Gambling Supervision Commission

Executive summary

Overview

Between 23rd March 2026 and 25 May 2026, the GSC conducted a stakeholder engagement exercise to seek views on the proposed Gambling (Civil Penalty) Regulations 2026, and the associated civil penalty guidance that would sit alongside this.

The Regulations and guidance themselves underpin the upcoming changes being introduced to section 22 of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Act 2018 by the Gambling Legislation (Amendment) Bill 2025, which empower the GSC to impose civil penalties on specified individuals in certain circumstances.

This change aligns the GSC with international regulatory practice and satisfies recommendation 35 of the Financial Action Task Force (FATF).

Feedback received

There were 10 substantive responses received from a range of respondents, including licence holders, professional bodies and corporate service providers.

The GSC is grateful for all persons who engaged and submitted comments. We have carefully reviewed all responses, which has enabled us to clarify issues raised and make targeted changes as outlined below.

Key changes made following feedback

Gambling (Civil Penalty Regulations 2026

- Regulation 5(1)(c) (factors to be considered in relation to an operator), has been amended, such that the GSC must now consider whether the contravention has resulted in "harm" (generally), as opposed to specifically "consumer harm".
- New regulations 5(1)(m) and 5(2)(g) have been inserted, which require the GSC to consider whether, in the case of an information contravention, the operator or individual supplied the false, misleading or inaccurate information knowingly or recklessly.
- A new regulation 6(d) has been inserted which requires the GSC's written notice to contain an itemised breakdown of the civil penalty amount, where more than a single contravention has contributed to that cumulative total amount of civil penalty imposed.

Civil penalty guidance

- The interpretation of negligence has been reworded.
- Appendix 1 has been re-worked, clarifying that only serious matters will qualify to be considered for a penalty.
- Factors initially outlined within Appendix 1 have been moved to Appendix 2.

Next steps

The Regulations are intended to be laid before the Tynwald sitting on 21st July 2026, subject to Royal Assent for the Gambling Legislation (Amendment) Act 2026. If approved, the Regulations will not be brought into effect until the associated guidance has been finalised and adequate notice has been provided to stakeholders.

As a result of the feedback received, the guidance has been updated. The GSC is therefore issuing this revised version to provide stakeholders with an opportunity to review the changes.

To support timely finalisation of the guidance Regulations, stakeholders are requested to submit any further comments by 31st July 2026 to Consultations.GSC@gov.im

Ground Floor, St George's Court | Myrtle Street, Douglas | Isle of Man, IM1 1ED
+44 (0)1624 694331 Consultations.GSC@gov.im
www.isleofmangsc.com

Summary of consultation responses

To ensure anonymity of respondents, responses have been grouped by common sentiments and issues raised.

Gambling (Civil Penalty) Regulations 2026

1. A point was raised in relation to the definition of "information contravention" which highlighted that while the provision of "false" or "misleading" information carried an intention to deceive behind them, the provision of "inaccurate" information does not necessarily speak to the intent of the individual, and that it is possible to supply "inaccurate" information accidentally.

The GSC acknowledges the comment that, while the provision of "false" or "misleading" information generally implies a degree of intent, the inclusion of "inaccurate" information may capture situations arising from simple error or misunderstanding.

In response, additional factors have been introduced at regulations 5(1)(m) (for operators) and 5(2)(g) (for individuals), which require the GSC to consider whether any false, misleading or inaccurate information was knowingly or recklessly provided.

The purpose of these amendments is to ensure that the assessment of an "information contravention" is not solely outcome-based, but also takes into account the state of mind of the person providing the information. This ensures that the GSC distinguishes appropriately between deliberate or reckless provision of incorrect information, and situations where inaccuracies arise through innocent error or misunderstanding.

Where the GSC determines that inaccurate information was provided without knowledge, recklessness, or a failure to take reasonable care (having regard to the individual's role and responsibilities), it is unlikely that a civil penalty would be imposed in respect of that contravention.

2. In relation to the proposed method of calculation for an operator under regulation 4(1)(b), a question was asked in relation to how the GSC will determine the amount of "benefit" derived from a contravention.

