

GAMBLING COMMISSION

Regulatory data consultation

Responses (part 2)

18 May 2017

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1 Introduction

- 1.1** In a [consultation](#) published on 16 November 2016, we set out our proposals to change some parts of the regulatory data that we require licensed operators to provide to us. The main focus of the consultation was on regulatory returns data, which all operators are required to complete and submit as a condition of their licence either on an annual or quarterly basis.
- 1.2** Our guiding principles throughout this review process are the collection of the required data, at the appropriate time and by the most efficient and effective means. This will:
- a) focus on the collection of data which tests whether operators are putting consumers at the heart of business decisions
 - b) better inform us and enable the effective targeting of our activity
 - c) seek to minimise the regulatory burden placed upon operators
 - d) raise awareness amongst consumers by helping them to make informed decisions and promote an informed stakeholder debate about gambling.
- 1.3** These principles sit within the context of the licensing objectives, which are set out in the Gambling Act 2005 (the Act) and are:
- preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime
 - ensuring that gambling is conducted in a fair and open way
 - protecting children and other vulnerable persons from being harmed or exploited by gambling¹.
- 1.4** In exercising its functions under the Act the Commission is under a duty to pursue and wherever appropriate to have regard to the licensing objectives, and permit gambling in so far as the Commission thinks it reasonably consistent with pursuit of the licensing objectives².
- 1.5** Consumers are at the core of our approach to regulation and we expect operators to put them at the core of their businesses too. We exist within a consumer landscape. We want gambling consumers in Britain to have trust and confidence that:
- they will be well informed
 - they will be treated fairly at all times
 - they will be kept safe, in particular those who are vulnerable to the risks and reality of gambling-related harm
 - they will get the best experience.
- 1.6** As part of our focus on consumers, we proposed certain topics worthy of further exploration, either by supplementing the data already collected through regulatory returns and reportable events, or by suggesting additional thematic (in-depth) work. We are mindful that our developing focus in this area may well result in future work on areas not specifically highlighted within the consultation.
- 1.7** The consultation period ended on 13 January 2017 and we received 33 responses. A full list of responses is included at Annex A, with the following categories of respondent:
- 21 operators
 - seven industry associations
 - five other stakeholders.
- 1.8** We would like to thank all who submitted a response to this consultation. Wherever possible, we have taken into account the views of respondents and in these cases we have detailed where our final position has changed from the original position stated within the consultation document. This has been done on a case-by-case basis within each of the relevant sections in this document.

¹ Section 1 Gambling Act 2005.

² Section 22 Gambling Act 2005.

- 1.9** The consultation set out our intention to make these changes through a phased approach, with a focus on making those changes which were more time critical (for example, because of their importance to the [changes to fees](#)) during the first phase.
- 1.10** We took this decision to split the consultation responses into:
- Part 1: responses to the proposals which are specifically required for fee calculation, which will be required from operators submitting data from April 2017
 - Part 2: responses to all other proposals contained within the consultation.
- 1.11** This is the second and final part of the response, with [the first](#) having been published in February 2017.

2 Proposed changes to the data elements that are common to all or some of the regulatory returns (including organisational and social responsibility information requirements)

Machine numbers question 1

- 2.1 Whilst the definitions are detailed within the regulatory returns guidance, we have recognised the need for greater clarity and we identified some recurring issues arising from the difference between the definitions of machines and terminals. We identified a common error that the same number is entered into both fields, often indicating an apparent breach of entitlement, for example more than four category B2s in a Licensed Betting Office (LBO) or category B3 accounting for >20% of all machines in an Adult Gaming Centre (AGC).
- 2.2 To alleviate this confusion we proposed to amalgamate the section on all relevant regulatory return forms which will ask operators to supply a single data point for the number of machines and terminals within one field per category (eg B2, B3), thus reducing some of the potential risk of double-counting.

Consultation question 1

Do you agree with our proposal to combine the columns into a single submission for each category, in order to avoid double-counting? This would require collecting more granular detail only on an as-required basis and would be done through a bespoke (and targeted) data collection process with relevant operators.

- 2.3 There were 14 specific responses to this question, most of which agreed with our proposal to merge the data requirement into a single column.
- 2.4 One respondent did not agree with our proposal, and suggested that the change may, in fact, cause more confusion for operators. They suggested that we should instead educate operators about the correct meaning of 'machines' and 'terminals' in order to make sure the regulatory returns data is as accurate as possible.
- 2.5 One other response indicated that we should consider collecting data from clubs and alcohol licensed premises such as pubs.

Our position

- 2.6 We defined machines and terminals in the regulatory returns guidance and advised those operators who reported incorrectly, but errors continue to be made.
- 2.7 We think there is a strong case in making it simpler for operators to fill out the data requirements, which will lead to a reduced volume of investigation effort into apparent non-compliance and which will free up resources elsewhere. This is a view shared by the vast majority of respondents to this question.
- 2.8 As we stated in [part one](#) of our responses, we have neither the desire nor statutory recourse to request data from organisations which fall outside of our regulatory remit, such as pubs and clubs. It is important therefore to be clear that this change will not widen the scope of regulatory returns to include entities which do not hold a Commission operating licence.
- 2.9 The change to combine the columns into a single submission for each category of machines will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change in advance of the submission date.

Machine GGY categorisation question 2

- 2.10** The current regulatory return allows operators to aggregate GGY for a machine or terminal which has multiple categories to the highest category of play possible on that machine or terminal. For example, a machine might have B2 and B3 content, meaning that rather than splitting out GGY by category of play, all GGY is reported against B2.
- 2.11** However, the absence of an accurate split of GGY by machine category creates a risk in terms of our understanding of the distribution of GGY, meaning that we have to caveat the dataset. The risks associated with different categories of game may differ and therefore it is important to capture this accurately.
- 2.12** We therefore proposed to split out machine GGY according to the category of play.

Consultation question 2

Do you foresee any problems in splitting out machine GGY according to the category of play?

- 2.13** We received 16 responses to this question, with nine responses supporting our proposals.
- 2.14** The majority of the respondents who did not agree with our suggestion for a mandatory split did see that the idea and intention of splitting out GGY is the right one. Their concern was around the burden placed on operators in calculating an accurate split of GGY. This derived from two areas:
1. Most machines outside of the LBO sector that operate with multi-games, are not server-based and therefore accessing, combining and manipulating data from these machines is a far more complex proposition than is the case for server-based machines. As a result of this, some operators will not have the facility or capacity to access detailed data from these machines.
 2. That this would be unduly burdensome on smaller operators.
- 2.15** Since the publication of the consultation we have been in discussion with a number of stakeholders (operators, machine suppliers and industry associations) about this issue, as we are keen to understand the issues facing each sector when it comes to the split of machine GGY.

Our position

Based on the responses received and further discussions with stakeholders we intend to revise the proposal as follows:

- 2.16** We are content that where there are available systems or networked machines that are able to separate GGY by category then our new requirements should be possible. In particular this should be possible for operators with the exception of those within the smallest fee categories (for example Category A) across each of the non-remote sectors.
- 2.17** We are content from a risk management point of view that the data will provide us with an estimated 90% of GGY from each sector.
- 2.18** Where it is not possible for operators to provide an accurate split of data (eg standalone machines), we would take an approach which is used in other parts of the regulatory returns process – whereby we would accept that operators may make a reasonable estimate of the split of GGY between categories. Where they estimate in this way, they should tell us so and outline the reasonable basis for that estimation.

2.19 This would apply in particular to smaller operators which do not have the levels of sophistication in their reporting data, in order to alleviate prohibitively costly or burdensome reporting.

