

Part 1: Information requirements defined in LCCP

1.3 Changes to licence condition 15.1.1 (reporting suspicion of offences)

Licence condition 15.1.1

Reporting suspicion of offences etc - non-betting licences

All operating licences except betting, betting intermediary, ancillary remote betting, betting host and remote betting intermediary (trading rooms only) licences

- 1 Licensees must as soon as reasonably practicable, *in such form or manner as the Commission may from time to time specify*, provide the Commission ~~or ensure that the Commission is provided~~ with any information that they know relates to or suspect may relate to the commission of an offence under the *Gambling Act 2005*, including an offence resulting from a breach of a licence condition or a code provision having the effect of a licence condition.

Q1.3 - Do you agree with the proposed changes to the licence condition? **Yes**

Comments:

1.6 Changes to licence condition 15.2.1 (reporting key events – operator status)

Licence condition 15.2.1

Reporting key events

All operating licences

A key event is an event that could have a significant impact on the nature or structure of a licensee's business. Licensees must notify the Commission, or ensure the Commission is notified, in such form or manner as the Commission may from time to time specify, of the occurrence of any of the following key events as soon as reasonably practicable and in any event within five working days of the licensee becoming aware of the event's occurrence¹.

Operator status

- ~~1 In the case of licensees which are companies, a petition being presented for their winding up or the winding up of any group company of theirs, or they or any group company being placed in administration or receivership or their directors proposing to creditors a composition in satisfaction of its debts or a scheme of arrangement of its affairs.~~
- ~~2 In the case of licensees which are bodies corporate, but not companies, any event substantially equivalent to those listed at 1 above.~~

~~3 In the case of a licensee who is an individual (or a partner in a partnership licensee) their being presented with a petition for their bankruptcy or sequestration or their entering into an individual voluntary arrangement.~~

Any of the following applying to a licensee, group company, shareholder or anyone named as part of the licence:

- presenting of a petition for winding up,
- making of a winding up order,
- entering into administration or receivership,
- bankruptcy (applicable to individuals only),
- sequestration (applicable in Scotland), or
- an individual voluntary arrangement.

Q1.6 - Do you agree with the proposed changes to the licence condition? **No**

Comments: **Some of the Council's members may have many small shareholders. Does the Commission really need to be notified if any of the events listed applies to a shareholder of a licensee? If a small shareholder of a licensee enters sequestration, how are licensees to track that, and would the Commission really need to be notified? We suggest that the reference to "shareholder" is removed.**

The Council is content with the other proposed changes to this condition.

1.7 Changes to licence condition 15.2.1 (reporting key events - relevant persons and positions)

Licence condition 15.2.1

Relevant persons and positions

4 [No change]

~~5 Any investment in a licensee which is not by way of subscription for shares.~~

6 [No change]

~~7 The entering into an arrangement whereby a third party provides services to, or grants any licence concession or permission to, the licensee other than for full value: full details of the arrangements must be supplied.~~

8 The appointment of a person to, or a person ceasing to occupy, a 'key position' (*including leaving one position to take up another*). A 'key position' in relation to a licensee is:

- a in the case of a small-scale operator, a 'qualifying position' as defined in the Gambling Act 2005 (Definition of Small-scale Operator) Regulations 2006.
- b in the case of an operator which is not a small-scale operator, a 'specified management office' as set out in (current) LCCP licence condition 1.2
- c a position the holder of which is responsible for the licensee's anti-money laundering *and counter terrorist financing compliance* procedures, ~~including suspicious activity reporting and for the reporting of known or suspected money laundering or terrorist financing activity suspicious activity reporting.~~

d any other position for the time being designated by the Commission as a 'key position'.
(Notification is required whether or not the person concerned is required to hold a personal management licence and whether or not the event notified requires the licensee to apply for a variation to amend a detail of their licence.)

