

# GAMBLING COMMISSION

## **Supplementary consultation on customer funds reporting**

**Responses  
August 2015**

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# 1 Introduction

- 1.1 In December 2014 the Gambling Commission (the Commission) published a [supplementary consultation](#) on customer funds reporting, which concluded in February 2015. Having previously established the principle of customer funds reporting through consultation during 2013 to 2014, this supplementary consultation explored the timing and format of the customer funds report.
- 1.2 Seven formal responses were received in total: six from gambling operators and one from a trade association, all from within the remote gambling industry. The Commission is grateful to those who responded. A list of non-confidential respondents can be found at Appendix A.
- 1.3 Sections 3 and 4 of this document summarise those responses and set out the Commission's position on the content and timing of the customer funds report. A summary of the main stages of compiling and submitting the customer funds reports can be found at Appendix B and a summary of operators' overall obligations in relation to the protection of customer funds is provided at Appendix C.
- 1.4 Formal customer funds reporting will be introduced for **remote operators** in early 2016. Subject to testing, the system for reporting will be introduced in February 2016. We will write to remote gambling operators prior to the system going live to give formal notice of the reporting requirement coming into force. We will also update our advice note to operators on [Customer funds: segregation and disclosure to customers](#).

# 2 Background

- 2.1 Customers who hold an account with a gambling operator frequently deposit monies or keep winnings with that operator with the option to use those funds for future gambling or to withdraw at a later date. In some sectors, particularly remote poker and betting exchanges, customers may hold large amounts with an operator in order to have sufficient liquidity to play in tournaments or to cover the full liabilities for their bets.
- 2.2 However, there have in recent years been some high-profile cases where customer funds were put at risk by the collapse of a remote gambling company. In some of these cases, customer funds have been lost or have only been reinstated some time later when another company has taken on the assets and liabilities of the collapsed operator.
- 2.3 In order to promote good financial management of customer funds liabilities and assets, remote gambling operators are required to segregate customer funds. Alongside this, and in order to help customers assess the risks to their funds, operators are required to disclose information to customers about the level of protection which is applied.
- 2.4 Customer funds reporting will be required of remote operators (other than ancillary remote operators) who hold customer funds, in order to assess compliance with the requirement to segregate customer funds. The reports will also act as a deterrent to customer funds being used by gambling operators for inappropriate company purposes, for example, borrowing customer funds to cover working capital requirements elsewhere in the business.
- 2.5 The customer funds reporting requirements will not eliminate the risk of customer funds being lost when a company goes insolvent or of a fraud taking place. However, it is an important tool in our compliance approach to assessing the effectiveness of an operator's arrangements to protect customer funds.

## **Existing requirements for the protection of customer funds**

- 2.6** As a reminder the main requirements relating to customer funds, as set out in [Licence Codes and Conditions of Practice \(LCCP\) February 2015 \(updated April 2015\)](#), are further summarised below:

### **Segregation of funds**

- 2.7** Licence condition 4.1.1 requires remote gambling operators who hold customer funds to segregate those funds into one or more separate accounts and also contains a definition of customer funds.

### **Disclosure to customers and the rating system**

- 2.8** Licence condition 4.2.1 requires (remote and non-remote) operators who hold customer funds to disclose information to customers about whether customer funds are protected, the level of such protection and the method by which this is achieved.

- 2.9** This information must be made available in terms and conditions and must be acknowledged by the customer at the point of depositing funds. Changes to the arrangements for the protection of customer funds must be disclosed to the customer in terms and conditions and at any subsequent deposit of monies by the customer.

### **Regular reporting on customer funds and liabilities**

- 2.10** LCCP also contains several requirements for reporting of customer funds issues. These are as follows:

- Any deficit on reconciliation of a segregated customer funds account must be reported as a key event to the Commission.
- Some information about customer funds must be reported as part of the overall quarterly regulatory returns as is currently the case for remote operators. The amount of funds held in customer accounts must be recorded showing the breakdown between customer funds relating to customers in Great Britain and those relating to customers outside of Great Britain.
- This consultation response confirms that the Commission will proceed with the introduction of a formal customer funds report in early 2016. The content of the report is discussed in more detail in the sections below.

