

## Public consultation on the Green Paper on on-line gambling in the Internal Market

You are invited to reply to the on-line questionnaire. The questions listed in the Green Paper are reproduced in the same order hereunder. A pdf version of the [Green Paper](#) is available in all EU languages for guidance to the questions.

There are 51 questions in the consultation document. You may reply to those questions in any one of the EU languages. You may focus your contributions on the areas of most interest to you; you are not obliged to answer all the questions.

Please save this document on your computer. Once you have completed the questionnaire, come back to the on-line questionnaire. You will be able to upload your answers on page 3 of the on-line questionnaire.

The consultation will close on 31/07/2011.

We thank you for your participation.

### Your name / Your organisation:

Steve Brennan / Isle of Man Gambling Supervision Commission (the GSC)

### Questions from the Green Paper on on-line Gambling in the Internal Market

1. Regulating on-line gambling in the EU: Recent developments and current challenges from the Internal Market standpoint
  - 1.1. Purpose of the consultation
  - 1.2. On-line gambling in the EU: current situation

**(1) Are you aware of any available data or studies on the EU on-line gambling market that would assist policy-making at EU and national level? If yes, do the data or study include licensed non-EU operators in the EU market?**

The UK prevalence study is a very good document for informing on the subject of problem gambling. The UK is a very mature gambling market and a sizable one so the data contained in the study should be useful for shaping consumer protection regulations.

**(2) Are you aware of any available data or studies relating to the nature and size of the black market for on-line gambling services? (Unlicensed operators)**

No - although we are aware that the conclusions of any studies undertaken will depend on the definition of black-market operations. We draw a distinction between legitimate and

illegitimate operations based on the test of whether the operator obtains the relevant licence in any market in which licences are available.

Where licences are not available in any given market, we would expect an operator to be licensed by a jurisdiction which provides for strong consumer protection for all players consuming the operator's services wherever based.

**(3) What, if any, is your experience of EU-based on-line gambling operators licensed in one or more Member State and providing and promoting their services in other EU Member States? What are your views on their impact on the corresponding markets and their consumers?**

**(4) What, if any, is your experience of licensed non-EU on-line gambling operators providing and promoting their services in EU Member States? What are your views on their impact on the EU market and on consumers?**

The Isle of Man is not an EU member state and it regulates online gambling operators.

It is important that any regulation that a gambling operator is subjected to is applied in such a way that it does not significantly compromise the cost of supplying the service. If regulation and taxation becomes too burdensome, then the operators who submit to good regulation become uncompetitive and citizens naturally migrate to unregulated sites which offer better value for money. Citizens rarely consider the consumer protection credentials of a gambling website until something goes wrong - often at this point it is too late.

Any regulatory regime therefore has to ensure that business can still thrive in order for consumers to remain protected.

The Isle of Man amongst other UK white-listed regulatory jurisdictions has demonstrated that high standards of regulation can be introduced to the online gambling industry without jeopardising the competitiveness of business.

Amongst the consumer protections that the Isle of Man offers all European citizens who play on its operators' websites are: (1) Mandatory separation of funds in protected accounts; (2) Arbitration on disputes with operators; (3) Expert software testing to ensure games are fair; (4) Scrutiny of terms and conditions to ensure transparency and fairness; (5) Examination of key individuals and beneficial owners to exclude criminals; (6) Mandatory verification of players' credentials to exclude under-age players; (7) The requirement for local directors and the appointment of personnel accountable for anti-money laundering reporting; (8) Mandatory contributions to a problem gambling fund to promote the research and treatment of gambling addiction; (9) A rolling program of layered compliance checks for the lifetime of the licence; (10) Mandatory front-page services for potential problem gamblers and regulations requiring functionality for voluntary self-exclusion and stake-limiting during play.

The Isle of Man recognises that taxation is important in the context of online gambling and that the move towards taxation at the point of consumption (which we see European jurisdictions moving to) as an equitable and sensible solution which the Isle of Man supports.

**(5) If any, which are the legal and/or practical problems that arise, in your view, from the jurisprudence of national courts and the CJEU in the field of online**

**gambling? In particular, are there problems of legal certainty on your national and/or the EU market for such services?**

As is the case with fragmented and indistinct regulatory requirements across Europe, jurisprudence emanating from these regimes different regimes can, in our view, only serve to add (rather than reduce) to a lack of coherence and consistency across the EU market as a whole.