~~9 Any change to the structure or organisation of the licensee's business which affects a 'key position' or the responsibilities of its holder.~~

Q1.7 - Do you agree with the proposed changes to the licence condition? **Yes**

Comments:

1.8 Changes to licence condition 15.2.1 (reporting key events – financial events)

Licence condition 15.2.1

Financial events

10 [No change]

11 [No change]

12 [No change]

~~13 Any court judgments (in whatever jurisdiction) against the licensee or, where the licensee is a body corporate, a group company, remaining unpaid 14 days after the date of judgment.~~

~~14 Where the licensee is required to have their accounts independently audited, any qualification to an auditors' report; and any unplanned change of auditor including a change prompted by a dispute or resulting from auditors being unable or unwilling to sign an unqualified audit report.~~

~~15 Any change in the licensee's arrangements for the protection of customer funds in accordance with the general licence condition 4 relating to the protection of customer funds (where applicable).~~

~~16 Where the licensee holds customer funds in a separate bank account, any deficit on reconciliation of such bank account.~~

17 [No change]

Q1.8 - Do you agree with the proposed changes to the licence condition? **Yes**

Comments:

1.9 Changes to licence condition 15.2.1 (reporting key events - legal or regulatory proceedings or reports)

Licence condition 15.2.1

Legal or regulatory proceedings or reports

18 [No change]

~~19a Any investigation by a professional, statutory, regulatory or government body (in whatever jurisdiction) into the licensee's activities, or the activities in relation to the licensed entity of a personal licence holder or a person occupying a qualifying position employed by them or a person in a 'key position', where such an investigation could result in the imposition of a~~

sanction or penalty which, if imposed, could reasonably be expected to raise doubts about the licensee's continued suitability to hold a Gambling Commission licence.

19b Any criminal investigation by a law enforcement agency in any jurisdiction in relation to which:

- ~~the licensee is involved (including, but not limited to investigations of crimes allegedly committed against the licensee or involving the gambling facilities provided under the licence),~~
AND
- ~~the circumstances are such that the Commission might reasonably be expected to question whether the licensee's measures to keep crime out of gambling had failed.~~

~~Notification of the event must occur as soon as practicable after the licensee becomes aware of any such investigation in which the licensee is involved and measures may have failed.~~

~~Any criminal investigation by a law enforcement agency in any jurisdiction in which the licensee, or a person in a 'key position' related to the licensee, is involved and where the Commission might have cause to question whether the licensee's measures to keep crime out of gambling had failed.~~

~~20 The receipt of any report from a professional, statutory or other regulatory or government body (in whatever jurisdiction) of the outcome of a compliance assessment in relation to the gambling activity of the licensee or, where the licensee is a body corporate, of any group company in which at least one person who holds a key position in or in respect of the licensee holds a key position: a copy of the report should be provided where available to the licensee.~~

21 The referral to the licensee's Board, or persons performing the function of an audit or risk committee, of material concerns raised by a third party (such as an auditor, a professional, statutory or other regulatory or government body (in whatever jurisdiction)) about the provision of facilities for gambling which are expressed (in whatever terms) as requiring attention as a high priority: a summary of the nature of the concerns must be provided.

22 [No change]

23 [No change]

24 [No change]

Q1.9 - Do you agree with the proposed changes to the licence condition? **No**

Comments: The wording of the amended 19a makes it reportable if a regulator or body investigates a licensee over a matter which could result in a sanction being imposed which could reasonably be expected to raise doubts over the licensee's continued suitability to hold a licence with the Commission. In most occasions, a regulator or body will have a wide range of potential sanctions which could apply and, were the most severe of those to be imposed, this could give rise to doubts over the continued suitability to hold a licence with the Commission. As proposed, the wording doesn't seem to take account of the likelihood of such a severe sanction actually being imposed, as opposed to it being a mere possibility, with the result that any investigation by another body would seem to need reporting. It seems unlikely this is the Commission's intention, in which case the words "if imposed" should be deleted so that this condition is in line with the proposed wording for 19b.

The Council is content with the other proposed changes to this condition.

1.10 Changes to licence condition 15.2.1 (reporting key events – gambling facilities)

Licence condition 15.2.1

Gambling facilities

~~25a Any breach in the licensee's information security that adversely affects the confidentiality of customer data or prevents customers from accessing their accounts for longer than 24 hours. Any breach to the licensee's environment that affects the confidentiality of customer data contrary to the defined access control policy; prevents the licensee's customers, staff or legitimate users from accessing their accounts; indicates that the integrity of the licensee's environment is in question; and any information security attacks beyond a licensee's defined sustained period, for example (but not limited to) Distributed Denial-of-Service (DDoS) attacks or credential stuffing.~~

25b [No change]

~~26 Any change in the identity of the ADR entity or entities for the handling of customer disputes, as required by the social responsibility code provision on complaints and disputes.~~

~~27 The reference of a dispute to an ADR entity other than one in respect of which contact details were given in accordance with the social responsibility code provision on complaints and disputes; the reason for selection of that ADR entity should be given.~~

28 In the case of remote gambling, the commencement or cessation of trading on website domains (including mobile sites or mobile device applications) or broadcast media through which the licensee provides gambling facilities (*including domains covered by 'white label' arrangements*).