### **Other reporting requirements for operators**

- 2.11** Customer funds reporting will be one component of a suite of reporting requirements that in combination provide the Commission with a rich source of evidence about how operators make use of their licence, and from which decisions regarding policy formation and deployment of resources can be based. The other reporting requirements as set out for operators in LCCP are:

- Key events
- LCCP notifications
- Regulatory returns
- Annual Assurance Statements (for the industry's largest operators).

- 2.12** On this last reporting requirement, the Commission recently published a response document following the supplementary consultation on the timing and content of Annual Assurance Statements. That [response](#) has now been published on our website.

## 3 Responses to the consultation: General

- 3.1 The consultation responses addressed issues which form part of the overall framework of customer funds reporting.

### Relevant operators

- 3.2 We explained in the consultation document that customer funds reporting will be required by any remote gambling operator (other than ancillary remote gambling operators) who holds customer funds<sup>1</sup>. A question was asked whether operators should report to the Commission when they begin or cease to hold customer funds, so that the requirement to complete customer funds reports can be applied, and equally that those who do not hold customer funds can be exempted from the reporting requirements.

### Consultation question

- Q1. Do you agree that B2C (business to customer) remote gambling operators (other than ancillary remote operators) should be required to report to the Commission:
- if they do not hold customer funds (so that the reporting requirements can be suspended); and
  - if they subsequently start to hold customer funds (so that the reporting requirements can be applied)?

- 3.3 Six responses were provided to this question, with all responses in agreement to introduce a reporting requirement to capture when an operator starts or stops holding customer funds. One of these responses cited B2B (business to business) operators as an example of an operator who may not hold customers funds and therefore should not be required to complete customer funds reporting.

### The Commission's position

As explained in the consultation document, all B2C remote gambling operators (other than ancillary remote) will be required to submit customer funds reports. We can confirm that this remains the Commission's position and only those operators who hold customer funds as set out in licence condition 4.1.1, will be required to submit a customer funds report. We can also confirm that this requirement applies only to remote operators.

All respondents agreed with the proposal to introduce a requirement to inform the Commission when operators begin or cease to hold customer fund, and so we will proceed with introducing this for operators. This will ensure that only those operators who are taking customer funds will receive reminders to complete the reports and that no compliance action is taken as a result of failure to submit.<sup>2</sup>

**For existing licensees:** We will write to operators who hold the relevant remote licence types in order to advise them of the requirement to confirm whether or not they currently hold customer funds, in advance of formal customer funds reporting.

**For future licensees:** On first being granted an operating licence from the Commission, operators will be advised of the requirement to confirm whether or not they hold customer funds within a certain timeframe.

<sup>1</sup> The definition of customer funds is set out in LCCP, licence condition 4.1.1

<sup>2</sup> If an operating licence is granted but an operator does not begin providing facilities for gambling in reliance on that licence within a reasonable period, the Commission may commence a licence review with a view to revoking the licence if that appears necessary. The Commission may also grant licences subject to a condition that requires an operator to begin to offer facilities for gambling within a specific timescale.

## Frequency of the reports

- 3.4** Customer funds reporting will be required on a **four-weekly** basis, with the reports showing a weekly breakdown of reconciliation information within that period (elsewhere in this document we have used the term ‘monthly’ as shorthand for these four week periods). This is in line with our current expectation that operators conduct reconciliations on a weekly basis as a minimum frequency, as set out at paragraph 5.5 of our [advice note](#), though it is often more appropriate for operators to carry out more frequent reconciliations.
- 3.5** It was proposed in the consultation that the Commission retains flexibility to make weekly reporting and submission a requirement **for individual operators** where compliance concerns exist that customer funds are at risk, for example if an operator is repeatedly encountering a deficit in funds available to cover liabilities; or there are other risk indicators or issues of non-compliance.

### Consultation question

Q2. Do you have any comment on the proposal that certain individual operators should be required to submit customer fund reports on a weekly basis (rather than submit the information for each week on a monthly basis), where sufficient compliance concerns exist? Are there any particular circumstances that you consider warrant a requirement to submit customer funds information on a weekly basis?