2.20 The change to split out machine GGY by category of play will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

Social responsibility (underage) question 3

- 2.21** Section 47 of the Act makes it an offence to allow a child or young person to enter certain gambling premises, while section 46 of the Act creates an offence if a child or young person is allowed to participate in certain forms of gambling. These offences support the licensing objective of protecting children from being harmed or exploited by gambling.
- 2.22** At present we receive data from operators and other third parties on this issue in a number of ways:
- a) under LCCP condition 15.1.1 and 15.1.2 operators must inform us of an event that they “know relates to or suspect may relate to the commission of an offence under the Act, including an offence resulting from a breach of a licence condition or a code provision having the effect of a licence condition”
 - b) the regulatory returns system asks operators to submit (dependent on their sector) data for the following:
 - i) people who having entered the premises were unable to verify their age,
 - ii) people who having gambled were unable to verify their age.
 - c) certain operators, dependent on their size or which licence they hold, must conduct test purchasing or take part in collective test purchasing programmes, as a means of providing reasonable assurance that they have effective policies and procedures to prevent underage gambling, and must provide their test purchase results to us. These are reported to a named contact for review.
- 2.23** Both the LCCP and regulatory returns requirements are important datasets for us for different reasons, with the LCCP requirement enabling operators to provide details of where there is specific evidence of a breach of the Act relating to underage persons. We do not propose a change to this requirement.
- 2.24** We note however, in terms of the LCCP notification requirement, only a handful of non-remote operators have submitted data on the number of times where there is specific evidence of an underage breach (for example, where a parent returns to an operator with a betting slip which their child placed or where the operator challenges an individual who then produces a passport which confirms that they are underage).
- 2.25** The data collected through regulatory returns is slightly different and is focused on underage challenges where the outcome was that the person challenged did not or could not verify their age (ie walked away after they were challenged).
- 2.26** Our view is that within the regulatory returns mechanism, the best way to understand the risk around underage gambling is a focus on “People who having gambled were unable to verify their age”. This can provide an important metric to help us understand the success (or otherwise) of the procedures put in place by operators to stop underage gambling.
- 2.27** When it comes to the data submitted through regulatory returns, we proposed to remove the requirement for operators to tell us the number of times people who having entered the premises were unable to verify their age, as we think the second metric (people who having gambled were unable to verify their age) is a more suitable measure of risk and can be directly compared across all relevant sectors. This will give us an indication of where the operator’s policies and procedures may not be working.

- 2.28 Across both mechanisms (LCCP notifications or regulatory returns), we proposed to update our guidance in the lead-up to the proposed change to make it very clear to operators which data should be submitted through which mechanism and within which particular timeframe.
- 2.29 We are content that we can use the third party test purchase data to help us judge whether operators have effective age verification (AV) processes in place. As with other areas, we will keep our regulatory data requirements under review.

Consultation question 3

Do you agree with the proposal to remove the requirement to provide “People who having entered the premises were unable to verify their age” from the relevant non-remote forms?

- 2.30 We received 14 responses to this question, with 12 respondents broadly supporting our position.
- 2.31 The two which did not support our position outlined their concern that by removing the submission of this data set and only reporting failed instances of age verification testing, there is the potential for misinterpretation and misrepresentation of the figures. They also argued that the submission of this data-set does not present additional resource pressure on operators.
- 2.32 Although broadly supporting our position, one respondent disagreed with the consultation statement that “*certain operators, dependent on their size... must conduct test purchasing*”. They said that restricting the reporting requirement in this way cannot be justified as it produces an un-level playing field and suggests that a breach of the Act by small operators can be ignored.

Our position

- 2.33 For the most part, respondents supported our position on this issue.
- 2.34 We know that there could be misrepresentation of the regulatory returns figures as they currently stand. For this reason we proposed that it was best to test compliance through the route of third party testing, which provides a vehicle for qualitative data to sit alongside and provide context to the numbers provided.
- 2.35 We are happy for operators to continue to provide data on “*People who having entered the premises were unable to verify their age*” as part of the regular AV reporting, although this will no longer feature within regulatory returns. We agree with the assertion that more data can be useful in helping to understand risk in this area.
- 2.36 In the consultation we said that “*certain operators, dependent on their size ... must conduct test purchasing*”. This is a statement of fact. The requirement to test does not apply to all operators. We were not suggesting that there is the potential for ignoring breaches of the Act by smaller operators. To be clear, we are not proposing to remove the LCCP reporting requirement which applies to all operators, regardless of their size:
 - 15.1.1 and 15.1.2 Operators must inform us of an event that they “*know relates to or suspect may relate to the commission of an offence under the Act, including an offence resulting from a breach of a licence condition or a code provision having the effect of a licence condition*”.
- 2.37 The removal of this from regulatory returns will take effect for returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

Social responsibility (customer incidents on gambling premises directly related to gambling activity requiring police assistance) questions 4, 5 and 6

2.38 Operators currently have to provide details of the number of times the police are called to gambling premises during the reporting period and we regard this as an important proxy for risk relating to the licensing objective “preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime”.

2.39 Our consultation considered alternatives which provide levels of granularity, accuracy and qualitative data we need. These alternatives may take the form of one of the following options:

- a) expand the data requirements through regulatory returns to provide more granular detail (which may include metrics such as the number of violent incidents or the number of times machines are damaged by customer actions)
- b) undertake a targeted, thematic piece of work outside of regulatory returns to consider additional or in-depth data from operators, which may include metrics outlined immediately above but would also provide an opportunity for operators to submit qualitative context to the data provided.

Consultation question 4

Which of the two options do you think would provide the best and most useable data to provide the Commission with an in-depth understanding of the risks in this area?

2.40 We received 16 responses to this question.

2.41 Twelve of the responses suggested that it would be appropriate to pursue a thematic piece of work with operators outside of regulatory returns. Two of the responses suggested that instead we should expand the data requirements through regulatory returns to provide more granular detail.

2.42 One response indicated that neither was a good solution and that instead there is a danger in gathering data that is capable of misinterpretation.

2.43 One further respondent suggested that we should take care not to stray into other regulatory areas (particularly health and safety) where obligations to reduce health and safety risks to staff and customers are enforced by local authorities and the Health & Safety Executive.

Consultation question 5

Do you have any alternative approaches which would provide the Commission with the levels of granularity, accuracy and qualitative data which we need?

2.44 We received nine responses to this question, although most referred to the answer they had given to the previous question.

Consultation question 6

What are the most useful metrics available to operators in terms of the number of times police are called to gambling premises? For example the number of violent incidents or the number of times machines are damaged by customer actions.

- 2.45** We received 13 responses to this question, although most referred to the answer they had given to question 4.
- 2.46** Some respondents (mainly operators) did list some of the metrics they have available to them, although for the most part the responses suggested that the in-depth, thematic work should be subject to further investigation.

Our position

- 2.47** It is important to reiterate the fact that we did not consult on removing the requirement for operators to tell us the number of times the police are called to gambling premises during the reporting period. We have no intention of removing this requirement.
- 2.48** We do not agree with the assertion that collecting data which directly relates to the licensing objective about keeping crime out of gambling oversteps our regulatory remit. In fact we see operators collecting, analysing and acting upon this data as an important part of managing the regulatory risks within the sector.
- 2.49** For the most part there is significant support for a thematic piece of work in this area, and respondents correctly stated the view that police can be called to gambling premises for a number of reasons, not just damage to machines.
- 2.50** Collecting data as necessary outside of the formal regulatory data structures would also enable a faster and more effective method to change reporting requirements and to provide important contextual data/qualitative information to help understand the meaning of the data.
- 2.51** There was no consensus of opinion about what specific data should be included within a proposed thematic piece of work. We are clear that we need to make sure that any data collected or work undertaken in this area directly helps to understand the risks to the licensing objective in terms of keeping crime out of gambling, in particular around the requirements to call police. We will work with sectors, and particularly the most relevant sectors and operators, to establish how best to collect information that will provide this.
- 2.52** In the interim we expect that operators should already make use of local level data on crime, amongst other relevant data, in order to adequately fulfil their requirements around Local Risk Assessments.
- 2.53** It is likely that the crime data collected as part of this process would help inform the thematic piece of work in this area. Some best practice examples, including details of a toolkit which provides stakeholders with guidance on how to work with police forces and other agencies to tackle local gambling-related issues can be found [on our website](#).
- 2.54** We are mindful that in some sectors within industry a small number of the largest operators account for >90% of GGY. For this reason we may expect to start any thematic work with those operators within the relevant sector(s).
- 2.55** The thematic work may however identify a suitable metric and conclude that it is right to include that metric as a regulatory return requirement in future in order to track the issue over time. If this is the case we would let all operators know of this requirement ahead of its inclusion in order for them to make relevant changes to their systems in good time.