**(6) Do you consider that existing national and EU secondary law applicable to on-line gambling services adequately regulates those services? In particular, do you consider that coherence / consistency is ensured between, on one hand, the public policy objectives pursued by Member States in this field and, on the other hand, the national measures in force and/or the actual behaviour of public or private operators providing on-line gambling services?**

While we understand why the majority of European states are now operating legal frameworks for online gambling or intend to introduce them soon, we see that a fragmented approach creates a difficult climate in which business has to operate.

Unilateral regulation produces a number of key benefits for a country:

(1) regulation can be introduced quickly if required; (2) taxation and duty can be more readily retained by the country's treasury (although cross-border mechanisms for achieving the same result are possible) and (3) in some cases, personal taxation for players can be verified by using state computers to take copies of gaming transactions.

However, the fragmented approach has a number of drawbacks:

(1) it can appear to be protectionist policy designed solely to prevent competition with the state monopoly; (2) it generally ring-fences the citizens of a nation leading to an increased prevalence to seek better games beyond the state borders and (3) the licensing and administrative overheads for multinational gambling operators may be such that only those countries with particularly large markets will gain operators and revenue - the smaller countries may simply not have populations large enough to support profitable markets.

In addition, unless internet blocking or payment blocking is used (both of which are problematic to citizens and bankers) then there is no effective way to prevent consumers from playing games outside their borders.

The Isle of Man does believe that the creation of a platform of minimum common standards can mitigate some of the drawbacks mentioned in this response whilst preserving the benefits and allowing local regulators to introduce changes which support their policy aims and not depriving member states the opportunity to shape regulation in a way that is appropriate to their particular requirements.

**Other comments on issues raised in section 1**

2. Key policy issues subject to the present consultation
- 2.1. Definition and organisation of on-line gambling services

**(7) How does the definition of on-line gambling services in the Green Paper differ from definitions at national level?**

The definition in the green paper is : On-line gambling services are any service which involves wagering a stake with monetary value in games of chance, including lotteries and betting transactions that are provided at a distance, by electronic means and at the individual request of a recipient of services.

The Isle of Man Gambling Supervision Commission (the GSC) currently recognises online gambling to occur when a service is provided to a player and that player (1) takes steps in a game of chance (or chance and skill combined) by (2) means of telecommunication and (3) money or money's worth may be won (4) irrespective of whether the player is at risk of losing money or money's worth.

Anyone who provides services which fall under these criteria is required to obtain an online gambling licence.

**(8) Are gambling services offered by the media considered as games of chance at national level? Is there a distinction drawn between promotional games and gambling?**

Yes - if they fulfil the criteria in (7) above.

Because the risk to consumers is consistent irrespective of the platform, context or media used to offer the game, so the licensing requirements remain the same.

**(9) Are cross-border on-line gambling services offered in licensed premises dedicated to gambling (e.g. casinos, gambling halls or a bookmaker's shop) at national level?**

Typically they are not but there is no reason why this couldn't occur assuming compliance with the relevant online gambling licence.

**(10) What are the main advantages/difficulties associated with the coexistence in the EU of differing national systems of, and practices for, the licensing of on-line gambling services?**

Advantages: (1) law can be tailored to meet needs of specific national markets and conditions. (2) Monopolies can be better protected in order to preserve the contribution they often make by supporting good causes and charities/grass roots sports, etc (3) The state can more effectively levy duty and taxation on the gambling companies and citizens who derive income from playing.

Disadvantages : (1) locally licensed operators may have to offer expensive or unappealing products to players (because they pass on high national rates of duty to consumers) leading to players using the internet to access more competitive products beyond the national borders. This leads to (2) uncertainty on levels of consumer protection.(3) It is very difficult for a

nation to stop its citizens playing on sites outside the national borders unless it maintains a network of cooperation agreements with those operators' cross-border regulators.

The Isle of Man believes it could play a role in helping to remove some of the difficulties created by differing national regimes.

While the obvious solution is a common European standard which means that a licence, wherever obtained, permits access to all other European markets, we believe this solution will take a number of years to mature.

