Statutory Document No. 2019/0035

*Online Gambling Regulation Act 2001*

# ONLINE GAMBLING (SOFTWARE SUPPLIER LICENSING) REGULATIONS 2019

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| *Laid before Tynwald:* | 19 *February 2019* |
| *Coming into Operation:* | 22 *February 2019* |

The Treasury makes the following Regulations under section 21 of the Online Gambling Regulation Act 2001[1].

## 1 Title

These Regulations are the Online Gambling (Software Supplier Licensing) Regulations 2019.

## 2 Commencement

These Regulations come into operation on 22 February 2019[2].

## 3 SD 731/07 amended

(1) The Online Gambling (Systems Verification) (No2.) Regulations 2007[3] are amended as follows.

(2) For regulation 2(1), substitute the following —

   (1) Before any gaming or lottery is conducted by a participant by means of any system the operator must —

     (a) be satisfied that the system by means of which such gaming or lottery is to be conducted complies with any of the following standards —

       (i) the standards specified in Schedule 1;

       (ii) the standards published for the time being by another gambling regulator with whom

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[1] 2001 c.10

[2] "Regulations shall be laid before Tynwald as soon as may be after they are made; and if Tynwald, at the sitting at which they are laid or the next following sitting, resolves that they be annulled, they shall cease to have effect". (Online Gambling Regulation Act 2001 s21 ss5)

[3] SD 731/07

the Commission has entered into a Memorandum of Understanding; or

(iii)   the standards published by an international body or grouping of gambling regulators of which (in either case) the Commission is a member; and

(b)   either —

(i)   produce to the Commissioners a certificate in writing by a party approved for that purpose by the Commissioners; or

(ii)   be satisfied at the time that the software and services are listed on the Gambling Supervision Commission's register of certified software and services. ▪▪.

(3)   After regulation 2(1) insert the following —

▪▪(1A)The Gambling Supervision Commission may list any software or services on a register of certified software and services that they maintain.

(1B)   The Gambling Supervision Commission may list hyperlinks and documents on a register referred to in paragraph (1A) where those hyperlinks and documents are cited in the licence conditions of a token-based software supplier.

(1C)   An operator using software or services listed on the Gambling Supervision Commission's register of certified software and services satisfies the requirements of paragraph 1.▪▪.

## 4    SD 909/09 amended

(1)   The Online Gambling (Exclusions) Regulations 2010[4] are amended as follows.

(2)   In regulation 2, after the definition of "relevant business" insert the following definitions —

▪▪"application agreement" means an agreement between the Gambling Supervision Commission and the applicant for a token-based software supplier licence;

"software supplier" means any business which –

(a)   supplies gambling software, services or a non-Island based software platform; and

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[4] SD909/09

(b)    certifies that its software and any associated systems comply with Isle of Man requirements by means of the supply of certification directly to the Gambling Supervision Commission in order that its software and any associated services qualify for listing on the Gambling Supervision Commission's register of certified software and services;

"token-based software supplier" means any business which —

(a)    supplies gambling software, services or a non-Island based software platform;

(b)    certifies that its software and any associated systems comply with Isle of Man requirements by means of the supply of certifications directly to the Gambling Supervision Commission in order that its software and any associated services qualify for listing on the Gambling Supervision Commission's register of certified software and services;

(c)    has abided by the terms of the application agreement during the application process;

(d)    can demonstrate to the Commission's satisfaction that a token is already available for purchase to the public, or that there is an agreement in place with one or more crypto-currency exchanges to make such a token available;

(e)    has applied for, or holds a token-based software supplier licence; and

(f)    whose software or services can be purchased or utilised using a blockchain dependent token which has been or is intended to be created for the purpose of gambling; ▪▪.

(3)    In Schedule 2 (Conditions), after condition 4 insert the following –

▪▪5.    An activity specified in paragraph 5 of Schedule 1.

The holder of a software supplier licence or token-based software supplier licence that supplies software or associated services to an Isle of Man licensed operator or other operator and which supplies certification directly to the Gambling Supervision Commission in order that its software and any associated services qualify for listing on the Gambling Supervision Commission's register of certified software and services does not qualify for exemption under these regulations. ▪▪.

## 5      SD 257/09 amended

(1)    The Online Gambling (Licence Fees) Regulations 2009[5] are amended as follows.

(2)    In regulation 1(3), after the definition of "Network Services Licence", insert the following definitions —

「"blockchain" means a digital ledger in which transactions made in cryptocurrency are recorded chronologically and publicly;

"register of certified software and services" means a register maintained by the Gambling Supervision Commission for the purposes of listing software and services that Isle of Man licensees may deploy without requiring the Commission's permission;

"software supplier licence" means a licence which —

(a)    Refers to a "software supplier"; and

(b)    is subject to the conditions in connection with those services specified in the licence;

"token-based software supplier licence" means a licence which –

(a)    Refers to a "token-based software supplier";

(b)    is subject to the conditions in connection with those services specified in the licence;」.

(3)    In regulation 3(1) —

(a)    in subparagraph (a) after the words "full licence" insert the words 「or a software supplier licence」;

(b)    in subparagraph (c) after the words "network services licence" insert the words 「or for a token-based software supplier」.

## 6      SD 283/08 amended

(1)    The Online Gambling (Registration and Accounts) Regulations 2008[6] are amended as follows.

(2)    In regulation 2(3)(a) after the words "Network Services" insert the words 「, software supply or token-based software supply」.

## 7      SD726/07 amended

(1)    The Online Gambling (Advertising) Regulations 2007[7] are amended as follows.

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[5] SD257/09
[6] SD283/08
[7] SD726/07

(2)    In regulation 2(1) before the words "Every Operator shall" insert the words ◾◾Except for those operators with a software supplier licence or a token-based software supplier licence,◾◾.

*24 January 2019*

**MADE**

**A CANNAN**
*Minister for the Treasury*

Online Gambling (Software Supplier Licensing) Regulations 2019          Explanatory Note


*EXPLANATORY NOTE*

*(This note is not part of the Regulations)*

These Regulations make amendment to regulations having effect under the Online Gambling Regulation Act 2001. The amendments have two purposes.

The regulations introduce a new variation of online gambling licence which will be required if software suppliers wish to list their products on a register that the GSC will create. Games and services noted on the register will be available for immediate use by Isle of Man licensees without requiring the GSC's permission, making the process of ensuring fairness in gaming more streamlined for the industry and for the regulator.

Regulation 3 amends regulation 2 of the Online Gambling (Systems Verification) (No 2) Regulations 2007, removing the requirement to directly provide a certificate where one that meets the necessary requirements under the regulations is already held by the Commission, on an approved list and provided by a licensed software supplier.

Regulation 4 amends the Online Gambling (Exclusions) Regulations 2010, regulation 2, which deals with the interpretation of certain terms used in the Regulations and adds an interpretation of software supplier. Regulation 3 which sets out exclusions from the requirements of the Act is amended to add a provision for software suppliers to be licensed under the Act in order to provide software directly to the Commission's approved list.

Regulation 5 amends the Online Gambling (Licence Fees) Regulations 2009 introducing the defined terms including "blockchain", "software supplier licence" and "token-based software supplier licence" and adding them to the fees structure.

Regulation 6 amends the Online Gambling (Registration and Accounts) Regulations 2008 adding "software services" to the exclusion set out in regulation 2(3) from registering and holding player accounts.

Regulation 7 amends the Online Gambling (Advertising) Regulations 2007 by exempting certain compliance requirements for the new type of software supplier licence that does not register or maintain players.

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