Suspicious activity reports (SARs) and discontinuation of customer relationships questions 7 and 8

- 2.56** Within the consultation we highlighted the replication of SARs data across both the regulatory returns and the key event notification process. The number of SARs is currently required to be submitted through regulatory returns, with a key event submission required (including the URN) for each individual SAR.
- 2.57** We outlined our intention to remove the need to provide information on SARs from regulatory returns, and to change the key event notification to include details on whether the customer relationship had been discontinued at the time of the notification.

Consultation question 7

Do you agree with the removal of the SAR question from the regulatory returns system, thus reducing duplication?

- 2.58** We received 22 responses to this question, all but one supporting our proposals.
- 2.59** The one response which did not agree with our proposal outlined an objection on the basis that:
1. It did not create any extra burden to operators,
 2. We should use the data to benchmark across sectors.

Consultation question 8

Do you foresee any issues with the change of a key event notification regarding the submission of a SAR (including appropriate consent) to include information on whether a customer relationship has been discontinued?

- 2.60** We received 20 responses to this question, 14 of which did not articulate any issues with this change.
- 2.61** Of the other six responses, several indicated that they were either unclear what use the Commission would have for the data or that it would be erroneous to 'judge' the percentage of relationships which are discontinued at the time of the SAR submission. They highlighted for example that the NCA could instruct them to continue the relationship or that it may be discontinued at a later date, a fact which we would not know.
- 2.62** Some respondents felt that the data would not provide the Commission with an accurate picture of risk in this area.

Our position

- 2.63** The almost unanimous support for the removal of the SAR question from regulatory returns reflects our view. We are unable to justify the replication in both regulatory returns and key event reporting. As the latter provides better functionality, namely the submission of the URN, we will remove the SAR question from the regulatory returns.
- 2.64** Information on discontinued relationships at the same time as a SAR is submitted will help us to track trends in incidents across sectors and to develop a clearer understanding of threats in the gambling industry.

2.65 It is not part of our approach to use information such as numbers of discontinued customer relationships in isolation to compare the performance of different operators. However, we can and do use such information to identify and begin to understand variations between licensees of similar size and business model.

2.66 For these reasons we plan to continue with our proposal to remove the number of SARs from regulatory returns and collect information on discontinued relationships through key events. These changes will take effect for regulatory returns (and key events) due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

3 Proposed harmonisation of certain data across both the non-remote and remote forms

Turnover, payout and GGY/gross profit question 9

- 3.1 Within the consultation we outlined our intent to harmonise the collection (where relevant) of turnover and GGY.
- 3.2 The remote casino, betting and bingo (RCBB) form in certain parts asks for operators to complete details of their turnover and payout for various relevant products. This data enables us to calculate a GGY figure.
- 3.3 This approach does not reflect the current data requirement for various non-remote forms, which require operators to complete details of their turnover and GGY / gross profits.
- 3.4 In order to make it as simple as possible for operators to easily and accurately provide the relevant data we require, we wish to standardise, where possible, the data reporting requirements across both remote and non-remote forms. This process will increase the overall efficiency and reduce the margin for error in terms of inaccurate regulatory returns.

Consultation question 9

Do you agree with the change to require (where relevant) turnover and GGY details on the RCBB form?

- 3.5 We received 17 responses to this question, all but one supporting our proposal.
- 3.6 The one response which did not agree outlined the respondent's views that:
 1. The process for calculating GGY needs reviewing,
 2. There is double counting for GGY shared between B2C and B2B parties within a revenue share agreement.

Our position

- 3.7 It is important to stress that the consultation did not invite views on the calculation of GGY. Guidance for operators on that topic can be [found on our website](#).
- 3.8 We should also stress that when it comes to reporting data through Industry Statistics and calculating operator fee categories, the system does not double count revenues because the relevant data points only require operators to report the portion of the revenue share which they keep. We do also ask B2C operators to report the full value of the transactions, but this metric is used to sense check the other data and does not feed into either data publication or fee category calculation.
- 3.9 We think that the benefits of standardisation between the forms for consumer facing non-remote sectors and the RCBB (such as making it easier to provide accurate data in a standardised way across multiple return types) in this case outweigh the rationale for retaining the current system. For these reasons we have decided to proceed with this change, which will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance before that date.

Split by sports (betting) question 10 and 11

- 3.10** Within the consultation we asked for stakeholder views about whether we have the correct mix of sports for non-remote and remote betting, and whether the two categories should be harmonised across both.
- 3.11** This is because empirical evidence indicates a widening in popularity of sports currently within the 'Other' category. Indeed, in terms of remote betting the 'Other' category has the third largest GGY after football and horses.

Consultation question 10

Do we have the correct mix of sports for betting on both the RCBB and the non-remote betting form (including Other)?

- 3.12** We received ten responses to this question and a small handful of respondents provided a full list of their sports categories.

Consultation question 11

Should we ensure the same sports are represented on both the RCBB form and the non-remote betting form?

- 3.13** We received 11 responses to this question, in which a number of respondents indicated that there should be a direct read-across for both non-remote and remote. This was particularly the case for operators which had a remote-only business model.
- 3.14** Other operators indicated that whilst there is merit in this suggestion, it should be kept in mind that these are two very distinct customer bases with differing betting habits and that it may prove prohibitively difficult to align the forms fully. This was a view held mainly by respondents which transacted across both remote and non-remote channels.

Our position

- 3.15** We face difficulty balancing competing factors, on the one hand having a prohibitively large number of categories for operators to complete and on the other hand having a very large 'Other' category (i.e. as is the case in remote at the moment).
- 3.16** The main issue facing our data collection is the size of the 'Other' section when it comes to remote. Unfortunately consultation respondents have not provided details of any one sport which would alleviate this across multiple operators and our analysis of data shows that the introduction of no single category would remedy this problem.
- 3.17** For these reasons we have decided that it would be unwise to fully harmonise the list of sports across both non-remote and remote at this time but we will continue to keep this issue under review.
- 3.18** At this time we do not see enough evidence to make a change to either the remote or non-remote list of betting products, with the exceptions outlined in the sections below (such as eSports).

Split by games (casino) question 12

- 3.19** Within the consultation we asked for stakeholder views about whether we have the correct mix of games for non-remote and remote casino, and whether the two categories should be harmonised across both.

Consultation question 12

Do you agree with the changes to harmonise the casino section of the RCBB form with the relevant products used on the non-remote form?

- 3.20** We received 11 responses to this question, with three operators indicating that they disagreed with our proposal.
- 3.21** Of the three, two said that it was not possible for them to do this at this time and the other said that they were concerned that it may lead to a large 'Other' category.