### **Other comments on issues raised in section 2.1**

#### 2.2. Related services performed and/or used by on-line gambling services providers

**(11) With focus on the categories mentioned in the Green Paper, how are commercial communications for (on-line) gambling services regulated for at national level? Are there specific problems with such cross-border commercial communications?**

Our licensees are expected to adhere to all laws in the nation where they advertise and as such are usually working in cooperation with the public body responsible for ensuring that advertising standards are maintained.

**(12) Are there specific national regulations pertaining to payment systems for on-line gambling services? How do you assess them?**

Yes - the Isle of Man Financial Supervision Commission - a sister organisation to the GSC - ensures that the Isle of Man's financial regulations are enforced. The Isle of Man's law is periodically scrutinised by the IMF and has consistently been .

In addition, the GSC oversees legislation which protects players' funds (deposits and winnings for example). Typically an operator must make use of a trust fund, a bank guarantee (a form of insurance) or a client account (such as the type operated by legal professionals) in order to safeguard players' funds against the company's bankruptcy or other contingencies.

A recent example of the usefulness of this was demonstrated in April 2011 when actions in the USA caused three large poker operators to withdraw from the US market. Two of those companies have yet to return their players' funds but the Isle of Man licensee was able to return the \$130m within 10 days to American players.

The GSC also issues gambling-specific AML/CFT/TF codes to ensure that gambling operators are an unattractive target for criminal money laundering attempts. These codes are refinements of the FATF 40 recommendations which are tailored to the special landscape of online gambling.

**(13) Are players' accounts a necessary requirement for enforcement and player protection reasons?**

By law, the GSC requires that each licensee has player protection mechanisms to protect player funds. At no point in time is an operator allowed to hold less funds in their player protection mechanisms (trusts, client accounts, etc) than their exposure to player deposits and winnings.

Every player is required to register a separate account with the operator and may not operate multiple accounts. The creation of such player accounts facilitates basic consumer protection measures such as self exclusion, the exclusion of young people, the setting of betting limits and so forth.

The recording of all gaming and financial transactions in a player account also allows the regulator to mediate between a gambling operator and a player when a dispute occurs that cannot be resolved between the player and the operator.

**(14) What are the existing national rules and practices relating to customer verification, their application to on-line gambling services and their consistency with data protection rules? How do you assess them? Are there specific problems associated with customer verification in a cross-border context?**

Our regulations can be found at  
<http://www.gov.im/lib/docs/gambling/Regulations/onlinegamblingregistrationandacc.pdf>

#### **Other comments on issues raised in section 2.2**

2.3. Public interest objectives

2.3.1. Consumer protection

**(15) Do you have evidence that the factors listed in the Green Paper are linked to and/or central for the development of problem gambling or excessive use of on-line gambling services? (if possible, please rank them)**

We have no evidence to suggest that any one factor has a higher impact than any other. We believe that once a person has developed a susceptibility to become a problem gambler, their condition escalates until they find themselves attracted to those games which have the features listed in the green paper in section 2.3.1.

**(16) Do you have evidence that the instruments listed in the Green Paper are central and/or efficient to prevent or limit problem gambling relating to on-line gambling services? (if possible, please rank them)**

In our experience, no single measure is singularly successful in preventing harm - a broad spread of diverse measures has to proven the be the most effective approach to managing and mitigating the prevalence of gambling addiction.

In addition to the measures cited in the green paper, we would recommend that easy access (front-page access) to help organisations be made mandatory; in addition we have anecdotal evidence that easy and real-time access to clear and concise player balances/money transactions information is helpful to players who are considering during play whether they may be developing a gambling problem and need to seek further help.

We also suggest that the provision of credit to consumers be generally discouraged and only permitted in cases where an operator has a small and exclusive clientele of regular, professional gamblers.

**(17) Do you have evidence (e.g. studies, statistical data) on the scale of problem gambling at national or EU level?**

The GSC last commissioned a prevalence study in 2009 which showed the prevalence of problem gambling to be very low. This low incidence is readily explained by the Isle of Man's social climate, demography and culture of the Isle of Man as well as the very small sample size (the Island's population is approximately 80,000)..

We consider the UK's prevalence study to be the benchmark for understanding the scale of problem gambling at a national level.

