

GD2019/0091

# Isle of Man Gambling Supervision Commission



**Isle of Man**  
Government  
*Reillys Eilan Vannin*

## Annual Report 2018/2019

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## Contents

<b>1. Chairperson’s Statement</b> .....	5
<b>2. Chief Executive’s Statement</b> .....	6
<b>3. The Gambling Supervision Commission</b> .....	8
Statutory Board .....	8
Regulatory Objectives.....	8
<b>4. The Board of Commissioners 2018/2019</b> .....	9
Commission Appointments and membership.....	10
Staff changes.....	10
Commission Meetings.....	10
Accountability and Scrutiny .....	11
Finance .....	11
Corporate Plan - Strategic Objectives.....	11
<b>5. Organisational Chart</b> .....	13
<b>6. A Year in Review</b> .....	14
International Association Membership .....	14
Local Sector.....	14
Betting Integrity Expert Group .....	14
Virtual Currency/Convertible Virtual Currency in gambling.....	15
Interest in the regulation of video game tournaments .....	15
Brexit.....	15
Anti-Money Laundering Expertise .....	15
MONEYVAL.....	16
Acquisition of an IT Solution .....	16
Combating the incidence of problem gambling.....	16
New Anti-money laundering Code.....	16
Money-Laundering Reporting Officer Forum .....	17
International Regulatory Relations.....	17
Domestic Authorities .....	17
Software licensing.....	17
Public-Private Sector Forum on AML/CFT Matters.....	17
Consolidation of Gambling Law.....	18
Common Testing Standards Initiative led by the International Association of Gambling Regulators.....	18
Freedom of Information requests .....	18
Consultations.....	18

Whistle-blowing .....	18
Bribery and Corruption .....	19
Complaints against the GSC .....	19
Appeals against GSC decisions .....	19
Data Protection.....	19
Supervision Programme.....	22
AML/CFT Supervision.....	22
Dispute Resolution .....	23
<b>7. Appendix 1 – Supervision Activity 2018/19 .....</b>	<b>25</b>
<b>8. Appendix 2 - Income and Expenditure .....</b>	<b>28</b>
<b>9. Appendix 3 - Annual Plan .....</b>	<b>31</b>
Progress against last year’s plan 2018/19.....	31
This year’s project plan 2019/20.....	32
Appendix 4 - Gambling Legislation.....	33
<b>10. Appendix 5 – The GSC strategic outlook .....</b>	<b>36</b>
High Impact projects: Snapshot 2019 .....	42
High impact projects for the 2020-2021 year .....	43
High impact projects for the 2021-22 year .....	44
<b>11. Appendix 6 – Risks for 2020/2021 and beyond .....</b>	<b>45</b>

# 1. Chairperson's Statement

I open my statement with the welcome news that we have experienced an entire year without losing a member of staff. While it would be premature to consider the staff retention issue as solved, it is an encouraging start that has let us focus our efforts on positive improvements and make the most of our skills.

Three of these improvements stand out for me and underline just how important it is that we retain skilled and experienced staff.

The first of these is the implementation of the General Data Protection Requirement (GDPR). This initiative puts a refined data protection process at the heart of the GSC's work and the re-engineering work to policies and procedures is as widespread as it is essential. In order to meet the requirements quickly, we have had to contribute towards the funding of a full time Data Protection Officer, who has brought a wealth of experience and an unexpected but welcome pragmatism to the way we approach the GDPR. That we will now carry a section on breaches in our annual report is a sign of how seriously we take these obligations.

The second of these is the information technology project, called ATLAS, towards which we are devoting significant amounts of staff time. This project is due to deliver its first module for testing in the 2019/20 year and it is a hugely exciting prospect to consider just what a quantum leap it will represent in our efficiency.

The third of these is our corporate governance overhaul. There are many elements of corporate governance that an organisation such as the GSC must implement. There are elements to ensure we treat staff properly, that they are kept safe, treated fairly and have clear terms of employment. There are elements that ensure we are accountable to others and make our information available upon request. There are strict requirements for the way we use money and we make channels available for anyone to report suspected malpractice in a protected way. The way we formulate policy and make decisions must be fair and where possible offer opportunities for others to comment. Taken individually, most of these commitments are small, but together they create a pool of obligations that activate at different times of the year, make no concession for prevailing workload and cannot afford to be missed without denting confidence or worse, allowing malpractice to go undetected.

In short, it has become a significant preoccupation for the GSC, and while its benefits are undeniable, it has started to intrude upon our core delivery of consumer protection and the exclusion of crime from the regulated sector.

As a small organisation, we cannot afford to hire staff dedicated to corporate governance analysis and reporting. Instead, staff members are allocated responsibilities on top of their regular duties. At present, each staff member has on average four corporate governance "hats" to wear at various times of the year.

So we are looking at how this can be streamlined without compromising the value that each of these obligations delivers to the organisation.

None of this, or the work in the other projects would be feasible if we continued to be locked in a cycle of recruitment and training, so while I offer my customary thanks to my fellow board members and the staff of the Commission for their efforts this year, my special thanks go to my CEO for implementing the HR project recommendations and freeing-up much needed capacity for continual improvement.

Ron Spencer  
Chairman

## 2. Chief Executive's Statement

While much of what we do protects consumers and excludes crime from the sector we regulate, it will come as little surprise that it is becoming increasingly important that we can show how we govern our activity: *how* we do a job or make a decision is almost as important as the results we deliver.

To this end, I have included our strategic planning available alongside our annual report.

Our strategic plan centres on the three requirements for a modern and progressive regulator:

- We have to show that our regulations and the way we apply them can be trusted by those who rely on us to do a good job of curbing social harms;
- We have to show the public that we make the most efficient use of the money and staff we are given; and
- We have to demonstrate that we understand the balance between over-regulation, which stifles business and under-regulation, which can let down the very people who depend on the safeguards we apply.

We are continually upgrading the processes that we use to achieve these key requirements for trust, efficiency and balance and all of the programmes we operate, all of the policies we create and all of the projects we undertake are designed to deliver trust, efficiency and balance.

By way of illustration, I will use my statement this year to highlight a key project that has taken a lot of effort to deliver but which has made us more effective.

Last year, we implemented a human resources review which recommended sweeping changes to the way that we recruit, reward and appraise our staff. We have implemented the first of a number of phases in that project, which was designed to help us retain our staff. Whenever we lose a staff member, we must recruit a replacement. The recruitment process is a significant body of administrative work that must be painstaking in its fairness and meticulous in its record-keeping. As a small organisation, it is critical that we use the recruitment process to offer jobs to people who will be able to acquire the skills that have departed with the out-going person.

Once the recruitment has been completed, we spend the next two years training the new staff member. They learn how to process applications, how to undertake background checks on people, how to interpret accounts and business models, how to understand terms and conditions, how to inspect a licensee against the gambling regulations and the anti-money laundering requirements, how to handle player complaints, how to exchange information safely with other regulators and sports-governing bodies, how to risk assess whether a local fundraiser is likely to need our intervention or not and many other technical and general skills.

When a staff member departs after this process, we lose a significant investment of time and effort. Positive staff retention means that we can spend the time that would normally be dedicated to recruitment and training on projects to improve the way we regulate others and govern ourselves.

I am pleased to report that since the implementation of phase one of this project, we have retained our staff for a year in which, statistically and historically we would have expected at least one departure. We have become more efficient as a result.

An appendix of this year's annual report outlines the various strategies we pursue to achieve our goals, as well as some of the projects that we are undertaking or planning to undertake in the next three years.

It is my hope that you will be able to see how complex and detailed an undertaking it is to deliver regulation in a way that everybody can trust, which is efficient and which gives business in the Isle of Man the ability to thrive without harming consumers or giving opportunities to criminals.

Steve Brennan  
Chief Executive

## **3. The Gambling Supervision Commission**

### **Statutory Board**

The Gambling Supervision Commission (the GSC) was established in 1962. The Gambling Supervision Act 2010 established the Gambling Supervision Commission as an independent Statutory Board setting out in law its status, constitution and regulatory objectives. In addition to the licensing and regulation of land-based gambling operations (casino, amusement and slot machines, betting offices and lotteries), the Commission also regulates all online gambling activities, which have grown significantly in recent years.

### **Regulatory Objectives**

The Isle of Man Gambling Supervision Commission has three core principles. They are:-

- ensuring that gambling is conducted in a fair and open way;
- protecting children and other vulnerable persons from being harmed or exploited by gambling; and
- preventing gambling from being:
  - o a source of crime or disorder;
  - o associated with crime or disorder; or
  - o used to support crime

and where these key principles are not compromised:

- ensuring that gambling products promoted by operators in the Island can compete effectively throughout the world.
- facilitating competition and the provision of modern products and services.

The three core principles are upheld through a combination of rigorous checks on operators at the application stage; a thorough on-going inspection regime for licensees and a complaints and queries procedure which is designed to identify patterns that could highlight issues before they become problems.



## 4. The Board of Commissioners 2018/2019



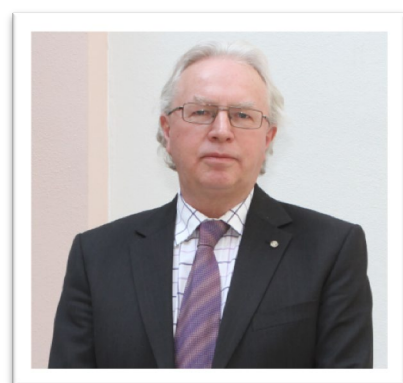
Ron Spencer - Chairperson



David Reynolds - Commissioner



Jon Allen – Deputy Chairperson



Howard Callow - Commissioner



Suzanne Collins - Commissioner

## Commission Appointments and membership

Appointments to the Board of Commissioners are made by the Treasury subject to the approval of Tynwald<sup>1</sup>. Treasury will appoint one member of the Commission to be the Chairperson and another, the Deputy Chairperson. When making appointments Treasury must ensure that at least one member of the Commission is an advocate, barrister or solicitor of at least five years' standing, one member has experience of online business and one member has experience of gambling business.

A member of the Commission is appointed for a five year term and is eligible for reappointment on conclusion of that term.

Commission membership for the 2018/19 year		
Position	Member	Expertise
Chair	Ron Spencer	Governance
Deputy chair	Jon Allen	Technology & Commerce
Member	Suzanne Collins	AML/CFT & Compliance
Member	Howard Callow	Financial
Member	David Reynolds	Legal

## Staff changes

During March 2019 the GSC's Senior Secretary, Wendy Christian retired from the GSC, being the longest serving officer, having devoted 27 years to the organisation. The GSC owes Wendy a debt of gratitude for her hard work and wishes her well in her much deserved retirement.