This is a point covered within the existing civil penalty guidance for operators. Please refer to paragraph 6.4 of that guidance, which can be found here: discretionary-civil-penalties.pdf

3. A question was raised in relation to what constitutes a "single" contravention.

A single contravention in the context of the regulations and guidance means a single contravention of the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019 ("the Code"). A contravention will be defined by reference to a specific paragraph or sub-paragraph of the relevant legislation.

For example, paragraph 14(3)(a) of the Code states, *an operator must conduct enhanced customer due diligence where a customer poses a higher risk of ML/TF as assessed by the customer risk assessment.*

If it were determined that the operator failed to conduct enhanced due diligence for five customers, each instance would constitute a single contravention, and a penalty could be applied for each one.

In addition, if the investigation revealed that there was evidence that a Relevant Person had authorised the continuation of those five customer relationships without the required documentation, this would represent a further set of contraventions attributable to that individual. In that scenario, the Relevant Person could also be subject to five single penalties as they have consented to allowing the relationships to continue in breach of the requirements.

4. A query why "consumer harm" is a relevant factor for the GSC to consider in the context of an AML/CFT contravention, as stated by regulation 5(1)(c).

The GSC considers that harm to consumers may, in some cases, be relevant even in an AML/CFT context. For example, where a contravention exposes customers to misuse of their funds, this may form part of the wider assessment of the impact of the contravention.

However, it is also recognised that AML/CFT contraventions may give rise to broader forms of harm beyond direct consumer impact. These may include, for example, harm to the integrity of the financial system, the effectiveness of the Island's reputation as a well-regulated jurisdiction.

In light of this, regulation 5(1)(c) has been amended to refer to "harm" more generally, rather than "consumer harm" specifically. This ensures that the provision captures the full range of potential impacts arising from AML/CFT contraventions and aligns with the broader approach taken in the existing civil penalty guidance for operators.

The GSC considers that this amendment provides greater flexibility, allowing the factor to be applied in a manner that is both proportionate and relevant to the specific circumstances of each case.

5. A point was made that including as a relevant factor in relation to an operator, the reputational harm caused as the result of a contravention (regulation 5(1)(d)) is highly subjective and may be difficult to evidence and apply consistently.

The GSC acknowledges the comment that "reputational risk" is inherently more subjective than other factors and may be more difficult to evidence and apply consistently.

Reputational risk is, however, an established component of the GSC's existing civil penalty framework and is already reflected within the operator civil penalty guidance, including the assessment tables contained in that guidance. The inclusion of this factor within the Regulations is therefore intended to ensure consistency with the broader existing framework.

In practice, the GSC will assess reputational risk by reference to the nature, scale and profile of the contravention, and the extent to which it may undermine confidence in the Island as a well-regulated jurisdiction.

For example, systemic or repeated contraventions, particularly those involving multiple risk indicators (such as high-risk customer base or unusual transaction patterns), are more likely to give rise to a higher degree of reputational risk than isolated or technical breaches with limited wider implications.

The GSC will also consider any actual reputational impact arising from the contravention. This may include, for example, whether the matter has attracted media attention or wider public interest, which may indicate a greater degree of reputational harm.

While the assessment of reputational risk necessarily involves an element of judgment, it will not be applied in isolation. It will be considered alongside the other factors set out in regulation 5(1), as part of a holistic and proportionate assessment of the circumstances of each case.

6. Another point was raised in relation to regulation 5(1)(g), as to how the GSC will consider the intent of an operator, as this again could be viewed as a highly subjective test, that is hard to demonstrate and therefore risks inconsistent consideration across different cases.

In practice, the GSC will not seek to determine intent in isolation. Instead, it will form a view based on a holistic assessment of all relevant circumstances, drawing in particular on the structured framework set out in Appendix 1 of the existing civil penalty guidance for operators.

The operator's intent will therefore be inferred from a combination of objective indicators, including, the operator's prior compliance history, the operator's level of awareness of the contravention and the steps taken in response, the adequacy and effectiveness of AML/CFT control functions, the strength and effectiveness of the operator's internal governance arrangements and oversight of compliance, and the overall pattern and nature of the contravention.

The GSC will also take into account the operator's conduct once the contravention has been identified. For example, prompt self-reporting of an issue, together with proactive remedial action, would generally be inconsistent with deliberate or intentional non-compliance, and may suggest that the contravention arose through error or systemic weakness, rather than intent.

