the Incoming Licensee to pay any unclaimed prizes and/or any prizes related to ticket sales that occurred prior to the Start Date and that in the event that such funds are not available, the Incoming Licensee should be held harmless?

Can the Commission provide clarity as to whether the Successful Applicant would have any liability with respect to unwanted assets?

Will the Outgoing Operator bear the cost associated with the provision of Licensee Services as defined in the Cooperation Agreement Heads of Terms?

We should like to be assured that we shall be able to raise questions on the Enabling Agreement and Cooperation Agreement at a later date. Will this be possible?

Can the Commission confirm whether Applicants can choose which assets they would like to transfer and that this is to be done “free of charge”? Can the Commission also clarify whether the cost of the eventual removal and destruction of those assets transferred is to be borne by the Successful Applicant?

Licence Condition 17: Please could the Commission explain how it expects this condition to apply to Lottery Assets inherited from the incumbent? Does the Commission expect the Licensee to invest in such Lottery Assets if they don't meet this standard but are to be replaced with new Licensee-introduced assets after a Transition period? Additionally, does the Commission require the Licensee to own all equipment outright (e.g. no leasing or cloud service or subcontractor ownership)?

To what extent will the Commission consider and approve Ancillary Activities during Transition?

Could the Gambling Commission please confirm that the maximum price point of instant scratch tickets allowed on the market is £5 in the fourth licence period?

How will the Commission reduce incumbency advantage in relation to Implementation Costs?

Where responsibility for costs associated with Transition are not explicit in the Third Licence how will these costs be dealt with?

Please explain the approach to Continuing Games from the Third to the Fourth Licence and what will determine a Committed Game.

Can the Commission provide further clarity on protected conditions?

£10 Interactive Instant Win Games have been withdrawn from the current NL. Will £10 IIWGs be prohibited in 4NL?

Will it be mandatory for the Licensee to provide access to National Lottery games online?

Please provide a view of how TUPE might operate and how the transfer of staff might apply from the Third to the Fourth Licence.

How will the Commission address incumbency advantage in relation to Implementation Costs?

Could the Commission please clarify the evaluation approach and mechanics?

Will 4NL Trust cashflows affect Licensee cost recovery and financial strength?

Is the Commission able to relax the controls in the VDR to allow easier document sharing (e.g. download/email)?

By default Ancillary Activities will flow through the Incentive Mechanism. That said, the Commission will consider part of the approval process for the relevant Ancillary Activity. In making such proposals the Licensee is expected to support the maximisation of Good Cause returns.

The Commission's updated documents at ITA will reflect this position.

The National Lottery has a strong and well recognised brand. The National Lottery Brand is owned by the Gam

It is important to understand that the National Lottery Brand is applied in a number of settings across the National Lottery and the distribution of those funds. Distributors therefore have a strong stake in development and management of this broader landscape, and the Licensee will be required to collaborate with the Distributors on brand management.

Use of the brand by the Licensee will be subject to certain constraints set out in the licence. For example, the Licensee must act in a way otherwise legally required.

The Gambling Commission wants to ensure that there is the opportunity for creative use of the brand under the licence framework. The Commission recognises that this may involve use of the National Lottery brand alongside other brands. The Commission is also clear that the brand may be used by the licensee across its retail network, i.e. the brand and other brands.

The Commission does not expect the Licensee to be required to request individual approval for all such uses of the brand. The Commission will develop an initial list of such categories in the final ITA, and will also develop this approach in more detail.

No. In accordance with Condition 19.20 the net benefit of any damages to be received in respect of any infringement of the brand has been paid.

Note that "National Lottery Brand" is a defined term in the Fourth National Lottery Licence.

The National Lottery Brand is associated with a number of characteristics set out in the Draft ITA, i.e.:

- Funding of Good Causes: This is a strong selling point of the brand;
- Trustworthy: The National Lottery is operated with trustworthiness and integrity;
- Life changing: Offers Participants the opportunity to win life changing prizes;
- Safety: A safe place to play and participate;
- Positivity: A brand that engenders positive sentiment among people;
- National profile: Recognised and valued across the UK.

Hence the brand has a broader function than driving sales (though that is important), it also needs to communicate with stakeholders across the National Lottery landscape is an important requirement for this. Also, the brand is not defined by the National Lottery Brand. These elements include, but are not limited to, the following;

- The National Lottery Logo
- Driving positive linkages between the National Lottery and Good Causes
- Leveraging the distributor network to shape the image of the National Lottery
- Effective marketing strategies and distribution
- Effective PR strategies.

Potential Applicants will be given opportunities to engage directly with the Distributors before launch of the licence as soon as it is available.

Information on current uses of the brand by branding protocols will be included in the Virtual Data Room.

The Third Licence requires the current operator to obtain all necessary prior consents to permit the transfer of Lottery Licensee).

The Licensee will not be permitted to commence marketing until commencement of the Fourth Licence. Use of the brand by the Licensee will be subject to certain constraints set out in the Fourth Licence. For example (group), unless otherwise legally required. Use of the brand for non-National Lottery purposes is also prohibited.

The Gambling Commission wants to ensure that there is the opportunity for creative use of the brand under the framework. The Commission recognises that this may involve use of the National Lottery brand alongside other brands. The Commission is also clear that the brand may be used by the licensee across its retail network, i.e. the brand and

The Commission does not expect the Licensee to be required to request individual approval for all such uses of the brand. The Commission will develop an initial list of such categories in the final ITA, and will also develop this approach. The National Lottery Promotions Unit (NLPU) is a collaboration between the Distributors, the Licensee, DCMS and the current Licensee also do promotional work independently of NLPU.

The NLPU budget is currently determined by consent by the NLPU Management Board comprising one representative from each of the Distributors. The Commission has observer status on the NLPU Management Board. The NLPU budget currently stands at £1m.

The Fourth Licence has been drafted to continue these arrangements.

The Gambling Commission is not aware of any plans for future changes to regulations on advertising or spend arrangements for funding the National Lottery Promotions Unit and will report conclusions as soon as possible.

A Retailer is defined in the Fourth Licence as "A person other than the Licensee who operates a Sales Outlet" or otherwise participate in a Game". Therefore, the term "Retailer" covers all sales channels, including any on-line sales channels operated by the Licensee.

The National Lottery Regulations 1994 place restrictions on sales of entries into National Lottery games by vending machines.

(1) No National Lottery ticket shall be sold by means of a vending machine unless such machine is, at all times
(a) the holder of the licence under section 5 of the Act; or
(b) the holder of a licence under section 6 of the Act which authorises the promotion of the lottery, the tickets

(2) A vending machine shall not be treated as attended for the purposes of this regulation unless the person at the machine and in particular take action to prevent the purchase of tickets by any person whom he believes has not attained the minimum age for the purchase of tickets.

Although vending machine is not itself defined in the Regulations, a "National Lottery Ticket" is defined as "a ticket for a machine to sell physical products (e.g. scratchcards) in order to be subject to the restriction in Regulation 6 of the National Lottery Regulations".

The Regulations are made by the Secretary of State, in exercise of the powers conferred by section 12 of the National Lottery Act and terms of the Licence, we would be prepared to discuss with DCMS whether it may be possible to amend the Regulations to allow for the sale of tickets by vending machines.

Draft Licence Condition 10.5 will require the Licensee to establish a Retailer Charter for the purposes of communicating that strong communication and understanding between the Licensee and retailers is important to the reputation of the National Lottery.