## Commission Meetings

The Board of the Commission meet on a monthly basis. In certain circumstances additional Board meetings are convened. For a meeting to be quorate a minimum of 3 Commissioners with one being either the Chairperson or Deputy Chairperson is required. The licensing decisions of the Board for 2018/19 are shown below:

Licensing decisions for the 2018/19 year		
Type of licensee	Licences approved, granted or renewed	Licences declined or surrendered
Licensed betting offices	3 renewals	0
Land based casinos	1 renewal	0
Controlled machine suppliers	0 renewal	1 Ceased
Online gambling operators	13 approvals 4 renewals	5 surrendered 1 withdrawn

<sup>1</sup> Tynwald is the Isle of Man's combined court consisting of the lower, legislative house (the House of Keys) and the upper, revising chamber (the Legislative Council).

## **Accountability and Scrutiny**

The Commission is subject to scrutiny in the following areas:

- Tynwald: through the approval of new Commissioners, new legislation and annual reporting;
- Government and Treasury: strategic objectives, legislative policy and proposals, budgeting and funding and establishment headcount;
- Government's Internal Auditors: alignment of practice with published internal processes;
- industry: consultation on regulatory and supervisory proposals; and
- other national regulators of licensees.

## **Finance**

The Commission operates within a budget agreed with Treasury and within headcount as set out by Government. The Commission's income and expenditure, reviewed by the Commission and Government's Internal Auditors, is set out in appendix 2.

At the time of writing the GSC employs 15 staff and has no vacancies.

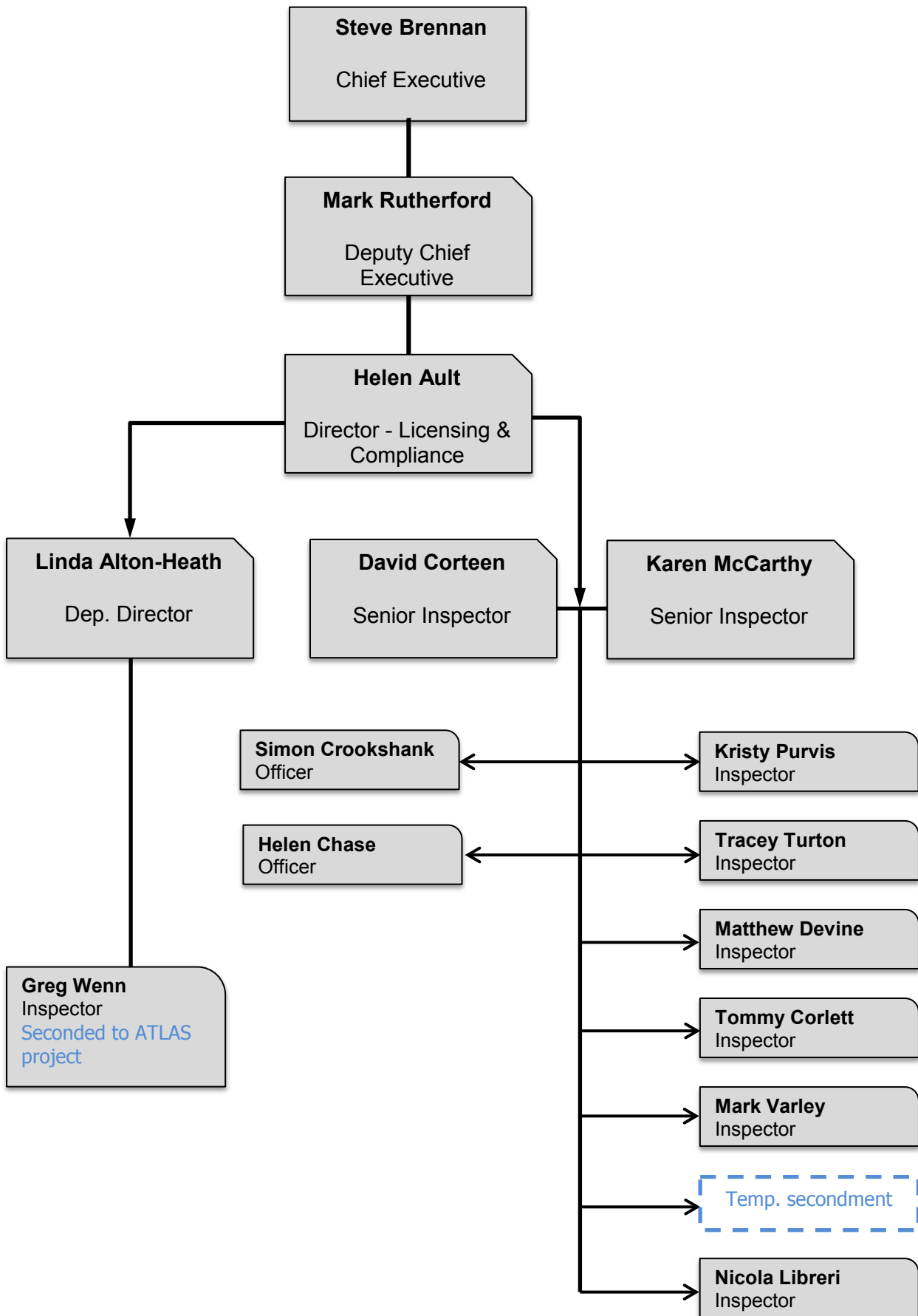
## **Corporate Plan - Strategic Objectives**

When discharging its functions, the Commission is mandated by law to have regard to a number of aims. When setting out its work plan, it is to these aims which we turn. The Commission's strategic aims for the coming 3 years are:

- streamline processes through the use of technology - simplify and ease the process for collecting and uploading operator data submitted on a quarterly basis.
- apply the risk based approach that has been used for AML/CFT supervision to the broader compliance requirements of the gambling sectors.
- expand knowledge and retain staff - our staff are our most important asset and the Commission will continue to invest in their training and development for them to remain knowledgeable and effective in their sphere of expertise. Staff and knowledge retention is an issue for the Commission and consideration is being given to strategies to manage staff and knowledge retention effectively.
- build strategic partnerships and relationships with international regulatory authorities and world governing bodies - The Commission recognises that the regulation of gambling, and in particular online gambling, is maturing with increasing numbers of international regulatory and governing bodies developing their regulatory positions. Shared learning and input into the development of internationally recognised and accepted standards and best practice through strategic partnerships and trusting relationships remain key to the Commission's work.
- where the capacity exists, realign old gambling legislation so that it can be more rapidly adapted to changes in technology and so that there is parity in fairness between the

older, restrictive legislation for domestic gambling and the newer, less restrictive legislation for online gambling.

## 5. Organisational Chart



## **6. A Year in Review**

### **International Association Memberships**

The GSC is a member of the European regional regulatory association, the Gambling Regulators of Europe Forum (GREF). It is also a member of the worldwide regulatory association, the International Association of Gaming Regulators (IAGR). These two associations provide the GSC with the opportunity to meet, exchange views and information and discuss policy issues and matters of common interest. Additionally and importantly, they are an opportunity to build professional relationships and cooperation between regulators.

The conferences this year were in Limassol (GREF) and Copenhagen (IAGR). GREF focussed on exploring the boundaries between gambling and financial regulation, with the GSC's CEO participating in a panel session discussing the parallels between financial products and gambling products. IAGR's theme was improving gambling regulation through shared experiences and knowledge and exploring a wide range of topics including the effectiveness of regulatory sanctions, regulating gambling - is it a job for the state or industry -as well as hearing national policy perspectives shaped by different geo-political perspectives. Both remain important associations for the GSC to be a member of as they provide both the opportunity to hear of sector developments from a wide variety of perspectives and to present and input into discussion and debate.

### **Local Sector**

The local sector consists of a casino, retail bookmakers, a slot industry primarily servicing the local hospitality sector and society lotteries organised and operated largely by third sector bodies or sports and social clubs.

The GSC conducted a review into the harms caused by gambling machines located in bookmakers. The report was compiled using evidence from the police, the public health authorities, bookmakers, another Island jurisdiction, the UK's gambling regulator and the charity that deals with problem gambling in the Isle of Man. The report was supplied to Treasury for their consideration in December 2018.

### **Betting Integrity Expert Group**

During the year, Inspector Greg Wenn has managed the GSC's policy, oversight and external communications in the area of sports integrity, regulation and enforcement.

The GSC continues to work closely with the Tennis Integrity Unit, FIFA, the E-sports Integrity Council and the PGA European Tour Golf Integrity Unit– each working within its own sport to ensure that it takes responsibility for the prevention, investigation and prosecution of all match fixing and betting-related corruption. In addition, the GSC holds a Memorandum of Understanding ("MoU") with the Norwegian Gaming Authority. During the year, the GSC has been involved in several enquiries and investigations.

Throughout 2019, the GSC will continue to expand its growing number of sports integrity partners. The GSC expects to sign further Memoranda of Understanding which will allow for greater exchange of information between the GSC, its licensees and relevant regulatory authorities.

The recognition that the corruption of sport is a small part of the bigger picture relating to

corruption in general, is gaining momentum. Forums like International Forum for Sports Integrity (IFSI), and organisations such as the United Nations Office on Drugs and Crime (UNODC) aim to raise awareness at the highest political level.

The GSC fully supports a collaborative, multi-lateral approach and believes that with support from regulatory and enforcement bodies the gambling sector can play a pivotal role in combatting corruption globally.

## **Virtual Currency/Convertible Virtual Currency in gambling**

In 2016 the GSC introduced regulations allowing the use of virtual currencies and virtual goods within the gambling eco-system.

These technologies are at the cutting edge of the gambling sector and are still very new to many people, including players. Nonetheless, the GSC has received a small but steady series of licence applications from prospective operators seeking to harness the benefits that the new technology has to offer.

In 2019, the GSC introduced the first purpose-specified regulation for a software operation that uses a blockchain token it has created specifically for the purposes of gambling. This token-based software supplier licence is designed to mitigate the risk of coin-offerings being used to defraud the public with non-existent or unrealistic development plans. At the time of writing, the GSC has approved the first of these licences.