**(18) Are there recognised studies or evidence demonstrating that on-line gambling is likely to be more or less harmful than other forms of gambling for individuals susceptible to develop a pathological gaming pattern?**

(See 19)

**(19) Is there evidence to suggest which forms of on-line gambling (types of games) are most problematic in this respect?**

Academic studies on problem gambling in general are hard to source. The UK prevalence study does suggest that differentials exist between online and terrestrial gambling habits but it far from clear whether online gambling is the cause of difficulties or simply a new manifestation of an old issue

**(20) What is done at national level to prevent problem gambling? (E.g. to ensure early detection)?**

Gambling addiction is a complicated disorder to correctly diagnose, particularly as there is significant co-morbidity with other addictions. Therefore accurate information on numbers of people affected is hard to obtain.

Gambling operators can offer a broad spectrum of counter-measures but so far, their intervention has been limited to suggesting to possible gambling addicts that they assess the level of their play or seek advice.

We have determined a more suitable approach than a voluntary scheme (voluntary schemes seem to us to produce an unmerited degree of complexity, particularly in view of the importance of the outcome) so the GSC determined that the best course of action was to oblige gambling operators to make a mandatory contribution to a 'problem gambling' fund which we then distribute to organisations that can research and treat gambling addiction. Part of the agreement with the organisations we donate to is to record statistics on the prevalence of gambling addiction.

The mandatory levy is based on a fixed percentage of each gambling operator's gross gaming yield (players' stakes less prizes won). The contribution is capped and the GSC monitors the results of the various prevalence studies as they become available to determine whether the cap needs to be modified to take into account prevailing trends.

**(21) Is treatment for gambling addiction available at national level? If so, to what extent do on-line gambling operators contribute to the funding of such preventive actions and treatment?**

Yes - the Isle of Man offers its citizens treatment for gambling addiction through the appointment of services provided by an organisation that specialises in alcohol addiction.

However, given that a significant proportion of the consumers for Isle of Man licensed products are in other countries, a large proportion of the problem gambling fund that is collected each year is remitted to foreign organisations that specialise in the research and treatment of gambling addiction.

**(22) What is the required level of due diligence in national regulation in this field? (e.g. recording on-line players' behaviour to determine a probable pathological gambler?).**

Online operators have an absolute duty to exclude problem gamblers from play once they are identified. However an online operator is not clinically qualified to diagnose a player as a problem gambler and occasional attempts to do so are often counter-productive (forcing problem gamblers to abandon sites which could otherwise prove to be the essential link to counseling and advice).

We therefore consider the operator's duty of care is to assist a player with difficulties to draw those conclusions for him/herself and to make available tools and sources of help to allow the problem to be mitigated. Such assistance includes the provision of timely information that might indicate that a problem exists as well as the tools necessary to make pre-commitments to play limits.

It is however very important for operators to ensure their self-exclusion functionality is strong - particularly if they offer "white label" solutions (which are instances of the operator's products branded in different ways, often managed by separate companies but whose players are registered centrally and therefore become the operator's responsibility.) A small minority of players deliberately try to bypass self-exclusion each year in order to wager without incurring risk. A player who deposits money, self-excludes and is then able to wager will usually complain about being allowed to access the site and demand their money back in the event they lose.

As a regulator, we have made one exclusion order ourselves which bans our licensees from allowing a named individual to play on all Isle of Man licensees.

**(23) What is the statutory age limit for having access to on-line gambling services in your Member State? Are existing limits adequate to protect minors?**

Players must be 18 years or older, irrespective of the prevailing law in the country where the citizen resides.

**(24) Are on-line age controls imposed and how do these compare to off-line 'face-to-face' identification?**

Yes - usually through the provision of photo-identification credentials.

These controls are very effective although it has to be recognised (as found with most areas of regulatory compliance) that it is a practical impossibility to exclude underage players

completely. Identification fraud (a child stealing a parent's passport for example) and poor vigilance over passwords by parents or older siblings can lead to instances of under-age play.

The GSC's position when an instance of underage play is identified is that no winnings may be paid and that the original deposit must be refunded and an investigation conducted to understand how the instance of underage play was allowed to occur. This policy is designed to de-incentivise young people from playing.

**(25) How are commercial communications for gambling services regulated to protect minors at national or EU level? (e.g. limits on promotional games that are designed as on-line casino games, sports sponsorship, merchandising (e.g. replica jerseys, computer games etc) and use of social on-line networks or video-sharing for marketing purposes.**

Our policy is that minors are excluded from gambling.

