

# Isle of Man Gambling Supervision Commission



**Isle of Man**  
Government  
*Keelley Ellan Vannin*

## Annual Report 2008 - 2009



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# Contents

- 1. About this report .....3
- 2. Duties and responsibilities .....4
- 3. Personnel .....5
- 4. Key strengths .....9
- 5. Regulatory safeguards .....10
- 6. Who we regulate .....12
- 7. Developments during the year .....14
- 8. Player issues .....18
- 9. Our accounts .....19
- 10. Future plans .....20
- 11. Our annual plan .....21
- 12. Key performance indicators .....22
- 13. Gambling legislation .....23

# 1. About this report

This report is designed to explain the function of the Isle of Man Gambling Supervision Commission, to give an overview of the past year and to illustrate some of the opportunities we are pursuing as part of our future.

In addition to showing our accounts for the year ending 5th April 2009, this report also provides an insight into the protection we give to players who use our operators. It also covers the work we do to protect the reputation of the Island, a reputation that continues to go from strength to strength in all areas of commerce, regulation and international cooperation.

I am delighted with the excellent year we have had as a Commission and it gives me great pleasure to present this report.



Claire Milne  
Chair of the Gambling Supervision Commission

## **2. Duties and responsibilities**

### **Key principles**

The Isle of Man Gambling Supervision Commission has three key principles. They are:

- to keep gambling crime free
- to protect the young and vulnerable
- to ensure that the services offered by licensees are fair and that players receive their true winnings

Where these principles are not jeopardised, the Commission also has a duty to:

- preserve the reputation of the Island as a source of good quality regulation
- further the goals of the economic strategy of the Isle of Man Government

The three principles are protected through a combination of rigorous checks on operators at the application stage, a thorough, ongoing inspection regime for licensees and a complaints and queries procedure which is designed to identify patterns that could highlight issues before they become problems.

### **Checks prior to a license being granted**

When operators apply for a licence, we conduct checks on all activities of an operator's business, including:

- The procedures for handling problem gamblers
- The arrangements for the protection of player funds
- The integrity of the people and companies connected with the application
- The ownership of the company
- The financial health and projections of the operation
- The details of the games and their terms and conditions
- The randomness of the games
- The standards of protection for personal data
- The look and feel of the website(s)
- The robustness of the infrastructure
- The player registration process
- Anti-money laundering procedures
- The money flow around the systems
- The suitability of the business model

### **Checks after approval**

The inspection regime includes interim reviews for all operators on issues like player protection balances, player protection mechanisms and AML compliance. In addition it includes visits to operators to monitor their activities against a comprehensive series of checks.

This year the Commission has handled 65 player complaints and these were screened for possible patterns which were raised with operators where appropriate.

### 3. Personnel

#### The Commission

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##### **Claire Milne, chair**



Claire Milne is a qualified solicitor and Manx Advocate who is a Senior Associate in the Commercial Department of a leading firm of Manx Advocates. Mrs Milne has a background in intellectual property, IT Law and data protection, including e-money, e-commerce and e-gaming.

She is a published co-author of a book on Intellectual Property Law and Practice for Scottish lawyers and has lectured at the University of Stirling, the University of Dundee and is one of the contributors to the University of Edinburgh's Distance Learning Programme.

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##### **Jerry Carter**

Jerry Carter is a practising Manx Advocate who specialises in contentious and non-contentious commercial work, compliance, general litigation and liquor licencing.

Mr Carter obtained an Honours Degree in 1981 from the University of Wales where he also received a University of Wales Golfing Blue. He was called to the Manx Bar in 1984 after being articled at Kelly Luft Stanley & Ashton, one of the leading legal practices on the Island.

He is a founder member of the Licensing Forum in the Isle of Man; a member of the Isle of Man Law Society Council; a former Chairman of the Small Practices Association; and has acted as Deputy Chairman of the Interception of Communications Tribunal.