## **Interest in the regulation of video game tournaments**

Video gaming is now a very large, global industry and certain video games have become professionalised to the extent that teams of players can be supported and paid out of the proceeds of video gaming alone. Tournaments between these teams attract tens of thousands of spectators to stadia and hundreds of thousands of viewers online. The prize pools in these tournaments regularly top a million dollars. The world cup tournament for the game "Fortnite" recently offered a prize pool of thirty million dollars.

The GSC has been approached by various stakeholders in the video gaming tournament sector to see if it would be possible to set up a regulatory framework to bring the same levels of consumer protection and business certainty that the online gambling sector currently enjoys. The GSC, the DfE and private sector interests are currently looking at the feasibility of introducing such a framework and how it would benefit the island.

## **Brexit**

There has been no change since last year's report.

## **Anti-Money Laundering Expertise**

The GSC continued to make its experience in the field of anti-money laundering available to others and delivered a lecture on blockchain product regulation to the International Bar Association in conjunction with Imperial College London.

The GSC's Director of Licensing and Compliance successfully completed training to become a MONEYVAL evaluator in April 2018 and she presented on how the Isle of Man manages financial crime risk in e-gaming at the Financial Crime Symposium in May 2018, participated in a regulator's panel at the Manx State of the Nation Conference in February 2019 and visited Europol's office in the Hague with a colleague from the FIU in July 2018.

3 Inspectorate team members achieved their ICA Certificate in Money Laundering Risk in Betting and Gaming with a further 4 due to complete their studies in the next reporting year.

## **MONEYVAL**

The GSC's work on the new AML Code encapsulates the last remaining requirements outlined by the MONEYVAL assessment. Work on the new Code was coordinated with the FSA (Financial Services Authority) and marks another example of closer cooperation between the two regulatory bodies.

### **Acquisition of an IT Solution**

The GSC has previously identified the need for an IT system to ensure that the security and integrity of its data is maintained, to make best use of its resources by directing them under a risk based approach and to deliver a licensing and compliance programme which yields increased productivity and quality for both the licensee and the regulatory body.

In order to ensure that any such system has the best opportunity to deliver value for money the GSC has partnered with the FSA to commission a co-sponsored system build. This programme is called "Atlas".

Initial scoping and discovery stages have been completed for Phase 1 (back office) of the Atlas project. Following a review by the project team and the staff members of both authorities, it is anticipated that the phase 1 milestones will be completed by Q4 2019.

### **Combating the incidence of problem gambling**

Licensees are also expected to make a contribution towards the education, research and treatment relating to problem gambling. The GSC coordinates this activity by setting a date for the contribution to be declared, by weighing the credibility of the contribution and by following up those licensees that miss the contribution date.

Operator contributions to support education, research and treatment of problem gambling for the 2018/19 year		
Financial contribution to organisations in the Isle of Man	Financial contribution to organisations not in the Isle of Man	Total of financial contributions to organisations
£138,692.32	£143,791.20	£282,483.52
Non-financial contributions	One company founded an IOM based industry focus group, entitled the Safer Gambling Coalition.	

### **New Anti-money laundering Code**

The Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019 came into effect in June 2019. The new Code replaces the Money Laundering and Terrorist Financing (Online Gambling) Code 2013 and also applies to terrestrial gambling operators that previously came under the Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2015.

The main rationale for the new Code was to address shortcomings identified through the Island's National Risk Assessment and MONEYVAL evaluation but other changes have been included to help modernise and simplify the legislation. Of particular note is the move away from a more traditional approach of requiring a customer to "produce evidence" regarding their



identity in favour of a more flexible approach of using “reliable, independent source documents, data or information” that would permit the use of technology solutions.

## **Money-Laundering Reporting Officer Forum**

Established in Q3 2016 the MLRO Forum has met on a quarterly basis and continues to be well attended. The Forum provides a mechanism for the GSC to provide updates regarding legislation, trends, typologies and guest speakers. It also provides a single group for operators to communicate with the GSC and the opportunity for networking.

The GSC is considering expanding the remit of the forum to include AML/CFT Compliance Officers which all operators are required to appoint under the new Code.

## **International Regulatory Relations**

As has already been mentioned the GSC’s membership in the regulatory associations remains important for building and developing relationships with our fellow regulators. Each year the GSC is called upon to share its knowledge and expertise in a specific field or regulation more broadly. This year we have been called upon by two of our fellow regulators. The Netherlands Gaming Authority are looking into the use of virtual currencies within the gambling sector and having discussed the GSC’s position with a representative of the Netherlands Gaming Authority during GREFF, further dialogue took place expanding on the discussions resulting in the sharing of the GSC’s policy position for virtual currencies.

The GSC was also contacted by the Alcohol and Gaming Commission of Ontario seeking to understand the GSC’s approach to regulation of online gambling which resulted in a visit to the Island by representatives of the Ontario Authority.

## **Domestic Authorities**

The GSC recognises the importance of domestic and foreign cooperation in the prevention, detection and investigation of financial crime.

The GSC has worked closely with the Island’s Financial Intelligence Unit (FIU) since it was established as a separate body in 2016. The FIU plays a key role in the GSC’s integrity checks on new operators, their owners and controllers. Information is also exchanged in relation to suspicious activity reports relating to the gambling sector.

During the period the GSC has also requested information from or provided information to the Economic Crime Unit, Customs and Excise and the Income Tax Division.

## **Software licensing**

In February 2019, the GSC created regulation for the licensing of software suppliers as an alternative route for the assurance of software. The new regulations allow Isle of Man operators to take software directly from a supplier that is licensed and allows software licensees to list their approved software on the GSC’s website for operators to browse.

## **Public-Private Sector Forum on AML/CFT Matters**

The Isle of Man Government hosts a quarterly meeting known as the AML/CFT Advisory Group. The meeting brings together representatives from the competent authorities and from key sectors in industry that are subject to oversight and regulation. The group discusses trends in regulation and raises issues that are generally addressed outside the group by the relevant

agencies. A volunteer from the MLRO Forum now attends this group in addition to the GSC's representative.

## **Consolidation of Gambling Law**

This project remains on the three year plan, but no activity is planned for the current year.

## **Common Testing Standards Initiative led by the International Association of Gambling Regulators**

The GSC is one of four countries (alongside Guernsey, UK and Denmark) developing a common testing framework for fairness in gaming. This enormously complex project was brought to technical completion in late 2018 and the framework, called the multi-jurisdictional testing framework, was formally adopted by the GSC this year.

## **Freedom of Information requests**

The GSC is subject to the Freedom of Information Act.

Since the previous annual report, the GSC received one FOI request in relation to the number of player complaints received in the year, broken down by findings in favour of the complainants and the operators. A full response was issued, and given the interest, that statistic is now a part of this annual report.

The GSC was not in receipt of any appeals in relation to the requests received, nor was it subject to any judgements or findings by the Information Commissioner.

## **Consultations**

The GSC recognises the value of consulting on changes in law and policy and often consults on policy changes and secondary legislative changes. The following consultations were conducted during the year:

Consultations for the 2018/19 year	
Consultation issued	Description
19/03/18 – 09/04/2018	Consultation on civil penalties and guidance
14/12/2018 – 3/01/2019	Consultation on Software Supplier Licensing Proposal
15/02/2019 – 15/03/2019	Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019

## **Whistle-blowing**

The GSC protects whistle-blowers when they make disclosures.

Instances of whistle-blowing for the 2018/19 year	
Number of instances recorded	Nature of the disclosures
0	n/a

There were no instances of whistle-blowing to the Commission during the year.

## Bribery and Corruption

The GSC operates an anti-bribery and anti-corruption policy, and records instances of reports under the Bribery Act.

Instances of bribery/corruption reporting for the 2018/19 year	
Number of instances recorded	Disposal of reports
0	n/a

No reports of bribery or attempted bribery were reported under the Bribery Act 2013.

## Complaints against the GSC

At the start of the year there were no open complaints. No complaints were received during the year. At the end of the year there were no open complaints.

General complaints against the GSC for the 2018/19 year		
Open complaints at the start of the reporting year	New complaints received during the reporting year	Open complaints at the end of the year
0	0	0
General complaint outcomes for the 2018/19 year		
Complaints resolved in favour of GSC	0	
Complaints resolved in favour of the appellant	0	

## Appeals against GSC decisions

A substantial part of the GSC's role is to make decisions on licence applications and renewals, to make determinations about the fitness and propriety of individuals and to conduct investigations with tangible implications for operators. Isle of Man legislation provides several mechanisms by which GSC decisions can be appealed.

Appeals made against decisions of the GSC for the 2018/19 year		
Open appeals at the start of the reporting year	New appeals received during the reporting year	Unresolved appeals at the end of the year
0	0	0
Appeal outcomes for the 2018/19 year		
Appeals resolved in favour of GSC	0	
Appeals resolved in favour of the appellant	0	

## Data Protection

This year, we have implemented the policies and procedures necessary to implement the General Data Protection Requirement (GDPR). An extensive requirement that supersedes previous data protection legislation, the GDPR requires a far more organic integration of information control and risk assessment. Whenever a breach of data protection occurs, we

must consider whether it is serious enough to self-report to the Information Commissioner. Whenever new systems or procedures will likely handle personal data, the GDPR requires us to conduct data protection impact assessments.