There is no requirement for approval of the Licensee's Retailer Charter by the Commission. The Licensee will be required to communicate the Charter to retailers. The Commission will include this requirement in the Section 5 licence, and this will be subject to the Commission's approval. The Licensee is encouraged to innovate where this is consistent with legal requirements for the NL, including the requirement to maximise returns to good causes. Where a service proposition would not comply with legislation it would be necessary to consider whether automated vending machines would currently be contrary to Regulation 6 of the National Lottery Regulations. Any specific Secure Area Rules will be communicated via relevant sections of the VDR platform.

The updated Draft ITA will set out the process for how the Commission will consider whether any changes are reflect these as necessary.

In setting out this requirement the Commission is not seeking to rely on any particular legislation. Applicants will provide a Selection Questionnaire response which contains the necessary terms. The APA sets out the Commission's requirements. The Commission will communicate appropriately following the launch of the ITA. This may include a 'one to one' meeting to reiterate competition timelines and protocol.

In the event that an Applicant is unsuccessful at SQ stage or ITA stage (Phase Two), the reason(s) for their being unsuccessful will be set out in the points planned in the competition, subject to passing Fit and Proper Checks.

The Commission will take reasonable steps to allow Applicants to make written representations if an FOIA request is received with regard to any relevant exemptions from the FOIA, but has a duty to respond to all FOIA requests in line with the Freedom of Information Act 2000.

The understanding is correct - if a Lead Applicant knows that they are relying on a 3rd party to meet the Capabilities Statement subject to the SQ itself.

Yes, provided that the relevant Applicants and sub-contractors put appropriate ethical walls in place. Applicants are required to be achieved in regard to operating the National Lottery. Therefore Applicants will need to assure the Commission that appropriate ethical walls are in place.

Potential Applicants will be provided access to an Independent Commercial Due Diligence report in the VDR (Tenders and Letters). The information in this report can be considered when developing Potential Applicant's own forecast and their own forecasts to this report, rather to take the report as a guide to use in their responses.

Applications and all documentation for the Competition should be submitted digitally via the Jaggaer e-Procurement Jaggaer Portal.

Yes, this is solely a restriction for the period of the Competition to support equality of opportunity between Applicants.

The Undertakings in respect of restrictive agreements requirements are in place to ensure a level playing field for a particular supplier from entering into arrangements with other parties which may also be interested in the Competition. Such arrangements do not impair such supplier from also offering services or goods to other parties also in the Competition.

There is no requirement to terminate restrictive agreements, however if they remain in place at the point of commencement of the Competition.

There is no obligation or intention for the Commission to disclose the existence of a restrictive agreement (disclosure of confidential information).

Potential Applicants are not expected to have fully formed their supply chains and any consortia prior to submission of the SQ and does not have to be representative of the Applicant's future delivery model. However, for all those parties that are part of the SQ must be submitted.

The Draft SQ has been provided with the Draft ITA to allow potential Applicants to commence discussion with the Commission.

An Applicant may request to add a new third-party supplier following the SQ stage and will be addressed accordingly at the new Applicant Group as varied, and if as a result of such tests the Applicant or Applicant Group will be excluded from further participation in the Competition. Any new third-party supplier must also pass such fit and proper checks.

A substantial element of the ITA has already been published in the form of the Draft ITA. Whilst this does not cover all details of the Competition. As such, Applicants should have a good overview of the capabilities required to prepare an Applicant's Statement of Requirements.

The Statement of Requirements (SoR) is included in the ITA document at Volume 5.

Applicants are free to enter into agreements with potential key sub-contractors provided that they do not restrict the Commission's ability to engage with other potential suppliers.

The Commission is using the functionality of the VDR and Jaggaer to provide a safe and uniform means to distribute documents. Printing will not be enabled during market engagement, however, printing is permitted.

The Commission acknowledges that it has a duty of confidentiality to applicants in respect of their confidential

National Lottery games are VAT exempt. Further, to enable effective review and comparability of each category

The Commission may wish to specify that certain contracts are Designated Lottery Subcontracts due to their particular nature. The Commission may wish to amend Designated Lottery Subcontracts as set out in Conditions 5.7 - 5.8. The Commission expects that an individual Senior Executive employed or engaged by the Licensee or a Licensee Subsidiary will be required to provide information to the Commission. This condition is intended to apply to Senior Executives employed or engaged by the Licensee or a Licensee Subsidiary.

The requirement in this condition is intended to apply to both total remuneration/reward package and the terms of the contract, which are predominantly linked to the Licensee's compliance with the Conditions of this Licence, including the Good Cause provisions. The role of the Compliance and Risk Management Committee (CRMC) is set out in Conditions 22.9 - 22.11 of the Licence. The Commission's procedures, 24 (Regulatory Oversight and Performance Management) set out some of the responsibilities of the CRMC. The Commission will consider categories of breach or exceptions which do not need to be promptly reported to the Commission. Further, it is intended that the Licensee will be required to fulfil its obligations in the Licence.

The Commission does not intend to amend the requirement to provide anonymised data.

In certain circumstances, in particular in regard to Lottery Subcontractors, the Licensee may seek a waiver, which is highlighted by the Applicant concerned in their Phase One ITA submission.

The Licence does not require player data to remain within the UK, provided the Licensee remains compliant with the Licence.

Conditions 28.1 and 28.2 restricts the use and disclosure of Confidential Information. There may be certain circumstances where Confidential Information is shared within the Licensee's group structure. The Commission will consider such circumstances and as per 28.1 of the Licence.

In seeking permissions for use of personal data the Licensee must have due regard for the role of the Commission. The Commission would be open to discussions with the Licensee at the point in time when the Licensee seeks to use personal data.

The Condition imposes an obligation to facilitate the transfer of data and to ensure barriers are not put in place which would prevent the Licensee from being able to have flexibility in deciding where to locate data and the structure of its supply chains and other arrangements.

Restrictions on the use of data by the current licensee are as set out in the Third Licence.

The Commission does not intend to publish a policy relating to this Condition, it is up to the Licensee to develop its own policy.

The Commission will consider comments from all interested parties in finalising the form of the Licence.

The Commission is open to reasonable dialogue regarding Financial Distress Events and the definition thereof. The Commission will consider the Licensee's financial health and to conduct its business ethically sits also under the Fit and Proper regime required of any Licensee.

Schedule 5 of the Licence will include Escrow or equivalent mechanisms to ensure that funds are available to meet liabilities related to any under-payment of Good Causes Contribution. The specifics of timing, values, etc will be set out in the Draft ITA (see section 10).

The Commission would like to reiterate that Applicants will have the freedom to propose alternative but equivalent Escrows. Further information will be provided in the next iteration of the ITA.

Further detail will be provided in the updated Draft ITA, requirements will likely vary depending on Applicants' proposals.

The Commission will test Applicant's financial strength through a number of holistic tests that will include due diligence and quantitative testing. Further information will be provided on how this will be evaluated ahead of ITA Launch. This refers to any financial covenants relating to the financing of the National Lottery operation that the Licensee is required to declare these and capture them in the Licence. It is not intended to suggest that the Commission will impose such covenants.

This Condition refers to Lock-Up solely on the occurrence of a Financial Distress Event. The requirement is to be on an arm's length terms and represent Good Value for Good Causes). It also requires that no funds be distributed to directors or officers.

This Condition relates to material impacts from events proposed to be initiated. The key areas are impact on the Licence. The three specific scenarios further cited include distribution of payments to shareholders, refinancing with respect to strategic business decisions, but do not affect day to day operational considerations.

Applicants will be expected to propose a minimum value for the Security Trust that provides appropriate protection against material impact their Trust Management Plan to ensure the Security Trust is sufficient. For example, the current protection Condition 18.14(b) refers to the time limit for producing the revised plan - in the event the nature of the revision requires to extend the period - albeit at the Commission's discretion.