Conversely, circumstances such as repeated breaches, disregard of known risks, or failure to act on clear warning signs may indicate a higher degree of culpability and, in some cases, support an inference of knowingly or recklessly causing the contravention.

7. In relation to regulation 5(2)(a), some respondents pointed out that, in accordance with section 22(1A) of the Act, either "consent", "connivance" or "negligence" must be present on the part of the individual for a civil penalty to be imposable on them in the first place. Whereas the drafting there could imply that none of those criteria needs to be present.

The Regulations must be read in the context of the Act. As respondents correctly identify, where neither "consent", "connivance" or "negligence" is present on the part of the individual, a civil penalty may not be imposed in respect of them, as per section 22(1A) of the Act. Where none of them is present, then the Regulations in respect of that individual are never engaged.

Read in the context of the Act, regulation 5(2)(a) cannot be interpreted as implying that that the GSC may impose an individual civil penalty in the absence of at least one of those criteria. It must therefore be interpreted as the GSC having regard, in the particular circumstance, which of the three mandatory criteria the contravention is attributable to on the part of the individual. In this case, the GSC does not consider that the drafting needs to be altered.

8. Points were raised in relation to the aggregating of multiple contraventions obscuring the basis for calculation and whether the GSC will provide a breakdown of the amount of civil penalty that must be paid. This would assist recipients understand the total amount arrived at and would assist in any appeal process that may be brought, by allowing recipients to appeal specific findings, if they so wished.

The GSC agrees that greater clarity in this area is appropriate. In response, new regulation 6(d) has been introduced, which requires the written notice of a civil penalty to include a breakdown of the amount attributable to each individual contravention.

This amendment enhances transparency and will ensure that recipients are able to clearly understand how the cumulative civil penalty has been constructed. It also supports the effective exercise of appeal rights, by enabling a recipient to identify and, where necessary, challenge specific elements of the penalty relating to particular contraventions.

Civil penalty for individuals' guidance

1. The table within the guidance did not map to the definitions provided of "consent", "connivance" or "negligence". Several respondents raised concerns over penalising individuals for minor and moderate categories.

Following feedback from industry, Appendix 1 (amount of civil penalty per contravention) to the guidance has been re-worked. Additionally, factors that were previously listed in Appendix 1 have been moved to Appendix 2 (aggravating and mitigating factors). These changes are intended to make it clear that civil penalties will only be considered in cases involving the most serious and systemic regulatory failings and removes any suggestion that lower-level or technical breaches could attract a civil penalty.

The interpretations of "consent", "connivance" and "negligence" are now also contained within Appendix 1.

2. The definition of negligence should incorporate a clear test for establishing the existence and scope of a duty of care, and align with recognised principles

The GSC acknowledges the comment regarding the relationship between "negligence" and the concept of a legal duty of care.

It was not the intention to import a common law duty of care or apply a formal legal test. Rather, the concept of negligence is intended to reflect a role-based assessment, namely whether, having regard to the individual's seniority and responsibilities, they failed to perform functions reasonably expected of that role in preventing the contravention.

To clarify this position, the definition has been revised as follows:

"Negligence"	The individual failed to take steps to prevent the contravention, those steps being such that would reasonably have been expected of someone, given the duties and responsibilities associated with a 'Relevant Person' and the roles defined thereunder. This definition does not cover all scenarios in which "negligence" may be found, but is intended to serve as an illustrative example of the criteria that may typically be present

This amendment makes clear that the test is not based on a legal duty of care, but on the expectations inherent in the individual's role, applied on a case-by-case basis.

3. Concerns were raised in respect of the proposed framework operating a quasi-criminal sanctioning system which did not provide sufficient safeguards.

The GSC is committed to ensuring that it is consistent, fair and proportionate in its approach to decision making when carrying out its statutory functions. Civil penalties will be subject to the GSC's published Enforcement Decision Making process ("DMP"), which is a structured multistage process. It provides clear opportunities for representations, independent review and appeal, which align with the requirements of Article 6 ECHR for fairness in administrative matters. Individuals will be able to challenge the factual basis, submit mitigating information and provide oral representations prior to any final decision being made.

