

## **Placing digital adverts responsibly (Licence Condition 16.1.1)**

### **Gambling Commission**

**RPC rating: validated**

The IA is now fit for purpose as a result of the department's response to the RPC's initial review. As first submitted, the IA was not fit for purpose.

### **Description of proposal**

The measure imposes a requirement for licensed gambling operators to include a termination clause in their contracts with third parties who accept or place advertisements on behalf of gambling operators. This clause would terminate the contract if the third party places an advert on behalf of the gambling operators on a website that provides unauthorised access to copyrighted content.

### **Impacts of proposal**

The BIT assessment states that the measure "did not introduce a new burden on businesses, but rather it further ensured that operators (or parties with whom they contracted services) were compliant with existing laws on copyright". Following consultation with the industry, the regulator found that the majority of contracts already included conditions prohibiting affiliates from the placement of adverts on illegal websites. The Gambling Commission, therefore, considers that the costs of any actions undertaken to comply with the regulation will be incurred only by non-compliant businesses.

The only cost of the measure for compliant businesses is the cost of familiarisation with the licence condition. All 90 UK based remote gambling operators are expected to familiarise themselves with the changes to their licence conditions. The Gambling Commission provides operators with tailored notifications, which direct them towards relevant changes to licence conditions, thus minimising familiarisation costs. The BIT assessment demonstrates in a very detailed fashion that the cost of familiarisation is expected to be around £40 across all operators.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision that will score under the Business Impact Target.

## Quality of submission

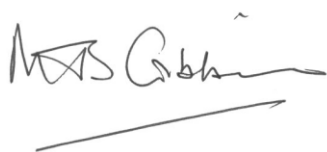
Prior to the RPC's initial review, the BIT assessment provided insufficient evidence to support the classification of the cost of compliance as falling only on non-compliant businesses. The Gambling Commission has now included sufficient information to support this classification. The assessment is generally proportionate, but could be improved by providing a rather less detailed summary of familiarisation costs.

## Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Not provided

## RPC assessment

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated <sup>1</sup>	Zero
Business Impact Target (BIT) Score <sup>1</sup>	Zero
RPC rating (of initial submission)	Not fit for purpose



**Michael Gibbons CBE**, Chairman

<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.