Our position

- 3.22** At present it is not possible for us to make direct comparisons on products across both the non-remote and remote channels in this market. This is potentially a growing risk to the Commission, as in future it may mean that we are unable to fulfil our statutory requirement to provide advice or publish detailed statistics for stakeholders on this section of the market.
- 3.23** As reflected in the betting section (see questions 10 and 11, above), we face difficulties balancing competing factors between having a prohibitively large number of categories/levels of complexity for operators to complete and on the other hand having a very large 'Other' category which does not provide the necessary granularity of data.
- 3.24** We are mindful that the full list of products from the non-remote form includes games which are not as popular in the remote channel (for example baccarat/punto banco) and may not become popular in that channel in the future.
- 3.25** Within the response to question 11 we decided that it is not advisable to completely harmonise the list of categories across both non-remote and remote returns. There are some significant differences across the product split by channel which precludes this in both betting and casino.
- 3.26** We therefore propose changing the remote list of casino products to match the broad list of games shown on the non-remote casino form, with some omissions which are not significant on the remote channel:
- roulette
 - blackjack (includes all versions, such as live dealer etc.)
 - slots
 - peer to peer
 - other.
- 3.27** Some operators indicated in their response that this split was not currently possible. Whilst we are mindful that this may require them to make some changes to their systems, we have provided as much lead-time as possible.
- 3.28** The changes to the product list on the remote form will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

4 Proposed changes to the sector specific elements

Society lotteries (remote and non-remote) questions 17, 18 and 19

- 4.1 Operators which hold a remote or non-remote society lottery licence currently submit draw-by-draw data to us on their total sales, total prize fund, amount returned to good causes and the amount allocated against expenses.
- 4.2 We identified within the consultation that the current system does not require data about the single biggest prize. We identified the lack of data collection in this area as a potential weakness in our data architecture as part of an enforcement case undertaken last year involving a breach of the prize limits.
- 4.3 Because of this, we proposed to require holders of remote and non-remote society lottery licences to submit an extra data point showing the largest single prize within each of their existing draw-by-draw lottery returns.

Consultation question 17

Do you foresee any problems reporting the maximum single prize alongside other data, or type of product which is already submitted?

- 4.4 We received three responses to this question, two of which agreed with our proposal.
- 4.5 One operator did indicate that they did not agree because in their view the information will have already been provided to the Commission with the respective 'working papers' within the 28-day launch notification period.

Consultation question 18

Have we missed any important products from the list for society lotteries (ie those which will form the check-boxes)?

- 4.6 We received two responses to this question, one of which agreed with the proposal and one of which did not, although the latter indicated a slight change to the list of draw types.

Consultation question 19

Do you agree with the removal of the following questions as the data is replicated elsewhere:

- the total remote ticket sales/proceeds (£)
- total number of remote lotteries managed.

- 4.7 This proposal was agreed by all three respondents to this question.

Our position

- 4.8 We have a statutory requirement to test operator compliance with the maximum single prize of either £25,000 or 10% of total ticket sales for that draw, whichever is greater. Until now we have not been able to test compliance in a regular and structured way across all operators.

- 4.9** Since the date of the consultation we have also been in discussion with stakeholders about the appropriate list of products to be included in the return. The list has subsequently been updated from that proposed in the consultation and now reads as follows:
- raffle style
 - subscription
 - scratchcards (retail)
 - scratchcards (vending machine).
- 4.10** The change which involves the removal of the data from regulatory returns (as outlined in Q19) will take place in April 2018.
- 4.11** The change, which includes the data point for the largest single prize per draw, as well as the list of lottery products will require separate IT development and may take effect ahead of the regulatory returns changes due in April 2018.
- 4.12** We will make the relevant changes to e-Services and guidance in support of these changes in advance of the submission date, but in any case will be in touch with in-scope operators in plenty of time to allow them to make necessary changes.
- 4.13** Since this consultation, the prevalence of ‘umbrella lotteries’ or ‘branded schemes’ (by which we mean a scheme whereby multiple societies promote lotteries under a common brand name or image, either on rotation with other societies or as a regular occurrence for that single society) and their growth over recent years has received more scrutiny in terms of their impact on the wider lottery market.
- 4.14** The information we currently collect through regulatory returns and lottery submissions and the manner which we collect it means it is impossible for us to monitor the impact and penetration of branded lottery schemes on the wider lottery market.
- 4.15** As such, we intend to extend the information required for each lottery submission to include a confirmation of whether each lottery was conducted as part of a ‘branded scheme’, and if so to provide us with the relevant name of the scheme.
- 4.16** As this proposal will have a limited impact in terms of the proportion of operators affected, we will make contact with those individually to discuss this change.
- 4.17** This change, which requires the provision of data (where relevant) about the name of the ‘umbrella lottery’ or ‘branded schemes’, will require separate IT development and may take effect ahead of the regulatory returns changes due in April 2018.
- 4.18** We will make the relevant changes to e-Services and guidance in support of these changes in advance of the submission date, but in any case will be in touch with in-scope operators in plenty of time to allow them to make necessary changes.

External Lottery Manager (remote and non-remote) question 20

- 4.19 Within the consultation we asked for views about whether the list of products on the current form was relevant to the sector and proposed changes to that list.

Consultation question 20

Do you agree with our proposed list of product categories, or do you have any others which should be considered?

- 4.20 We received five responses to this question, all of which indicated that they were content with our suggestions outlined in the consultation.

Our position

4.21 In order to maximise the utility of the data, we will change the list slightly to maintain a direct read-across to the draw-by-draw data supplied by society lotteries. Given the slight change in the list of products suggested in our response to Q18, we propose replicating this updated table in the ELM regulatory return form:

- raffle style
- subscription
- scratchcards (retail)
- scratchcards (vending machine).

4.22 This change to include the list above will take effect in advance of regulatory returns due to be submitted in April 2018. We will make the relevant changes to e-Services and guidance in support of this change before that date.

Bingo (non-remote) question 21

- 4.23 Within the consultation we outlined our proposed requirement for operators to split out revenue attributable to Electronic Bingo Terminals (EBTs), which to date has not been a requirement within the current form. EBTs enable players to purchase a larger number of tickets than they would usually be able to handle from playing on paper and can also contain other gambling-related content such as slot games.
- 4.24 The requirement to split revenue attributable to EBTs will provide us with more accurate information, which we will use to form assessments on the risk to the licensing objectives of the changing landscape of bingo activities. It will also enable us to publish more accurate Industry Statistics for use by stakeholders.

Consultation question 21

Do you agree with the proposal to split out revenues derived from EBTs?

- 4.25 We received five responses to this question, two of which indicated that they did not agree with our proposal because of issues around the administrative burden and possible cost as the information currently cannot be accessed by all operators.
- 4.26 Since the consultation date we have been in contact with EBT suppliers and the relevant industry association in an attempt to understand the complexities around this issue. This includes obtaining blank copies of some of the reporting templates which are available to operators in this area.

Our position

- 4.27** We still consider that understanding the volumes of revenue derived through EBTs is important because EBTs enable players to purchase a larger number of tickets than they would usually be able to handle from playing on paper and can also contain other gambling-related content such as slot games.
- 4.28** With that in mind, we are aware of balancing the competing interests of avoiding placing unnecessary and prohibitively large burdens on operators against understanding risks to the licensing objectives and protecting consumers.
- 4.29** We outline in paragraph 4.24 the reasons why we consider it important to have a breakdown of revenues derived from customer EBT play into the following categories. This will enable us to arrive at an accurate figure for each of the constituent parts of EBT play:
- gaming machine style content - GGY per category (eg B3, C etc.)
 - bingo game - par fees per headline game (eg main stage games, prize bingo).
- 4.30** Once introduced, this data will inform our ongoing advice to government and will be published within our biannual Industry Statistics.
- 4.31** As with other areas of regulatory returns, it is a requirement for operators to provide us with requested data which is both timely and accurate and it remains our expectation that they will do so.
- 4.32** We are however mindful that it is not always practical for operators (particularly smaller operators) to achieve absolute accuracy in some of the data they provide to us.
- 4.33** As part of the consultation process we approached a supplier of EBTs and also the Bingo Association to discuss the difficulties which may be experienced by smaller operators in terms of generating the required levels of granularity. These discussions provided a valuable insight into the minimum reporting mechanisms which are available to all operators which deploy EBTs.
- 4.34** As such, we are content that in some areas, small operators may have to provide data based on reasonable assumptions. Where this is the case, we expect operators to let us know whether they have had to estimate any part of this data and if so to let us know the methodology they have used.
- 4.35** This change requiring the split of EBT revenues in to the constituent parts of gaming machine style content and bingo games will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

Betting (non-remote) questions 22, 23, 24 and 25

- 4.36** Within the consultation we outlined our proposed requirement for operators to split out revenue attributable to Self-Service Betting Terminals (SSBTs), which to date has not been split out within the current form.
- 4.37** Given the increasing importance of SSBTs within the product mix for many operators, we believe that it is important for us to have an ongoing understanding of the volumes of GGY generated in reliance on these products.