Section 34 of the Act provides an individual the right to lodge an appeal to the Gambling Appeals Tribunal within 28 days following the decision being made. Once the period of time has lapsed, and providing no appeal has been made, the sanction will come into effect and the penalty will be required to be paid.

4. Clarity was requested on how it will be determined which sanction will be most suitable, proposing consideration for minor infractions to be dealt with by imposing warning notices with remediation.

The Commission may pursue action against both the operator and individuals with a range of sanctions, from the imposition of a warning notice up to prohibiting an individual from the regulated sector or revoking a licence being options available to the decision makers through the Gambling (AML/CFT) Act 2018.

During any investigation, there is an assessment of the level of materiality and systemic nature of the contraventions identified, and the risk of future harm which will determine which, if any sanction is appropriate and proportionate.

The Commission recognises that the imposition of a civil penalty on an individual is a significant regulatory action with potentially lasting professional and reputational consequences. For that reason, such decisions are not taken lightly and are only made following a structured, evidence-based assessment consistent with the Commission's published DMP.

Before any personal penalty is considered, the Commission must be satisfied that there is clear and demonstrable individual culpability, whether through neglect, consent, or connivance that gave rise to the contravention.

If consent, connivance or neglect is identified, further consideration will be given as to whether the associated lack of integrity is perceived to be a continuing risk, and it would therefore be likely that any recommendation provided to the decision makers to consider the imposition of a penalty will be accompanied with the consideration as to whether a prohibition is more appropriate.

5. Consideration to the implementation of a limitation period following termination of employment. Concerns have been raised as to access to the necessary records and documentation being limited, affecting any defence an individual may wish to make.

Section 22A of the Gambling (AML/CFT) Act 2018 provides clear statutory limits on the imposition of civil penalties on individuals. In particular, a civil penalty may not be imposed:

- in respect of conduct occurring prior to the commencement of the relevant legislative amendments; or
- more than 6 years after the contravention came to the attention of the GSC.

In addition, operators are subject to record-keeping obligations under the Gambling (AML/CFT) Code 2019, which require the retention of information relevant to regulatory compliance. These requirements are designed to ensure that appropriate records remain available to support regulatory oversight and, where necessary, subsequent investigations.

Where an individual becomes the subject of an investigation following the termination of their employment, it is expected that any relevant records will continue to be held by the operator in accordance with these obligations. In such circumstances, the individual may request access to relevant information from the operator to support their response.

The GSC also recognises the importance of procedural fairness in these circumstances. As part of its decision-making process, the GSC will always take into account any representations made, including where limitations in access to information are raised.

6. Some respondents commented on the maximum penalty figure being far greater than the salary paid to individuals that will hold the roles liable to the penalty, raising concerns of affordability, retention and recruitment of staff.

The maximum figure is deliberately set at a level capable of addressing the most serious cases of individual misconduct and acting as a meaningful deterrent. However, it is important to note that this represents a maximum ceiling, not a default outcome. The GSC expects this level of sanction to be applied only in the most serious cases, where justified by the evidence, as reflected within the revised structure of Appendix 1 to the guidance..

The GSC recognises that affordability is a relevant consideration, and this is taken into account as part of the published DMP. In line with the DMP, financial circumstances may be considered when determining the amount of any penalty and the appropriate timeframe for payment. Individuals will have the opportunity to make representations, including in relation to their ability to pay, before any decision is finalised.

In addition, individuals retain a right of appeal, including where it is considered that the penalty imposed is disproportionate in light of the circumstances.

The aim of introducing a civil penalty framework for individuals is not to deter participation in the industry, but to promote high standards of conduct and accountability. The framework is targeted at serious misconduct and non-compliance. Individuals who act in good faith, perform their roles diligently, and adhere to regulatory requirements should not be concerned about becoming subject to a civil penalty.

7. Will the penalties be based on AML/CFT legislation and will there be defined penalty bands or a structured calculation methodology?

A civil penalty may only be imposed in respect of contraventions of AML/CFT legislation. This does not include recommendations arising from inspections, or failings related solely to non-adherence with Commission guidance, unless those matters also constitute a breach of AML/CFT requirements.