Operators may not undertake any marketing initiatives that target young people or vulnerable people (such as temporarily self excluded players).

**(26) Which national regulatory provisions on license conditions and commercial communications for on-line gambling services account for the risks described in the Green Paper and seek to protect vulnerable consumers? How do you assess them?**

Isle of Man operators are required to observe the advertising codes and practices of the Advertising Standards Agency of the UK.

In addition the GSC checks during the application and in its subsequent compliance work that the games being offered and any proposed advertising planned, do not step outside the bounds of the advertising regulations by being:

- indecent
- offensive
- not based on fact
- deceptive
- misleading

Or by:

- commenting on the legality of gambling elsewhere
- targeting jurisdictions where online gambling is prohibited
- carrying sexual content
- targeting under 18 year olds
- breaching copyright
- not making clear the expected return to player in respect of any game played

## Other comments on issues raised in section 2.3.1

### 2.3.2. Public order

**(27) Are you aware of studies and/or statistical data relating to fraud and on-line gambling?**

**(28) Are there rules regarding the control, standardisation and certification of gambling equipment, random generators or other software in your Member State?**

Yes - these are encapsulated in a set of regulations and define in broad terms the requirements that all gambling systems must meet. Predominantly, systems must (1) produce fair outcomes (2) protect player informations and (3) not contain defects which can be exploited by players or operators to provide unfair advantage.

The regulations also set parameters for the retention of data.

The regulations can be found at this link

:<http://www.gov.im/lib/docs/gambling/Regulations/onlinegamblingsystemverification.pdf>

**(29) What, in your opinion, are the best practices to prevent various types of fraud (by operators against players, players against operators and players against players) and to assist complaint procedures?**

The regulations contained within the Isle of Man's online gambling legislation contain specific requirements that are designed to set standards and parameters for operators to ensure that players obtain a fair deal.

These regulations fall into two categories - (1) those which require the operator to make it clear to players how certain gambling parameters (such as the RTP or return-to-player ratio which determines what percentage of stake must be returned to players as prizes) are set.(2) and those which set specific standards, such as the requirement to ensure random number generators are fair and consistent.

The implementation of international standards of AML/CFT is essential.

The provision of specific guidance to assist operators in understanding their obligations is helpful.

Money Laundering Reporting Officers (MLROs) must be experienced and have unfettered access to the board of directors.

The AML/CFT procedures must be in the staff handbook, must be periodically refreshed and site visits must validate on a dip-sample basis that staff understand AML issues and how to deal with them or escalate them for processing and reporting.

An operator forum where operators can discuss recent experiences of attempted fraud is also useful as it provides a mechanism to become aware of and intercept coordinated criminal activity before it becomes successful.

**(30) As regards sports betting and outcome fixing - what national regulations are imposed on on-line gambling operators and persons involved in sport events/games to address these issues, in particular to prevent 'conflicts of interest'? Are you aware of any available data or studies relating to the magnitude of this problem?**

Operators are expected to cooperate with the authorities when asked to provide information that can assist with investigations. It is important that the authorities have the correct gateways in their law to allow the information to be requested.

**(31) What issues should in your view be addressed in priority?**

Sports governing bodies are crucial in the interception and elimination of corrupt practices in sport and the Isle of Man believes that greater cooperation and formal information exchange between operators, regulators and sporting bodies will be crucial to combating this problem specifically.

**(32) What risks are there that a (on-line) sports betting operator, which has entered into a sponsorship agreement with a sports club or an association, will seek to influence the outcome of a sports event directly or indirectly for profitable gain?**

Virtually none. It threatens their ability to hold a gambling licence and the chief benefit of sponsoring an athlete or a team is publicity.

**(33) What concrete cases are there that have demonstrated how on-line gambling could be used for money laundering purposes?**

**(34) Which micro-payments systems require specific regulatory control in view of their use for on-line gambling services?**

Pre-paid credit- and cash-cards offer a mechanism to launder money from petty crime so need to be controlled. We currently exclude pre-paid cards as a mechanism for funding a gambling account unless we can identify a credible know-your-customer process to create an audit trail and verify the person using the card.

**(35) Do you have experience and/or evidence of best practice to detect and prevent money laundering?**

The effectiveness of the Isle of Man's AML/CFT regime is one of the most important determinants of the Island's reputation as a responsible and well-regulated jurisdiction. Therefore the Island takes its AML/CFT responsibilities very seriously.