- 3.6** Six responses were provided to this question. Five of these agreed with the approach of monthly reporting (showing a weekly breakdown), with weekly reporting to be required where significant compliance concerns about individual operators. One response stated that weekly reporting would be too onerous.
- 3.7** One of these responses suggested a number of factors that the Commission should take into account when determining the reporting frequency for operators: the credit rating, jurisdictions targeted and size of the operator should be taken into consideration in order to take a risk-based approach. It was also stated that the Commission must be prepared to act in the interest of the consumer.
- 3.8** The issue of non-banking days was raised in one response, and it was suggested that allowances should be made for this when submitting reports, whereas another response suggested that operators should be able to access asset and liability information at any given point in time.

### The Commission’s position

Customer funds reporting will be monthly reports, showing a weekly breakdown of customer funds information. The system will be structured in such a way that weekly reporting will be possible, so that the Commission has the flexibility to require weekly reporting of individual operators, or categories of operators, as part of a risk-based approach. To reiterate, weekly reporting would be required where significant compliance concerns exist, and would be applied to operators having taken a proportionate and risk-based approach in deciding to apply this requirement.

In response to the concern raised over non-banking days potentially causing a delay to the report being submitted. There will be a period of time at the end of the reporting period for operators to make their submission and so we therefore do not anticipate that periodic non-banking days will impact on operator’s ability to submit customer funds reports within the required timescales.

## Disclosure to customers: ratings category information

- 3.9** Licence condition 4.2.1 requires operators to provide information to customers about whether their funds are protected in the event of insolvency, the level of such protection and the method by which this is achieved. This information must be made available in terms and conditions, on a customer's first deposit with an operator, and on any subsequent deposits following a change to the protection arrangements.
- 3.10** In November 2014 we also published an [advice note](#) which sets out a ratings category system that must be applied to the information provided to customers. Having conducted a self-assessment of which ratings category applies to their own particular customer funds arrangements, operators must include the selected category in both terms and conditions and on deposit.
- 3.11** Ratings category information was not consulted on as part of the supplementary consultation. However, partly in response to the issues raised during consultation, we intend that the customer funds report will include some features relating to ratings category information. This will most likely be in the form of a display to the operators of the most recent customer funds protection category recorded on their account and reminder or a link to the Key Event reporting facility to assist the operator to report any changes to the protection arrangements.
- 3.12** We also wish to take this opportunity to provide guidance on the information that we expect to be reported under the existing Key Event number 15 regarding any change to the licensee's arrangements for the protection of customer funds<sup>3</sup>. We can clarify that where a change to an operator's arrangements also triggers a change to the selected ratings category, then this information must be reported under Key Event number 15. We also expect other significant changes, for example a change in investment approach or moving arrangements from one jurisdiction to another, to be reported under Key Event number 15. Operators should exercise their judgement in determining whether a change to their arrangements is significant.
- 3.13** We do not expect more minor matters to be reported, for example, setting up a new account with the same provider that offers equivalent protection to the arrangements that were previously in place.

## 4 Responses to the consultation: format of the customer funds report

- 4.1** The consultation document set out a provisional format of the customer funds report, providing operators with a breakdown of steps involved in compiling the report and some illustrative examples of how the report might be presented. Consultation questions were asked to explore operators' views on this suggested format.

### Step 1: Financial institutions

- 4.2** The customer funds report will first collect details of the full range of institutions or providers that operators use to hold customer funds including the name and address and where applicable, the sort code of the provider. The report will store these details so that operators will only have to provide this information once, on completing the report for the first time, and can simply update the list of financial institutions as and when these change.

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<sup>3</sup> The wording of this event as it appears in LCCP is as follows: 'Any change in the licensee's arrangements for the protection of customer funds in accordance with the general licence condition 4 relating to the protection of customer funds (where applicable).'

- 4.3** We asked operators as part of the consultation to tell us whether the structure of Step 1 would capture the variety of financial institutions that they used, or if any others should be included.