In this condition:

'body corporate' has the meaning ascribed to that term by section 1173 of the Companies Act 2006 or any statutory modification or re-enactment thereof

- a in respect of a company, 'holding company' and 'subsidiary' have the meaning ascribed to that term by section 1159 of the Companies Act 2006 or any statutory modification or re-enactment thereof
- b a 'group company' is any subsidiary or holding company of the licensee and any subsidiary of such holding company

¹ ~~Key events can are to be reported securely online at the Commission's website through our to us online via the 'eServices' system digital service on our website www.gamblingcommission.gov.uk. Alternatively, for operators unable to access this system, you can report a key event by email to: key.events@gamblingcommission.gov.uk~~

Q1.10 - Do you agree with the proposed changes to the licence condition? **No**

Comments: The Council disagrees with the proposed changes to the wording of 25a. The proposed changes seem to be more uncertain than the existing requirement, and therefore more difficult for licensees to decide whether something needs to be reported. In addition, under the proposed wording, whether some aspects need reporting would depend on criteria which licensees themselves set. This could be counterproductive in terms of helping protect customer data. For example, licensees could relax their own access control policies and/or arbitrarily increase their defined sustained periods to reduce the likelihood of needing to report matters to the Commission.

The proposed new wording also removes the need for customer data to be “adversely” affected before it is reported. It now only needs to be “affected” in a way contrary to the access control policy. This could result in key reports needing made in circumstances when the customer data has not in reality been adversely affected. For example, a licensee could create a role where an employee needs to interact with customer data but has omitted to first update its own access control policy to mention this role having access. Whilst the customer data has not actually been adversely affected, under the new wording this would still seem to need reported as a key event, which does not seem proportionate to the actual impact.

The proposed wording also removes the 24-hour time limit on breaches which prevent customers from accessing their own account. This would seem to require that even one minute of downtime during which customers could not access their accounts would need to be reported.

Taking account of the above, the existing wording of 25a seems preferable to the proposed amendments. It is clearer and does not present licensees with an ability to gamify the system by lowering their own security standards to reduce the likelihood of needing to make a report. The existing wording is also more in line with reporting requirements to the Information Commissioner’s Office under GDPR in reflecting that, before any issues regarding customer data need reporting to a regulator, there should actually be some sort of adverse impact on the customer. The existing wording also seems more appropriate in terms of requiring reporting of any information security breach which adversely affects customer data, rather than only breaches which affect customer data confidentiality in a way contrary to the licensee’s own access control policy. We would therefore suggest that the existing wording of 25a be retained, rather than being changed to the proposed wording.

In the event that, despite the comments above, the Commission is minded to replace the existing wording of 25a with the wording proposed in the consultation, we would suggest the addition of the words highlighted in capitals to the proposed text:

“Any breach to the licensee’s environment that ADVERSELY affects the confidentiality of customer data contrary to the defined access control policy; prevents the licensee's customers, staff or legitimate users from accessing their accounts FOR LONGER THAN 24 HOURS; indicates that the integrity of the licensee's environment is in question; and any information security attacks beyond a licensee's defined sustained period, for example (but not limited to) Distributed Denial-of-Service (DDoS) attacks or credential stuffing.”

The Council is content with the other proposed changes to this condition.