Data protection breaches for the 2018/19 year	
Number of data protection breaches	2
Number of breaches reported to the Information Commissioner	2
Notes on breaches	<p>The first breach resulted from the use of the auto-complete function for recipient names on MS Outlook. The use of this functionality was discontinued by the GSC.</p> <p>The second breach involved the use of a business template that had only been partially cleared prior to re-use. The practice of using existing, completed templates as the basis for new particulars was discontinued by the GSC.</p>

Data Protection Impact Assessments for the 2018/19 year	
Number of data protection impact assessments conducted	2
Number of data protection impact assessments rejected by the Data Protection Officer	0
Notes on assessments	<p>The first DPIA was conducted in relation to the Atlas project.</p> <p>The second DPIA was conducted in relation to the migration of the GSC's information assets from an obsolete server to a new server.</p>

## Licensed Online Operators in the Period

Licensed operators during for the 2018/19 year	
Licensee	Licence type
Ableton Prestige Global Limited	Full
Alliance Gaming Solutions	Network
Annatar Limited	Full
Annexio	Full
Asian BGE (IOM) Ltd	Full
Babylon Gaming	Full
Binary (IOM) Limited	Full
Celton Manx	Full
Cube Limited	Full
ESP Limited	Full
Eurorace Limited	Full
Fair Games IOM Limited (nee In Touch Games (IOM) Limited)	Full
Fesuge	Sub
Galaxy Bet Ltd	Full
Hollywoodbets International Limited	Full
Empire (IOM) Limited	Full
Infinity Gaming Solutions	Full
International Multi-Media Entertainments	Full
Ioway Internet Gaming Enterprise	Full
Jinni Tech Ltd	Full
King Gaming	Full
LuxBet Europe Ltd	Full
Mahjong Logic	Network
MarketstheWorld	Full
Mayfly Entertainment Limited	Full
Mersey Sports (Re-app)	Full
Mustard Sports Limited	Full
New Tyche Tech Limited (Bet600)	Full
Nous Global Limited	Full
Premier Gateway Int	Full
Quanta Technology Limited	Full
Rational Entertainment Enterprises Limited	Network
Real Time Games Limited	Full
Remington Enterprises Ltd	Network
Rivalry	Full
Shelgeyr Limited	Full
SK IOM Limited	Full
Solar Spirit Gaming Limited	Full
Solarstorm Limited	Full
Solid (IOM) Limited	Network
SP International	Full
Sportmarket Services Limited	Full

Tain IOM Limited	Network
TGP Limited	Network
Totus Limited	Full
Unikrn Limited	Full
Unitone Group Limited	Network
Webis Holdings	Full
Welton Holdings	Full
Xela	Full

## Supervision Programme

The GSC applies an extensive supervision programme over all its licensees including on-site inspections, quarterly reporting and annual audits. As well as identifying non-compliance issues that require remedial action, the approach also provides a feedback loop for the improvement of the supervision framework. Changes to procedure, policy and legislation have been informed through this approach.

Appendix 1 shows the detailed supervision programme for 2018/19.

## AML/CFT Supervision

### Terrestrial Visits including AML/CFT:

AML/CFT inspections of the terrestrial gambling sectors are undertaken on a scheduled basis:

- 4 casino visits in 2018/19 with AML/CFT included.
- 3 bookmaker visits in 2018/19 with AML/CFT included.

### Online Visits including AML/CFT:

AML/CFT inspections of the online gambling sector have been conducting using risk-based methodologies since Q1 2016.

Each operator is subject to a full standalone AML/CFT inspection. The results of that inspection plus a consideration of other factors (size, product offering, adverse information, etc.) then determine the next type of visit, being either:

- a further full standalone AML/CFT inspection;
- an AML/CFT health check; where a full AML/CFT inspection has previously occurred with no serious concerns, AML/CFT areas of review are incorporated into a general compliance visit; or
- a standalone AML/CFT health check focussing on a specific AML/CFT matter as part of a follow up action due to previous failings or raised concerns.

### Online Gambling - AML/CFT Compliance:

All visits to online gambling operators, whether "Full", "Follow-Up" or a "Health check" cover the following ten areas –

- 1) Risk-based approach;
- 2) Customer due diligence;
- 3) Politically exposed persons & sanctions;

- 4) Enhanced due diligence;
- 5) Ongoing monitoring;
- 6) Record keeping;
- 7) Money Laundering Reporting Officer;
- 8) Suspicious activity reporting;
- 9) Staff vetting & training;
- 10) Compliance culture

Any single breach of the Code would result in the relevant area(s) of the report being marked as "Deficient". This applies regardless of whether the breach was a one-off, as a result of human error or administrative in nature. It is for this reason that the GSC considers that visits where no deficiencies are identified (referred to as 100% compliant) are a real achievement.

The GSC is pleased to report that 79% of the visits conducted in 2018/19 found no deficiencies, a marked improvement from 2017/18.

Three year rolling statistics, sector AML/CFT compliance for the 2018/19 year			
	2016/17	2017/18	2018/19
Number of AML/CFT visits	40	25	19
Number with 100% compliance	15	17	15
% zero deficiencies :	37.5%	68%	79%

However, deficiencies were still identified in 4 visits.

There was one instance of serious deficiency. The GSC conducted follow up action in order for the operator to remedy this failing. This action has been completed to the GSC's satisfaction.

The World Bank supplies a methodology for assessing AML/CFT risk and the methodology provides performance indicators based on percentage scores:

- 70% - high
- 80% - very high
- 90% - close to excellent
- 100% - excellent

This year, 15 of the licensees we inspected achieved 100% compliance, which rated against the World Bank's methodology, rates them as excellent. Overall compliance was 79% which would rate the online sector as high.

## Dispute Resolution

From time to time players contact the GSC, sometimes in relation to a complaint about an operator. All licence holders of the GSC are expected to offer a dispute resolution process should a player feel aggrieved by some aspect of their interaction with the licence holder. Where satisfaction has not been achieved, a player has the option to put their grievance to the GSC. For this reason, the GSC does not receive complaints from operators about players; all complaints processed by the GSC originate from players.

Not all complaints received by the GSC are disputes. Complaints may be received from players expressing confusion or doubt about an operator's behaviour – for example, by requiring photographic ID to be supplied before winnings can be withdrawn – and are resolved by the GSC clarifying the situation.

Some players start complaints but unilaterally abandon them when the GSC responds. These statistics are recorded under a neutral core principle called "undefined".

Complaints statistics for 2018/2019					
Core principle	Number of complaints received*	Number of complaints resolved*	Where a dispute occurred, findings in favour of:		
			complainant	operator	mutually resolved
Excluding Crime	102	102	10	32	11
Protecting young & vulnerable	22	22	1	6	1
Fairness in gaming	58	58	7	14	12
Undefined (No Response after initial contact)	16	0	n/a	n/a	n/a

\* included in this figure are both complaints received regarding non IOM licensed entities and complaints that are dormant following no further information being received. For these complaints no findings were made.

The categories that the GSC uses to classify complaints can be found in the following schedule.

- Crime- Collusion
- Crime- I.D. details causing withdrawal difficulties
- Crime- Other
- Crime- Rigging (inc. machines, RNG's, bots)
- Crime- Suspended accounts (inc. Blocked/Frozen)

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- Fairness- Bet disputes (palpable errors)
- Fairness- Did not receive winnings (withdrawal problem)
- Fairness- Game rules (inc. T&C's)
- Fairness- Other
- Fairness- Software/Hardware issues ('timing out' etc)

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- Protection- Chat Room Issues (inc. abuse)
- Protection- Marketing (inc. inappropriate, false)
- Protection- Other
- Protection- Self Exclusion

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- Undefined



## 7. Appendix 1 – Supervision Activity 2018/19

The following table shows the visits undertaken in the period:

Licensee general compliance visits for the 2018/19 year	
Type of operator	Visits
Licensed betting offices	3
Casino	4
Online gambling companies	18

In addition to general compliance visits, the GSC also conducted detailed, specialised anti-money laundering visits on its online gambling licensees.

Licensee AML/CFT (online licensees) compliance visits for the 2018/19 year	
Full visit with report	19

A number of online licensees use the services of third parties to supply live-dealer services. These third parties are not licensed by the GSC and are globally distributed. It is a condition of the licence that the GSC is permitted to inspect the services and a licensee cannot use a studio that refuses to be inspected. Approved test laboratories act as the GSC's inspectors and the test personnel travel to the site and inspect it to the GSC's requirements before producing a detailed report for the GSC.

Live dealer studios are inspected every year.

Live dealer studio inspections for the 2018/19 year	
Checks completed	11

In addition to visiting licensees, the GSC also requires licensees to make returns.

Licensee returns submitted to the GSC for the 2018/19 year	
Type of return	Submissions
Casino unusual incidents	12
Casino return-to-player reports	4
Online gambling quarterly reports	146
AML/CFT Returns	153

This table shows the information that is obtained from each return.

Description of Return types deployed for supervision for the 2018/19 year	
Return type	Details and purpose
Casino unusual incidents	<p>These reports detail disturbances, injuries and emergencies at the casino.</p> <p>The GSC uses this return to check that gambling isn't becoming a source of crime or disorder.</p>
Casino return-to-player reports	<p>These reports show the return-to-player values for each machine in the casino.</p> <p>The GSC uses this return to check that gambling machines in the casino are paying out fairly.</p>
Online gambling quarterly returns	<p>These reports show:</p> <ul style="list-style-type: none"> <li>- reportable incidents;</li> <li>- AML data such as player numbers on the database and the number of suspicious activity reports filed to the FIU;</li> <li>- the value of players' funds held by the licensee;</li> <li>- financial data on each licensed product; and</li> <li>- financial data on the licensee.</li> </ul> <p>The GSC uses this return to confirm that player funds are being protected properly. The financial data is analysed for signs of financial difficulties and for anomalous patterns which could represent an AML/CFT risk. The reportable events checklist acts as a reminder to licensees on their reporting obligations.</p>
AML/CFT return	<p>Submitted quarterly, these reports show:</p> <ul style="list-style-type: none"> <li>- summary of player data including <ul style="list-style-type: none"> <li>o active numbers</li> <li>o number of high risk players</li> <li>o numbers of internal and external disclosures</li> <li>o number of virtual currency/goods accounts</li> </ul> </li> <li>- breakdown of jurisdictional transactions</li> <li>- Number of transactions by type, (Fiat or Virtual)</li> </ul> <p>This return is analysed to identify any potential issues with monitoring of player transactions, risk levels, transaction types and jurisdictions.</p>

The analysis performed on these returns is supported by analysis of licensees' annual accounts which must be submitted to the GSC each year.

Licensees' accounts analysed for the 2018/19 year	
Accounts analysed	33

Analysis of annual accounts is a useful corroboration of the financial data supplied each quarter by the operator. Any discrepancies are investigated by the inspectors.

For this reason, accounts must be supplied for the year even if a licensee has determined that it no longer wishes to be licensed in the Isle of Man.

The GSC is also responsible for the licensing of casino premises serving alcohol and issues the licence for this activity.

### **Online Checks**

The GSC can also inspect certain aspects of its online licensees by accessing their internet products from the desktop.

Each inspector in the GSC is assigned a number of licensees and the inspector becomes the relationship manager (RM) for these licensees.

This gives each inspector an opportunity to become the expert in those licensees' affairs. Part of that process is the undertaking of frequent desktop checks.

An entire RM check would take a number of days to complete and as the checks are of lower risk items, they are limited by time and executed on a rolling basis.

This means that when an inspector picks up an RM-check they start at the point on the checklist where the last check for that licensee ended. Over a number of weeks the whole of the check is completed and the check is then started from the beginning again.