### Consultation question

Q3. As a remote operator that holds customer funds, would the structure in Step 1 allow you to record the details of all financial institutions with which you hold customer funds? If not, please explain the type of institution and the details which should be recorded.

- 4.4** In total, six responses were provided to this question. Of those, four responses indicated that they would be able to record their financial institutions by using the structure in Step 1. The remaining two responses raised the point that some types of institutions used will not have identifiers by way of a sort code, such as money market funds or investment accounts. One of these responses suggested that the options in this step should be kept under review to ensure that they remain relevant.

### The Commission's position

We will proceed with collecting financial institution information as set out in Step 1, and we will incorporate some flexibility into the report to capture where non-standard institutions are used.

We set out in section 4 of the [advice note](#) that operators may use a variety of accounts that provided by a range of different institutions. Customer funds may currently be segregated into:

- bank accounts, either in Britain or overseas
- investment accounts, where a cautious approach to choice and spread of investment accounts is taken (as part of a cautious approach we would expect operators to be alert for example, to the risks of currency fluctuation or to over-reliance on one form of investment etc)
- other accounts: payment processor merchant reserve accounts which would be payable to the operator/its creditors in the event of insolvency.<sup>4</sup>

We will keep the list of institutions used by operators under review, and may in time provide further advice about the types of institutions where customer funds may be held.

### Step 2: Account information

- 4.5** The customer funds report will next ask for details about the types of accounts that operators use to hold customer funds. Similar to the financial information, we intend that the system will store this information so that operators only have to create these records once, and then update these records to reflect any changes to the information.

### Consultation questions

- Q4. In addition to the account types outlined in paragraph 3.14 (bank accounts, investment accounts and payment processor accounts), are there any other account types that you believe the Commission should include in the drop down menu to identify the types of customer fund accounts?
- Q5. Do you have any views on whether the Commission should not permit customer funds to be held in certain types of accounts? Please specify which type you consider should not be permitted and state the reason/s why.
- Q6. Do you have any other comment on the suggested format for the 'Step 1: Financial institutions' or 'Step 2: Account information' sections of the report?

<sup>4</sup> Further information is provided in Section 4 of our [advice note](#).



- 4.6** Four responses to Question 4 stated that no other account types needed to be included in the list of account types. Two further responses suggested that the additional options of 'investment type' and 'money market fund' should be included, and that details of the fund name and fund manager should be collected. One response cautioned that not all account types will have IBANs and that the list on the drop down menu should be reviewed periodically to ensure that it remains relevant.
- 4.7** Six responses were provided to question 5. Three of these did not make any further comment about any additional types of accounts that should be prohibited from being used to hold customer funds. Two responses stated that only FCA regulated or equivalent should be permitted, and a further response stated that operators should not put funds in accounts that do not permit same day withdrawals or requires long notice periods.
- 4.8** Only one response was given to Question 6, which suggested that the format of the report should allow for many different currencies to be used.

### The Commission's position

We will proceed with the structure outlined in Step 2 in order to collect details about the accounts that operators use to hold customer funds. This information will build the basis of the report; asset information will be entered against account records in order to show the location of customer funds at the reconciliation points.

We will structure the account information section to allow for a variety of unique identifiers to be recorded where these exist, and as with the list of institutions, we may review the drop-down menu options as reports are submitted if new account types emerge.

We do not currently consider it proportionate to stipulate that only Financial Conduct Authority (FCA) regulated providers are permitted; this may not be practical for operators whose financial arrangements are based overseas. As stated on page 8, we will keep the providers that are permitted under review and update this should evidence or best practice emerge that is necessary to do.

#### **Steps 3-5: Reconciliation points: liabilities, assets and deficits**

#### **Step 6: Return & edit weekly reconciliation points from the monthly reporting period**

#### **Step 7: Explain any deficits recorded**

- 4.9** We asked a number of questions in the consultation about the information that will be captured under each weekly reconciliation point, the process of editing and submitting reports, and explaining any deficits that are recorded.