1.11 Changes to licence condition 15.2.2 (other reportable events)

Licence condition 15.2.2

Other reportable events

All operating licences

- 1 Licensees must also notify the Commission in such form or manner as the Commission may from time to time specify, or ensure that the Commission is so notified, as soon as reasonably practicable of the occurrence of any of the following events which could have a material impact on the licensee's business or on the licensee's ability to conduct licensed activities compliantly and consistently with the licensing objectives, so far as not already notified as key events in accordance with licence condition 15.2.1; including but not limited to:

- ~~a the conclusion of a dispute referred to an ADR entity and in such case providing the Commission with a copy of the decision or note of the outcome.~~
- ~~b any outcome adverse to the licensee of any proceedings taken against the licensee (in whatever jurisdiction) by a customer in relation to a gambling transaction; but excluding proceedings allocated to the County Court small claims track or equivalent in jurisdictions outside England and Wales.~~
- a any material change in the licensee’s structure or the operation of its business,*
- b any material change in managerial responsibilities or governance arrangements, or,*
- c 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 or their becoming aware of a sustained or meaningful generation of the 3% of group gross gambling yield / or 10% of group revenue threshold being exceeded by the group.*
- d for remote gambling licences, any change in the licensee’s arrangements for the protection of customer funds in accordance with the licence condition 4 (protection of customer funds) (where applicable).*
- e any change in the identity of the ADR entity or entities for the handling of customer disputes, as required by the social responsibility code provision on complaints and disputes.*
- f any actual or potential breaches by the licensee of the requirements imposed by or under Parts 7 or 8 of the Proceeds of Crime Act 2002, or Part III of the Terrorism Act 2000, or any UK law by which those statutes are amended or superseded.*

In this condition:

- a ‘group company’ has the same meaning as in condition 15.2.1; and Question 1.11
- b without prejudice to section 327 of the *Gambling Act 2005*, ‘advertising’ includes: having a home page directed towards a jurisdiction and written in, or in one of, that jurisdiction’s official language(s), having arrangements enabling that jurisdiction’s currency to be selected for gambling or the use of payment methods available only in that jurisdiction, and providing a specific customer service facility referable to that jurisdiction.

Ordinary code provision 8.1.1 (information requirements – ordinary code) is deleted

*Q1.11 - Do you agree with the proposed changes to the licence condition? **No***

Comments: **The new proposed condition 15.2.2.1 proposes making it a requirement to notify the Commission as soon as reasonably practicable of any “events which could have a material impact on the licensee's business”. Commercial decisions could have a material impact on the licensee's business, but must the Commission really be informed of all of those? Isn't what the Commission needs to know already covered by the other proposed wording, namely matters which could have a “material impact ... on the licensee's ability to conduct licensed activities compliantly and consistently with the licensing objectives”, insofar as not already required to be notified as a key event? The proposal is also to make this a licence condition, as opposed to just a requirement of the code. Breach of a licence condition is a criminal offence, and criminal offences should be free from ambiguity. This proposed new offence seems to be open to different subjective opinions, as one**

person's view on whether a matter might have a material impact on a licensee's ability to comply with the licensing objectives could differ from another person's. This being the case, perhaps it might be better remaining a code provision, rather than a licence requirement. Similar considerations also apply to the proposed new "a" and "b" wording, as what one person views as "a material change" might differ from another person's view.

The licence condition proposed by 15.2.2.1 (c) is a requirement on a licensee to notify the Commission of "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 or their becoming aware of a sustained or meaningful generation of 3% of group gross gambling yield or 10% of group revenue". One objective of this consultation is to "streamline our existing requirements and, where possible, reduce regulatory burden". With this in mind, we wonder why it is necessary for the Commission to be notified that a group company of a licensee starts advertising remote gambling facilities in a jurisdiction to which it has not previously advertised? Presumably such a group company will need to comply with whatever regulations are relevant to that jurisdiction, and the Commission would not be the relevant regulator in respect of such advertising, so why is there a requirement to notify the Commission? In a similar vein, why require licensees to notify the Commission of group companies which are not licensed by the Commission generating 3% of GGY or 10% of group revenue? If this latter requirement is to be retained, it would be helpful to have guidance on whether the requirement is to notify the Commission of a group company not regulated by them either generating 3% of GGY or 10% of group revenue for the first time, or whether the Commission needs to be notified of any group company currently generating 3% of group GGY or 10% of group revenue.