Consultation question 22

Do you agree with the proposed inclusion of separate questions for SSBT numbers and GGY?

- 4.38** We received ten responses to this question, four of which indicated that they did not agree with our proposal because they felt we should only be interested in the number of SSBTs, not their GGY (which should already be reported in other parts of the form). One of these responses went on to state that in their view SSBTs are not a regulatory issue or indicator.
- 4.39** We also consulted on using the existing non-remote split of GGY from products used elsewhere on the form (dogs, football, horses, numbers and other).

Consultation question 23

Do you agree with the list of sports outlined for collection within this section?

- 4.40** There were ten responses to this question, most of which were either content with the existing list (With the caveat that some of them had said they did not agree with us collecting GGY in the preceding question) or stated that football was currently the main product so it seemed to make sense to use the existing non-remote product breakdown. One respondent did indicate that the category 'numbers' was irrelevant.

Our position

- 4.41** We do not share the view that SSBTs are not, and do not, form a potential regulatory indicator for risk, especially as several of the largest non-remote betting operators have indicated that they are rolling out an increased number SSBTs across their licensed betting office (LBO) estate. These operators have, for example, highlighted the importance of SSBTs to their customer strategy in communications to the financial markets; we think it not unreasonable to collect high level data to understand how these channels develop.
- 4.42** We also highlighted in the consultation that the GGY attributable to SSBTs, although reported to us 'in the round' (for example within the existing products) is not explicitly reported as SSBT revenue, so we are unable to form a view about the size of the market.
- 4.43** We will therefore proceed and include both the number of, and GGY derived from SSBTs in the market. We do not expect this to be a problem for smaller operators, who typically do not deploy SSBTs and in which case would not have to complete this section of regulatory returns.
- 4.44** In terms of categories of sports reported, we do not see a reason to differ from the list of sports listed in the other section of the non-remote betting form (dogs, football, horses, numbers and other), even if some operators do not take bets in all of these categories and we will therefore proceed with this change.
- 4.45** This change, introducing a requirement to provide the number of and GGY attributed to SSBTs, will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

- 4.46** Social responsibility code provision 3.3.3 of the LCCP, applicable for operators holding a non-remote betting licence states that “licensees must ensure that any B2 machines that they make available for use require customers to make an active choice whether to set time and monetary thresholds for customer and staff alerts”.
- 4.47** The ABB Responsible Gambling Code outlines a mandatory requirement for members which states that “All players must be subject to mandatory reminders for every 30 mins played or £250 added to the machine”. The code also allows for players to set a “custom voluntary limit at any stage during play if they do not choose to do so before”.
- 4.48** We proposed collecting the data on the number of times voluntary limits are set by customers, as this metric will provide a proxy from which we are able to benchmark the uptake by customers of this gambling management tool, as well as assuring operator compliance or informing other social responsibility work which may be required in this area.

Consultation question 24

Do you foresee any issues with reporting on the number of times which time/money limits are voluntarily set by customers?

- 4.49** We received eight responses to this question, five of which outlined their perceived issues with reporting on the number of times which time / money limits are voluntarily set by customers.
- 4.50** In general, their rationale was in the following areas:
- problems with the data (would relate to the number of instances and not the number of customers)
 - it would be problematic to collect,
 - the fact that the data are already submitted to the ABB (and then forwarded on to the Commission).

Our position

- 4.51** Although an imperfect proxy, this metric will enable us to benchmark the uptake by customers of this gambling management tool, as well as assuring operator compliance or informing other social responsibility work which may be required in this area.
- 4.52** The fact that data is provided to us about the number of instances and not the number of individuals (ie customers) is a factor associated with the regulation of anonymous gambling and is one which we face in other areas of regulatory data collection (for example self-exclusions or customer interactions). In the absence of tracked play in this environment, it is probably the best of an imperfect set of proxies, but that does not mean that we should not collect and use the data.
- 4.53** As the data is already collected (currently for submission to the Association of British Bookmakers), we do not consider that there will be any meaningful additional burden to operators to submit that data to us as part of regulatory returns.
- 4.54** It is therefore our intention to proceed with the collection of this metric.
- 4.55** This change, which will require the reporting of the number of times which time/money limits are voluntarily set by customers, will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

Consultation question 25

Do you agree with the proposal to remove ‘number of slips’ from the non-remote betting regulatory returns form?

- 4.56** We received seven responses to this question, all of which agreed with our proposal to remove this from the regulatory returns system, although a handful did point out that they use it as an indicator for the health of the sector.

Our position

4.57 It is our intention to proceed with the removal of this metric.

4.58 This change, which will remove ‘number of slips’ from the non-remote betting regulatory returns form, will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

Data which is proposed for removal (remote) question

- 4.59** One section of the current RCBB form asks operators to submit details of customer funds held by the operator. The current guidance says “funds held in customer accounts: include all funds in accounts that customers could use to gamble on facilities licensed by the Commission. This should incorporate funds held in all accounts regardless of whether they are active, dormant or suspended accounts”.
- 4.60** We previously consulted on plans to introduce a more robust customer funds reporting process. Following these consultations, we confirmed that the requirement for remote gambling operators to submit regular reports to us on the level of customer funds assets and liabilities would be introduced on a phased trial basis in 2016, starting with the operators holding the largest amounts of customer funds.
- 4.61** We received fifteen responses to this question, all of which either supported our proposal or had no specific view.

Consultation question 26

Subject to the outcome of the phased trial process, do you agree with the removal of the customer funds question from regulatory returns?

- 4.62** This phased trial process has now finished and we have taken the decision not to proceed with this requirement, based upon the trial. We have considered the information provided, and we have noted that the majority of operators on the trial were already carrying out reconciliations of the customer funds held before we introduced the requirement to report these regularly. We have also looked at the resource implications of further roll-out of this reporting requirement, including any refinements or improvements we might need to make to the system. We have concluded that the most proportionate approach is to discontinue the requirement for operators to report to us the funds they hold.

Our position

- 4.63** The 25 operators in the phase one trial of customer funds reporting have been informed that they do not need to submit further reports in January 2017. We would like to thank them for the information they provided. We have taken account of this information, and the resource, other requirements and effectiveness of the measure to arrive at our decision.
- 4.64** Although we have chosen to discontinue the requirement for remote operators to make 4-weekly reports, we do wish to make sure that in-scope operators continue to recognise the importance of this issue. You can read more about the requirements for these two licence conditions in our [advice note](#).
- 4.65** We will focus our resource on identifying other options that could make improvements to help customers understand how their money is protected, but in the absence of a detailed customer funds database, we are unable to remove this metric from the regulatory returns system.
- 4.66** Therefore there will be no change and all in-scope operators should continue to report in the same way, using the same approach to regulatory returns as they have done up until this point.

- 4.67** In the current regulatory returns we ask operators to confirm details of both trading names and domain names. We collect this information on application for a licence and also ask for it as key events within the eServices system where there have been any changes to trading or domain names.
- 4.68** As there is currently replication we consulted on removing these questions from the regulatory returns and instead retaining the reporting requirement in key events.

Consultation question 27

Do you agree that trading names and domain names reporting sits best within key events and as a result should be removed from regulatory returns?

- 4.69** We received 19 responses to this question, all of which either supported our proposal or had no specific view.

Our position

- 4.70** In light of the unanimously positive responses to the consultation and the fact that the data requirement represents a replication of data submitted by operators, we have decided to proceed and will remove this requirement.
- 4.71** This change which will remove reporting trading and domain names from regulatory returns will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

- 4.72** We introduced a voluntary field for operators to report customer demographics following the 2014 review of the RCBB form. This was at a time when we were still finding out details of the market from newly licensed remote operators and were looking to triangulate any data collected through our participation surveys.