RM checks are used to check the following:

- that the terms and conditions are fair. A copy of the terms and conditions is taken at this point;
- that the games available on the website are known to the GSC and have valid test certificates;
- that any special conditions attached to a licensee's licence are being adhered to;
- that links to problem gambling help are present and work;
- that sundries such as registered office, the GSC's logo and licensing statements are present; and
- that under-age players are specifically excluded from registration and facilities for voluntary self-exclusion exist.

The inspector also conducts a review of complaints to the operator by players to determine if any trends are emerging that signal a potential problem.

RM checks conducted for the 2018/19 year	
RM checks conducted	86

### **Monitoring of Key Controllers**

The licensing process described earlier in this report provides an important opportunity to check the integrity of key controllers of licences.

These key controllers include beneficial owners, investors, senior managers and directors as well as specialists such as money-laundering reporting officers.

However the GSC has to contend with the possibility that a key controller has successfully disguised an integrity issue or that an integrity issue has arisen since licensing.

For this reason, the GSC has introduced a database of key controllers and companies that is updated daily and checked frequently.

## 8. Appendix 2 - Income and Expenditure

Income and Expenditure breakdown for the 2018/19 year	
Income categories	
Gaming Betting & Lotteries Act fees <sup>1</sup>	1,520
Gaming Amendment Act fees	22,804
Online Gambling Regulation Act fees <sup>2</sup>	1,678,055
Casino Act fees <sup>3</sup>	68,687
Other income <sup>4</sup>	2,388
<b>Total Income</b>	<b>1,773,454</b>
Expenditure categories	
Salaries <sup>5</sup>	813,761
Commissioners' honoraria <sup>6</sup>	98,393
HR costs <sup>7</sup>	12,208
Premises	0
Professional fees <sup>8</sup>	85,368
Travel <sup>9</sup>	19,666
Operating Expenses <sup>10</sup>	41,903
Other Expenses	0
<b>Total Expenditure</b>	<b>1,071,299</b>
<b>Balance</b>	<b>702,155</b>

Figures subject to rounding

### Notes to the Table

**1** Gaming, Betting and Lotteries Act 1988 revenue consists mainly of the fees paid by licensees in order to operate as a bookmaker, but also includes society lottery registration fees.

The cost of a licence to operate a licensed betting office is split into two parts: a permit and a certificate. A permit allows a bookmaker to operate as many betting offices as it wishes. Each betting office is then separately certified.

A permit costs £700 to obtain and £100 to renew. Certificates for betting offices cost an additional £100 for each betting office the bookmaker operates.

**2** Online Gambling Regulation Act 2001 revenue consists of the costs of online licence fees. These vary in cost depending on the privileges that attach to the licence.

A standard licence and a software supplier licence cost £35,000 per annum and allow an operator to offer online gambling to any markets where legal advice demonstrates it is not unlawful. Standard licences allow a significant degree of business flexibility and operators can engage with multiple business partners.

A sub-licence costs £5,000 per annum. Such licensees must use the games supplied by a standard or network licence holder in the Isle of Man.

A network services licence costs £50,000 per annum and allows operators to offer services to non-Isle of Man operators' players. A token-based software supplier licence costs £50,000 per annum and permits an operator to use a purpose-created cryptocurrency token in a gaming eco-system, which is used by players, game designers, affiliates and operators.

**3** Casino Act fees relate primarily to the fees payable to hold a Casino Licence but also include administration fees payable for the costs associated with Casino staff certification. It should be noted that following the introduction of machine gaming duty, the basis of the licence fee has changed, reflecting a lower income for the GSC from 2018/19 and a corresponding increase for Customs and Excise (not shown).

**4** Other Income that does not relate to licensable activity, *for example cross-departmental recharges for shared services.*

**5** The GSC pays its employees according to the following schedule:

GSC employee salaries for the 2018/19 year	
Pay range	Number of employees
<£99,999	14
£100,000-199,999	1
£200,000+	0

The amount paid includes overtime payments made to staff. The total amount paid in overtime for the period is shown below:

GSC overtime payments for the 2018/19 year	
Total paid	£0

**6** Each Commission member is paid an honorarium. The chair of the Commission receives an enhanced payment.

**7** Human Resource costs include fees paid for staff training which, during the period, were split between providers as follows:

GSC Training expenditure for the 2018/19 year	
Government providers	£0
External providers	£12,208

**8** Professional fees include fees paid to lawyers, accountants, data subscription services and investigative agencies as part of the due diligence the GSC exercises over applicants.

GSC Due diligence expenditure for the 2018/19 year	
Accountants	£25,375
Enhanced due diligence	£29,400
Legal fees	£0
Police checks	£3,126
Other	£0

**9** The GSC sends delegates to each of the annual GREF and IAGR conferences. It also supplies team members to assist with regulatory queries at two international trade conferences:

- ICE (International Casino Exhibition), a three day trade show held annually in London, covering all aspects of gambling. ICE is considered to be the largest show of its kind; and
- iGB (i-Gaming Business), a two day e-gaming specific trade show, typically held in a European capital.

Travel expenses are also incurred when GSC staff travel to visit their regulatory counterparts in order to discuss common areas of interest, to assist with national AML/CFT efforts (for example, travelling to Strasbourg for the MONEYVAL plenary to discuss the Isle of Man's

Mutual Evaluation Report) and to meet to discuss GREF or IAGR working group matters, such as common test standards.

Where practical, the GSC arranges travel to minimise the requirement for hotel accommodation – for example, by flying staff on the early flight to the UK and the last flight back to the Island.

Staff members may claim expenses during periods of work away from the Isle of Man.

GSC subsistence expense claims for the 2018/19 year	
Total claimed	£1,418

**10** Operating expenses include the costs for stationery and office supplies, telephony and information technology. The expenses include the following major items:

Operating expenses (item components) for the 2018/19 year	
Stationery, office supplies, printing	£1,617
IT provision	£9,549
Of which, hardware	£9,549
Of which, maintenance	£0
Loan Charges* –	£19,900

\*loan relates to capital expenditure for bespoke Regulatory System)

## 9. Appendix 3 - Annual Plan

### Progress against last year's plan 2018/19

project	Description	progress
IT project	This project will supply the GSC (and the FSA) with a professional regulatory system for licensing and supervision. Tenders have been considered and the contract awarded to a developer.	Work on the project continued throughout 2018/19. Delivery of Phase 1 (back office) is anticipated for Q4 2019.
GDPR	This wide-reaching project strengthens the data protection obligations that the GSC must meet.	Ongoing. All policies have been created and all registers are in place. The GSC is finalising ratification of the policies.
HR report	This initiative follows up on the recommendations of the independent human resources report designed to mitigate the risk of staff flight.	Phase 1 delivered. The report's second tranche of recommendations are being implemented.
Corporate governance obligations	This overhaul of governance procedures ensures that the GSC meets all of its internal and corporate governance obligations.	Ongoing.
Domestic and foreign cooperation & info sharing	This project implements legislative gateways to allow the GSC to share information with competent authorities without the complexity that currently accompanies this activity.	Not delivered. Plans to implement additional sharing gateways in regulation were hampered by a legislative drafting technicality <sup>2</sup> .
Review of player fund protection	This project conducts a risk assessment to ensure that the mechanisms that protect players' funds are still fit for purpose.	Not delivered.
AML Code rewrite	This project corrects minor technical deficiencies in the GSC's AML/CFT legislation, as identified by MONEYVAL.	Completed. Addressed actions in the MONEYVAL report plus other shortcomings identified by the GSC and brought all affected gambling businesses under one Code.
FOBT stake limit review	This review checks with key agencies in the Isle of Man and with counterparts abroad to refresh the GSC's view on the degree of social harm associated with fixed odds betting terminals in the Isle of Man.	Review completed; legislation due in 2020.
Annual reporting	This is a mandatory annual requirement.	Completed.
EU listing group	This is the ongoing GSC presence on the group tasked with understanding and meeting EU requirements.	Completed.
Legislative rewrite	This project seeks to modernise Isle of Man gambling legislation.	On hold pending completion of higher priority projects.
Betting Integrity/EWS/Olympic work	This is an ongoing commitment to assist various agencies in combatting corruption in sport.	Completed. All processes now in place.
Software licensing	This project streamlines the mechanism for certifying the fairness of games.	Completed.

<sup>2</sup> Information is shared using legal instruments called Orders. The GSC's desire to incorporate sharing gateways on its software regulations couldn't be accommodated because orders and regulations are different instruments.

## This year's project plan 2019/20

This year's project plan is presented in the simplified format that the GSC uses internally, which tracks the strategic objective against each project. This is part of a broader ambition to make the GSC's data available all year round as part of Government's open data strategy and to harmonise that effort with the annual report that is delivered to Tynwald each year.

Open and Planned projects for the 2019/20 year
<b>Trust - Strategy for safeguarding of information: Upgrade to IRMP (information and management of records policy) standard.</b> This project upgrades the existing programme for information and records management to align it with the Government's information and records management policy.
<b>Trust - Strategy for safeguarding of information: Server upgrade.</b> This project, undertaken on the GSC's behalf by its IT provider (Government Technology Services) moves the GSC's information assets to a more modern server, which has a longer support lifespan than the current server.
<b>Trust - Strategy for political confidence: FOBT stake reduction.</b> This project follows on from the Treasury decision to align with the UK's decision to restrict the maximum stake for FOBTs to £2.
<b>Effectiveness - Strategy for Procurement: Review of diligence checking process.</b> This project looks at the current process for diligence checking of people connected with new applications and seeks to streamline the process by removing duplication and eliminating tokenistic checks. The deliverable for the project is the same standard of checking for less time and cost spent.
<b>Balance - Strategy for General compliance enforcement: Inactive operators.</b> This project is designed to understand whether an operator that does not appear to have any meaningful gambling activity poses a risk to our reputation or not. In evaluating an operator we take into account the level of play versus forecast play, whether they conduct gambling activity elsewhere in the world and the level of that business, the motivation to continue without a seemingly profitable licence, the motivation of shareholders to prop up the operator's finances and the presence of red flags, anomalies and adverse media which cannot be reconciled with our view of the licensee.



## **Appendix 4 - Gambling Legislation**

### **Pool Betting (Isle of Man) Act 1961**

Legalised Pool betting and imposed a pool betting duty - Treasury responsibility.

### **Pool Betting (Isle of Man) Act 1965**

Amended the way that Pools betting duty is calculated – Treasury responsibility.

### **Pool Betting (Isle of Man) Act 1970**

Treasury responsibility prescribes matters relating to the recovery of Pools duty.