1.13 Changes to licence condition 15.3.1 (general and regulatory returns)

Licence condition 15.3.1

General and regulatory returns

All operating licences

- 1 *The Commission expects licensees to inform the Commission of any matters that the Commission would reasonably need to be aware of in exercising its regulatory functions.*
- 12 On request, licensees must provide the Commission with such information as the Commission may require, *in such form or manner as the Commission may from time to time specify*, about the use made of facilities provided in accordance with this licence, and the manner in which gambling authorised by this licence and the licensee's business in relation to that gambling are carried on., ~~including in particular information about:~~
 - a ~~the numbers of people making use of the facilities and the frequency of such use~~
 - b ~~the range of gambling activities provided by the licensee and the numbers of staff employed in connection with them~~
 - c ~~the licensee's policies in relation to, and experiences of, problem gambling.~~
- 23 ~~In particular within 28 days of the end of each quarterly period or, for those only submitting annual returns, within 42 days of the end of each annual period, licensees must submit a Regulatory Return to the Commission containing such information as the Commission may from time to time require~~ *Licensees must submit an accurate Regulatory Return to the Commission*

containing information specified by the Commission within 28 days of the end of each reporting period defined by the Commission¹.

¹Regulatory returns can be submitted securely online at the Commission's website through our to us online via the 'eServices' system available at digital service on our website www.gamblingcommission.gov.uk

Ordinary code provision 8.1.1 (information requirements – ordinary code) is deleted

Q1.13 - Do you agree with the proposed changes to the licence condition? **No**

Comments: The intention seems to be to remove the expectation on licensees to inform the Commission of matters the Commission may reasonably need to be aware of in exercising its regulatory functions from being a Code provision to becoming a licence condition in 15.3.1.1 instead. Breach of a licence condition constitutes an offence, and whether an offence has been committed should not be ambiguous or vague. Whether a matter is something the Commission may "reasonably need to be aware" of does not seem specific enough to form the basis of an offence, as it would seem open to different interpretations. This requirement would therefore seem better suited to remaining a code provision, rather than a licence condition.

1.15 Changes to social responsibility code provision 6.1.1 (complaints and disputes)

Social responsibility code provision 6.1.1

Complaints and disputes

All licences (including ancillary remote licensees) except gaming machine technical and gambling software licences

1-6 [No change]

7 Licensees should keep records of customer complaints and disputes in such form or manner as the Commission may from time to time specify in advice or guidance. They must provide information to the Commission about customer complaints, and disputes, ~~the outcomes of disputes referred to ADR, and court proceedings adverse to the licensee,~~ also in such manner as the Commission may from time to time specify.

Q1.15 - Do you agree with the proposed changes to the code provisions? **No**

Comments: The wording of the consultation explains the intention is to remove the requirement to routinely report the outcomes of disputes to ADR to the Commission but retain the ability of the Commission to ask for such information. At present, the amended wording "They must provide information to the Commission about customer complaints and disputes also in such manner as the Commission may from time to time specify" could be read as suggesting all information about complaints/disputes must be given to the Commission. It would help to clarify if the words "on request" were added, so as to read "They must ON REQUEST from the Commission provide information about customer complaints and disputes in such manner as the Commission may from time to time specify".

1.17 Changes to ordinary code provision 8.1.1 (information requirements – ordinary code)

Ordinary code provision 8.1.1 (information requirements – ordinary code) is deleted

Q1.15 - Do you agree with the proposed changes to the code provision? **No**

Comments: Elevating matters from code provisions to licence conditions does not seem appropriate in circumstances where it is a matter of interpretation whether the condition has been complied with. This is because breach of a licence condition would constitute an offence and offences should be clear and free from ambiguity. Requirements to inform the Commission of matters that it would reasonably need to be aware of in exercising regulatory functions would therefore seem better suited to remaining a code provision rather than a licence condition.

1.18 Changes to personal licence conditions

Personal licence conditions

All personal licence holders

1-2 [No change]

3 Personal licence holders must notify the Commission of the occurrence of any of the following key events within ~~five working~~ *thirty days, or as soon as reasonable practicable* after the licensee becomes aware of the event's occurrence¹:

- a their subjection to any criminal investigation which is listed under Schedule 7 Relevant Offences of the Gambling Act 2005;
- b their conviction of any offence listed under Schedule 7 – Relevant Offences of the Gambling Act 2005;
- c any current or pending investigation by a professional, statutory, regulatory or government body in Great Britain or abroad;
- d the imposition of any sanction or penalty against them following an investigation by any professional, statutory, regulatory or government body in Great Britain or abroad;
- e the imposition of a disciplinary sanction against them, including dismissal, for gross misconduct;
- f their resignation from a position for which a personal licence is required following commencement of disciplinary proceedings in respect of gross misconduct;
- g their disqualification from acting as a company director;
- h the presentation of a petition for their bankruptcy or sequestration or their entering into an individual voluntary agreement;
- i a change in their name or address.

