

ISLE OF MAN

GAMBLING SUPERVISION

COMMISSION

GUIDANCE

FOR THE APPROVAL OF TEST HOUSES



APPLICATION FOR ACCREDITED TEST FACILITY STATUS

GUIDANCE NOTES FOR THE APPROVAL OF TEST HOUSES

Introduction

Whether a game is offered to a player directly or via a third party, the game must be certified by a test house approved by the Isle of Man Gambling Supervision Commission.

For convenience the certification requirements are reproduced in Appendix A of this document.

'The Online Gambling (Systems Verification) (No2) Regulations 2007', section 2 state, (1)
"before any Gaming or a Lottery is conducted by a Participant by means of any System," they must "produce to the Commissioners a certificate in writing issued by a **party approved for the purpose** by the Commissioners (or previously approved by the Department of Home Affairs) that the System by means of which such Gaming or Lottery is conducted complies with the standards specified in Schedule 1."

Initially a completed application form must be submitted to the Inspectorate. The application form can be obtained from <http://www.gov.im/gambling/applications.xml>. A hard copy must be submitted containing all the necessary signatures. Wherever possible an electronic copy should also be submitted in word format as this will streamline the application process.

Once the Inspectorate is satisfied that an application has been fully completed the application process will typically take around 8 weeks. This period officially begins when the Inspectorate issues a letter stating that the application has been accepted and the process is underway.

This guidance has been written to help you complete the application for Accredited Test Facility Status. Please read this document carefully before you answer any questions - an application will not be accepted until it has been checked as complete.

Please note that after receipt of your completed form, the Commission may still need to contact you for any further information we deem necessary in order to determine your application.

If there is not enough space on the form to answer questions, please continue on a separate sheet making sure that you refer to the section and that you date and sign each sheet.

Approved Testing Facility Status will be dependent on the Commission's assessment that the test house is suitable, that it is independent and consideration will be given to whether accreditation has been attained from UKAS or an equivalent international organisation for BS EN ISO 17025: 2005 (general requirements for the competence of testing and calibration laboratories), plus the additional

features (skills, capabilities, capacity) demanded by the Commission's technical standards in Schedule 1 of the Online Gambling (Systems Verification) (No2) Regulations 2007.

Please note that Accredited Testing Facility Status will last for a period of 5 years, following which a new application will be required for a further 5 year period. An Accredited Testing Facility is also responsible for notifying the Gambling Supervision Commission if there are any significant changes to the details provided in the initial application within the 5 year accreditation period.

Application

A Company wishing to be approved as an accredited testing facility by the Gambling Supervision Commission in order to undertake testing as outlined under the Online Gambling (Systems Verification) (No2) Regulations 2007 must submit a completed application form.

An application should contain the following:-

- ✚ Fully complete application form.
- ✚ A diagram of the company structure.
- ✚ A list of shareholders of the applicant company with holdings above 25%.
- ✚ A CV for key technical staff.

Each person connected with the application is checked to ensure they are both competent in any offices they hold and that they are people of integrity.

All information supplied to the Inspectorate is held in the strictest confidence and is held in accordance with the Data Protection Act.

Technical competence

The approval process assesses whether you have the knowledge, skills and experience to carry out the function or role.

To assist the Inspectorate in determining technical competence the applicant should apply separately to UKAS or their equivalent accreditation body to be technically accredited. Application forms can be found at www.ukas.com.

Accreditation by UKAS, or the equivalent accreditation body overseas, does not give automatic entitlement for test houses to test to Gambling Supervision Commission standards.

In addition to the information supplied on the application form the Commission will also be taking into account information from other sources (e.g. government departments and overseas regulators).

Section 1. Contact person

This is an administrative section and will have no bearing on whether approval is given.

- ✚ The nominated person will be the designated contact for all correspondence relating to the entity's application. Please provide all telephone contact numbers where possible.

Section 2. Company details

- ✚ Please provide the applicant companies full name and address, trading name if different, contact details and website address in order that the Commission can find out more about the entity including office locations, services provided, etc.

Section 3. Shareholding of the applicant company

You need to provide a diagram of the corporate structure, details of all corporate shareholders, trusts or other organisations that own twenty five percent or more of the business and/or are responsible for or may influence the ongoing operation of the individual organisation/business making this application. Please provide full details as requested including the date of incorporation, the date on which the entity/organisation became involved with the applicant, percentage of equity/share held and give details of a person that the Commission can contact in the entity/organisation if we require any additional information.

Where a shareholder is a trust, please provide details of beneficiaries of the trust structure as the Commission may need to request further details about the structure.

- ✚ Please list the name and shareholding details of all shareholders with more than 25 % of the issued share capital of the applicant company.
- ✚ Please give the total number of shareholders with a share of the issued capital.

Section 4. Details of company officers

Details are required of all key individuals involved in the management of the organisation or business. Please provide a brief CV for company officers or managers who perform an operational function in connection with the delivery of testing services, or whose position requires them to facilitate or ensure compliance with relevant standards.

- ✚ Please list all Directors of the applicant company.
- ✚ Please list Chief Officers responsible for the overall strategy and the delivery of testing operations.

Section 5. Relevant permits, licences and accreditation

The Commission is interested in understanding what relevant accreditations or permits you may already hold or other jurisdictions where you have been approved by gambling regulators to carry out testing.