Condition 5 of the Licence sets out the requirement for all Related Party Arrangements. Related Party Arrangements must be approved by the Commission during the Licence Transition Period. Condition 5 also sets out the process for the Licensee to propose new or amended Related Party Arrangements.

Related Party Costs and Revenues can be charged throughout any given Licence Year through the Incentive Mechanism (as per the Licence year as per the reconciliation process), if the Commission are not satisfied the Licensee has demonstrated that it can determine an adjustment to apply to the calculation of the liability to the NLDF for a particular Licence year.

As set out in the Monitoring Performance Framework issued alongside the draft ITA (see section 9), the Commission considers the arrangements provides Good Value to Good Causes. The Commission would have regard to, but not be limited to, the following factors when considering Related Party Arrangements for the purposes of Schedule 5.

All revenues from Related Party Agreements and Related Party Costs are treated as Excluded Revenues and Excluded Revenues are recoverable by the Licensee unless the Licensee can demonstrate, to the satisfaction of the Commission, that it can determine an adjustment to apply to the calculation of the liability to the NLDF for a particular Licence year.

The Good Causes Contribution is based upon a calculation of Surplus which is the revenue generated by the Licensee. In response to draft ITA questions we are considering making the following changes to the design of the Incentive Mechanism:

- The Fixed Contribution will be an annual amount set by the Commission prior to the competition, rather than a percentage of Surplus. The profile of the aggregate Fixed Contribution across different years of the Licence period will be flat (i.e. not proportional to the Licence term) and set at £75m in year 1 of the Licence term.
- The formula for the Fixed Contribution will be changed so the Licensee will not be required to pay the Fixed Contribution if it is less than its Share of Surplus. In this event the Fixed Contribution will be equal to its Share of Surplus. This avoids forcing the Licensee to pay more than its Share of Surplus.
- The proportion of the Surplus paid to the Licensee, with the remainder going to Good Causes, will still be proportional to the Licence term, and Applicants will be free to compete on this value.

It is the Commission's current expectation that it will award both the Section 5 and Section 6 Licences to the same Licensee. Licences proposed by the Section 5 Licensee can be in place for the commencement of the Fourth Licence.

Potential Applicants should note that, notwithstanding the above, the National Lottery etc. Act 1993 allows for products licensed under Section 6 by the Commission and an agreement is reached between the Section 6 promoter and the Licensee. Combinations of products may only be offered in line with licence requirements, including the distribution of products that are appealing but safe portfolio of games and brand independence. Bundling of National Lottery games would be prohibited. Licences must include separate games that are played together, such as EuroMillions and UK Millionaire Maker.

This is an area where a Direction by the Secretary of State applies.

Direction 8 d) of the Directions to the Gambling Commission under section 11 of the National Lottery etc. Act 1993 states that tickets (or any other prizes) are given away free or sold for less than the full price applicable in accordance with the rules of the relevant constituent lottery or any constituent lottery or otherwise) unless:

- i. a payment reflecting the full price of the ticket or play is made, whether by a licensee or another person;
- ii. the price of the ticket or play applicable in accordance with the rules of the relevant constituent lottery is consistent with the terms of the licence granted under section 5 of the Act; or
- iii. subject to direction 9, the Commission has given its consent;

Direction 9 states that for the purpose of direction 8(d)(iii) the Commission shall only consent to a proposal to give away tickets (or any other prizes) if:

- a) the proposal will not encourage excessive or underage play; and
- b) the proposal is likely to increase overall returns to good causes.

Under draft Licence condition 8.7 says that unless the Commission agrees otherwise, the Licensee must ensure that tickets (or any other prizes) are given away in accordance with the rules of that Game unless:

- (a) the Licensee or any other person has paid full price for the ticket; or
- (b) a payment equivalent to the full price of the ticket is otherwise included in the Gross Value of Ticket Sales.

The intention of this restriction is to ensure that Returns to Good Causes cannot be reduced through any provision. This provision will be amended to be consistent with the Direction in covering any kind of entry into a game.

The Fourth Licence is designed to be outcomes-focused and the Commission is not intending to specify the nature of prizes. The Commission does not intend to define a life-changing prize as this will vary by participant and their circumstances. The claim for prizes in a game as per Condition 8.11 (b) of the Draft Licence.

The Commission anticipates that DCMS will communicate its decision in advance of the Commission issuing the Fourth Licence.

The Commission does not propose permitting this.

Directions from the DCMS Secretary of State require the Commission to ensure that it does not authorise the promotion of gambling (Direction 2). The Commission expects the Licensee to address this issue in their Participant Protection Strategy.

Provision of credit by the Licensee will be prohibited - see draft Licence Condition 8.5. Condition 8.6 also prohibits the Licensee from operating a website operated by or on behalf of the Licensee. This is consistent with the current status of the National Lottery.

The Third Licence does not contain a condition which restricts employees of the 3NL Licensee from participating in the National Lottery. However, statutory duties concerning propriety, the Fourth Licence will be updated to include a condition which requires the Licensee and Licensee Subsidiaries from participating in the National Lottery as well as Lottery Supervisors and Critical Functions.

This condition relates to requiring consent to make changes - which should not be challenging to pursue in the for the Licensee to improve the terms of its Finance Agreements without causing any harm to the Matters to b

The basic characteristics are captured in the Draft Licence, in as much as we would require any RPA to be in w Causes.

The Commission is required to act in a reasonable manner. Disclosure of this nature is common practice in a re in this case to ensure that the Commission is able to meet its statutory duties.

The Commission anticipates that the Fourth Licence will include a list of conditions which, during the term, the is currently considering the formulation of this list in light of market feedback, having in mind its statutory duti the ITA when published at the start of the Competition.

Dependent upon the nature of the change and the impact on the National Lottery, the Commission may consid Commission does not anticipate that such consequential changes will be routinely required.

Prior to any potential material change(s) in policy, the Commission would engage with the Licensee. The Comi

Condition 24.3 is already qualified by reference to the role of the Compliance and Risk Management Committe on the running of the National Lottery and, if not, the matter is not required to be promptly reported to the C

The Commission is required to act properly in accordance with its Public Law Duties in its enforcement of the l management model for the Licensee to engage with the Commission with regard to its interpretation and enfc

We do not envisage a large number of, or frequent approvals. In developing the Fourth Licence management r that the Commission is required to act reasonably per our Public Law Duties.

The treatment of net proceeds from the National Lottery and the distribution thereof is set out in statute in th

The National Lottery is an enduring asset and the Licensee will be required not to do anything that might adve will reflect this.

The Commission does not propose to include a provision in the Licence requiring it to notify the Licensee. The engage in an open and collaborative manner. Consistent with this, and the Commission's wider fairness and tr: publication of any Independent Performance Review.

Matters to be Protected are defined in the Licence in condition 10.1. This concept encompasses a number of a meet our statutory duties.

The Licence includes several requirements for the Licensee to protect or not damage the Matters to be Protec the Commission will have regard to relevant factors depending on the specific circumstances. The Monitoring guidance in relevant areas (e.g. Participant Protection in Section 4 and Brand and Reputation in Section 7). The ITA.

The drafting of the Fourth Licence reflects the intent of the Commission to regulate on an outcomes focused b met. However, in addition to guidance set out in the Regulatory Model, a variety of modes of interaction will b allowing Applicants to seek clarification on specific queries (e.g. examples of how certain eventualities will be i under a management model which reflects the intent of the Licence and Our Regulatory Approach and the exp

In light of the outcomes focused nature of the Licence, the Commission does not intend to further qualify any out the requirements on the Commission as regulator of the Fourth Licence. Further examples of the intended

The Licence has several requirements for the Licensee to "do everything it can" to achieve specified outcomes. The Commission has taken all reasonable steps and exercised all due diligence to achieve the relevant outcome.