¹ These matters ~~can~~ *are to* be reported ~~securely online at the Commission's website through our eServices system to us online via the 'Manage and maintain your licence' service on our website~~ www.gamblingcommission.gov.uk Alternatively, for operators unable to access this system, you can ~~these events by email to: key.events@gamblingcommission.gov.uk~~

Q1.18 - Do you agree with the proposed changes to the licence condition? **Yes**

Comments:

Part 2: Regulatory returns and official statistics

2.1 Reduce the amount of data we collect

Proposals include

Research, Prevention and Treatment (formerly research, education and treatment) We propose to exchange the current seven questions with two new questions: 'Contributions made to approved beneficiaries in the period covered by this return (name of beneficiary, £value of contribution)'.

Workforce. We propose to stop asking for workforce numbers, as we recognise that there are inherent data quality issues with workforce reporting (for example, apportioning an operator's employees against different licensed activities, or across GB and non-GB operations). Instead we will use the annual DCMS Sectors Economic Estimates: Employment as a proxy to measure employment in the regulated gambling industry.

In addition, we propose to amend numerous questions to better align terminology used within regulatory returns (eg Profit or Trading Results to be replaced with the term 'GGY'). Also, to reword questions to provide clarity and consistency across multiple activities.

Q2.1 - Do you agree with the proposals? **Yes**

Comments:

2.5 Enhance the operational information section of regulatory returns with more consumer and safer gambling questions

New questions:

1 Complaints and disputes

- a % Complaints resolved within 8 weeks.
- b Complaints logged, split by type.
- c Referrals to ADR entity logged by the operator, split by type.

2 Customer accounts (remote sector only)

- a Average time for customer fund withdrawals (GB only).
- b Total number of accounts active in the return period (GB only).
- c Number of dormant accounts (GB only).
- d Funds held in dormant accounts (GB only).

3 Customer incidents (non-remote sectors only)

- a Incidents (incidences of crime and disorder) not requiring police.

4 Customer interactions

- a Customer interactions logged by the operator, split by type.
- b Customer interactions initiated by the operator.

5 Problem gambling or people experiencing gambling-related harms

- a Number of active customers identified as moderate risk gamblers (remote only).

- b Number of active customers identified as problem gamblers.
- c % of total GGY from top 10% of customers by losses (remote only).

6 Safer gambling tools

- a Number of deposit limits applied by customers (remote only).
- b Number of deposit limits reached (remote only).
- c Number of time limits applied by customers.
- d Number of time limits reached.

7 Exclusions

- a Self-exclusion breaches detected by the operator.
- b Operator bans as a result of safer gambling concerns.

8 Research, prevention and treatment (formerly research, education and treatment).

- a Contributions made to approved beneficiaries in the period covered by this return - name of beneficiary.
- b Contributions made to approved beneficiaries in the period covered by this return (-£value of contribution).

Q2.5 - Do you have any comments on our proposals for the new and modified regulatory returns questions? **Yes**

Comments: The consultation proposes (in subsection 2) introducing various questions regarding customer accounts. Not all of the Council's members operate a "wallet" system through which customers can deposit funds into, or withdraw funds from, their own accounts. It would be helpful if the regulatory return system provided a "N/A" option for these questions to accommodate operators for whom the requirements would not apply, and if the accompanying guidance recognised this.

The consultation proposes (in subsection 3) requiring information to be provided regarding levels of crime and disorder associated with gambling premises. As ELMs can have both remote and non-remote licences (depending on the original method of sign up of players), it would be helpful for a "N/A" option to be provided here, and the accompanying guidance to clarify that this provision will not apply to non-remote lotteries where the ticket has been sold not through physical premises, but rather by postal coupon (where although it is classified as non-remote, it has not been purchased through physical premises).