The Isle of Man's legislative framework for anti-money laundering and countering the financing of terrorism has been in place and effective since 1990. This legislation is regularly updated to deal with new threats that have emerged and international standards as they are

revised. The Isle of Man legislative framework for anti-money laundering and countering the financing of terrorism ("AML/CFT") has been in place and effective since 1990. This legislation has been regularly updated to deal with new threats that have emerged. New legislation has strengthened the Isle of Man's defences against all crimes money laundering and international terrorism, for example, the Criminal Justice (Money Laundering Offences) Act 1998 which amended the Criminal Justice Act 1990, the Proceeds of Crime Act, the Anti-Terrorism and Crime Act 2003 and the Terrorism (Finance) Act 2009."

In addition to the prevailing codes for all business conducted in the Isle of Man, the GSC makes available specific AML/CFT and TF codes for the gambling industry. The AML code that applies to the online gambling industry licensed in the Isle of Man can be found here: <http://www.gov.im/lib/docs/gambling//proceedsofcrimemoneylaundering.pdf>.

**(36) Is there evidence to demonstrate that the risk of money laundering through on-line gambling is particularly high in the context of such operations set up on social web-sites?**

**(37) Are national e-commerce transparency requirements enforced to allow for illegally operated services to be tracked and closed? How do you assess this situation?**

**Other comments on issues raised in section 2.3.2**

2.3.3. Financing of benevolent and public interest activities as well as events on which on-line sports betting relies

**(38) Are there other gambling revenue channeling schemes than those described in the Green Paper for the public interest activities at national or EU level?**

see answer in para 3, section 20.

Also, note that a number of gambling operators create foundations and charities to specifically offer re-investment in those areas from whose activities they benefit. For example, a sportsbook operator may set up a charitable initiative designed to help the disabled access sport or may fund the purchase and operation of a sports academy for up-and-coming athletes.

**(39) Is there a specific mechanism, such as a Fund, for redistributing revenue from public and commercial on-line gambling services to the benefit of society?**

Apart from the problem gambling fund (see 20) which levies funds from operators and redistributes it to organisations dedicated to assisting with problem gambling issues, the Isle of Man currently has no dedicated mechanism as described in the question.

The Isle of Man historically operated a national lottery which redistributed funds to good causes but this lottery was discontinued with the advent of the UK national lottery being made available to Manx citizens - this underlines the importance of maintaining liquidity (player numbers) in a gambling market.

**(40) Are funds returned or re-attributed to prevention and treatment of gambling addiction?**

The Isle of Man has a mandatory levy on its online operators and the money that is collected each year is distributed between the provision of a local service for gambling addiction and to the authorities of other nations whose efforts are designed to research problem gambling or treat its victims.

**(41) What are the proportions of on-line gambling revenues from sports betting that are redirected back into sports at national level?**

**(42) Do all sports disciplines benefit from on-line gambling exploitation rights in a similar manner to horse-racing and, if so, are those rights exploited?**

No - though there has been a long-established dialogue between the sporting bodies and the gambling industry to establish an intellectual property value for each sport and to discuss ways that the gambling industry could pay for that. We see no obvious resolution of this discussion in the short term.

**(43) Do on-line gambling exploitation rights that are exclusively dedicated to ensuring integrity exist?**

**(44) Is there evidence to suggest that the cross-border "free-riding" risk noted in the Green Paper for on-line gambling services is reducing revenues to national public interest activities that depend on channelling of gambling revenues?**

**(45) Do there exist transparency obligations that allow for gamblers to be made aware of whether and how much gambling service providers are channelling revenues back into public interest activities?**

**Other comments on issues raised in section 2.3.3**

2.4. Enforcement and related matters

**(46) Which form of regulatory body exists in your Member State and what are its competences, its scope of action across the on-line gambling services as defined in the Green Paper?**

The Isle of Man is not a member state.

The Isle of Man has had a gambling regulator since 1962. The regulator has operated under the arm of the Department of Home Affairs as well as the Treasury. Recently, the regulator become an independant body.

Isle of Man law (The Gambling Supervision Act 2010) now appoints a statutory board called the Isle of Man Gambling Supervision Commission to oversee all gambling activity in the Isle of Man. An Isle of Man statutory board is a politically independant organisation.