Once a contravention of AML/CFT legislation has been established, the GSC must then determine whether that contravention is attributable to an individual by way of consent, connivance or negligence, in accordance with section 22 of the Act. Only where one of these thresholds is met will a civil penalty be considered.

In terms of calculation, the GSC applies a structured and consistent methodology, as set out in the guidance.

This approach ensures that penalties are not set arbitrarily but are derived from a transparent framework. While the framework does not prescribe rigid "penalty bands", the use of defined seriousness categories and associated amounts provides a clear and consistent basis for determining outcomes.

8. One respondent suggested the discount framework is a coercive incentive to admit premature liability.

The purpose of the discount framework is not to incentivise premature admissions of liability, but to support the efficient and transparent resolution of cases where appropriate. The availability of discounts for early engagement is a well-established feature of regulatory enforcement regimes and is intended to recognise cooperation and constructive engagement, rather than to compromise an individual's ability to defend their position.

Participation in the discount framework is entirely voluntary. Individuals are not required to admit liability at any stage and remain fully entitled to challenge the Commission's findings, make representations, and provide evidence in their defence throughout the published DMP. The DMP ensures that individuals are given a meaningful opportunity to respond before any final determination is made.

The staged nature of the framework reflects the practical reality that earlier resolution reduces the scale, duration and resource demands of investigations, which is why greater discounts may be available at earlier stages. However, this does not diminish the individual's rights, nor does it prevent them from engaging fully in the process if they choose to contest the case.

9. Some respondents raised the concern of potential lasting reputational damage by naming individuals who have been subject to a penalty.

The Commission acknowledges the concern regarding the potential reputational impact on individuals where a civil penalty is published, particularly in relation to future employment within the sector.

Decisions to publish a civil penalty are made on a case-by-case basis and are not automatic. In determining whether publication is appropriate, the Commission must consider whether it is in the public interest to do so and to what extent publication is proportionate in the circumstances.

As part of the decision-making process, individuals will be given the opportunity to make representations on any proposed publication, including in relation to its potential impact. The Commission will take those representations into account when reaching a final decision.

Where it is determined that a public statement should be issued, the individual will be provided with a draft copy of the statement, together with the reasons for its proposed publication. In line with the statutory framework, publication will not take effect until:

- the period for bringing an appeal has expired; or
- any appeal has been concluded in the Commission's favour.

The Commission recognises that publication may have reputational consequences. However, publication is an important regulatory tool, supporting accountability, and deterrence. Its use will be carefully balanced against the circumstances of each case to ensure that any decision to publish is justified and proportionate.

10. The term "Senior Executive" rather than "Senior Manager" has been suggested to be more appropriate, as it better reflects the seniority of the role and avoids conflating it with managerial positions that remain subject to executive oversight

While other regulators may adopt different terminology (including "senior executive"), the use of the term "senior manager" is maintained intentionally, as it is expressly defined in the Gambling (AML/CFT) Act. This ensures consistency with the legislative framework and avoids introducing ambiguity or divergence between the Regulations, guidance, and primary legislation.

In practice, the definition of "senior manager" in the Act captures individuals with sufficient influence over decision-making and corporate activity, ensuring that the framework is targeted at those with meaningful responsibility, rather than junior or purely operational roles. The application of the regime will therefore continue to reflect the substance of an individual's role and level of influence, rather than the job title used.

11. One comment received asked whether the civil penalty regime would apply to non-locally licensed B2B suppliers

Entities that are not licensed by the GSC are not considered an "operator" for the purposes of the Gambling (AML/CFT) Act 2018 or the Gambling (AML/CFT) Code 2019.

As a result, such entities (including non-locally licensed business-to-business software suppliers) are not directly subject to the AML/CFT legislative requirements applicable to licensed operators. Consequently, they cannot be subject to a civil penalty under this regime for contraventions of those requirements.

However, where a licensed operator relies on third-party providers, the operator remains responsible for ensuring its overall compliance with AML/CFT legislation. Any failings arising from the use of such third parties would therefore be considered in the context of the operator's own obligations.

Ground Floor, St George's Court | Myrtle Street, Douglas | Isle of Man, IM1 1ED

+44 (0)1624 694331 Consultations.GSC@gov.im

www.isleofmangsc.com