## **Ron Spencer**

Now retired, Ron Spencer was, until March 1999, the Operations Director of Merrill Lynch Investment Managers' (formerly Mercury Asset Management Ltd) in the Isle of Man. He had joined the then S. G. Warburg & Co. Ltd. in 1967 and developed a considerable breadth of experience within the firm including internal audit.

Mr Spencer completed the Institute of Directors Company Direction Programme in December 2002, and successfully sat the Diploma examination in April 2003. Following peer review, he was admitted as a Chartered Director in May 2004.

He is a member of the Audit Committee Institute; the Chartered Management Institute; a committee member of the Manx Centre of the Institute of Directors; and a member of the Securities Institute.



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## **John Chester**

John Chester is the longest serving Commissioner, having joined the GSC in 1999 and being reappointed for a further term in 2004.

Educated in the Isle of Man, Mr Chester served with HM Customs and Excise in Liverpool, Glasgow, Preston, London and North Wales in various capacities (including the revenue control of betting shops), before returning to the Island and being concerned with establishing the Isle of Man Customs & Excise Service.

As a former Collector of Customs and Excise (the most senior appointment) he is well able to advise the GSC on matters relating to duty regimes.





## Neil Kinrade

Neil Kinrade served for 33 years in the Isle of Man Constabulary, rising through the ranks to the position of Deputy Chief Constable, before retiring in 2004.

During his career in the Police Service, Mr Kinrade specialised in Criminal Investigations including Illicit Drugs and Anti-Terrorism.

He was an experienced Firearms Officer and Hostage Negotiator.

For a number of years he held responsibility for Internal Force Discipline, Complaints and Standards, as well as the Financial Budget for all Police Operations in the Island.

Mr Kinrade also sat on the All Island Child Protection Committee; the Drugs and Alcohol Strategy Committee; and the Children and Young Persons Strategy Committee.



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## The Inspectorate



**Front** (left to right)

Tracey Turton - Secretary, Steve Brennan - Director, Wendy Christian - Secretary

**Rear** (left to right)

Paul Streeter - Inspector, Alison Bishop - Inspector, Steve White - Inspector  
Paul Davenport – Senior Inspector, Mark Rutherford – Policy and Legislation Officer  
Colm Andrew – Inspector



## **4. Key strengths**

With over 50 years of combined experience regulating the industry and almost a decade of experience in the fast-moving world of online gaming, the Island's strengths have never been more important to the gaming industry.

### **UK white-listed**

The Island is delighted to be a part of the UK Government's whitelist which allows operators based in the Isle of Man to advertise their products to markets in the UK. Continued membership of the white list obliges the Isle of Man to maintain the highest standards of regulation.

### **New management**

The new director of the inspectorate, Steve Brennan has rationalised processes and disposed of unhelpful bureaucracy throughout the year in order to streamline the inspectorate's affairs.

### **Business friendly fees**

Prospective licensees pay a flat fee of £1,000 to apply and there are no hidden fees for the work the Commission undertakes to process the application. The full licence is fixed at £35,000 and the sub-licence is fixed at £5,000: there are no hidden costs for extra work undertaken by the Commission.

### **Abundant power and IT infrastructure**

Operators on the Isle of Man have the surety of very high speed, high resilience internet connectivity with the rest of the world which is currently carrying less than one percent of its entire capacity. This is coupled with plentiful power from the Island's new 88MW power station.

### **A track record of international cooperation**

The Island has always worked hard to build constructive, pragmatic and globally responsible attitudes and systems in response to international challenges. This is highlighted by the endorsement that the Island received when it was included on the OECD 'white list' of countries complying with the global standard for tax co-operation and exchange of information.

### **A world class finance centre.**

The Island has long been recognised as an international finance centre and a pace-setter in international financial agreements. The competitive 0% corporate taxation regime and the capped personal tax liability of £100,000 dovetail well into the abundance of banking, legal and corporate service provision to be found locally, all of which makes it an attractive platform for business.