### **Betting Act 1970**

Prescribes the general betting duty for different types of betting - Treasury responsibility.

### **Gaming (Amendment) Act 1984**

The Gaming (Amendment) Act 1984 controls the keeping for use and the sale and supply of certain amusement machines.

Regulations made and in force under this Act:

- Controlled Machines Regulations 1985
- Certification of Premises (Application Fees) Order 2003
- Controlled Machines (Suppliers Licenses) (Fees) Order 2003
- Controlled Machines (Exemption) Order 2008

### **Casino Act 1986**

The Casino Act makes provision for the Isle of Man to licence a maximum of 2 land based Casinos.

Regulations made and in force under this Act:

- Casino (Licence Applications) Regulations 1986
- Casino Regulations 2011
- Casino (Temporary Premises) Regulations 2013
- Casino Act 2018

### **Gaming, Betting and Lotteries Act 1988**

The Gaming, Betting and Lotteries Act 1988

1. defines gaming, the restrictions on certain gaming and gaming exemptions under the Act.
2. sets out general restrictions on betting and provides for Licensed Betting Offices.
3. places restrictions on lotteries and prescribes conditions which allow for certain lotteries to be operated.

Regulations made and in force under this Act:

- Bingo Nights (Prescribed Conditions) Regulations 2010
- Racing Nights (Prescribed Conditions) Regulations 2010
- Society Lottery Advertisements Regulations 2011

## **Public Lotteries (Amendment) Act 1993**

Treasury responsibility – to permit more than one public lottery in one year and to permit the sale of tickets or chances at any time of the year. In addition, it provides for the proceeds of the public lotteries to be paid to the Public Lottery Trust or such other charitable purposes as may be specified.

## **Gaming, Betting and Lotteries (Amendment) Act 1996**

Makes amendments to the main Act.

## **National Lottery Act 1999**

Treasury responsibility – to enable the application to the Island of the National Lottery Act 1993 and to amend legislation relating to lotteries.

## **Gaming, Betting and Lotteries (Amendment) Act 2001**

Makes amendments to the main Act.

## **Betting Offices Act 2001**

Amended the Gaming, Betting and Lotteries Act 1988 to Licensed Betting Offices

## **Online Gambling Regulation Act 2001**

The Online Gambling Regulation Act 2001 (OGRA) was introduced to provide for the regulation of certain forms of gambling carried on by means of telecommunications.

Regulations made and in force under this Act:

- Online Gambling (Advertising) Regulations 2007
- Online Gambling (Prescribed Descriptions) Regulations 2007
- Online Gambling (Systems Verification) (No.2) Regulations 2007
- Online Gambling (Transitional Arrangements) Regulations 2007
- Online Gambling (Betting and Miscellaneous Provisions) Regulations 2007
- Online Gambling (Disaster Recovery) (No.2) Regulations 2007
- Online Gambling Duty Regulations 2008
- Online Gambling (Registration and Accounts) Regulations 2008
- Online Gambling (Licence Fees) Regulations 2009
- Online Gambling (Exclusions) Regulations 2010
- Online Gambling (Participants' Money) Regulations 2010
- Online Gambling (Network Services) Regulations 2011
- Online Gambling (Registration and Accounts) (Amendment) Regulations 2014
- Online Gambling (Exclusions) (Amendment) Regulations 2014
- Online Gambling (Participants' Money) (Amendment) Regulations 2010
- Online Gambling (Software Supplier Licensing) Regulations 2019

## **The Gambling (Amendment) Act 2006**

- outlines the licensing objectives.
- renames the Gambling Supervision Commission and restates its constitution.
- provides for an appeals Tribunal.
- amends other Gambling Acts.

## **Gambling Supervision Act 2010**

The Gambling Supervision Act 2010 makes further provisions:

- for the status, consultation and functions of the Gambling Supervision Commission.
- concerning appeals from the Commission.
- to amend the Online Gambling Regulation Act 2001

Regulations made and in force under this Act:

- Gambling Supervision (Permitted Disclosures) Order 2010

## **Anti-Money Laundering Code**

The Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Code 2019 imposes requirements on online gambling businesses, bookmakers and the casino in line with the Financial Action Task Force's 40 Recommendations as applicable to DNFBPs (Designated Non-Financial Businesses and Professions).

## **Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Act 2018**

The Gambling (AML/CFT) Act provides the GSC with the necessary powers to conduct regulatory oversight of the gambling sector's compliance with Anti-Money Laundering and Countering the Financing of Terrorism legislation and provides a broad range of proportionate and dissuasive sanctions for non-compliance.

## **Gambling (Anti-Money Laundering and Countering the Financing of Terrorism) Civil Penalties Order 2018**

This Order prescribes the notice period for a civil penalty under section 22 of the Gambling (AML/CFT) Act 2018 and requires payment within a further 28 days. It also provides that an operator may respond to a notice by providing details of mitigating factors to be considered when the amount of the penalty is determined by the Commission.

## 10. Appendix 5 – The GSC strategic outlook

In order to achieve trust, efficiency and balance, the GSC maintains a number of strategies designed to achieve and maintain each goal. Each strategy is typically supported by one or more programmes of work. If resource permits, the GSC also plans projects designed to improve individual strategies. Some of these projects require funding or the commitment of significant amounts of GSC resource – these are called high impact projects.

This appendix details the GSC’s strategies for achieving trust, efficiency and balance. It also highlights those high-impact projects that are planned for the coming years.

GSC Strategies and programmes: snapshot for 2019-2022 years		
Goal	Strategy or programme	Narrative
Trust	T2.Strategy for transparency	We wish to be transparent about how we operate and the data we hold where it is possible. We will be open with information that relates to our performance, our intentions, our positions on technical matters and our risks. When people ask us about our policy, we will be clear and open with them. When the media seeks answers we will be as helpful as we can. When business seeks our views on a matter, we will commit them to writing and stick by them consistently.
Trust	T21.Programme for transparency - freedom of information	This programme allows Isle of Man residents to access information held by us, where it is permitted by law for us to supply it. FOI requests are turned around in the permitted timescale, the data is accurate and agrees with any GSC open data that has been published. Qualifications to withhold data will only be deployed with reluctance; the emphasis is on sharing as much as we can.
Trust	T22.Programme for transparency - open data	This programme publishes certain categories of data that we hold for the public to access at any time. The programme gathers those items in the GSC's open data dictionary and publishes them to the Government's open data webpage. This is done on an annual basis.
Trust	T23.Programme for transparency - annual reporting	This programme supplies an annual report to Treasury for presentation before Tynwald. The annual report contains information on the GSC's activities, its plans, its risks, the state of its financial affairs, its staff and organisation and statistics related to the gambling sector.
Trust	T3.Strategy for cooperation	We wish to be viewed as a cooperative authority. We will render assistance to other domestic and foreign competent authorities to the extent the law permits us to. We will submit SARs to the FIU when we develop knowledge or suspicion of ML/TF. We will share intelligence with domestic authorities where gateways exist. We will seek information sharing agreements with fellow regulators and other actors in the gambling space. Where we receive intelligence, we will safeguard it and ask permission before we use it.
Trust	T31.Programme for cooperation - international relations	This programme requires the Chief Executive to maintain open relations with fellow regulators, through open channels of communication, the provision of assistance where requested and attendance at three key regulatory conferences each year : IAGR, GREF and the regulatory component of ICE. Additional board members or staff may assist as obligations arise.
Trust	T32.Programme for cooperation - dissemination and receipt of intelligence	This programme is operated by the intelligence officer (REP-SR-Intelligence officer). The programme receives and interprets intelligence, recommends actions based on the intelligence, safeguards the intelligence and seeks permission if the proposed use of intelligence requires additional clearance from the supplier. The programme also passes GSC intelligence to competent authorities as gateways permit.

Trust	T4.Strategy for risk control	We wish to have sight of our risks and address them as resources allow. We will maintain a watch on our top ten risks, will prioritise the top five for treatment each year, with a view to permanently reducing the risks that arise from them, or streamlining the way that the risk is managed from year to year. We will also convene a risk committee whenever the actions of our operators give us cause for concern. Operators under this regime will be amongst the highest priorities we have.
Trust	T41.Programme for risk control - organisational risk	The Senior Management Team, led by the senior risk owner (CG-PR-Senior risk owner) is responsible for reviewing the risks that could affect the GSC and publishing them in the annual report. The risks from the previous year and the coming year are published.
Trust	T42.Programme for risk control - operator risk	Operator risk arises when events affect an operator or an operator creates a risk. These risks are managed by our risk committee, which convenes upon demand to discuss a new risk and the best approach for mitigation and containment. This is chaired by the chair of the risk committee (SUP-SR-Risk committee chair))
Trust	T5.Strategy for general supervision	We wish to have a sector that complies with IOM legislation. We will operate a programme for general supervision that checks that licensees are complying with IOM law. General supervision refers to all legislation except that legislation which applies to AML/CFT, proliferation of CRBN weapons and sanctions.
Trust	T51.Programme for general supervision	This is a very large programme that consumes a significant proportion of the GSC's resources each year. It inspects operators in five ways: on-site visits, remote monitoring (called relationship-manager checks), quarterly returns analysis, scrutiny of annual audited accounts and thematic surveys (called portfolio checks). The first visit that a new licensee receives also includes a full AML-CFT check, which creates the AML-CFT risk rating for the AML-CFT supervision programme. The programme for supervision does not sub-divide into the three core mandate categories, rather it systematically applies every requirement cited in IOM gambling law.
Trust	T6.Strategy for compliance with legislation	We wish to comply with all laws that affect us. We will comply with Isle of Man law and where it becomes apparent to us that we do not, we will prioritise compliance as an imperative.
Trust	T61.Programme for compliance with legislation	We will engineer our systems and processes using the law as the starting point. We will review our practices every second year to identify any areas of activity where there is a risk of non-compliance with Isle of Man law.
Trust	T7.Strategy for entry controls	We wish to exclude criminals and incompetents from the gambling sector. We will operate a programme for processing applications to enter the regulated gambling sector in the Isle of Man. The programme will seek to ensure that applications are not connected with criminality and that applicants are controlled by people of competence and integrity.
Trust	T71.Programme for entry controls	This is a very large programme that consumes a significant proportion of our resources each year. It undertakes diligence checks on people that wish to enter the IOM gambling sector. It checks that they are competent, not connected with crime and that the source of their funds can be accounted for and is legitimate. The programme also checks that the protections they will offer players are in place and that they understand their obligations to IOM gambling law.
Trust	T8.Strategy for renewals of licensing	We wish to ensure that operator compliance is rewarded by continued access to the IOM gambling sector and that persistent non-compliance, disregard for the law or serial incompetence results in expulsion from the IOM gambling sector. We will operate a programme for renewing licences where they have already been granted and are due for renewal. The renewal programme will apply the prevailing entry controls at the time of renewal, as if the renewing applicant were applying for the first time, although concessions will be made on the supply of information.