Relevant accreditations may include:-

- ✚ BS EN ISO/IEC 17025:2005 STANDARD General requirements for the competence of testing and calibration laboratories
- ✚ BS EN ISO/IEC 17020:2004 STANDARD General requirements for the operation of various types of bodies performing inspection
- ✚ Please provide details of all relevant certificates of accreditation/licences/permits.
- ✚ If you are an approved test house for another gambling regulator please provide details of your approval (name of regulator, date of approval, scope of approval, etc).

Section 6. Professional indemnity insurance

Please indicate whether you have professional indemnity insurance – if so, give details of the insurance firm providing cover, the amount covered and the date of expiry of any cover.

Professional indemnity insurance protects your business against compensation sought by a client if you have made mistakes or are found to have been negligent. Professional indemnity insurance will also cover any legal costs. Most professionals carry professional indemnity cover.

The Commission expects all test houses to have professional indemnity insurance as this will give some degree of protection to both the test house and the entity in the event that work is found to be negligent.

Section 7. Information on policy

A test house is employed by an operator to undertake testing and give an opinion on the suitability of their systems. It is therefore important to ensure that test houses and their staff are independent of those operators for which they may work, in order to mitigate the risk of fraud or corruption.

In this regard, the Commission is seeking to understand your procedures for maintaining your independence and dealing with conflicts of interest. You may attach the relevant policies or summarise the key elements, including engagement acceptance procedures; consideration of conflicts of interest at recruitment stage; any restrictions placed on staff and their spouses regarding shareholdings, etc.

The Commission expects that test houses will have arrangements in place to ensure compliance with independence policies. Please give details of the arrangements you have in place to gain assurance that all staff are complying with your key policies. These arrangements could include an annual declaration from all staff, sign-off procedures for engagement acceptance, reviews by independent auditors, etc.

Section 8. Declaration

The declaration must be signed in all cases:

- ✚ if the applicant is an individual, by that individual;
- ✚ if the application is made on behalf of a partnership, by all individuals who are partners;
- ✚ if the applicant is a company, by both the company secretary and a director (who is not also the secretary of the company);
- ✚ in any other case, by a duly authorised officer of the applicant.

Appendix A: Summary of Technical Checks

Extracted from 'The Online Gambling (Systems Verification) (No. 2) Regulations 2007'.

Subject to the terms of these Regulations, the Operator shall, before any Gaming or a Lottery is conducted by a Participant by means of any System, produce to the Commissioners a certificate in writing issued by a party approved for the purpose by the Commissioners (or previously approved by the Department of Home Affairs) that the System by means of which such Gaming or Lottery is conducted complies with the standards specified in Schedule 1.

The obligation under Regulation 2(1) arises:

- prior to the Operator permitting the System to be accessed by any Participant; and,
- on or before the expiry of the periods specified in the Operator's licence under the Act.

The System must:

- follow the rules for Online Gambling published to the Participant or potential Participant prior to its placing any sums with the Operator for participation in Online Gambling
- provide over specified periods no more than the house advantage (if any) agreed by the Commissioners with the Operator
- integrate contingencies for loss of continuity of play
- if utilised in any peer to peer game, ensure that over the specified periods that no one Player has any advantage over any other Player playing the same game

Both the Online Gambling and financial transactions software must be congruent and secure.

The System must satisfy the following criteria for randomness for any Gaming or Lottery (save where different rules apply and have been approved by the Commissioners and published to the Participant or potential Participant prior to its participation), following Schneier:-

the data must be randomly generated, passing appropriate statistical non static output results tests of randomness (e.g., Marsaglia's "Diehard" set of tests) uniformly distributed over the set range;

the data must be unpredictable, i.e. it must not be computationally feasible to predict what the next number will be, given complete knowledge of the algorithm or hardware generating the sequence, and all previously generated numbers; and

the series cannot reliably be reproduced, i.e. if the sequence generator is activated again with the same input (as exactly as humanly possible) it will produce two completely unrelated random sequences.

The Operator must disclose [to the accredited test facility] the methodology of any random seeding and any seeding must be proven to result in an unpredictable output.

The outcome of any Game or Lottery, as the case may be, and the return to the Participant, must be independent of the CPU, memory, disk or other components used in the computer or other device used by the Participant.

The Game or Lottery outcome, as the case may be, must not be affected by the effective bandwidth, link utilisation, bit error rate or other characteristic of the communications channel between the System and the computer or other device used by the Participant.

The System must be able to display for each Game or Lottery, as the case may be, the following information on the current page or on a page directly accessible from the current page via a hyperlink:-

- the name and rules of the Game and/or Lottery
- restrictions on play
- instructions on how to play, including a pay-table for all prizes and special features
- the Participant's current account balance and currency or currencies utilised by the Participant to participate in the Game and/or Lottery

- unit and total sums permitted to be played by a Participant in relation to the Online Gambling
- the return to the Participant, disregarding any exercise of skill by him
- Pursuant to the testing of the System, the percentage of total sums returned to Participant in relation to all house Games or Lottery, as the case may be, offered by the Operator

Any software utilised must be capable of providing for congruent and secure betting and financial transactions.

The System must be able to display the following information on the current page or on a page directly accessible from the current page via a hyperlink:-

- the rules regarding the placing of bets, including circumstances in which the Operator will void a bet; the treatment of errors, the treatment of late bets and the treatment of withdrawals and non-runners
- restrictions on the placing of any bets
- the Participant's current account balance and the currency or currencies utilised to place bets
- the means by which a winning bet will be determined

The Operator shall ensure that the integrity of the Betting transactions can be assured and that Participant transactions are not lost through System failures or unauthorized modification or access by a third party.