## **5. Regulatory safeguards**

Rigorous checks at the application stage as well as a strong inspection and compliance regime work to ensure that operators understand and adhere to the law, but it is also important that the law by which they abide is strong and exacting. The Isle of Man has a number of requirements, some of which are shared by the majority of reputable jurisdictions and some of which are unique, all of which serve to make the Island's regulation robust and well respected.

### **Local officials**

By law, Manx operators are required to maintain a local official presence by the appointment of a resident designated official or operations manager. Experience has shown that face to face dialogue is far more efficient and reliable than phone calls or e-mails when there is an issue or request. The Commission keeps in regular contact with Isle of Man based officials to ensure that local or international issues are detected and handled professionally by all licensees.

### **Expert testing**

In order to stay ahead of the fast-paced developments in software and systems, the Isle of Man uses the services of dedicated software testing houses to perform verification checks on all applicants' software and games, including the randomness of all games of chance. The test houses are approved by the Commission and then offered to operators as part of the application process. In all cases, the test certificates have to confirm that the operators' systems adhere to the stringent system verification and registration of accounts regulations.

### **International scrutiny**

The Island ensures that it is regularly audited at the international level to make sure it maintains the highest global standards. The Commission embraces the periodic IMF audits as well as the 'mystery shopper' compliance tests conducted by the UK's Gambling Commission.

### **Appropriate separation**

The Government's marketing and regulatory functions of the gambling industry are strictly separated both at the ministerial and operational level. This establishes the "Chinese wall" necessary for the avoidance of conflicts of interest during the approval and compliance process. It also has the effect of allowing each arm of government to resource independently and pursue projects which improve the legal and commercial landscape for the future.

### **Meaningful fund protection by law**

Manx operators must guarantee player funds to the point where, in the event they become insolvent, the players are guaranteed their deposits plus any outstanding winnings, irrespective of liquidation proceedings. This is currently facilitated through bank guarantees and trust arrangements: it is anticipated that the end of the year will see an upgrade to the protection afforded to standard client accounts which will make the player protection mechanism cheaper and more accessible.



## Bricks and mortar

Manx operators must be located on the Isle of Man – this includes their servers which need to be locally situated. This local presence of assets gives the players comfort that the Commission has ultimate control over licence holders who fail to conform to regulations.

## Stringent white-list access

Manx operators who wish to take advantage of the UK white-list (which allows Isle of Man licenced operators to market and operate in the UK market without requiring a UK licence) are required to move their operations to the Island. This prevents the white list from being taken advantage of by global operators who might otherwise establish a notional presence on the Island in order to obtain market access. The external guidance recently issued by the Commission states this clearly:

*"Where the Commission suspects that an operator is coming to the Isle of Man in order to benefit from the advertising privileges the Island enjoys in the UK (the 'White List') then it will expect the operator to relocate a significant part of its operation to the Island.*

*It reserves the right to decline applicants who appear to be creating a nominal Isle of Man presence in order to advertise in the UK their parent or sister organisations located elsewhere in the world."*



## **6. Who we regulate**

### **Licence holders at the beginning of the 2008-09 year**

Betting Fun IOM Ltd  
Boylesports (IOM) Ltd  
Chronicle Bookmakers Ltd  
Cube Ltd (t/a 188bet)  
Paddy Power Isle of Man Ltd  
Rational Entertainment Enterprises Ltd (t/a Pokerstars)  
Regent Markets (IOM) Ltd  
Trinitas Capital (IOM) Ltd  
Webis Holdings plc

### **Operators that received online licences during the 2008-09 year**

Cash Ball Ltd  
Celton Manx Ltd (t/a Sbobet)  
Fasbet IOM Ltd  
NYX Interactive Network IOM Ltd  
Phumelela Gold International Ltd  
Pools4all.com Ltd  
Sports Betting One on One Ltd  
Trimark (Isle of Man) Limited

### **The casino**

The Isle of Man has had a land-based casino since 1962. The Isle of Man legislation carries the provision for up to two land-based casinos although only one of these has been in operation since the introduction of the 1986 Casino Act. The 2008-09 period saw the annual and the ten-yearly licence renewal for the casino, which is currently operated by the Palace Hotel and Casino group.