### Consultation questions

- Q7. Would it be useful for the report to have a currency conversion tool to convert all customer liabilities, or would it be simpler for the operator to provide the total figure in GBP in all cases?
- Q8. Do you have any comment on the proposal that operators must provide an explanation of any deficits that are recorded on the customer funds report?
- Q9. Do you consider there being any difficulties in reporting the funds held in particular accounts, for example due to difficulties in obtaining real-time information on account balances, depending on the type of account used?
- Q10. Do you foresee any issues that operators may face in reporting the funds held by the operator due to use of different currencies for different accounts?

- Q11. What measures are available to operators to calculate a breakdown of customer funds to show those that are available to cover liabilities in relation to activity conducted under the licence issued by the Commission?
- Q12. Do you have further comment on the information being requested in the 'Reconciliation: liabilities, assets and deficits' section of the customer funds report?

- 4.10** There was no overall consensus amongst the responses given to Question 7. Responses ranged from stating that GBP figures should be reported in all cases, to stating that it would be fine for the operator to report either in GBP figures or other currencies. Two responses expressed concern that currency conversions could be used to mask a deficit between liabilities and assets, and therefore all reporting should be done in local currencies.
- 4.11** Six responses were received to Question 8. Two of these responses confirmed that they supported this proposal and that deficits should be reported and fully explained. Two responses made the comment that the Commission needs to clarify whether key event is still required of if it is in addition to this reporting. Two confirmed that they did not have any further comment to make in response to the proposal.
- 4.12** In response to Question 9 regarding whether operators thought there could be any practical difficulties in collating the information required for customer funds reporting, such as obtaining real-time account information, none of the six responses provided identified any potential issues, with one response expressing that a precise balance on customer accounts should be easily obtainable.
- 4.13** Only one response raised a concern in response to Question 10, regarding the use of different currencies by operators. This response reiterated the potential issue of currency conversion calculations being used to mask customer funds deficits as summarised in paragraph 4.10.
- 4.14** Question 11 asked what measures are available to operators to calculate the funds available to cover the liabilities accrued by the Commission licence. Three responses confirmed that operators should be able to provide this information using existing management information systems, and would already need to do so for other purposes such as tax reasons. One response stated their uncertainty about what was being asked by this question, but asserted that full transparency over their arrangements was possible.
- 4.15** Two responses were received in answer to question 12, which provided the opportunity to make any further comments on this section. One response raised an issue around operators being able to provide information at 'group level', where customer funds are held in a combined arrangement for all operators within a group of companies. A further response stated that the Commission must understand arrangements that are set up overseas, and how these arrangements provide protection for customers' funds.

## The Commission's position

### Currency information

The total figures for the asset and liability information must be recorded on the customer funds report in GBP. However, where operators hold funds or accrue liabilities in local currencies, then we will structure the report so that financial information can be entered in the currency in which the transactions are carried out and detail the exchange rate that has been used to calculate the GBP total. We will provide a currency conversion tool, however operators will be able to override to record the actual rate used in the calculation. Any deviation from common currency rates may prompt requests for additional information.

### Key event reporting

The requirement to explain deficits as part of monthly customer funds reporting will be in addition to providing a key event report of a deficit that has occurred.<sup>5</sup> The key event reporting of a deficit (a requirement which is already in place) and the monthly reporting (in place from early 2016) fulfil two different purposes. The key event reporting provides quick access to information about risk to customer funds, while the monthly reporting gives a more medium to long-term picture of customer funds compliance and acts as a deterrent to inappropriate financial management.

Licence condition 15.2.2 specifies that key events are reported to the Commission as soon as reasonably practicable and in any event **within five working days** of the licensee becoming aware of the event's occurrence. We will therefore keep in place the requirement for a key event to be reported, in order to give a quick indicator of any emerging issues that operators may be experiencing in relation to customer funds.

Over time, and after an initial period of receiving customer funds report information, we may issue guidance about limiting the key event reports of customer funds deficits to ensure only time-critical information is reported in this way. For example, we could specify the percentage of deficit over which the deficit must be reported, or we could ensure that it must be reported only if the deficit has not been rectified within a set timeframe.