Trust	T81.Programme for renewals of licensing	This is a medium sized programme which renews licences and certificates periodically. The renewals programme ensures that the latest standards of diligence are applied to a licensee that is renewing. Inspectors are permitted to use recent information on file in respect of a renewal to answer questions that would normally be required of a new applicant.
Trust	T9.Strategy for AML-CFT supervision	We wish to ensure that our sector understands and discharges its responsibilities in combatting money laundering and terrorist financing and that international assessors are satisfied of this. We will operate a programme for AML-CFT supervision that checks that licensees are complying with IOM law.
Trust	T91.Programme for AML-CFT supervision	This is a medium sized programme which enjoys sustained focus from us while the MONEYVAL assessment process completes. The programme delivers an initial assessment of a new licensee's compliance with AML-CFT requirements, then follows up with three categories of check depending on initial compliance ratings. These are known as "AML-CFT health check", "AML-CFT health check plus" and "AML-CFT full check".
Trust	TA.Strategy for corporate governance	We wish to ensure that our internal affairs are properly governed. We will operate a comprehensive suite of policies and reviews to ensure that we have policies for all corporate governance items, that all stakeholders are aware of them, that we collect data on outcomes and review it intelligently to make improvements. We will ensure the board is appraised of all relevant corporate governance matters.
Trust	TA1.Programme for Corporate Governance	We currently maintain an inventory of all of the corporate governance obligations that are placed upon us by the law, by Government codes and regulations and best practice. We report on the minimum number of items in our annual report, or upon demand by other organs of government. While we have policies for most items, they are scattered and not all of them are easily accessible. When we induct new staff, we explain some, but not all of the policies that affect them. We do not gather outcomes for all of the policies and we do not systematically appraise the board of our compliance with corporate governance obligations.
Trust	TB.Strategy for human resources management	We wish to have a workplace environment which is supportive, offers opportunity and recognises good work. We will operate an HR programme which lets staff know where they stand, supports them when they need support and which guides them when they stray from expectations. Misconduct and grievances will be handled promptly and objectively and hard work will be recognised. Staff will be regularly appraised against their delivery and regularly canvassed for their views.
Trust	TB1.Programme for Human resources management - employment terms and recruitment	Staff recruitment is conducted professionally. Staff have clear terms and the reward differential between the GSC and the private sector is as minimal as it can be.
Trust	TB2.Programme for Human resources management - job descriptions and expectations	All staff have job descriptions that link to our strategic objectives. Staff are made aware of the expectations we have in respect of their conduct and behaviour and all staff must report conflicts of interest to an officer who maintains a register.
Trust	TB3.Programme for Human resources management - policies and procedures	Policies which affect staff will be easily accessible. Staff will be made aware of the policies that affect them. We will maintain a library of procedures (KTIs) which is available for staff to refer to. We have a library of internal policy positions on technical matters which staff have access to.
Trust	TB4.Programme for Human resources management - performance and appraisal	All staff will be annually appraised and there will be a reward mechanism for all of our employees.
Trust	TB5.Programme for Human resources management - workload management	Staff workload will be monitored and controlled where circumstances permit.
Trust	TB6.Programme for Human resources management - staff welfare	We will operate a flat structure and an open-door policy. Any staff member can approach any other for information and advice. Relations between staff will be informal and staff morale and

		retention will receive an emphasis where it does not affect delivery.
Trust	TC.Strategy for legislative risk control	We wish to ensure that the legislative requirements that are imposed on operators curb the social harms that gambling can create. We will operate a legislative programme that is designed to periodically evaluate the gambling sector and plug any gaps where risks can arise as a result of legislative deficiencies.
Trust	TC1.Programme for legislative risk control	This is a variably sized programme, which delivers regulations or Acts as required to maintain safeguards for consumers and to exclude criminality from the gambling sector.
Trust	TD.Strategy for safeguarding of information	We wish to ensure that the information we hold is only available to those with a right to see it, that the information is accurate. We will operate the Government's information & records management policy with respect to all records that we receive, hold, process and dispose of.
Trust	TD1.Programme for information and records management	We will maintain the existing controls that we apply to the processing and control of information that we hold.
Trust	TD2.Programme for protection of personal data	We will identify all personal data that we have, we will ensure that our processing and control of that data falls within the GDPR and that our privacy notices reflect the uses to which we may put that data. Staff personal data will be stored in a directory, to which only senior staff have access. Whenever we write a new process or modify an existing one, we will ensure that a data protection impact assessment is conducted and signed off by the DPO.
Trust	TE.Strategy for consultations	We wish to reassure people that when we consult on changes, that we have good reasons for making the changes and that we will take feedback to the consultations seriously. We hold no monopoly on knowing what is best for the sector and we recognise that if feedback is given, it is most likely heartfelt and has taken time and effort to supply. We will consult on any change that could affect individuals or licensees in the IOM gambling sector. We will consider ways of encouraging feedback to maximise the number of views we can consider when contemplating change.
Trust	TE1.Programme of consultations and post consultation feedback	We will consult on changes likely to affect people and/or operators whether or not that feedback is required by the Government code on consultations. We will acknowledge feedback with gratitude, we will consider it and seek to incorporate it where it adds value or mitigates burden or harm. We will publish post-consultation responses with an emphasis on the feedback, and the reasons why we adopted or declined to adopt the feedback in question. Where a person's feedback causes us to fundamentally rethink our position, we will take the time to write to the person concerned to express our thanks for the feedback.
Trust	TF.Strategy for political confidence	We want politicians to trust us with the interests of the Isle of Man in the gambling sector so that they are willing to support us when we make requests of them for funding or support with legislation. We will make ourselves available to politicians when they request it.
Trust	TF1.Programme for political confidence	We will make ourselves available to politicians when they have concerns to express about their constituents in respect of gambling. We will make ourselves available to committees when they want to understand the world we regulate and how we go about regulation. We will attend when requested any visits from off-Island authorities, bodies and persons and seek to impress upon them the GSC's competence and the Isle of Man's commitment to good neighbourliness.
trust	TG.Strategy for complaints	We view complaints as a welcome source of intelligence on the conduct of our operators and we believe the regulatory processing of complaints provides additional assurance for players. We will operate a complaints programme, which is open to all players under our licenses where the operator has a monetary relationship with the operator.

trust	TG1.Programme for complaints	We will accept complaints from any player that is a direct customer of one of our licensees. We will investigate complaints impartially and we will adjudicate on the balance of probability after weighing the evidence for and against a player's claim. We will not involve ourselves in disputes between operators and affiliates or other commercial relationships. We will keep statistics on the complaints we deal with and we will publish them in our annual report.
Effectiveness	E2.Strategy for Safeguarding of assets	We wish to keep the assets we have in good order and to be able to detect issues as they arise. We will operate a small programme of asset management which will periodically conduct a stock-check of assets to detect defective assets and missing assets.
Effectiveness	E21.Programme for the safeguarding of assets	We will maintain a register of assets and we will conduct a stock-check of items on the register annually. Assets under the value of £100 will not be included on the register. The stock check will identify missing items and defective items, and recommend actions in the former case and repairs or replacement in the latter.
Effectiveness	E3.Strategy for Procurement	We wish to acquire goods and services in a way that delivers to requirement at the best possible price and we wish to maintain value for money. We will operate a programme for procurement which adheres to the government's financial regulations and we will operate a programme of reviews which will determine if the existing procurement channels are still the best value for money or not, switching where possible to better value for money providers.
Effectiveness	E31.Programme for new procurements	We will procure goods and services according to the government's financial regulations and procurement processes.
Effectiveness	E32.Programme for reviewing existing procurements	We will review existing procurements whenever contracts run their course, whenever a vendor indicates a price increase or whenever an alternative vendor comes to our attention and there is latitude to switch without breach of contract. We will maintain a register of procurement reviews where the new procurement represents an improvement or saving of some description.
Effectiveness	E4.Strategy for staff retention	We wish to recruit the best staff we can and retain them. Recruitment is time consuming, uses senior management time which is expensive and comes at the cost of core service delivery. Staff training is time consuming and uses senior management time which is expensive and comes at the cost of core service delivery. When a staff member leaves the organisation the recruitment and training investment is wasted and the workload for the remaining staff spikes. Staff retention is therefore a key priority for us. We will monitor industry terms and conditions and ensure that the reward packages we offer our staff do not lag too far behind the private sector, to whom our highly trained and motivated staff are exposed during their daily work.
Effectiveness	E41.Programme for staff retention	We will commission a pay and rewards survey every second year, or whenever a staff member leaves, in order to understand how far behind the private sector our terms and conditions sit. We will act whenever this differential is greater than the calculated cost for recruitment and training. In other words we will select the lesser of the cost to us to recruit versus the cost to us to pay more.
Effectiveness	E42.Programme for determining optimum staffing levels	We will evaluate our overall capacity to deliver our core mandates every second year and determine whether we are over-staffed, under-staffed or correctly staffed.
Effectiveness	E5.Strategy for absence management	We wish to minimise the amount of time staff are absent from work as a result of illness and to eliminate any work-related factors which contribute towards staff absence. We wish to ensure that authorised staff absence is managed in an orderly way so that work is delivered in a predictable and manageable way. We will operate a small sickness-monitoring programme and return to work interviews will focus on any work-related factors that contribute towards absence.