Subsection 4a refers to providing data, for "customer interactions logged by the operator, split by type". It would be helpful to clarify whether by "customer interaction" what is sought here is information relating to interactions arising due to concerns that a customer may be at risk of or experiencing harms associated with gambling (whether such concerns are originally raised by the customer themselves, or operator initiated). If this is to cover all interactions with all customers on any matter (for example if they contact a licensee to update their contact details or have a general query), as well as being administratively more difficult for licensees to report on the numbers and methods of any interactions, this wouldn't seem to link to subsection 4b, which is said to relate to

customer interactions initiate by the operator with customers who may be at risk of or experiencing harms associated with gambling.

It would also be helpful for the guidance to explicitly recognise that the data sought for both 4a and 4b relates to interactions with customers arising due to concerns a customer may be at risk of or experiencing harms associated with gambling, as opposed to just concerns someone may be a “problem gambler”, if this is what the Commission is wanting. Information about concerns someone may be at risk of suffering from gambling related harm is wider than just “problem gambling” concerns (although they would include this), as someone may be vulnerable to suffer gambling related harm for other reasons as well. The existing regulatory return guidance refers to only providing information regarding interactions in respect of “problem gamblers”.

Subsection 5 seeks data on the number of active customers identified as moderate risk or problem gamblers. It would be helpful for the guidance to be clear on exactly what is sought here, including the distinction between parts (a) and (b). Part (b) here refers to “problem gamblers” - is what is meant by this people who are addicted to gambling, or is it a wider category of people who might be suffering from gambling related harm (eg because they no longer have capacity to understand the gambling product, for example due to advanced dementia)? Is it, for example, an estimate of the number of players who might be “at risk” of experiencing gambling related harm under (a), and an estimate of the number who might be suffering from “gambling related harm” under (b)? At present, the wording for (b) says “This question links to LCCP 3.4.1 and our requirement for licensees to identify customers who may be at risk of or experiencing harms associated with gambling”, and given it therefore seems to cover both those suffering and those at risk, it is difficult to see how it is intended to differ from (a). In addition, if a specific person has been identified as suffering from harm (as opposed to at risk), surely the licensee should no longer be allowing them to play? So if (b) is aimed at understanding the number of people an operator has specifically identified as suffering harm (as opposed to an estimate of the number, based on matters such as UK studies about problem gambling, the demographics of the player base and relevant features of the operators model) surely the number should be “0”?

Subsection 6 covers questions about deposit and time limits. As with subsection 2, it would be helpful if the template return had a “N/A” option for operators for whom this was not relevant.

Subsection 7a refers to self-exclusion breaches detected by the operator. It would be helpful if the final guidance here clarified whether this was just seeking the number of times an operator noticed someone had managed to breach a self-exclusion and gamble during the period of their self-exclusion, or whether, as set out in the current regulatory return guidance, it would also include the number of times an individual tried to breach their self-exclusion but didn't actually manage to gamble as this was picked up by the operator before the gamble actually took place.

2.6 Link the requirement for licensees to submit quarterly or annual returns to the aggregate maximum GGY permitted by all of their licences

We currently require some of our licensees to submit annual returns and others to submit quarterly returns – based on the sector their licences relate to. We propose to change this requirement from a sector to an aggregated GGY basis and link the requirement for licensees to submit either quarterly or annual returns to the aggregate of GGY that each of their licences permits.

We would then set a GGY level across the industry above which a quarterly return would be required. If an operator's aggregated total permissible GGY is below this threshold, we would only require them to submit an annual regulatory return.

We have not yet determined the levels for this differentiation, but it is likely to be around £5million (aggregated total GGY, based on the upper level of GGY allowed for each licensed activity an operator holds).

This proposal will improve our visibility of licensees who contribute most industry GGY while reducing the regulatory burden on smaller operators. Overall, we have assessed that this will reduce the total number of regulatory returns we collect from the industry.

Q2.6 - Do you agree with the proposals? **No**

Comments: The proposal is to change the frequency of reporting requirement from being based on the sector the operator is within, to being based on the GGY permitted under licences instead. Given the impending changes to annual lottery limits, in future the annual maximum proceeds under the legislation will be £50 million a year. The maximum for an External Lottery Manager would depend on the number of promoting societies they operate as ELM for. The consultation says that, although the threshold for requiring quarterly as opposed to annual returns has not been decided, it is likely to be around £5million, based on the upper limit of GGY allowed in the operator's licence. It seems likely most, if not all, remote society lottery operators, and all ELMs, would be entitled to raise more than £5million in GGY, in which case they would all seem to need to in future submit quarterly returns, instead of annual returns.