## **The amusements industry**

The Isle of Man has always had a tradition of coin operated amusements because of its heritage as a holiday destination. While the overall size of the industry has declined over the decades, the service has become increasingly sophisticated and both the machine suppliers and consumers (principally leisure arcades, public houses and members' clubs) have benefitted during the year from a pragmatic evaluation of the changing times and the need to accommodate new machinery and prize schemes.

As the year ended, legislative change was underway to accommodate multi-player tournament games, network AWP's (amusement with prizes) and quiz machines.

## **The betting industry**

The Island has a representative portfolio of licenced betting offices (LBOs) and these continue to operate a mixture of across-the-counter betting operations as well as tightly controlled fixed odds machines offering roulette and numbers games. The year saw a request from the LBOs to increase the type of machines, the games allowed, the maximum prizes and the maximum number of machines allowed on the premises. Three of these requests were accommodated to bring the Isle of Man code in line with prevailing UK practice, but the games offering continued to be restricted to roulette and numbers games only.



## **Society lotteries**

The Commission continued to take an unobtrusive but vigilant stance on the many charity draws and raffles that are collectively known as society lotteries. Low risk and high volume, the Commission's primary mandate is to ensure that the lotteries are run properly and that the many people charged with their organisation understand their obligations under the law.



## 7. Developments during the year

### IMF

The year saw an extensive review from the International Monetary Fund which explored all aspects of the Commission's activity, laying particular emphasis on the anti-money-laundering and anti-terrorist-financing measures required of our operators. While the final report has yet to be released, the preliminary findings are very encouraging with the only note of warning from the IMF being that more staff will probably be required within the Commission if the portfolio of online operators continues to grow at the current rate.

### Communications

The GSC is aware that online gambling is a fast moving and dynamic sector and over the course of the year its officers have been called upon by other trade bodies, societies and interest groups to provide updates or commentary on the latest moves and news within the industry or comment on its regulatory framework and practical application.

The GSC participates in the Gambling Forum which brings together all Government stakeholders, including the Department of Trade & Industry and eCommerce Division, that have a direct interest in the development of the online gambling sector in the Island. Meetings are monthly and provide an environment forum where issues are raised, ideas are discussed and policy formulated.

During the course of the year the Director has provided a sector update at two meetings of the Information, Communication and Technology sub-committee of the Chamber of Commerce. Also, in conjunction with the eGaming Development Manager of the DTI, he hosted a seminar for the Law Society providing an overview of the gambling sector and the licencing and supervision frameworks in place and attended a number of meetings and functions hosted by the Manx eGaming Association. The GSC regard communication across all stakeholders and interested parties as a vital part of the role they play in supporting the gambling sector in the Island.



## **Internal streamlining and extra resource**

In January and February 2009, extra staff members were recruited to the Commission. Mark Rutherford, formerly of the Isle of Man Income Tax Division was appointed as policy and legislation officer and Colm Andrew, formerly of Victor Chandler International and Betinternet, was appointed as an inspector.

Following the availability of extra resource, the application process was evaluated and streamlined to enable faster processing time for applications. A review of the compliance regime was also started in the period although discrete phases of that project remained as work in progress as the 2008-09 year ended.

## **External guidance**

In the latter half of the year, it was determined that external guidance notes should be released with the aim of assisting both prospective online operators as well as the corporate service providers and other professionals in the application process.

The notes have been well received and are due to be updated in the 2009-10 year to incorporate extra guidance on which activities are licensable and which are not, as well as clarifying the Commission's stance on business-to-business relationships and a number of other sundry points.

The guidance, which currently runs to some forty pages, is the most comprehensive set of publically available notes from any of the white-listed jurisdictions to date and serves to underline the Commission's commitment to transparency and accountability.