### Group company information

We understand that operators may protect customer funds at a group level for a range of business reasons, and that such a structure can provide better protection for customers (but do so on the proviso that funds across the group are available for all liabilities, regardless of which operator accrues them). We have therefore created reporting systems which can be used by individual operators within a group structure. The report will still very much be a requirement for individual licensees; we wish to receive the same level of oversight and accountability for each report that is expected across reporting requirements.

- **Groups and monthly reporting:** Reports must be submitted at an operator level. Where funds are protected at a group level, this can be reflected in the report by submitting **asset** information that relates to the group. This allows operators to accurately reflect where assets are combined and cannot be attributed to accounts that are solely for the use of one operator. Liability information must still relate to the activity of the individual operator submitting the report. We will include some additional questions in to identify assets that relate to group information to enable some cross-reference assessment.
- **Groups and key event reporting of a deficit:** Operators must report a deficit on reconciliation of accounts, and this requirement remains for operators even where customer funds are protected at a group level. This may mean that each operator within a group structure submits an individual key event report to the Commission.

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<sup>5</sup> The wording of this event as it appears in LCCP is as follows: 'Where the licensee holds customer funds in a separate bank account, any deficit on reconciliation of such back account'.

## Submission of the report and supporting documentation

- 4.16** The consultation set out three proposals relating to the submission of the customer funds report and providing supporting documentation to evidence the information provided within:

### Consultation questions

- Q13. Do you consider it necessary for there to be additional restrictions in place to limit which users of eServices within an operator can have access to the customer funds report information?
- Q14. Do you agree with the proposal for the holder of a Personal Management Licence with one of the following three specified positions to be responsible for submitting the customer funds report? (Or for small-scale operators, this will mean someone in a qualifying position).
- the overall management and direction of the licensee's business or affairs
  - the licensee's finance function as head of that function
  - the licensee's gambling regulatory compliance function as head of that function
- Q15. What circumstances do you consider warrant a requirement to provide the Commission with evidence to support the information submitted within the customer funds report, for example, bank statements?

- 4.17** There were no suggestions of any additional restrictions that should be put in place to control the access within an operator to customer funds information, in response to Question 13.
- 4.18** Five responses agreed that any of the three Key Positions as outlined in Question 14 should be able to submit the customer funds report, with one response stating that it would be helpful for a senior manager to be able to sign off the report on behalf of the Key Position holder.
- 4.19** In response to Question 15, regarding the proposal for operators to provide supporting documentation, two responses made the point that any concerns the Commission may have about customer funds information should be discussed with the operator.
- 4.20** A number of scenarios were also suggested as examples that would warrant a requirement to provide the Commission with evidence to verify the information submitted within the customer funds report:
- where a deficit in customer funds has been reported, to ensure that the deficit had been removed
  - where a deficit in customer funds has been reported and this had not been addressed during the following period
  - on a discretionary basis, where compliance concerns exist
  - as part of other compliance assessments, such as a Corporate Evaluations
  - on a dip-sampling basis, particularly for newly licensed operators
  - where industry rumours about a particular operator may have arisen

## The Commission's position

### Key position certification

We consider that it is important for a key position holder within the operator to be accountable for the accuracy of the information contained within the customer funds report. This is necessary in order to provide a clear line of accountability, and demonstrates the level of importance we attach to information reporting requirements.

We will therefore include within the report a mechanism for a key position holder to declare the accuracy of the information contained within the report at the point of submission.

### Supporting documentation

We do not currently consider it necessary for supporting documentation, such as account statements, to be provided as a matter of routine, and agree with the suggestions provided by respondents in paragraph 4.20 as examples of scenarios where it could be considered reasonable to require such evidence from operators.

We can therefore confirm that for the time being, supporting evidence to substantiate customer funds reports will be only be required on an **individual basis**, and in line with our proportionate compliance approach. Where compliance concerns do exist, these would be communicated to operators in a manner that is appropriate to the nature of the concerns.