This type of obligation imposes strict liability for achieving an outcome, while allowing the Licensee to demonstrate that the Commission is ultimately responsible for determining – based on relevant evidence – where a breach of a Licence Policy.

Where "do everything it can" requirements are used, the Licensee will not be in breach of the relevant Licence Policy. The Commission will have flexibility for the Licensee to take its own decisions. By not specifying precisely how an outcome should be met.

The Monitoring Performance Framework document issued alongside the draft ITA provides guidance on this is appropriate, for the ITA.

A financial penalty will be one of the sanctions available to the Commission if the Licensee breaches the Fourth Licence. The investigation process is set out in the Enforcement Policy issued alongside the Draft ITA (see paragraphs 5.33 - 5.35 of the Enforcement Policy listed the factors the Commission must take into account when considering the appropriateness of a range of other non-statutory sanctions before considering whether to impose a financial penalty).

Paragraphs 5.33 - 5.35 of the Enforcement Policy listed the factors the Commission must take into account when considering the appropriateness of a range of other non-statutory sanctions before considering whether to impose a financial penalty. The procedural steps we must follow are contained in legislation (Section 10A of the National Lottery Act) and the Commission must serve a notice to the Licensee before imposing a penalty. The notice will include information around the penalty. Following a financial penalty, the Licensee has a statutory right to make an oral representation and to request a review.

It would not be possible for the Commission to include a cap on financial penalties. This is because such a cap would be incompatible with the legislation outlined above (the National Lottery Act and DCMS directions), with the Commission's duty to act in the public interest, and with the Commission's duty to ensure that the National Lottery is managed in a way that is consistent with the public interest.

The Commission may take into account a range of qualitative and quantitative evidence when assessing Licensee performance. Various illustrative examples of relevant evidence, while the Draft Licence and the Assurance and Regulatory Reporting Requirements (ARRR) where quantitative criteria/metrics will be used (for example, in relation to branding, participant protection, a range of other non-statutory sanctions before considering whether to impose a financial penalty).

Consistent with our Fourth Licence approach to allow greater operational flexibility to the Licensee, we will expect the Licensee to demonstrate to the Commission that, as Licensee, they are delivering on the outcomes required of them under the Fourth Licence.

The relevant objective criteria that the Commission will consider may include quantitative targets set out in the Fourth Licence. These may reasonably evolve over the Fourth Licence Term. For example, the appropriate performance management measures introduced where the Commission has concerns about the Licensee's risk management for delivering outcome areas.

Under our Fourth Licence regulatory approach, the Commission will assign a greater degree of ownership and responsibility for the delivery of our statutory duties. As part of this greater operational flexibility, the Commission will be seeking regular assurance from the Licensee on the delivery of our statutory duties. As well as demonstrating it is robustly managing compliance risks, the Licensee will be required to meet the Assurance and Regulatory Reporting Requirements, and Regulatory Approach, issued with the draft ITA).

The Commission would determine whether the Licensee has failed to meet its obligations under the Fourth Licence. The Commission will determine whether the Licensee has failed to meet its obligations under the Fourth Licence Enforcement Policy (as issued with draft ITA). This policy outlines the Commission's approach to enforcement in a consistent manner. Through the investigation process the Commission will need to provide the evidence that the Licensee has failed to meet its obligations under the Fourth Licence.

The scope for the National Lottery is set in legislation. The Licensee will not be permitted to expand the National Lottery. The National Lottery benefits from being able to have significant jackpots and is currently subject to fewer advertising restrictions.

Due to the prescriptive and detailed nature of the Third licence, waivers to licence conditions have been sought. Where a licensee submits a formal proposal to the Commission for consideration, outlining the rationale, risk mitigation and assessment proposals at Official level, in a timely manner and any decision will be at the Commission's sole discretion. Where there have been any longstanding and repeated requests for waivers, these have in most instances resulted in a variety of conditions which contain details.

The Fourth Licence is drafted to take a more outcomes focused approach to regulation and should limit the need for a licensee to achieve compliance. The existing waivers in the Third Licence will not transfer to the new licence. However, in the event that the operator considers that it cannot comply in whole or in part with any licence requirement, while

Through the 'Our Regulatory Approach' document we set out our intended regulatory approach for the Fourth Licence which facilitates the delivery of the obligations under the licence. Our current considerations include:

- a scheme of delegation to determine levels of decisions to be made by the Regulatory team / Board / Sub - Committee
- a licensing approval process, to include for example, the approach to new games
- a process for vetting
- the assurance, performance and reporting requirements
- the regulatory relationships and communication channels with the operator, for example, Chair to Chair, CEO to CEO, DCMS, NLPU and Distributors.

In relation to Schedule 5, Part C, 5.13, to the extent the Commission considers it necessary, the Commission's determination itself will remain at the Commission's discretion.

In all cases, the Commission would expect to engage with the Licensee before making its final decision. This is to ensure the Licensee engages with the Commission, where appropriate, in an open and collaborative manner.

Subject to the Commission's satisfaction that the Licensee is operating in accordance with the Licence, day-to-day regulatory costs will be significantly reduced under the terms of the Fourth Licence when compared to the day-to-day operation of the current regulation of the Fourth Licence in the Our Regulatory Approach document issued alongside the draft ITA. We will continue to review the next Licence, as part of the ITA.

The Commission cannot lawfully delegate the exercise of any of its powers to an independent arbitrator. The Commission's powers to grant and/or imposing financial penalties, are limited as set out in the Gambling Act 2005 (paragraph 8 Schedule 4). The Commission's powers under the National Lottery Act, in particular s.10 and Part 2 of Schedule 3 (regarding the Commission powers to revoke the Licensee's right to make oral representations and/or appeal financial penalties for breach of conditions of the Licence).

Our Regulatory Approach document, issued with the Draft ITA, sets out key features of the Commission's approach to regulation (see section four of the Regulatory Approach document). As such, the Fourth Licence is designed to require the Commission to do what is necessary for the delivery of the Commission's statutory duties.

Where approval or consent is still required, where possible the process will be streamlined to facilitate timely delivery of decisions. The Commission intends to provide an environment in which the Licensee can engage the Commission on any initial matters (where required under the Licence).

The Commission will release further information to the market in due course which will address this.

The Commission does not intend to specify specific detailed provisions in the Licence. It is expected that the Licensee will meet the requirements under Condition 17.4, which relates to Technology Operations being Fit for Purpose, including the

The Commission is open to the use of COTS and cloud based solutions and would consider any such provision in the Licence. Licensees will therefore be required to meet licence Condition 21 related to Subcontracts. Any service being provided through Technology Operation is Fit for Purpose in delivering the National Lottery operation.

The Third Licence sets out the requirements for the current licensee to adhere to for the duration of the Licence and overall performance. The Commission has a team dedicated to regulating the Third Licence, ensuring that it covers:

- Condition 5.1 Fitness for Purpose
- Condition 12.1 (a-h) sets out the obligations of the current operator regarding arrangements with shareholder debt facility profile.
- Obligations upon the current operator regarding the retention of staff and changes in remuneration are set out in Condition 12.1 (a-h).
- Schedule 15 Part 1 sets out minimum investment and marketing spending requirements.

The Commission does not anticipate adding further requirements to the Third Licence in this respect.

We will share the long form draft Enabling Agreement with the market, as well as the Heads of Terms for the Cooperation Agreement between the content and terms of the Successful Applicant's Application and the commencement of the Fourth Licence and the period of Transition. It is a contract between the Successful Applicant and the Commission and will be in place throughout the period of Transition.