## **Clarification on definitions**

When the Online Gambling Regulation Act was introduced in 2001, the online gambling industry was still young and trends and lessons had yet to emerge. The legislation was written with a comprehensive definition of online gambling to ensure the maximum coverage of risk-bearing activity fell within the Commission's purview.

Almost a decade later, the risk-bearing areas which require strict attention to detail have long-since been identified and measures to ensure proper operation established.

The Commission therefore undertook a project to carve out the non-risk bearing activities from the definition in the law and regulations. This work is due to complete in December or shortly thereafter and will clearly define which elements of a gaming operation or support companies do not require licensing. Typically, such activities will include, amongst others, marketing and advertising, the provision of IT support and software development and the provision of human resources, legal advice and certain server-based activities.

## **Revised Anti-Money-Laundering/Countering the Financing of Terrorism (AML/CFT) guidance**

AML & CFT had a high profile, not least because of the scrutiny imposed upon the GSC as a result of the IMF inspection which occurred during the period.

At that same time, work was underway on drafting the updated 'Criminal Justice (Money Laundering — Online Gambling) (No. 2) Code 2008', which came into full operation in December 2008. This gave the online gambling industry a more up-to-date code to work to.

In early 2009, consultation was launched on the content of a new set of Guidance Notes which are designed to accompany and support the Code, and make it easier for licence holders to interpret the requirements made of them under the various pieces of legislation and regulation.

Throughout the summer of 2008 a thorough review was also made of the AML/CFT arrangements in place for the terrestrial industry (the Casino and Licenced Betting Offices). The review was conducted to ensure that all such terrestrial businesses understood their obligations under the legislation, and were abiding by it.

### **Continued IAGR/GREF contribution**

The Isle of Man continued to be represented in these two critically important regulatory forums, taking a leading role in the survey and establishment of common standards of compliance between regulators.

**IAGR** – the International Association of Gambling Regulators is a well respected forum of regulators drawn from across the world's jurisdictions and under the current chair, Andre Wilsenach of the Alderney Commission, is making significant headway in the establishment of common regulatory standards to enable stronger player protection and fairness in gaming.

**GREF** – the Gambling Regulators European Forum is a European-wide forum which is exceptionally well represented by the European nations and at which the Isle of Man regulator has a presence by virtue of their white-listing status. This year's GREF produced valuable insights into some of the key shifts in European policy towards remote (online) gambling.

### **Increase in online operators**

As detailed previously, the number of online operators who chose the Isle of Man as their source of regulation almost doubled. As well as the obvious impact on the financial diversification of the Island through the increase in annual licence fees and the duty that is levied on operators, the increase serves to underline the perceived commercial imperative for high quality, visible regulation which is business-sensitive yet strict in its core principles.

### **Addition of new approved test houses**

The year saw the addition of a number of test houses to the approved list, giving prospective operators increased choice in the pursuit of the certification demanded by the regulator. The maintenance of a pool of expert testing facilities remains a crucial mechanism for ensuring that operators' systems achieve the required standards of fairness, randomness and data security.

## **New offerings (diversity)**

While the Isle of Man regulator has always been open-minded about the nature of the gambling offered, the year saw a tremendous diversification of the models in use, expanding the traditional and highly successful sportsbook and poker offering to include online casino games, a predictions site due to run in parallel with a major national newspaper, bingo sites and live-dealing products which allow the player to interact with a live environment over the internet. As the period closed, two online lottery products were being evaluated which could potentially redefine their markets for the future.

## **Sub-licencing**

The Commission was very pleased to approve its first sub-licence provider during the period. Sub-licences can be applied for by companies who solely use software packages and operating systems supplied by an existing Isle of Man licensee. Provided the sub-licensee maintains an exclusive relationship with the primary licensee, the licence fees are much reduced, reflecting in reality the reduction in the administration of processing a less complicated model. The sub-licence model continues to attract a lot of interest and at the time of writing, another company has just been approved for a sub-licence arrangement.

