

Licence Condition 3.1.3 – remote betting hosts and remote game hosts

Gambling Commission

RPC rating: **validated**

Description of proposal

The proposal will create new sub-categories of gambling operator licences to account for the varying types of remote betting operators, ensuring that there are suitable licences for them all.

A remote betting operator operates over a form of remote communication, such as the internet or mobile phones, rather than on physical premises. The IA identifies three types of remote betting operators:

- **Business-to-customer (B2C) operators** own a website or another type of remote gambling platform. These operators have a direct contractual relationship with customers that register on their platform.
- **Host operators** offer their games on a platform owned by another operator and do not have a direct contractual relationship with any of their customers.
- **Hybrid operators** own their own platform(s) but also host their games on platforms owned by other B2C operators.

Currently, depending on the nature of their business, all three types of remote operators are required to hold remote casino, remote bingo and/or remote betting operating licences. These licences require the operator to comply with Licence Condition 3.1.2, which includes certain customer contract requirements. It is not possible for operators (e.g. host operators) to comply with these requirements unless they have direct contractual relationships with customers. Under the proposed scheme, hosts will be able to purchase ‘host’ licences, which will be cheaper and will no longer subject them to unrealistic requirements. Instead, hosts will be required to meet Licence Condition 3.1.3, which has the same conditions as 3.1.2 minus the requirements that relate to direct contractual relationships with customers.

Impacts of proposal

Of the three types of remote gambling operators set out above, the proposal will only affect host operators, as only they will be able to operate whilst in possession of the

new 'host' licence alone. The B2C and hybrid operators will still require one of the pre-existing licences.

The IA states that the proposal is expected to have no impact on the experience of business. As host providers are currently unable to comply with existing conditions, they are not expected to realise any real decrease in regulatory burden. They will, however, benefit from increased clarity of regulation; this effect has not been monetised, but the regulator argues plausibly that it is likely to be small.

As the businesses in scope of the new licence must already be familiar with the conditions set out in Licence Condition 3.1.2 and there will be no additional regulatory requirements, there is not expected to be any familiarisation costs associated with complying with the new licence conditions.

Quality of submission

The IA would benefit from a clearer explanation of the requirements set out in Licence Condition 3.1.2 and how the requirements set out in the 'host' licence will differ.

The IA would benefit from the inclusion of a clear definition of a gambling platform. This would clear any ambiguity surrounding the scope of the new licence condition. However, as there is only a negligible impact on the affected businesses, a slight change in scope is unlikely to materially affect the EANDCB.

The IA explains that there are not expected to be any familiarisation costs, as the new licence condition will not result in any new regulatory requirements. Whilst it seems reasonable that any familiarisation costs will be negligible (and will round to zero for reporting purposes), the IA should ideally have acknowledged the small cost associated with familiarisation.

The change in licence fees is not considered a regulatory provision; therefore any resulting benefit does not qualify for the Business Impact Target. Nevertheless, the IA should ideally have explained why the lower cost of the 'host' licence does not translate to a benefit to host operators.

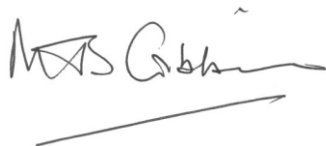
Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	Zero

Business net present value	Zero
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RPC assessment

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated ¹	Zero
Business Impact Target (BIT) Score ¹	Zero
Small and micro business assessment	Not required (fast track low-cost regulation)



Michael Gibbons CBE, Chairman

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