The purpose of the Cooperation Agreement is to create a legally binding relationship between the Licensee, the Commission and the Successful Applicant during the period of Transition and in summary is intended to cover:

- the continuity and orderly handover of the National Lottery, supplies and services and the operation of any assets of data, access to information, systems, staff as well as arrangements for ongoing obligations and indemnities.
- provisions to ensure the National Lottery is continued with minimum disruption and inconvenience to the public.
- how the Licensee will co-operate with the Commission, its representatives, the Next Licensee and any third parties.

Shortly after conclusion of the competition, the Successful Applicant will enter into the Enabling Agreement with the Commission on the terms of the application and the commencement of the Fourth Licence and will hold the Licensee to account for the period of Transition to operate the National Lottery from the Start Date, the Successful Applicant is required to have fulfilled (fully or partially) the conditions of the application.

The Commission has no preference as to whether the Licensee chooses to take over the current National Lottery. The Successful Applicant will determine what assets (including carrying out their own due diligence) they want to be transferred over from the Licensee. The Commission will do so free of charge (regardless of whether they have been fully depreciated).

Following the competition and subsequent decision to award the Licence, the Successful Applicant will be required to provide a contractual linkage between the content and terms of their Application and the commencement of the Fourth Licence to the market. A breach of the agreement will be dealt with through the enforcement of relevant provisions of the Licence.

The current operator, Commission and Successful Applicant will also enter into a Co-operation agreement which the content of this agreement will also be provided to the market. A failure to act co-operatively and therefore a breach of the Licence and the current enforcement approach. Non-cooperation by the Successful Applicant or non-adherence to the Licence will be dealt with through the enforcement of relevant provisions of the Licence.

Any additional costs incurred due to a Fourth Licence contingency extension will be shared via the Incentive Mechanism (see Schedule 3). The Fixed Contribution will also apply during any extension, see Schedule 5, Table 1B, this will be prorated in line with the Incentive Mechanism. Further details on TUPE and how this applies have been included in the revised Draft ITA. Additional costs associated with TUPE will be an allowable cost. Any transition costs associated with TUPE will be an allowable cost.

Our intent is that the maximum period that Lottery Assets must remain fit for purpose is two years beyond the end date of the Licence. The Licensee might expect Lottery Assets to remain Fit for Purpose for less than two years beyond the end date, but the Commission's intent of this requirement would be in line with meeting our statutory duties.

The National Lottery Promotions Unit (NLPU) is an independent organisation set up to raise positive public awareness of the National Lottery, Lottery Distributors and the Department for Digital, Culture, Media & Sport (DCMS).

Note that Distributors and the current Licensee also do promotional work independently of NLPU.

The NLPU budget is currently determined by consent by the NLPU Management Board comprising one representative from each Lottery Distributor. The Commission has observer status on the NLPU Management Board. The NLPU budget is currently £1m. DCMS has indicated that the ceiling will be raised to £5m.

While a value for the budget and Licensee contribution will be specified in the Licence, we note that we are not currently in a position to specify a value.

The Fourth Licence has been drafted to continue these arrangements.

For further detail on NLPU please see the 'NLPU Memorandum of Understanding 2020' data item in the VDR.

Condition 9.4 of the Fourth Licence states that "The Licensee must do everything it can (including through the National Lottery unless the Commission has approved in writing specific circumstances in which such access may be restricted).

This requirement would apply to UK residents located outside of the UK and therefore the Licensee would be required to ensure that access is not restricted unless otherwise approved by the Commission. Any specific exceptions may be approved by the Commission if they are consistent with its duties.

A Sales Outlet is defined in the Fourth Licence as "any distribution channel at or through which Participants can purchase tickets, including both online and physical sales channels.

A Retailer is "a person other than the Licensee who operates a Sales Outlet". Therefore, a Retailer potentially operates both online and physical Sales Outlets, where these Sales Outlets are not operated by the Licensee.

A Physical Sales Location is "A terminal, till or other item of physical equipment: (a) at or from which tickets in Draw-based Games can be purchased", meaning a Physical Sales Location is a permanent physical location from which tickets in Draw-based Games can be purchased.

Provision of credit by the Licensee will be prohibited - see draft Licence Condition 8.5. Condition 8.6 also prohibits the Licensee from operating a website operated by or on behalf of the Licensee. Note that use of credit cards in physical retail outlets will be subject to the Commission's policy across the gambling sector. For avoidance of doubt, this prohibition does not affect the provision of credit by third party retailers, e.g. supermarket websites.

The scope for the National Lottery is set in legislation and the Licensee will not be permitted to extend this to other forms of gambling. The Licensee will not be permitted to do anything other than run the National Lottery without approval from the Commission under the Licence.

When submitting their SQ response, Applicants should identify Persons Relevant to the Application to the greatest extent possible. In order to pass the capability criteria, that Person Relevant to the Application must be identified in the SQ submission. The SQ submission is understood to include any person who, at the Start of the Fourth Licence, will be:

- a Qualifying Direct Shareholder of the Proposed Licensee;
- a Connected Party of a Qualifying Direct Shareholder of the Proposed Licensee;
- a Key Subcontractor of the Proposed Licensee; or
- a Connected Party of a Key Subcontractor of the Proposed Licensee.

The procedure for any proposed changes to Persons Relevant to the Application are set out in the next Clarification. The SQ stage reflects as closely as possible their final proposed structure, including Persons Relevant to the Application.

All Persons Relevant to the Application will be required to provide a response to the SQ. This will help to facilitate the Application during the Competition.

Please refer to the Draft Licence for further information on defined terms.

If at any time during the Competition there are any material changes to the information provided in response to the SQ, Applicants must notify the Commission as soon as it becomes aware of the change. Such changes may include, but are not limited to:

- Information concerning the intended legal or capital structure of the Proposed Licensee, including any changes to the Proposed Licensee (Applicant at SQ)
- Changes to the proposed relationship between any Person Relevant to the Application and the Proposed Licensee (Applicant at SQ)
- Information relating to the mandatory or discretionary exclusion grounds

It is in the interests of all Applicants to ensure that their SQ submission reflects as closely as possible their final proposed structure where the identity of a Person Relevant to the Application is not known at the time of SQ submission or such Person becomes known at that time as if such Person had been included in the original submission.

The Commission reserves the right to require any new Person Relevant to the Application to respond to the SQ. If the Applicant would not have been successful at SQ stage had the relevant response been provided at that time, the Applicant will be disqualified from the Competition.

Whilst the Commission does not require an Applicant, at SQ submission, to have legally formed the entity that will be the Proposed Licensee, either as the Proposed Licensee or as a Qualifying Direct Shareholder of the Proposed Licensee, the Commission reserves the right to require an Applicant to do so.

In the event that an Applicant who successfully passed the SQ stage and subsequently decided to withdraw an Application, the Commission would be open to accommodating such a change subject to the second Applicant following the process.

The Commission reserves the right, at its sole discretion, to disqualify any Applicant who makes or is subject to a material change to the information submitted to the Commission, or who fails to notify the Commission of such a material change.

Applicants should note that the Commission's approach to assessing Ancillary Activities has changed since the

The Commission does not require or expect Applicants to submit any proposals for Ancillary Activities as part of their application. Applicants should propose an Ancillary Activity that they view as fundamental to their Application, and that Ancillary Activity has the Commission to evaluate such a proposal.