## **Shadow licences**

With the onset of recession and the fundamental challenges faced by governments and business alike, the DTI announced the concept of shadow licences.

In essence an insurance policy, shadow licences, also known as 'licences for political and economic disaster recovery' allow non-Island operators to apply for and (if successful) receive full Isle of Man online gambling licences which sit dormant until some circumstance brings those operators to the Isle of Man permanently.

The establishment of a licence ahead of time makes the transition to the Isle of Man seamless and forms a potent method of reducing risk for operators in the more volatile regions of the world where government and the economy may be subject to rapid and unexpected change. It should prove a key area for future growth and provides a method of leveraging the Island's reputation for political stability and economic prosperity.

## **Tanzanian delegation's visit**

The end of the year saw a request from the Tanzanian authorities to visit the Island and the UK as exemplars of good regulation with a view to informing the remodelling of their fledgling gambling industry and attendant regulation.

Key officials attended a luncheon presentation at the Sefton Hotel and participated in a round-table discussion afterwards which went a long way to informing their intended regulatory direction.



## 8. Player issues

### Complaints from players

As the table below shows, the number of player complaints to the Commission is proportionately low. This is primarily for two reasons:

- 1) A great deal of care is taken during the application process to scrutinise the player-facing elements of the operator and the terms and conditions (which protect the player as well as the operator). In addition, applications for games which rely on a certain amount of obscurity or a hidden gimmick to succeed are declined for licencing.
- 2) Very few players who raise queries with the operators need to further their issues to the GSC. The vast majority of complaints usually materialise as misunderstandings of offers, terms and conditions and so forth and are easily resolved by player-operator dialogue.

The following table describes the player complaints during the period of this report.

Core Principle	Typical elements of a complaint	Number of complaints.	Resolved to the complainant's satisfaction
To keep the gambling industry crime free	<ul style="list-style-type: none"> <li>• Account suspension</li> <li>• Withdrawal difficulties</li> <li>• Account information known by other players</li> <li>• Ex-partner using credit card</li> <li>• Alleged collusion</li> </ul>	36	35
To protect the young and vulnerable	<ul style="list-style-type: none"> <li>• Chatroom abuse</li> <li>• Age verification demands</li> <li>• Inappropriate market/offering</li> </ul>	12	11
To ensure that games are fair	<ul style="list-style-type: none"> <li>• Cancelled bets</li> <li>• Misunderstandings on terms and conditions</li> <li>• RNG queries</li> <li>• Faulty software</li> <li>• Obvious transcription errors</li> <li>• Free bets</li> </ul>	17	All

There were two complaints in the period that we were unable to resolve. One related to a data protection failure which was referred to the Office of the Data Protection Supervisor; the other was related to the complainant's inability to furnish evidence of their claims whilst insisting that they had been subjected to discriminatory software.

## 9. Our accounts

### Income and expenditure

<b>Income</b>	<b>GBP</b>
Central Government Funding	560,000
Gambling Amendment Act Fees and duty*	36,560
Terrestrial Casino licence fee	335,100
OGRA licence fees**	583,000
<b>SUBTOTAL</b>	<b>1,514,660</b>
<b>Expenditure</b>	
Salaries, pensions and misc. staff costs	320,124
HR costs (training, recruitment)	5,438
Professionals' fees (accountancy, legal)	134,286
Subscriptions (professional bodies, industry literature)	21,663
Travel, accommodation, expenses	15,670
Office equipment (IT infrastructure, consumables, maintenance)	6,120
Administration (stationery, document storage and disposal)	12,079
Additional licensing costs (public notices, etc)	2,139
Hospitality	1,589
<b>SUBTOTAL</b>	<b>519,108</b>
<b>BALANCE</b>	<b>995,552</b>

#### Notes:

\* Arising from the certification and duty of controlled machines such as fruit machines, etc.

\*\* Arising from the application and annual licence fees paid by online operators.