4.73 Since the 2014 review of the RCBB form we have developed our quarterly participation data. Although the demographics coding has remained the same throughout the period (to ensure consistency and comparability), work has been undertaken to ensure that we are reaching a more representative sample of the population in order to make the participation data as robust as possible.

4.74 We therefore consulted on removing these fields from the regulatory returns.

Consultation question 28

Do you have any objections to our proposal to remove the voluntary field about customer demographics?

4.75 We received 19 responses to this question, all of which either supported our proposal or had no specific view.

Our position

4.76 In light of the unanimously positive responses to the consultation and the fact that the data is better collected and validated through other means (such as our participation surveys) we have decided to proceed and will remove this requirement.

4.77 This change, to remove the voluntary field about customer demographics, will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

4.78 The 'remote events' section of the RCBB form was designed to enable operators to provide us with details of a number of events which have taken place during the reporting period.

4.79 Since the 2014 review of the RCBB form we have developed the key event reporting requirements for operators and as such we consulted on removing the 'remote events' section of the RCBB form to avoid replication.

Consultation question 29

Do you agree with the Commission's proposal to remove the "remote events" section from the relevant regulatory return forms?

4.80 We received 16 responses to this question, all but three either supported our proposal or had no specific view.

4.81 The three which did not agree stipulated that the inclusion of 'change controls' as a reportable key event would place a large and unnecessary burden on operators. They questioned the value of having to inform us within five working days of a game activation / deactivation and how that may inform us of regulatory risk.

Our position

- 4.82** We are confident that any events which may have a meaningful impact on consumers or on the licensing objectives (such as security issues) must continue to be reported through the key event system. Our proposal would remove the requirement for operators to repeat that information through regulatory returns.
- 4.83** In reviewing the responses to the consultation it has become evident that the potential volume of notifications which may fall under change controls for game activation/deactivation may be prohibitively large.
- 4.84** There is also a question about whether this data is relevant to help us understand regulatory risk and operator compliance, especially given the other channels available to us (games testing etc).
- 4.85** In balancing these competing factors we have decided to take action based on the feedback of operators, and whilst we will proceed with the removal of the 'remote events' section of regulatory returns we do not propose including 'change controls' (for example game activation/deactivation) as a key event for operators at this time.
- 4.86** This change, to remove the remote events section from the relevant regulatory return form will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

- 4.87** As a result of the Gambling (Licensing and Advertising) Act 2014, we sought to focus upon the regulatory risks around operator group revenues derived from other jurisdictions.
- 4.88** We reiterated in the consultation that we expect operators to assess the consequences of their continuing to receive a noticeable stream of income from any jurisdiction where there are real doubts about the legality of their providing gambling services to its population. Our proposed change would enable us to assure ourselves that operators are complying with this requirement.

Consultation question 30

What are your views on our preferred option for the provision of group jurisdictional revenue information to the Commission, and why?

- 4.89** We received 15 responses to this question, six of which disagreed with our preferred option.
- 4.90** Those which did not agree with our preferred option pointed out that the Commission regulated entities (organisations holding individual licences) and not groups. Some respondents also expressed the views that this situation would create uncertainty where its stated aim was to reduce uncertainty.

Our position

- 4.91** Regulatory returns are collected on a product-by-product basis and focus upon data which is relevant for that particular operator / licence. As several of the responses have pointed out, gambling businesses are often large, multi-jurisdictional organisations with a large number of companies within the group. These entities within a larger group often share funding arrangements, expertise and in some cases gaming liquidity.

- 4.92** Our duty in this area is around the licensing objective to keep crime out of gambling, which drives our concern around the legality of funding or liquidity to our licensees from other group companies trading in other jurisdictions.
- 4.93** Although the licensee itself may not directly trade in other markets – it may benefit from sister companies doing so and for this reason we have to have regard to the point raised by respondents - namely that some groups are complex and interconnected.
- 4.94** Revenues generated in ‘grey’ markets could be used to gain a commercial advantage in Great Britain, for example by funding marketing spend in GB. For this reason we need operators to submit data on revenues for the group as a whole. Indeed the group concept is not a new one when it comes to the current reporting requirement, given that an amendment was made to licence condition 15.2.2 which came into effect in May 2015 and focussed specifically on ‘groups’ (and not individual licensees).
- 4.95** We are concerned that some operators seem to be indicating in their response that they are either unwilling or unable to provide group data which is currently an LCCP requirement³ (under section 15.2.2). So for clarity our proposal is to amend 15.2.2 slightly to widen it from the current requirement to report group advertising to a new requirement to report where there has been sustained/meaningful generation of the 3% / 10% threshold being passed for the wider group. The reporting of this could be done by any group company holding a Commission licence.
- 4.96** The requirement will be to notify us at such time as the group becomes aware of the change, and would focus upon a significant or sustained change in the group’s revenue profile by jurisdiction. We would expect such changes to be reported against a usual reporting period for the group and related to an appropriate time-period (for example annually or quarterly), dependent on factors such as the size or organisational structure of the group.
- 4.97** This change, which would amend licence condition 15.2.2 will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

Data which is proposed for alteration (remote) questions 31, 32 and 33

- 4.98** The consultation referenced our position paper on in-play betting.
- 4.99** By in-play betting (also known as in-running or live betting), we mean placing a bet while the event to which the bet relates is actually taking place, for example, placing a bet on a football match while the match is being played. This form of betting takes place mainly, but not exclusively, on sporting events.
- 4.100** In-play betting is predominantly an online activity, where bettors place bets using a betting operator’s website. In-play betting continues to grow in popularity - the number of in-play markets are expanding and a significant volume of betting takes place in-play. Our gambling participation survey data from 2015 shows that 25% of online gamblers had bet in-play within the preceding four-week period. From November 2014, we began collecting data on all operators holding a licence to supply the British market, and indications from this show that in-play betting accounts for over one-third of online betting GGY.

³ “Licensees must also notify the Commission ... their becoming aware that a group company which is not a Commission licensee is advertising remote gambling facilities to those residing in a jurisdiction in or to which it has not previously advertised.”

- 4.101** Our position paper concluded that we will continue to monitor the development of in-play betting and associated risks in accordance with our intention to be an evidenced-based regulator. We therefore proposed making the current (voluntary) question relating to in-play GGY attributable to GB customers mandatory.

Consultation question 31

Do you agree with the Commission's position of mandating the reporting of data on in-play GGY for GB customers?

- 4.102** We received 11 responses in relation to this question. Although the majority of these agreed with our proposal, two responses highlighted reservations. One respondent asks for clearer guidance on the subject, expressing concern that there is a risk of duplication of data reported under in-play and data reported under the GGY split by product, while the other suggests that the proposal may be confusing and unhelpful.

Our position

- 4.103** As highlighted in the consultation, the in-play market is receiving an increasing amount of attention and is seen as one of the key drivers behind remote betting sector growth. Mandating the field allows for us to better monitor its evolution and helps inform our advice to relevant stakeholders.
- 4.104** It is important to note that, although this was introduced as a voluntary field, our analysis shows that the majority of operators, where relevant to their business model, have been providing this information, therefore operators appear to have an understanding of what constitutes in-play.
- 4.105** While the data may be duplicated on the submission of the regulatory return form, whereby an operator reports GGY by product as well as any GGY obtained from in-play, it is important to note that in-play does not count towards an operator's fee category. It is merely used as an independent reporting field for us to monitor the development of the in-play market.
- 4.106** We should also stress that as part of this consultation on regulatory data collection, we will seek to improve the guidance where an amendment in reporting criteria has been made. Consequently, we will further clarify the definition of in-play to address any confusion, as we will with any definition change required as a result of this wider exercise.
- 4.107** This change, which will mandate the collection of data on in-play GGY for GB customers, will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

- 4.108** The consultation also covered the list of sports which were relevant to in-play. The shape of the in-play market is receiving increasing amounts of attention and is predicted to be one of the key drivers behind remote betting sector growth in future. We therefore think it is vital to understand the evolution of this sector in terms of the breakdown according to the headline sports. This will help us identify any changing risk profile presented by the growth of in-play.

