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*Practice Group(s):
Betting & Gaming*

Amendments to the Licence Conditions and Codes of Practice (LCCP)

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The Gambling Commission has recently published part one of three publications detailing the changes to be introduced to the LCCP to coincide with the new point of consumption regime in Great Britain. Parts two and three are expected to be published towards the end of April. The changes from all three parts are expected to come into force at the beginning of August 2014, with the exception of the requirement for operators to obtain gambling software only from holders of a Gambling Commission gambling software licence, which will not come into force until 1 January 2015.

These changes follow the consultation held by the Gambling Commission in September 2013; see [here](#) for our update on that consultation.

Key Changes

The following key changes have been published in Part One of the Gambling Commission's updates and are expected to be implemented in August 2014:

- A new social responsibility code will require licensees:
 - to take responsibility for sub-contractors who provide any aspect of the licensee's business related to the licensed activities;
 - to impose certain terms in contracts with sub-contractors, including a termination right (subject to compliance with any dispute resolution provisions of the contract) for acting in a manner inconsistent with the Gambling Commission's licensing objectives;
 - to ensure that third parties who provide user interfaces comply with the Commission's technical standards, with a right of termination (subject to compliance with any dispute resolution provisions of the contract) if they do not; and
 - to ensure that their contracts with affiliates include a right of termination (subject to compliance with any dispute resolution provisions of the contract) if the affiliate is in breach of a relevant advertising code of practice.
- An amended licence condition 15.1, which consolidates and expands the information reporting requirements for operators (including spread betting operators with a Commission licence) in relation to suspicious activity, and a new ordinary code provision which clarifies the Commission's expectations about reporting suspicions of match-fixing and cheating.
- The current ordinary code provision that requires licensees to take all reasonable steps to link customer accounts across any group companies has been elevated to a social responsibility code provision. Following the changes, remote licensees must have, and put into effect, procedures which enable them to **relate** (rather than 'link') customer account activity with their group companies.

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Other Changes

The following changes have also been published in Part One of the Gambling Commission's updates and are expected to be implemented in August 2014:

- A new ordinary code provision will require licensees to work with the Commission in an open and cooperative way, and disclose anything which the Commission would reasonably need to be aware of.
- An addition to the licence condition relating to personal licences will specify that individuals occupying the management office of regulatory compliance must not, except with the Commission's express approval, occupy any other specified management office. This will apply to all gambling operators other than small scale operators.
- An amended ordinary code provision on the prevention and detection of money-laundering, which will require licensees to **take into account** (rather than 'act in accordance' with, which was the wording proposed in the consultation) the Commission's guidance - '[The prevention of money laundering and combating the financing of terrorism](#)'.
- An amendment to the licence condition requiring operators to publish and implement consumer terms which are fair and open will be extended to require operators to also to comply with such terms.
- An amended social responsibility provision requiring licensees to have arrangements in place for customers to refer, free of charge, disputes not resolved to the customer's satisfaction by use of the operator's complaints procedure to an independent person offering alternative dispute resolution, and to make information about it readily available. A copy of any decision by the ADR body must be provided to the Commission, as well as the outcome of any material adverse decisions against the licensee anywhere in the world. The Commission is also seeking industry views on the implementation of the Alternative Dispute Resolution Directive, on which the Department for Business, Innovation and Skills is consulting.
- New licence conditions prohibiting remote gambling operators from adding to, or relocating, remote gambling equipment without the Commission's permission, and requiring licensees to provide access to such equipment and the data held on it.
- An expansion of the key events which must be reported to the Commission including the grant, refusal or withdrawal of any licence in any jurisdiction.

Further consultations

Following the initial consultation on the proposed changes to the LCCP, the Gambling Commission has commenced, intends to commence, or is actively considering commencing, further consultations in relation to the following specific areas:

- Social responsibility provisions - a more formal social responsibility review has been commenced, with a view to consulting on strengthened social responsibility provisions, such as self-exclusion and customer interaction, this summer. The review will include the funds raised by the Responsible Gambling Trust.
- Test purchasing - the Commission intends to continue to work with licensing authorities during 2014 and will consider future amendments to the LCCP on this issue. However, the Commission has stated that where operators are not already

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using test purchasing, they should consider how they are able to evidence that they are monitoring the effectiveness of underage gambling policies.

- Suspicious activity reports (SAR) - the Commission did not set out a proposed amendment to the LCCP in relation to SARs, but has agreed with the UK Financial Intelligence Unit (UKFI) that it will have access to the UKFI's database to allow it to match intelligence and enquiries from law enforcement agencies. The Commission, therefore, intends to require operators to supply to it the Unique Reference Number for each SAR an operator makes. It is likely that this requirement will be added to the LCCP as a new 'key event' which must be reported to the Commission, but the Commission intends to produce a short consultation on this proposal in April, with a view to introducing the requirement in August.
- Advertising of free bets and bonuses - the Commission considers that the [help note](#) published by the Committees of Advertising Practice in January 2014 addresses a number of the issues in this area, but is considering consulting on revising the LCCP during the summer.

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