## 5 Implementation

**5.1** As part of the consultation we also looked at the next steps for introducing the customer funds report. We reiterated that operators should already be conducting weekly reconciliations of customer funds, and should be reporting as a key event where there is an identified deficit on the customer funds accounts and that this should not have affected by consultation. The following question was asked regarding the introduction of the report:

### Consultation question

Q16. Do you have any comments to make on the suggested next steps for the introduction of the customer funds report?

## The Commission's position

At the time of publishing the consultation we indicated that the reporting could be introduced during Spring 2015. Taking into account feedback from stakeholders regarding lead-in times to prepare for customer funds reporting along with the preparation time required to prepare for amendments to other parts of the regulatory framework, particularly for remote operators, we will introduce customer funds reporting **in early 2016**.

As requested in a number of responses, we aim to conduct a short period of industry testing of the customer funds report, prior to its formal introduction. As discussed in paragraph 3.6, we will write to individual operators to request confirmation of whether or not they hold customer funds, in order to begin preparing operators' accounts for customer funds reporting submission.

## Appendix A: List of consultation respondents

Non-confidential respondents to this consultation are listed below:

- 32Red Plc
- Bet365
- Betfair
- Betfred
- Gala Coral Group
- Gamesys
- Remote Gambling Association

## Appendix B: Summary of customer funds report

Below is a summary of the main stages of compiling and submitting the customer funds reports:

### Creating the first customer funds report:

**Step 1:** Record the financial institutions with which customer funds are held

**Step 2:** Record the accounts which are held with those financial institutions

*Steps 1 and 2 need only be repeated for subsequent customer funds reports if customer funds are moved to new financial institutions or accounts. Old records can also be deleted.*

### For each customer funds report:

**Step 3:** Enter the relevant weekly reconciliation point

**Step 4:** Record the total customer funds liabilities to customers for the Commission licence for each weekly reconciliation point

**Step 5:** Record the monies in all accounts where customer funds are held at each weekly reconciliation point

*For structures that protect customer funds in a group arrangement, group asset information can be provided here.*

**Step 6:** (Optional): Return to weekly reconciliation points to edit earlier information (prior to submission)

**Step 7:** Summary screen – explain any deficits

**Step 8:** Check total figures and submit monthly report

## Appendix C: Summary of requirements

Requirement	Applies to	Implementation
<b>Minimum protection arrangements</b>		
<b>Segregation of customer funds</b> (LC 4.1.1)	Remote gambling operators except B2B and ancillary remote bingo or ancillary remote casino licences	4 August 2014
<b>Information disclosure to customers</b>		
<b>Disclosure to customers in terms and conditions</b> (LC 4.2.1) -according to the customer funds rating system	All operators who hold customer funds	4 August 2014 <i>(ratings system since 31 December 2014)</i>
<b>Disclosure to customers at the point of first deposit</b> (LC 4.2.1) -according to the customer funds rating system -requiring acknowledgement by the customer before proceeding	All operators who hold customer funds	2 February 2015 <i>(existing customers by 26 February 2015)</i>
<b>Disclosure to customers when changing the level of protection</b> (LC 4.2.1) -according to the customer funds rating system -requiring acknowledgement by the customer at next deposit before proceeding -terms and conditions changes notified to customers	All operators who hold customer funds	2 February 2015
<b>Reporting requirements</b>		
<b>Key Event reporting</b> (LC 15.2.2) -Any change in the arrangements for the protection of customer funds (KE15) -Any deficit on reconciliation of accounts holding customer funds (KE16)	All operators who hold customer funds <i>-For structures that protect customer funds at group level, each operator within the group must submit a key event report</i>	4 August 2014
<b>Notification of starting or ceasing to hold customer funds</b>	Remote gambling operators except B2B and ancillary remote bingo or ancillary remote casino licences	by February 2016
<b>Formal customer funds reporting</b> -Monthly reports, showing a weekly breakdown of customer funds information	Remote gambling operators except B2B and ancillary remote bingo or ancillary remote casino <i>-For structures that protect customer funds at group level, each operator within the group must submit a monthly customer funds report</i>	by February 2016



## **Keeping gambling fair and safe for all**

**For further information or to register your interest in the Commission please visit our website at:  
[www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)**

**Copies of this document are available in alternative formats on request.**

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