Of the proposed 10 different sections of information which need provided in the revised regulatory returns, numbers 1-8 come under the heading "Operational information - consumers and safer gambling" and numbers 9-10 do not apply to the lotteries sector as they relate to B2B and betting.

It has long been recognised that lotteries represent a lower risk to the licensing objectives in terms of safer gambling than all other gambling products. It would not, therefore, seem to be a risk-based approach to move to determine the frequency of reporting requirements based on GGY, rather than considering the risk of gambling harm resulting from the licence.

If there is a desire to move towards determining the frequency of reporting requirements about safer gambling to being based on GGY, we would suggest that, given the lower risk profile of lotteries, they should form an exception to this change. Regardless of GGY allowed under the licence, the reporting requirements for licensees only operating lotteries should remain annual, rather than quarterly.

If such an exception to the rule isn't made, licensees who operate lotteries (who will be charities and good causes), as well as External Lottery Managers, would need to spend additional time and money completing reports every quarter instead of annually, even although it is recognised they are much lower risk in terms of problem gambling than the rest of the sector. This does not seem a proportionate or risk-based requirement, when it is considered that the information required to be produced on a quarterly instead of annual basis relates to safer gambling issues.

In short, we would question why lottery operators would be required to provide safer gambling information on a quarterly basis even although they are much lower risk in terms of problem gambling, when operators falling below the new GGY threshold (and therefore only needing to submit such safer gambling information annually) would present a higher risk in terms of problem gambling issues? GGY is not a measure of the risk of gambling harm.

2.7 Improve our digital service for regulatory returns collection (eServices)

We propose to improve the usability, accessibility and availability of our eServices system for the submission of regulatory returns; possibly building a new digital service.

We are exploring adding additional tailoring to the regulatory returns part of eServices, allowing licensees to specify at the start of the report submission which of their licensed activities they have conducted.

This will enable us to remove sections from the regulatory return which are not relevant for that licensee for that period's return.

We are considering options for multi-format data submissions of regulatory returns. For example, a Commission approved software package, technical specifications for licenses to develop their own software, or an Application Programme Interface (API).

Q2.7a - Do you agree with the proposals? **Yes**

Comments:

Q2.7b - Do you have any other suggestions to improve our systems for regulatory return data submissions? **No**

Comments:

2.9 Industry statistics - review of user requirements

We propose to make improvements to our Industry Statistics publication.

For this consultation, we are gathering views on the following proposals:

- **Time lag.** There is currently a lag of 7-8 months from the end of the reporting period to publication of Industry Statistics. We want to reduce this. Our initial target is to publish Industry Statistics within 6 months of the reporting period end; aiming for a 3-month time lag in the future.
- **Time period.** Industry Statistics currently report data from 1 April to 31 March (November publication) and from 1 October – 30 September (May publication). This is an incongruous time period which is not useful for users. We propose to change the latter to 1 April to 30 September (ie a true half-year update).
- **Quarterly reporting.** We propose to publish Industry Statistics data broken down by quarterly periods, within our biannual publications. This would enable users to compare quarterly performance with other market indicators, to understand quarter-on-quarter change and to analyse the data from a calendar year / European financial year, UK financial year or US financial year perspective.
- **Accessibility.** We are proposing to publish Industry Statistics as a PowerBI-based report containing interactive charts, embedded within our website. This will replace the current PDF document. Alongside, we will continue to publish industry data as a downloadable Excel data table (but without charts).
- **Content.** We plan to stop publishing detailed Non-GB data in the Remote section of Industry Statistics, as we propose to no longer collect this data in full.
- **Time series.** We plan to reformat the MS Excel version of Industry Statistics, so that the data is presented as a time series, making it easier for analysts to export and interrogate the data.

- **B2B.** We recognise that there are inconsistencies within Industry Statistics over the presentation of B2B data points. To aid clarity, we propose to present all B2B data (gambling software and gambling machine technical) in a separate section.

Q2.9 - Do you agree with the proposals? Yes

Comments:

Tony Vick, Chairman
The Lotteries Council
20 May 2020