A Commission of 5 people drawn from Isle of Man society and chaired by a Manx Advocate sit to determine the outcome of applications, disciplinary hearings and so forth. The Commission has three over-arching functions which are: (1) To protect the young and vulnerable from the harmful effects of gambling; (2) To exclude crime from gambling and (3) To ensure that all gambling is fair.

An inspectorate is appointed by them and assists with the necessary administration. The inspectorate issues guidance to prospective online operators describing the exacting requirements for operating in the Isle of Man. The inspectorate deals with player complaints - these typically manifest when a player and an operator are unable to agree the resolution to a grievence between themselves.

This inspectorate also conducts a rolling programme of checks to ensure that operators maintain compliance with regulations. The compliance programme consists of a layered approach and includes (1) A number of site visits in the lifetime of the licence; (2) Quarterly returns on the player protection fund, the financial health of the operator and key notifiable events (3) Cross-portfolio checks which operate the same check across all of the licensees simultaneously and which detect risks and anomalies before they can manifest into problems; (4) Relationship managements checks which are conducted weekly by the inspector assigned to the operator and which monitor the sites for changes; (5) Refreshment of the testing certificates that operators must maintain in respect of the games they offer the public and (6) Internet sweeps which are designed to detect adverse comments on licensees' conduct as well as unauthorised use of the Isle of Man's accreditation.

**(47) Is there a national register of licensed operators of gambling services? If so, is it publicly accessible? Who is responsible for keeping it up to date?**

The GSC's website details all licence holders. This public register allows players to check whether a website is regulated by us or not.

**(48) Which forms of cross-border administrative cooperation are you aware of in the domain of gambling and which specific issues are covered?**

The GSC periodically engages in cooperation - both formal and informal - with its counterparts in the UK, Europe and UK white-listed countries.

This cooperation consists of (1) assistance with the acquisition of evidence in criminal investigations;(2) the sharing of information on the fitness of key staff that have been assessed by the inspectorate and (3) the notification of operators of developments in law (including European law) as they become available from fellow regulators.

The Isle of Man attends the annual Gambling Regulators' European Forum (GREF) which discusses a very broad range of issues and which operates a number of working groups to study issues in detail such as social responsibility and technical aspects.

The Isle of Man has also indicated that it is very comfortable discussing bilateral agreements with any European state in order to strengthen ties and make the exchange of information on criminal activity, problem gambling and licensing particulars easier.

**(49) Are you aware of enhanced cooperation, educational programmes or early warning systems as described in the Green Paper that are aimed at strengthening integrity in sport and/or increase awareness among other stakeholders?**

**(50) Are any of the methods mentioned in the Green Paper, or any other technical means, applied at national level to limit access to on-line gambling services or to restrict payment services? Are you aware of any cross-border initiative(s) aimed at enforcing such methods? How do you assess their effectiveness in the field of on-line gambling?**

**(51) What are your views on the relative merits [in terms of suitability and efficiency] of the methods mentioned in the Green Paper as well as any other technical means to limit access to gambling services or payment services?**

We believe that payment blocking creates unwanted complexity for the banking institutions - particularly where it creates a liability on them for failure.

We believe internet blocking and black-listing is technically difficult to make effective - it is either too liberal and easily circumvented by players or it is too harsh and accidentally harms non-gambling business (which can lead to court action for damages). We also note a strong European tradition in favour of freedom of speech and access to information and internet blocking can appear to be the beginning of censorship.

We believe that stronger cooperation between member states (as well as between member states and countries hosting gambling operators) is the key to effective border patrol.

**Other comments on issues raised in section 2.4**

**Other comments on issues raised in the Green Paper**

The Isle of Man strongly supports any initiatives which are likely create common standards of consumer protection.

Online gambling continues to grow as a social and economic phenomena and raises important regulatory issues. We believe that unregulated operations are inherently dangerous to consumers but that regulation must be effective in order to protect consumers and in order to be effective must not impose such burdens upon those companies seeking to operate responsibly that it inadvertently stimulates the growth of a market for unregulated operators.

The Isle of Man has excellent experience in the regulation of online gambling as well as extensive legislation to cover each aspect of the industry, and would of course welcome the opportunity to explore issues with European colleagues as they move forward with this consultation.