

2 May 2014

*Practice Group(s):
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Further Key Amendments to the British Licence Conditions and Codes of Practice (LCCP)

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The Gambling Commission has recently published the final two parts of its response documents detailing the changes to be introduced to the LCCP to coincide with the new point of consumption regime in Great Britain. 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.

Whether you already offer services to British residents under a Gambling Commission licence or intend to offer services to British residents after August this year (and will be applying for a Gambling Commission licence to do so), you will need to ensure that your consumer terms and conditions, policies, procedures and third party agreements comply with the LCCP (as amended). If you have any questions about implementing these changes please contact Warren Phelops or Andrew Danson, who would be happy to assist.

For our previous updates on this topic, please see [23 October 2013](#), [16 April 2014](#) and [24 April 2014](#).

Key Changes

The following key changes have been published in Parts Two and Three of the Gambling Commission's response documents (available [here](#)) and are expected to be implemented in August 2014:

- Strengthening customer funds protection by introducing:
 - a requirement for remote gambling operators to hold customer funds in a client account separate from other company accounts. This is a minimum requirement for all remote gambling operators and an operator may choose to implement additional protections, for example using a Quistclose trust, insurance and/or independent trust account;
 - enhanced disclosure to customers through the use of a standard rating system for assessing the level of protection of customer funds by each operator. This rating, and information about the protection of customer funds, must be displayed prominently on the website page used for depositing customer funds;
 - an obligation to require customers, at the point of depositing funds for the first time, and after any change to the operator's terms in relation to the protection of customer funds, to confirm that they have read and understood the potential risk to their funds before being able to use the funds for gambling;
 - an obligation to notify customers in advance of any changes in the operator's policy for protection of customer funds;
 - a new key event, which will require operators to notify the Commission if there is any change in its arrangements for the protection of customer funds and, where it

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holds customer funds in a separate bank account, any deficit on reconciliation of such bank account.

- For remote operators only, a new licence condition requiring all gambling software used by the licensed operator to have been manufactured by the holder of a British gambling software operating licence. All such gambling software must also be supplied to the licensed operator by a holder of a British gambling software licence and all such software must only be installed or adapted by the holder of such a licence.
- A new licence condition requiring all network operators (including poker and bingo network operators) to have effective measures in place to:
 - ensure that each player in Britain plays only with a Commission-licensed operator (whether the network operator or another Commission-licensed operator);
 - ensure effective information sharing to enable all parties to comply with their regulatory obligations; and
 - ensure that the arrangements between the network operator and any British remote casino licence holder through which players in Britain access their facilities, and with operators not licensed by the Commission through which players use their facilities outside Britain, provide in clear terms which operator is to be responsible for the handling of which categories of customer complaint and dispute.
- An additional licence condition for poker network operators (but not bingo or other network operators), when pooling British players with players from outside Britain that have entered via a non-Commission licensed operator, to have effective measures to:
 - ensure that such non-Commission licensed operators hold the appropriate permissions in the country in which they are domiciled or incorporated;
 - approve such operators as being suitable, having conducted their own due diligence enquiries; and
 - satisfy themselves that such operator has in place measures to identify customers that are broadly equivalent to measures required by the Third Money Laundering Directive.
- A new licence condition requiring remote gambling operators, if they accept payment by a method falling within the definition of a 'payment service' under the UK Payment Services Regulations, to ensure that the payment service provider is properly regulated in the EEA. The purpose of this is stated to be to require remote gambling operators to conduct due diligence into the payment methods, and payment processors, which they use, and to ensure they are appropriate.
- A new key event, which will require remote gambling operators to ensure the Commission is notified of any changes in their payment processing arrangements.
- A new key event, which will require operators to report to the Commission the unique reference number of any suspicious activity report made by the operator under the Proceeds of Crime Act or the Terrorism Act.

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