In line with the above, Applicants will be required to confirm whether they are submitting any Ancillary Activities, the activity and its impact on costs, revenues and Good Causes Contribution. Any proposed Ancillary Activities external to the Commission, the Applicant will be required to provide assurances from such regulatory body or

Where an Applicant proposes an Ancillary Activity, the costs, revenues and Good Causes Contribution associated with that such an Ancillary Activity is material to the Application and if the Commission has reasonable confidence in the Applicant's Licence. If the Commission's initial assessment at the end of Phase One is that this may not be the case, it will

Should an Applicant wish to have an Ancillary Activity approved and in place for Day One Licence Commencement, they should include an ITA submission. If an Ancillary Activity were not to be approved at competition stage, this would not prevent the Applicant from obtaining the Licence Term, if they were able to address any concerns previously raised by the Commission. Any other ancillary activities Applicants must not rely on the approval of any future submissions in their response to the ITA.

The Commission requires evidence under the Capability Criteria that the Applicant possesses the necessary experience to operate the National Lottery. The Selection Questionnaire Capability Criteria will be applied in line with the principles set out below to achieve this by:

- Allowing Applicants to draw on their experience from any sector (public, private, voluntary, charity or social enterprise).
- Allowing Applicants to draw on experience from multiple case studies in order to meet the criteria. Applicants should provide details of the undertaking.
- Allowing Applicants to fulfil the Capability Criteria by drawing on expertise from other Persons Relevant to the National Lottery that they may not possess "in house".

The undertaking with respect to restrictive agreements relates to exclusive relationships with any potential suppliers.

Controlled fund arrangements include mechanisms for the holding of funds, for example through trust or escrow arrangements.

Following submission of Phase One Applications, Applicants will receive feedback on their responses to propriety and protecting Participants' interests and scores for their Business Plan. Applicants will also receive a pass/fail for propriety and protecting Participants' interests and scores for their Business Plan. Applicants should note that the Business Plan and Proportion of Surplus will be relatively scored and Participants' scores will be

A key principle of the Incentive Mechanism for the Fourth Licence is that costs incurred in the running of the N (for example financing costs, fines and penalties). Given this sharing, effective regulation during the Fourth Lice

At the Competition Stage, as part of the Financial Model proposal, Applicants will be required to provide estim assessed alongside the appropriate areas of their Business Plan for alignment and credibility. Further detail on will not be directly bound under the Fourth Licence by the financial model in their Application, but this will be circumstances and opportunities may change over the period of the Licence.

During the Licence term, the high level cost reporting requirements have been set out within our Assurance ar greater clarity to Applicants the Commission released a report by NERA titled, 'Draft Cost Reporting Guidelines further detail about the potential cost categories, cost allocation principles and the potential format of a repor requirements through engagement with the Successful Applicant.

Applicants should note that risks within Business Plan Areas will only be considered within the Area being eval Good Causes Contribution proposed. The Solution Risk Factor will only consider risks that apply across the enti also be a moderation committee that will be formed to assess Solution Risk Factor that will ensure there is no The contribution to Research, Prevention and Treatment of gambling related harms will be evaluated under th details of their proposed contribution as part of their Participant Protection Strategy. The Participant Protectio the requirements under this section of the ITA.

Applications will be evaluated on the basis of the 10 year Licence Term. Contingency Period proposals will not Applicants should note that 'Other Games' should be used for games which do not fit under the game categori 'new' games that Applicants are proposing to still be classified using these categories.

Yes, Applicants should include all forecasts relating to Retailers both online and physical/offline. Applicants wil sales.

The competition and Fourth Licence have been designed to work irrespective of whether an applicant is a com costs of operating the National Lottery are met. If Applicants do not wish to retain a material profit they can re percentage share of surplus that Applicants can propose, other than that it must cover costs under normal circ

Where the Licensee makes a profit from the operation of the National Lottery, the Licensee is free to give a pe charities must be subject to requirements set out in Condition 13.2 of the Draft Licence, which relates to co-br may be paid to the National Lottery Distribution Fund. In such a case, a provision would have to be added to th

Schedule 5 of the Licence includes provision for adjustment(s) to address potential changes in Lottery Duty and intended to ensure appropriate and accurate calculation of the Good Causes Contribution, and to mitigate the VAT arrangements. The approach and formulae set out in the Licence provide greater regulatory certainty for extent that changes in Lottery Duty or VAT can be accommodated "mechanistically" via the application of the

We recognise, however, there may be circumstances whereby changes in either or both Lottery Duty and VAT applied. In such circumstances, we would expect the Licensee to engage with us in determining the appropriat Licensee as part of Reconciliation set out in Schedule 5 Part C. We will provide further information on the appr

On the treatment of VAT, in the next iteration of the Financial Model we will add recoverable and irrecoverabl

The Distributors see the role of digital changing everyday life and so believe the future Licensee will need to cc the short-term crisis of COVID-19 may accelerate this. This ties in to ensuring that the National Lottery remain: remaining relevant to this demographic will be integral to the future of the National Lottery. Finally, public sen the brand and making decisions in a changing world will be key.

The Distributors believe a collaborative relationship across the One National Lottery family is critical; especial respected, however brand management must be proactive to ensure it remains effective. The strength of the between the brand and good causes. Additionally, for Distributors to be able to plan funding allocation as effe Distributor operations.

The Commission is planning on facilitating face-to-face engagement between Applicants and Distributors, following the Covid-19 situation as to whether this will be possible. The Commission will issue further details on Distributor

During Phase One of the Competition, all Applicants will be given an opportunity to provide a description of any Game features or channels that may create risks in relation to Section 6 applications for approval. The Commission will carry out a review of

To participate in the Game proposals review and feedback process, Applicants must submit their proposals using the issued template and must follow the instructions provided in the following elements of their novel and contentious Games:

- Overview of proposed Games
- Detail on novel/contentious Game features
- Proposed channels for each Game, with additional detail on new channels proposed
- Price points
- Game mechanics
- Prizes and prize structure
- Participant protection, propriety and branding considerations
- Regulatory and legislative considerations

The Commission is still finalising timelines for the Game proposals review and feedback process, which is likely to be completed by the end of the year.

Applicants should note that, in order to protect Applicant anonymity, meetings with Applicants will not be a formal part of the process.

The circumstances in which the conditions can be amended is set out in Section 8 of the National Lottery Act. The Commission will be protected conditions in light of market feedback.

Section 8 of the National Lottery Act includes the following:

8 Variation of conditions in licences

- (1) The Director General may vary any condition in a licence granted under section 5 or 6 if the licensee consents to the variation.
- (2) Subject to subsection (3), the Director General may vary any condition in such a licence without the licensee's consent if the Director General is satisfied that the variation is in the public interest.
- (3) Subsection (2) does not apply—
 - (a) where the variation would result in a condition requiring the licensee to transfer any property or rights, or
 - (b) in the case of a licence granted under section 5, in relation to a condition that the licence provides may only be varied with the licensee's consent.
- (4) Where the Director General varies a condition in a licence under subsection (2)—
 - (a) he shall serve a notice on the licensee informing the licensee of the variation, and
 - (b) the variation shall take effect at the end of such period as may be specified in the notice.
- (5) The period specified in the notice shall be a period of at least twenty-one days beginning with the date of the notice.
- (6) The Director General's power to vary a condition in a licence under subsection (1) or (2) includes power to vary a condition in a licence under subsection (1) or (2) if the variation of a condition are to be read accordingly).

The Gambling Act 2005 (Variation of Monetary Limits) Order 2020 (<http://www.legislation.gov.uk/uksi/2020/3> Lotteries).

During consideration of the draft Order (<https://bit.ly/3f4JEBM>), the Parliamentary Under-Secretary of State for

“The Gambling Commission will carefully monitor the impact of the changes, and the Government will keep an eye on the changes to ensure they do not lead to an increase in administrative expenses.

To satisfy ourselves in that regard, the Government will review the impact of the changes 12 months after implementation. As part of that process, we will look again at the case for a £1 million prize, the link between sales and the maximum prize, and we will look at the case for a £100 million licence and any additional conditions that may accompany it.”