## **10. Future plans**

### **Statutory board**

Currently the Gambling Supervision Commission is attached to the Treasury department. Legislation is currently passing through the Manx parliament (Tynwald) which will grant the Commission the status of a statutory board: this will give the Commission the same degree of independence and autonomy as that currently enjoyed by similar regulatory bodies such as the Financial Supervision Commission and the Insurance and Pensions Authority.

### **Europe**

The legislative position in Europe is in a state of flux as many jurisdictions contemplate or indeed enact law to accommodate the advent of online gambling. The Isle of Man, with its track record of constructive and progressive relations with Europe is now beginning the process of securing access for its operators within the European framework and we expect this will form a substantial part of the regulator's work in the coming months.

### **Consolidation of legislation**

At least half of the Commission's work is now related to the online business that is attracted to the Isle of Man. A recent streamlining of the compliance regime has indicated opportunities to consolidate the terrestrial and online legislation into one master act. The draft legislation and regulations should be finalised for the summer of 2010 in time for a consultation exercise and subsequent refinement. It is hoped the new Gambling Bill will enter the branches in the session of Tynwald commencing October 2010.





## 11. Our annual plan

Item	Description	Priority	Timetable
European position	This process engages with European nations on a selective basis to establish constructive links to allow continued Isle of Man access to European markets on a fair and competitive basis.	High	Ongoing
Excluded activity regulations	This project clarifies those activities which fall outside of the 'management and promotion of gaming' definition enshrined in the online gambling law.	Medium	3rd Quarter (Oct-Dec 2009)
Recruitment	The recruitment of at least one additional inspector to raise the total number of inspectors to five.	Medium	4th Quarter (Jan-Mar 2010)
Legislative consolidation	The disassembling and recombination of all of the existing gambling law and regulation to create areas of common principle and a portfolio of homogenous regulation.	Medium	Ongoing
Overhaul of casino regulations	An interim streamlining of the Casino Regulations 1997 to clarify the application and renewal process and to remove archaic requirements.	High	4th Quarter (Jan-Mar 2010)
Policy on payment methods	A survey of all payment methods that players could use with operators and the establishment of criteria to allow some flexibility without compromising on protection.	Low	3rd Quarter (Oct-Dec 2009)
Public guidance	The creation of an advice leaflet on the website and in hardcopy that educates the general public on gambling matters and their rights.	Medium	4th Quarter (Jan-Mar 2010)
Continued representation in international forums	A continuation of the work in the IAGR working groups to establish sensible common standards between regulators; continued attendance of GREF and key legal conferences to understand developments and sentiments in Europe.	Medium	Ongoing
AML/CFT upgrade	A project to evaluate the changes needed to convert the existing AML standards under the Criminal Justice Act to the new Proceeds of Crime Act.	High	3rd Quarter (Oct-Dec 2009)
Social night regulations	The creation of regulations to protect players participating in social nights which contain gambling elements.	High	4th Quarter (Jan-Mar 2010)
Test house application procedure overhaul	The codification of existing practice relating to the approval of expert test facilities for use by Isle of Man operators.	Low	3rd Quarter (Oct-Dec 2009)

# 12. Key performance indicators

## Efficiency of the application process

The following targets pertain to the processing of applications from prospective licensees. It should be noted that time is measured on a cumulative basis and only where the onus is on the Commission to process the application. The 'clock' is stopped when the Commission is awaiting further information and starts only when it is in a position to move the process forward.

Online applications	:	32 days
Casino applications	:	50 days
Other land-based applications	:	5 days

## Adherence to inspection targets

The Commission maintains a schedule of planned operator visits, quarterly returns and portfolio checks. While the details of these checks are, by necessity kept confidential, the timetable is monitored by the senior inspector who notes infractions against a base-lined plan over the year.

Permitted deviation for the planned regime : 5% of targets delayed.

Note that all planned inspections must occur despite any delays.