Effectiveness	E51.Programme for management of sick leave	We will monitor all sick leave, and where a staff member's sick leave in a year exceeds the government average, we will intervene to understand whether there is a root cause that needs to be tackled. If the root cause is work related, we will prioritise steps to eliminate the root cause. If the root cause is not work-related, we will encourage the staff member to tackle the root cause and improve their sickness record. We will reserve the right to refer a staff member to occupational health professionals and we will interpret non-compliance as a capability/disciplinary matter.
Effectiveness	E52.Programme for management of authorised leave	We will operate a register of all leave taken by staff. Staff will not be permitted to take leave unless their manager understands their intentions and the leave is recorded on the register. Leave that is not recorded on the register will be considered to be unauthorised absence.
Effectiveness	E6.Strategy for Staff development	We wish to ensure that all of our staff present to stakeholders as competent and professional, and that the aspirations they have can be developed to the benefit of the GSC and the IOM gambling sector. We will run a training and development programme for all staff and we will support staff with financial assistance and study leave where they have elected to obtain qualifications that are relevant to the GSC.
Effectiveness	E61.Programme for staff training	We will maintain a skills matrix for every staff member based on their job description and we will assess each member of staff against the matrix annually, or as a new role arises for that staff member. Where a staff member is not recorded as competent on the skills matrix against a particular, required skill for their role, we will require them to undertake training and we will make the time available for that training.
Effectiveness	E62.Programme for staff development	We will support staff when they wish to acquire a qualification that is relevant to their work with the GSC. We will make available funding for the acquisition of the qualification on a three-year-retention-or-pay-back basis. We will make study leave available to staff to allow them to attend workshops, residential study and examinations. We may fund any professional memberships needed to maintain post-nominal credentials resulting from the qualification.
Effectiveness	E63.Programme for succession planning	We will support staff when they wish to develop skills that are required at the next grade if the appraisal outcomes and the succession programme indicate it is appropriate. Senior staff will put time aside to mentor individuals in the succession programme.
Effectiveness	E7.Strategy for efficient use of information	We wish to make the best use of information that we have gathered within the purposes for which it has been gathered in order to detect issues while they are small, to provide accurate data to our stakeholders and to determine trends within the IOM gambling sector. We will structure our data to make it easy to interrogate and process.
Effectiveness	E71.Programme for efficient use of data	We will operate a data dictionary, which will identify all of the data points that we are allowed to gather, the values for those data points on a periodic basis and the connections between those data points whenever we intend to draw conclusions from them (the methodologies).
Effectiveness	E8.Strategy for economical travel and accommodation	We wish to spend as little money on travel and accommodation as possible whilst keeping our staff safe, comfortable and able to perform. We will operate a policy that only permits the expenditure of significant sums of money where it is important for the Isle of Man that the GSC is seen as a good ambassador by others.
Effectiveness	E81.Programme for travel and accommodation	We will ensure that any travel we undertake can be justified by a reputational gain, the fostering of relationships that may result in the GSC acquiring agreements with other countries or by the prospect of additional fees through the provision of advice and clarification to people who attend events where the Department for Enterprise or the Digital Agency are the primary contacts. All non-domestic travel will be authorised by the Board.
Effectiveness	E9.Strategy for audits	We welcome audits of our conduct as an authority and view adverse findings as "near misses" rather than criticisms. We will cooperate fully with auditors when they request to visit us and we will implement agreed findings to eliminate risk.

Effectiveness	E91.Programme for audits - internal audit	We will cooperate with Government's internal auditors and implement agreed findings to eliminate risks.
Effectiveness	E92.Programme for audits - FATF assessors	We will cooperate with FATF and FSRB assessors and supply information to them as requested to assist their assessment of the Isle of Man. We will share live data but in an anonymised format so that people and operators cannot be identified.
Effectiveness	E93.Programme for audits - other bodies	We will submit contributions to Government reports intended for third parties and attend meetings convened by those third parties to talk about our submissions.
Effectiveness	EA.Strategy for business continuity	We wish to be able to continue to function when circumstances turn against us and we wish to keep our people safe in adverse circumstances. We will maintain a business continuity and disaster procedure and train our people in its operation.
Effectiveness	EA1.Programme for business continuity	We will review our business continuity and disaster plan annually and we will conduct a desktop exercise every two years to simulate a number of scenarios to determine if the procedures are robust enough.
Balance	B2.Strategy for internal process review	We wish to ensure that the processes we use to discharge our duties are still fit for purpose and that any burdens we impose on business are still justified. We will review our processes annually and identify any changes where risks have been terminated and the controls are no longer required, or where risks have been reduced and the controls can be scaled back.
Balance	B21.Programme for internal process review	We will review our licensing process for one category of licence holder each year and we will justify each of the steps we take in their supervision. Where we cannot justify a step because it is not proportionate with the risk being managed, we will remove that step and notify our licensees as appropriate.
Balance	B3.Strategy for General compliance enforcement	We wish to ensure that licensees that create unacceptable risk in the IOM gambling sector understand our requirements and take steps to remove the risk they create. If they do not, we will force them to comply or expel them from the sector. We will operate a general compliance enforcement programme which educates and if necessary enforces the requirements of the law.
Balance	B31.Programme for general compliance enforcement	The general compliance enforcement programme will operate at two levels. At the first level, inspectors will administer the general compliance supervision programme and will bring defects to the attention of operators. If the inspectorate detects wilful non-compliance or persistent incapability to comply, it will escalate this to the risk committee. The risk committee will determine what enforcement action is required.
Balance	B4.Strategy for progressive regulation	We wish to supervise an industry that is internationally competitive, where the regulatory playing field is level for all licensees and which meets international standards and expectations. We will create or modify legislation that enables business to flourish provided consumers remain safeguarded and criminality remains excluded. We will seek to remove any process anomalies so that no one regime is any more or less permissive or restrictive as any other. We will create fee structures that reflect the relative value a person can derive from a given licence.
Balance	B41.Programme for progressive regulation	We will make ourselves available to Isle of Man gambling representatives and listen to their requests for changes that will beneficially affect their commercial outlook. We will be prejudiced in favour of these requests provided there are no additional social harms or risks of criminality in the required changes. We will commit to legislative change if the 1 year plan has capacity.

## High Impact projects: Snapshot 2019

Strategy for compliance with legislation: GDPR business re-engineering. This project concludes the changes needed to make the GSC fully compliant with GDPR.

Strategy for human resources management: Phase 2 of the HR review - performance and reward. This project delivers the second part of the HR strategy, which consists of revisions to the staff appraisal process, the linking of the appraisal process with reward and capability mechanisms. The project seeks to work in partnership with the Government's Office of Human Resources.

Strategy for legislative risk control: Isle of Man Lottery. This programme considers the risks to consumers arising from the proposed Isle of Man lottery and if necessary, delivers legislation to ensure that the lottery is permitted with all of the necessary controls to curb social harms and to exclude criminality.

Strategy for safeguarding of information: Upgrade to IRMP standard. This project upgrades the existing programme for information and records management to align it with the Government's information and records management policy.

Strategy for the efficient use of information: ATLAS. This very large project supplies us with an IT solution that is designed to capture, store and process all of the data that we need to discharge our core functions.

Strategy for progressive regulation: Licence fee and duty review. This multi-agency project seeks to understand whether the current structure of licensing fees and taxation is still appropriate in light of the Government's decision to prioritise the growth of employment in the sector.

## **High impact projects for the 2020-2021 year**

Strategy for cooperation: Expansion of information sharing gateways in law. The information sharing gateways provided by the existing law do not include many types of authority and the purposes for sharing are very restricted. This project will compile an inventory of authorities and authority-types and sharing-reasons and amend the law so that the GSC has a gateway for sharing information in a responsible manner.

Strategy for entry controls: Entry controls review. This project examines the existing entry controls, evaluates if loopholes exist that could be exploited by intelligent criminals and recommends, then implements any changes to strengthen the entry controls used by the GSC. This project runs in parallel with project E32p1 (see appendix A) to streamline GSC costs associated with entry controls.

Strategy for risk control: Fund protection effectiveness review. This project reviews the current arrangements for the protection of players' funds and seeks to identify whether those mechanisms remain effective. It will draw upon expertise in banking and company liquidation from outside the GSC.

Strategy for legislative risk control: Rejection of applications based on GSC risk appetite. The GSC does not currently have the latitude in legislation to base its licensing decisions on the balance of risk. Unless something detrimental is discovered about a person or company that is seeking a licence, the GSC is obliged to issue a licence. This project seeks to understand where that approach fits within the broader regulatory spectrum.

Strategy for progressive regulation: Licensing of e-sport tournaments. E-sports are video games that are played competitively, either by individuals against one another, or as teams. E-sport has become a significant sector in its own right and tournaments offer significant prizes

to players. This project can be activated if the Department for Enterprise determines that the Isle of Man should host e-sport as a new economic sector.

Strategy for general supervision: Introduction of a risk based approach for general supervision. We do not currently run our programme for general supervision on a risk based approach. This means that we do not analyse risk parameters and visit higher risk operators more frequently and lower risk operators less frequently. This creates a risk that higher risk operators could be given periods without appropriate supervision while we supervise low risk operators; our staff are most effective when they are assigned to manage the highest risks; those operators who comply with requirements deserve our trust and should be supervised less closely than those who struggle to meet the requirements and require closer supervision.

## **High impact projects for the 2021-22 year**

Strategy for AML-CFT supervision: Improvement of the risk based approach currently used for AML-CFT supervision. The risk based approach that we use to determine the frequency and depth of AML-CFT supervision (for example, on-site inspections) is based on an initial assessment of current compliance, which in turn dictates the depth and frequency of checks. The regime is also informed by the national risk assessment. However, an ideal risk based approach will also be affected by additional parameters, such as operator size, inherent product risk and operator or sector-specific events and threats.

Strategy for progressive regulation: Rewrite of gambling legislation. The Isle of Man's gambling legislation dates from 1988 and much has changed since then. Because each piece of legislation reflects the social mores of the time it was made, so challenges which are common to all types of gambling have widely divergent legislative requirements that are neither fair nor proportionate. This project seeks to reorganise the Island's gambling law so that it is easy to adapt to modern circumstances and changes in technology, whilst ironing out inconsistencies.

## 11. Appendix 6 – Risks for 2020/2021 and beyond

The GSC monitors its risks each year, and targets the highest ranking risks for treatment, with a view to containing the risk at an acceptable level, or reducing the risk for future years.

Risks targeted for treatment by the GSC for the current year (2020/2021)	
Risk ranking	Risk to be treated
1	GSC fails to implement the requirements of the Data Protection Act 2018 and fails to meet IOMG strategic objective of compliance with GDPR.
2	GSC fails to manage its information and in doing so, dilutes confidence in its ability to safeguard sensitive information or, worse, breaks the law.
3	GSC fails to meet one of its corporate governance objectives or legal obligations.

Risks targeted for treatment by the GSC for the current year + 1 (2021/2022)	
Risk ranking	Risk to be treated
4	GSC fails to exclude criminal elements from licensing and a licensee becomes owned, captured or influenced by criminals.
5	The player fund protection regulations, which are nine years old and do not extend to virtual currencies, fail to protect players' funds.