The Commission has also published its accompanying decision on Society Lottery reforms. The response document is available at [statistics/News/society-lotteries-reforms-consultation-response](https://www.gamblingcommission.gov.uk/statistics/News/society-lotteries-reforms-consultation-response). In summary, from 29 July 2020 the Licence conditions will be:

- individual draw proceeds of up to £5 million (raised from £4 million);
- annual aggregate proceeds of up to £50 million (up from £10 million); and
- a maximum individual prize of £500,000 rather than £400,000. Provided that the lottery proceeds reach the

As the revised annual limits will come into effect part way through the year, they will be applied on a pro-rata basis from 1 January 2021 to generate proceeds above the existing £10 million aggregate proceeds limits.

The Commission is also introducing a new social responsibility (SR) code requirement for society, local authority and

The DCMS Secretary of State has discretion to give the Commission Directions at any time. The Directions and Lottery is run in accordance with our statutory duties. New Directions and changes to the Directions are infrequently made. During the competition, the Commission will inform Applicants of this, particularly if this is likely to affect the

The National Lottery etc. Act 1993 itself, and any relevant regulations, can only be changed through parliamentary

Therefore, the Commission strongly encourages Applicants only to propose games, sales channels and other National Lottery

If, through the games proposal review process (described in the Section 6 Guidance Note) the Commission is notified of a change, this will be communicated to Applicants in line with the process.

Note that this response addresses the question of Directions and Regulations changes only during the competition. There is a possibility of changes, including where this may facilitate innovation outside of the current Directions or Regulations.

During the Competition, the Commission will undertake a 'Game proposals review' process with each of the Applicants. If the Commission approves such proposals, or indeed review every game proposed in detail, it will give Applicants the opportunity to appeal. The Commission may reasonably expect to be approved or not approved based on their characteristics and adhere to the Enabling Agreement put in place with the Successful Applicant will set out the process and terms for a licence. Applicants are ready for Commencement of the Fourth Licence.

We have set out our approach to regulating the Fourth Licence in documents issued with the Draft ITA (See Our Regulatory Reporting Requirements and Enforcement Policy). As set out in those documents, our approach is appropriate, with the Commission's regulatory approach in relation to wider gambling operators under the Gambling Regulatory Handbook. This will include where updates have been made in response to market feedback to add to the Handbook alongside the Final Licence before it and the Enabling Agreement are signed in 2021, which will include

By issuing these documents and developing our regulatory framework ahead of the competition, Applicants will be able to approach the Commission for additional data or more detail on data during the competition. These steps include providing transparency over the assurance and reporting we expect to receive from the Licensees and processes behind any enforcement actions.

Taking into account our regulatory approach, statutory duties and public law duties, we are unable to provide consequences (such as financial penalties) that would apply in certain circumstances. Any such mechanisms would be future proof in nature and out of step with regulatory best practice. Such mechanisms would likely increase the financial penalties where underperformance caused by factors outside of its control - whereas the use of "must" provides the Licensee a degree of protection from factors outside of its control.

In drafting Condition 18.20 "Change of Gambling Law" we took into account feedback received from the market.

Given that our statutory duties relate solely to propriety, player protection and, subject to those two factors, our term of the Licence to reduce the Good Causes Contribution and increase the Licensee's share of the Surplus a Licensee against a reduction in profitability. The only foreseeable exception to this would be where the financial would already have the power under Section 8 of the Act to consider intervening. In such circumstance, we will

We have considered the possibility of defining mechanisms to adjust the Good Causes Contribution on a pre-competition possible to pre-define these circumstances and the appropriate adjustments in a manner which is clear, fair and to determine the best course of action, given the particular circumstance, to allow us to fulfil our statutory duties.

The Cooperation Agreement is a legally binding agreement between the Commission, Current Operator and Successful competition and this will provide greater context to the matters specified in order to ensure there is an orderly remedies and relief available to the parties. The scope of potential Transferring Items will be included in the VI transfer in their Applicant Transition Plans.

Applicants will be able to approach the Commission for additional data or more detail on data during the competition. The Commission plans to publish a long form Cooperation Agreement with the final ITA. The agreement is being obligations to be transferred, and any transition services and support required to facilitate a smooth transition between the Current Operator and the Successful Applicant. The Cooperation Agreement will be a framework transition plans to be tailored to the requirements of the Successful Applicant.

The proposed process for the review and execution of the Enabling Agreement and Cooperation Agreement will be Deadline.

Yes, the start date defined in the Enabling Agreement is the same as indicated in the Draft Licence and is intended

The responsibility of the Outgoing Licensee is set out in the Third Licence. Condition 19 of the Third Licence requires operator, which includes making all necessary arrangements to ensure the validation and payment of all prizes: arranging for payment of sums sufficient to pay all prizes and costs associated with payment of such prizes to the

The Successful Applicant will identify any or all of the assets required for transfer. Those not requested for transfer Where those assets are in retail outlets, the Current Operator will be required to remove them in accordance with

The Third Licence provides that there should be an equitable apportionment of the costs incurred by the Current

The Commission will be issuing a draft long form Cooperation Agreement and a pre-final draft long form of the provided at ITA stage. Additionally, Applicants will be able to raise clarificatory questions relating to these documents.

The Cooperation Agreement will set out the arrangements for transfer costs liabilities. Should the Successful Applicant wish to acquire assets with the eventual removal and disposal of those assets.

The Third Licence requires the current operator to ensure that assets are fit for purpose to the end of the Third Licence (any) it wishes to acquire and an independent asset survey to be undertaken during Transition will determine if it complies with 5.9 of the Third Licence. Should the survey identify any non-compliance, rectification and/or maintenance would be required at the expense of the Third Licensee.

Assets selected for transfer will be transferred to the Successful Applicant at the start of the Fourth Licence. The assets used in the running and operation of the National Lottery, including those transferred, remain Fit for Purpose

- throughout the Licence period; and
- at the time of transferring to the Fifth Licensee (if required) would remain Fit For Purpose (subject to being replaced).

If the Successful Applicant replaces inherited Lottery Assets during the Licence Term it is the responsibility of the Applicant to ensure they are Fit for Purpose as set out above.

There is no specific requirement that assets used for the operation of the National Lottery must be owned outright. Ancillary Activities that are material to the Applicant's proposal may be submitted at competition stage (please note the Commission expects only to approve those Activities that were contained in the incoming Licensee's ITA requirements). Activities for approval during Transition. The Commission reserves the right not to consider any further Ancillary Activities. The Commission to focus on activities that are core to the successful transition of the National Lottery. This will not be a consideration during the Licence Term (post Commencement).

The Gambling Commission does not expect to set a maximum price point for any game under the fourth licence. The Commission will consider proposals that deviate from the price points which apply under the current Section 6 Licences. Such proposals will be considered on their merits, consistent with its overall approach to assessing Section 6 proposals, the Commission will consider the wider portfolio, and the Applicant's proposed approach in relevant areas of its Application, such as the proposed approach to the wider portfolio.

The scope of class Licences may vary over time, potentially being expanded if new Game features are shown to be acceptable (e.g. additional £3 and £5 Games), or being restricted if there is new evidence of harm (e.g. as in the recent removal of problem gambling).

This position will be set out for the competition in the Section 6 Licensing Guidance Note (which was issued to the Commission).

In order to ensure the evaluation is as fair as possible, Applicants will be required to provide a breakdown of their proposed costs (Transition Costs Model). Transition Costs will be costs that would be reasonably incurred by the Licensee in connection with the transition (as set out in the ITA Glossary). All other Implementation costs, which aren't determined to be 'Transition Costs' will be included in the evaluation. For evaluation purposes only, Transition Costs will be excluded from the evaluation of costs that impact Applicants' total Good Causes Contribution. Removed Transition Costs will then be added to the Applicants' total Good Causes Contribution. Applicants should ensure that their Good Causes Contribution during evaluation. Although Transition Costs will be removed from the calculation of the Risk Factor, which will be applied against the Business Plan score.