## **13. Gambling legislation**

### **Online Gambling Regulation Act 2001**

- Online Gambling Duty Regulations 2007
- Online Gambling (Advertising) Regulations 2007
- Online Gambling (Prescribed Descriptions) Regulations 2007
- Online Gambling (Advertising) (Overseas) Regulations 2007
- Online Gambling (Systems Verification) (No.2) Regulations 2007
- Online Gambling (Betting and Miscellaneous Provisions) Regulations 2007
- Online Gambling (Disaster Recovery) (No.2) Regulations 2007
- Online Gambling (Transitional Arrangements) Regulations 2007
- Online Gambling (Registration and Accounts) Regulations 2008
- Online Gambling (Licence Fees) Regulations 2009

The Online Gambling Regulation Act 2001 (OGRA) was introduced to provide for the regulation of certain forms of gambling carried on by means of telecommunications.

The regulations made under this Act provide for the regulation and good conduct of online gambling operations and ensure that the Commission's core principles are upheld:-

- Ensuring that gambling is conducted in a fair and open way.
- Protecting children and other vulnerable persons from being harmed or exploited by gambling.
- Preventing gambling from being a source of crime or disorder or being used to support crime.

And where these principles are not compromised:-

- Ensuring that gambling products promoted by operators in the Island can compete effectively throughout the world.
- Facilitating competition.
- Facilitating the provision of modern products and services.

## **Criminal Justice (Money Laundering - Online Gambling) (No.2) Code 2008**

The provisions of the Criminal Justice (Money Laundering - Online Gambling) (No.2) Code 2008 impose requirements on online gambling businesses to establish anti-money laundering procedures, training and record keeping.

## **Casino Act 1986**

### **Casino (Amendment) Act 1990**

- Casino (Licence Applications) Regulations 1986
- Casino Regulations 1997
- Casino (Amendment) Regulations 1999
- Casino (Amendment) Regulations 2001

The Casino Act makes provision for the Isle of Man to licence a maximum of two land based Casinos.

### **Gaming (Amendment) Act 1984**

- Controlled machines Regulations 1984

The Gaming (Amendment) Act 1984 controls the keeping for use and the sale and supply of certain amusement machines.

### **Gaming, Betting and Lotteries Act 1988**

1. Defines gaming, the restrictions on certain gaming and gaming exemptions under the Act.
2. Sets out general restrictions on betting and provides for Licensed Betting Offices.
3. Places restrictions on Lotteries and prescribes conditions which allow for certain lotteries to be operated.

### **Gaming, Betting and Lotteries (Amendment) Act 1996**

Makes amendments to the main Acts

### **Gaming, Betting and Lotteries (Amendment) Act 2001**

Makes amendments to the main Acts

## **Betting Offices Act 2001**

Amended the Gaming, Betting and Lotteries Act 1988 to Licenced Betting Offices

## **The Gambling (Amendment) Act 2006**

- Outlines the licencing objectives
- Renames the Gambling Supervision Commission and restates its constitution.
- Provides for an appeals Tribunal
- Amends other Gambling Acts

## **Pool Betting (Isle of Man) Act 1961**

Legalised Pool betting and imposed a duty rate - Treasury responsibility.

## **Pool Betting (Isle of Man) Act 1965**

Amended the way that Pools betting duty is calculated – Treasury responsibility.

## **Pool Betting (Isle of Man) Act 1970**

Prescribes matters relating to the recovery of Pools duty – Treasury responsibility.

## **Betting Act 1970**

Prescribes the general betting duty for different types of betting - Treasury responsibility.

## **Public Lotteries (Amendment) Act 1993**

To permit more than one public lottery in one year and to permit the sale of tickets or chances at any time of the year. To provide for the proceeds of the public lotteries to be paid to the Public Lottery Trust or such other charitable purposes as may be specified – Treasury responsibility.

## **National Lottery Act 1999**

To enable the application to the Island of the National Lottery Act 1993 and to amend legislation relating to lotteries – Treasury responsibility.

### **Credits.**

All images Ray Davies, except pp5-7.