Consultation question 32

What are your views on the proposed split categories 'football' and 'other'?

- 4.109** We received ten responses to this question, more than half of which agreed with the proposal. Four respondents expressed concerns with the proposed split. Concerns raised included the rationale behind the chosen categories, the use of data if it is not to be split out by more products and reiteration of guidance on in-play needing to be addressed before logically addressing the concern about categories.

Our position

- 4.110** Our analysis of data submitted to us voluntarily, as well as engagement with the industry, shows football to be the main sport in which in-play betting takes place. For this reason we seek to collect data under the categories proposed (namely 'football' and 'other'). Should the 'other' category become disproportionately large, we may in due course look to expand the selection to suit market developments.
- 4.111** One of the main focuses of this consultation is to seek views from the industry on how we can further improve regulatory returns, as stated in response to the previous question, we will look to further clarify the guidance on in-play.
- 4.112** This change, which will split in-play revenues into split categories 'football' and 'other' will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

- 4.113** We also proposed the inclusion of a new key event whereby operators would be required to notify us about faults which occur that result in under or overpayments to customers, or return to player (RTP) faults. Inclusion as a key event would aid in the removal of the 'remote events' section.
- 4.114** We consider a gambling payment RTP fault such as this fits best within the key event notification process, given the potential time-delay if we were to continue to collect this data using the regulatory returns (it currently sits within the data requirements in the Appendix of the RCBB return form). We therefore proposed removing the requirement entirely from regulatory returns and instead designating it as a key event within eServices.
- 4.115** We would not expect every suspected payment fault to be reported to us. However, once a fault is confirmed, reporting would be required. We will clarify further in our guidance on key events.

Consultation question 33

Do you agree with the removal of information about a gambling payment RTP fault from the regulatory returns and designating it as a separate key event?

- 4.116** We received 15 responses to this question, four of which suggested some areas of difficulty we may wish to consider. These include:
- The five day reporting window for key events not being consistent with the (often complex) time-frame sometimes required to investigate these situations. This may impact the reporting quality.
 - Reporting on “every technical breach being onerous and unnecessary”. This was accompanied by a suggestion that in their view the only issues which should be reported (as a key event) are the ones where RTP variances resulted in ‘significant’ customer detriment which had not been remedied.

Our position

- 4.117** It is important to reiterate that we do not expect that every suspected payment fault would be reported to us. However once a fault is confirmed, reporting would be required. This difference should help alleviate some of the points raised by respondents and we will clarify this in our guidance.
- 4.118** In terms of the timing of reporting, as soon as an under or over payment has been confirmed (that is, an investigation into a potential issue has confirmed a fault), we believe that the game should be disabled and a notification sent to us with details of the affected product, setting out the issue for consideration with as much information about the fault, how it occurred, any failures or weaknesses in testing, its impact (eg number of players and amounts involved) and what actions are being taken or proposed as a result.
- 4.119** We do not share the view that only ‘significant’ RTP faults should be reported. For example, a number of ‘small’ faults may indicate a wider systematic issue either within a game or an operator’s processes. This would not be covered if only ‘significant’ faults are reported. A game under or overpayment issue, even an apparently minor one, represents a failure in design, build, testing or deployment and is therefore likely to be of interest to us . For these reasons we intend to proceed with the change.
- 4.120** This change, which includes removal of information about a gambling payment RTP fault from the regulatory returns and designating it as a separate key event will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

Data which is proposed for inclusion (remote) questions 34 and 35

- 4.121** An area featured in the consultation for inclusion in the RCBB regulatory returns is eSports. eSports present some particular challenges and risks for gambling regulation. In 2015 a number of established British operators began taking bets on eSports and some specialist operators also entered the market. In terms of overall market share, betting on eSports currently accounts for a very small proportion of the British gambling market, but it is growing.
- 4.122** A definition for this was provided in the consultation.

The playing of computer games which can range from play by two individuals (including 'match-ups') to playing in professional competitions.

Consultation question 34

Do you have any views on the addition of fields for eSports revenues, which will allow a GGY calculation?

- 4.123 We received nine responses to this question, with only one respondent outlining their views that we should not ask operators to separate out eSports data. Although they did state that it was certainly a hot topic, their objection was on the basis that it's currently a small market.

Our position

4.124 Whilst we have found from our interactions with operators in the area of eSports that the market is currently small in relative terms, the point is that we currently do not know the exact size of this market given that GGY generated is currently reported under 'Other' within betting. We are of the opinion that given the interest in eSports it is not unreasonable to anticipate that advice and the need for accurate data about the size and shape of the market will be required in the future, particularly given that the gambling activity in these areas although relatively still niche, in 2015 had an audience of 160 million and total prize funds exceeding \$71 million and appears to be growing.

4.125 Betting on eSports presents risks that need to be managed in a similar way to other forms of betting and gaming, including the risk of cheating and match-fixing and the risk that people will gamble excessively. We expect operators offering markets on eSports to manage the risks, including the risk that children and young people may try to bet on such events given the popularity of eSports with children and young people.

4.126 A key part of evaluating that risk from a regulatory perspective is understanding the size and shape of the market, not least because we ask participation questions of consumers in various parts of our participation surveys. For these reasons we intend to proceed with the change.

4.127 This change, to include the collection of GGY derived from GB customers betting on eSports, will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

- 4.128 We proposed collecting the data on the number of times voluntary limits are set by customers, as this metric will provide a proxy from which we are able to benchmark the uptake by customers of this gambling management tool, as well as assuring operator compliance or informing other social responsibility work which may be required in this area.

Consultation question 35

Do you foresee any issues with reporting on the number of times which time/money limits are voluntarily set by active customers?

- 4.129 We received 16 responses to this question, nine of which outlined that they were unsure about the specific definitions used and that there was the probability that customers would be double-counted within the data.

Our position

4.130 Although not perfect, this metric will provide a proxy from which we are able to benchmark the uptake by customers of this gambling management tool, as well as assuring operator compliance or informing other social responsibility work which may be required in this area.

4.131 As an indicator, this is probably the best of an imperfect set of proxies but that does not mean that we should not collect and use the data.

4.132 It is therefore our intention to proceed with the collection of this metric.

4.133 This change, which will require reporting the number of times which time/money limits are set by customers, will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change before that date.

5 Proposed changes to the types of guidance to help the completion of regulatory returns

- 5.1 Within the consultation we outlined our intention to make the regulatory return guidance better for operators to help them provide us with accurate data.

Consultation question 36

What are your views on how we can make the regulatory data guidance better for your needs?

- 5.2 We received 20 responses to this question, all but two agreed that it was important to improve the system. In general the suggestions fell into the following areas:
- broad support for some of our suggestions (such as YouTube videos)
 - suggestions for sector-specific round-table meetings, particularly at or around the time when the flow of regulatory returns is high
 - clearer definitions for the requested data
 - a single reference place where all of the relevant help text can be found (such as a single downloadable pdf).

Our position

- 5.3 Accurate and helpful guidance is one of the ways which we can maximise the accuracy of data collected and minimise the effort required to submit that data.
- 5.4 We can see the value in some of the suggestions outlined in 5.2 above, and will liaise with industry associations or plan attendance at sector meetings in the lead-up to the release of the changes outlined.
- 5.5 One important issue which is raised here is around the definitions used. Given that there are a number of proposed changes to the data collected through regulatory returns, key events and LCCP notifications we plan to update the definitions for all new and reviewed data points before the changes are implemented. This will provide operators with a chance to update their systems and data collection as appropriate.
- 5.6 It is our intention to cascade any changes to definitions through industry associations, our newsletter and on our website in advance of the changes.