The Commission would like to reiterate that this treatment is for evaluation purposes only, and that all Implementation costs will be subject to the conditions of the Licence.

Where the Third Licence is not explicit in relation to costs associated with Transition, it is intended that costs v apportionment will be included in the Cooperation Agreement.

Costs will be borne proportionately such that they will fall (in whole or in part depending on whether they rece cost being incurred) or b) committing a breach. Where either party has incurred the cost associated with a) or other party.

In all other respects, we would expect the general principles to be followed are that where costs are associate Licence they will be borne by the current operator; and where the costs relate to activities specifically require Incoming Licensee. In most cases the parties will need to discuss and decide the equitable apportionment of c

All games, whether new or continuing from the Third Licence, require a new Section 6 Licence under the Fourt relate to the Successful Application, Start Date Committed Games and First Year Committed Games. The Succ hence licensed) at the start of the Fourth Licence, and that all First Year Committed Games are available before will be set out in the Section 6 Licensing Guidance Note to be issued with the ITA, and additional requirements identify and include their Committed Games within their Application and will need to submit S6 Licence applic The Cooperation Agreement will set out the handover arrangements for any continuing game(s) to ensure con

The Commission continues to consider which of the Fourth National Lottery Licence conditions will be protecte the market when in the 4NL Licence is released at ITA launch.

Per the note shared with the market in April 2020, 'Draft Licence Extract Protected Conditions' we are currentl Since issuing this note, and in response to market feedback, we have drafted a new condition 18.20 Change of to consider whether is it appropriate to exercise its powers under section 8 of the National Lottery Act in resp includes both an increase and decrease to profitability. In order for Condition 18.20 to be effective the Commi protected with a carve out for when Condition 18.20 requires the Commission to vary the Schedule 5 in respon The current NL operator has temporarily stopped selling £10 tickets until it has looked into relevant player prot

The Gambling Commission does not expect to set a maximum price point or prohibit price points for any game include Games with price points that deviate from the price points which apply under the current Section 6 Lic duties and regulatory requirements. Consistent with its overall approach to assessing Section 6 proposals, the the Games in question and the wider portfolio, and the Applicant's proposed approach in relevant areas of its

This position will be set out for the competition in the Section 6 Licensing Guidance Note (which was issued to

The Licensee will be required to do everything it can to ensure that everyone over the legal age limit can easily and reach of the National Lottery. This will include an explicit obligation to provide physical access in all postcc discretion on the channels through which it provides access, including through direct online channels and/or ir the Matters to be Protected are not damaged (the Matters to be Protected include the Commissions statutory the National Lottery brand and reputation). Distribution should also take account of licence requirements conc licence), and must also comply with the National Lottery Regulations.

Sales channels and player access will be an important factor in driving returns to good causes and hence Appli demonstrate commercial viability. Whilst the Commission will not mandate online access, current retailing tre and hence returns to good causes.

The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) provides for the transfer of

The Commission anticipates that the expiry of the Third Licence and simultaneous commencement of the Fourth Licence (by a new legal entity) is likely to give effect to TUPE. It is also possible that some employees of the Third Licensee's sub-contractors may be transferred pursuant to TUPE.

In the event that any existing employees (from either the Current Operator and/or its sub-contractors) become redundant, they will be dealt with as part of the transition process.

It is anticipated that the transfer of eligible employees from either the Current Operator or any of its sub-contractors will be necessary to ensure the continuity of the National Lottery. The Current Operator must continue to ensure it has sufficient staff and expertise to run the operation during the transition period.

During Transition and pursuant to the Cooperation Agreement, the Current Operator and the Incoming Licensee will provide suitable training or know-how) that the Current Operator will provide to support a successful transfer. The parties may also consider proposals for secondments for certain employees before the Start Date. Any such proposals would need to be in the best interests of the National Lottery and satisfy all parties that the operation of the Lottery will be maintained during the transition period.

Applicants should take their own legal advice on the operation of the TUPE regulations.

Implementation Costs comprise of Transition Costs and Transformation Costs. Applicants will be required to provide details of all such costs. Transition Costs will be costs that would be reasonably incurred by the Incoming Licensee in connection with the transition (as defined in the ITA Glossary).

For the purposes of evaluation only, Transition Costs will be removed from the calculation of Good Causes Contribution. Transformation Costs will be treated as normal costs in the calculation of Good Causes Contribution.

Applicants should note that the Commission reserves the right to not remove any Transition Costs from the calculation of Good Causes Contribution (i.e. they will form part of the Good Causes Contribution calculation). The Commission would also consider proposals for secondments for certain employees before the Start Date. All such costs (inclusive of Transition and Transformation Costs) will be recoverable as set out in the Licence.

Transition Costs will be evaluated as part of the credibility and deliverability assessment under the Transition Costs (as defined in the ITA Glossary) (as indicated).

The evaluation approach has been designed to identify the Applicant that delivers the highest credible and deliverable solution to the Commission's other Statutory Duties.

The Commission stated that the evaluation criteria and weightings provided in the March draft of the ITA were intended to resolve any uncertainty relating to the mechanism. Evaluation weightings will be provided in the final ITA. The final ITA will also include further detail on the scoring criteria and thresholds that we will use to evaluate the Business Plan, along with clarification regarding elements of the evaluation approach and underlying mechanics.

The Commission will evaluate Propriety, Financial Strength and protecting Participants' interests on a pass/fail basis in order to receive a 'Pass'.

Applicants' proposed Licensee Proportion of Surplus will be evaluated relative to the lowest Proportion of Surplus proposed. The lowest Proportion of Surplus will receive a score of 100% for this section; all other proposals will be scored relative to this, prior to application of the section weighting.

Applicants' proposed Good Causes Contribution will be evaluated relative to the highest Good Causes Contribution proposed. The highest Good Causes Contribution will receive a score of 100% for this section; all other proposals will be scored relative to this. This will be done in the Good Causes Contribution and Business Plan section, prior to application of the section weighting.

The Business Plan evaluation will assess the credibility and deliverability of the Applicants' responses, relative to the proposed Good Causes Contribution for each Business Plan Area and a threshold will apply for each Area. The Commission will evaluate Applicants' responses to each Business Plan Area based on the credibility and deliverability of proposals against the proposed Good Causes Contribution for that Business Plan Area. Applicants' cost projections will be benchmarked as part of this evaluation against these projections, the Business Plan Area will be marked down, thus reducing the total Business Plan score.

The Solution Risk Factor (SRF) will be used to address the impact of cross-cutting aspects of Applicants' Business Plans. A SRF score within the range of 0-20% will be confirmed at final ITA. The SRF will consider risks which are cross-cutting (i.e. risks which affect multiple Business Plan Areas) and will ensure there is clear delineation of risk assessment between the evaluation of individual Business Plan Areas.

The Commission will ensure that the proposed Trust Deed will not prevent the Licensee from recovering costs and should not affect Licensee financial performance. The Commission is also planning to engage potential Applicants before that on some aspects of trust deed.

The controls placed on documents in the Virtual Data Room (VDR) have been considered and are deliberate for the Commission's group. To ensure that the Commission can access documents in the VDR, the individual should sign and complete the necessary documentation as an applicant, to enable the Commission to grant access.

Given the Commission's willingness to grant access to additional individuals (should the correct documentation be provided), the Commission may revisit the use of controls following progress through the Selection Questionnaire stage.