6 Future proposed changes to collection and submission of regulatory data

6.1 In addition to looking at potential changes to specific data requirements, we used the consultation to seek stakeholder views on some future changes which could minimise the burden on both operators and us in terms of collection and processing of data. This is set against the backdrop of maintaining the best possible evidence base to inform regulatory decisions, including enabling operators to evidence whether they are putting the consumer at the heart of their business decisions.

6.2 Some suggestions for ways in which we may balance those requirements are included in the table below.

	Suggestion	Benefits
1	Single returns per licensed entity	<ul style="list-style-type: none"> • Time-saving for operators if returns are combined • Reduction in complexity of returns
2	Fixed submission dates (eg per sector)	<ul style="list-style-type: none"> • Reduction in data skew within reports such as Industry Statistics
3	Quarterly returns for all large (non-remote) operators	<ul style="list-style-type: none"> • More up-to-date information on the largest gambling operators • Level playing field across sectors for largest operators • Removes much of the requirement to 'estimate' parts of Industry Statistics based on time-lag

6.3 It is important to reiterate that these were our initial suggestions, and we sought stakeholder views about whether they would benefit from such changes.

Consultation question 37

What are your views on the possible suggestions outlined above?

6.4 We received 23 responses to this question, with a wide range of responses ranging from those with a blanket agreement to all three of the suggestions to those which pointed out some issues for further consideration.

6.5 Some of the main issues fall in to the following areas:

1. Single returns (suggestion 1) probably not an issue for most operators because they are either small or, if large, often have different entities within the group holding different licences.
2. There would be a financial burden and potentially a great deal of extra complexity if mandating return dates, in many cases making them move to fixed dates (inherent with suggestion 2). This is important where it does not match the operator's regular accounting dates.
3. There would be a 'significant' increase in complexity and burden if moving all large operators to quarterly returns (suggestion 3), which would disrupt any level playing field between operators in a given sector.

6.6 In addition several respondents caveated their response to say that there was not enough information in the proposals to provide a full response. In these cases they welcomed further scoping of the ideas or meetings with the Commission / industry to discuss.

6.7 The consultation also welcomed any other suggestions which stakeholders may have, set within the context that any such changes would be longer-term and would be subject to a rigorous cost-benefit analysis for both operators and the Commission and to further discussion.

Consultation question 38

Do you have any other suggestions about structural changes to the regulatory returns process which could benefit stakeholders?

- 6.8** We received 19 responses to this question, with the topics outlined below. There was no single theme which emerged in the responses, although some of the suggestions are outlined below.
- corrections to individual problems that specific operators were having (negative values),
 - making the system more robust and crash less, and
 - allowing bulk uploads of CSV files that maps to our required fields.

Our position

- 6.9** It is clear from the responses received to questions 37 and 38 that there is no single solution which will provide a significant reduction in complexity for operators. Indeed, it has been pointed out that some of the options may be disproportionately burdensome on smaller operators.
- 6.10** Although we agree for example, that suggestion 3 would increase the burden on larger operators, we have already established a risk-based approach which differentiates between the frequency of returns on a size basis between operators in the same sector. For example, we currently require large betting operators to submit quarterly returns and smaller betting operators to submit their returns annually. This process works well in practice.
- 6.11** However, in the shorter term we will improve the guidance and the new platform (launched at the beginning of April) includes a large number of stability fixes which should make the system more robust for operators submitting at busy times.
- 6.12** We will of course continue to review the eServices system, both in terms of the front end user interface and the back end system. We will use our ongoing engagement with industry associations and our regular channels to monitor this in the future with a view to continuous improvement.

Self-exclusion questions 39 and 40

- 6.13** We also consulted on data collection following the introduction of Social Responsibility Code (SR Code) 3.5.6 that requires operators to offer multi-operator self-exclusion allowing customers to exclude themselves from other premises that offer the same type of gambling in their locality.
- 6.14** The various schemes are delivered by bodies which are not licence holding operators (for example the National Casino Forum or the Remote Gambling Association) and so we consulted on the possibility of using the eServices portal for these bodies to submit relevant self-exclusion data.

Consultation question 39

Do you have a view on the proposal to develop eServices to allow login and data entry for (relevant) stakeholders who are not operators to capture this data?

Consultation question 40

Do you have a view on the specific questions asked?

- 6.15** We received 22 responses to question 39, most of which were broadly supportive of the suggestion.
- 6.16** Seven responses to question 39 did however highlight in more detail some of the potential issues with the proposal which we had articulated in the consultation. In particular they outlined concerns that:
- we should not develop the system to allow delivery bodies to supply this data to us as we do not license them so therefore should not ask them to submit data,
 - the data should not be used because of data quality/understanding issues around duplication etc.
- 6.17** We received ten responses to question 40, with all but one supporting the questions asked (although referring to answers given to question 39).

Our position

- 6.18** We are mindful of respondent concerns in this area and the extra challenges provided by the fact that the entities running the schemes are not licensed operators.
- 6.19** We are reassured that most respondents correctly identified the need to collect and report on this data, as well as the self-exclusion data currently required through regulatory returns. It is important to understand the take up of multi-operator self-exclusion as well as self-exclusion from individual operators.
- 6.20** We are not proposing a change to the latter, and will continue to collect and publish this data.
- 6.21** Given the importance of data on participation with the multi-operator (non-remote) or national (remote) schemes, we will continue to work with the entities delivering the schemes to make sure that they provide us with the data, albeit not through regulatory returns. This data will help provide stakeholders with an understanding of customer uptake of this very important gambling management tool.
- 6.22** We will continue to liaise with the relevant delivery bodies to collect self-exclusion data on the multi-operator schemes outside of the regulatory returns process.

7 Next steps

- 7.1 We regularly review our regulatory data requirements, both in terms of the data which we require operators to submit and also the structure around the submission process.
- 7.2 It is our intention to maintain a system which enables operators to provide us with the best possible data through which we can understand the risks to the licensing objectives, at the right time and through a system which minimises the regulatory burden, and which seeks to provide assurance that operators are putting the consumer at the heart of everything they do.
- 7.4 This contains a number of changes to the data we collect, in terms of removals, alterations and additional data requests.
- 7.5 We are mindful that the last two categories require an update to our guidance, to provide clarity and ensure that the data we receive is as accurate as possible at the first point of asking.
- 7.6 Given the large number of proposed changes to the data collected through regulatory returns, key events and LCCP notifications in these proposals we plan to provide updated definitions for all new and reviewed data points before the changes are implemented. This will provide operators with a chance to update their systems and data collection as appropriate.
- 7.7 It is our intention that any changes to data requests and definitions of same will be cascaded through industry associations, our newsletter and included on our website in advance of their implementation. We will seek to involve relevant industry associations and operators as part of beta testing before the changes are rolled out.
- 7.8 All changes included in this response will take effect for regulatory returns due to be submitted in April 2018 and we will make the relevant changes to e-Services and guidance in support of this change in advance of the submission date.

8 Annex A

8.1 The following is a full list of consultation respondents.

- Association of British Bookmakers
- Association of Licensed Multiple Retailers (ALMR)
- Bingo Association
- BACTA
- British Association of Leisure Parks, Piers and Attractions (BALPPA).
- British Beer and Pubs Association (BBPA)
- Bet365
- Betfred
- Business in Licensing (BIL)
- Castle Leisure
- Gala
- Gambling Business Group (GBG)
- Greentube
- Health Lottery
- IHL Technology
- Inspired
- Ladbrokes Coral
- National Casino Forum
- NetEnt
- Novomatic
- People's Postcode Lottery
- Rank
- Racecourse Promoters Association (RCPA)
- Realistic Games
- Remote Gambling Association (RGA)
- Scientific Games
- Tombola
- William Hill

In addition we had five confidential responses from a mixture of operators and other stakeholders.

Gambling Commission May 2017

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