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The Commission is consulting on five sets of proposed changes to the regulatory framework following on from the Government's Gambling Review. The government's white paper sets out the policy intent and evidence on which these changes to the regulatory framework are based. This was informed by significant engagement, and a call for evidence, and indeed their Advice to Government.

Section 1 – Socially responsible incentives

Incentives Issue 1: Wagering requirements

The evidence shows that high levels of wagering requirements attached to bonuses leads to higher intensity of gambling activity, and adds complexity to offers, which in turn increases the risk of excessive gambling and risk of harm. Therefore, the Commission is consulting on two alternative proposals to address this issue, which are:

a) A proposal to ban wagering requirements applied to all bonus funds in promotional offers, or
b) A proposal to set a cap on wagering requirements to all bonus funds applied to promotional offers.

Q11-Q17: This section has no impact on lotteries and the Council does not intend to respond.

Incentives Issue 2: Mixing of products within incentives

Some promotional offers are structured to combine different product types, primarily for new customer sign up offers. This typically involves gambling licensees providing a combination of free bets and free casino spins. There is evidence to show that these can be problematic because they can lead to consumer confusion and likelihood of experiencing harm. The Commission is therefore consulting on introducing a ban on the mixing of product types (e.g. betting, bingo, casino, and lotteries) within promotional offers, for new and existing customers.

It is proposed that SR Code is revised to include the following wording: "Licensees must not … include more than one type of gambling product (betting, casino, bingo, and lottery) within the incentive."

Questions:

Q18: To what extent do you agree with the proposal to ban the mixing of more than one type of gambling product within an incentive? Agree

Please give your reasons, including any evidence, for your answer. Given the intention is to avoid the mixing of more than one type of gambling product within an incentive, care should be taken to avoid inadvertently prohibiting the offering of non-gambling products within an incentive, eg skill-based games and/or free prize draws where there is no paid-for entry route into such a draw. The proposed amended wording of LCCP 5.1.1 appears to achieve this aim, as it says licensees must not "*Include more than one type of gambling product (betting, casino, bingo, and lottery) within the incentive.*"

Q19: Do you have any comments about implementation issues, timelines and practicalities? No

Q20: Please provide an estimate, including any evidence, of the direct costs associated with implementing this proposal. N/A

Incentives Issue 3: Changes to drafting and structure of LCCP to make the structure and wording clearer

LCCP Social Responsibility Code 5.1 (Rewards and Bonuses) sets out rules to ensure incentives are constructed in a socially responsible manner. However, based on compliance engagement and casework, it has become apparent that the structure and wording of aspects of this provision are not clear as they ought to be. Therefore, the Commission is consulting on a new

structure and wording to make it explicit that incentives should be constructed in a manner that does not lead to excessive or harmful gambling.

Proposed amended wording of LCCP Social Responsibility Code 5.1.1 Rewards and Bonuses

Applies to: All licences (including ancillary remote licences), except gaming machine technical and software licences

Underlining shows new or amended text

1 The following applies where a licensee makes available to any customer, or potential customer, any incentive or reward scheme or other arrangement under which the customer may receive money, goods, services or any other advantage (including the discharge in whole or in part of any liability of his) ('the benefit').

2 Licensees must:

- a Set out terms and conditions, in relation to the incentive, which are clear, transparent, and fair and readily accessible to the customers or potential customers to whom it is offered.
- b Ensure the design and structure of the incentive does not lead to excessive intensity of gambling which may risk customers experiencing harms associated with gambling.

3 Licensees must not:

- a
  - i apply wagering requirements to incentives, which require customers to play through bonus funds. A wagering requirement is a where a consumer is required to make wagers totalling a particular value for funds to become withdrawable. Or
  - ii apply wagering requirements, which require customers to play through bonus funds, over a maximum of [1] [5] [10] times. A wagering requirement is a where a consumer is required to make wagers totalling a particular value for funds to become withdrawable.
- b Include more than one type of gambling product (betting, casino, bingo, and lottery) within the incentive.
- c Alter or increase the receipt or the value, or amount of the incentive if the qualifying activity or spend is reached within a shorter time than the whole period over which the benefit is offered.
- d Construct incentives where, if the benefit comprises of free or subsidised travel or accommodation which encourages the customer's attendance at a particular licensed premises, it is offered on terms that directly relate to the level of the customer's prospective gambling.

4 If a licensee makes available incentives or reward schemes for customers, designated by the licensee as 'high value, 'VIP' or equivalent, they must be offered in a manner which is consistent with the licensing objectives.

5 Licensees must take into account the Commission's guidance on high value customer incentives.

Q21-Q25: This section does not appear to have any impact on lotteries and the Council does not intend to respond.

Section 2 – Customer-led tools

The Commission has been exploring the role of customer-led tools as part of its wider work on online protections, including considering how easy it is to set and keep meaningful account limits. It is consulting on proposed changes to the Remote Gambling and Software Technical Standards (RTS) to make sure that consumers who want to make use of pre-commitment tools such as deposit limits can do so easily, in ways that work for them and with the minimum of friction.

Some changes are proposed to RTS 12 – Financial Limits. These continue to "all online gambling, except subscription lotteries". The proposed new standard is reproduced below:

Regulatory framework	Remote Gambling and Software Technical provisions (RTS) RTS 12 – Financial limits

Applies to	All gambling - except subscription lotteries
Proposed requirement/wording	

RTS aim 12

To provide all customers with facilities to apply financial limits to their accounts to enable them to set and maintain a gambling budget that is suitable for their personal circumstances.

RTS requirement 12A

The gambling system must provide easily accessible facilities for customers to set their own financial limits at any time from the point of registration.

Customers must be prompted to set a limit as part of the registration process (or at the point at which the customer makes the first deposit or payment).

For telephone gambling (except lotteries): customers must be prompted to set a deposit or spend limit when they register. Customers must be able to request a limit at any point after registration. The limit must be implemented as soon as practicable after the customer's request. The customer must be informed when the limit will come into force.

For other access media (including internet, interactive TV and mobile): customers must be prompted to set a financial limit as part of the registration or first deposit process.

RTS requirement 12B

For access media (including internet, interactive TV and mobile): customers must be presented with a 'free text' box to set a limit.

As a minimum, limits must be applied at the account level.

As a minimum, the gambling system must offer deposit limits - where the amount a customer deposits into their account is limited over a particular duration.

The period/duration of the limits on offer must include:

i. 24 hours and
ii. 7 days and
iii. one month

Where a customer sets simultaneous time frames, for example a daily deposit limit and a weekly limit, the lowest limit must always apply. Therefore if a daily deposit limit of £10 and a weekly limit of £100 are both set then the maximum the system must allow to be deposited is £10 per day and £70 per week.

The gambling system must prevent a customer from further gambling activity once a limit is reached, until the defined period of the limit restarts or the customer takes action to increase the limit.

RTS implementation guidance 12B

a. In addition to account-level limits, limits could be implemented across individual products or channels. Where operators offer the facility to set limits for individual products or channels it should be made clear to customers using the facility whether

those limits apply at the at the account or product/channel level. For example, where a limit has been set for a specific game a customer should not be misled into assuming that the limit automatically applies to other products.

b. Where a customer is identified as holding multiple accounts operators should determine whether the customer wants to apply limits across each account.
c. In order to maximise consumer choice, operators could also offer:
    i. spend limits: where the amount a customer spends on gambling (or specific gambling products) is restricted for the period/duration of the limit applied and/or
    ii. loss limits: where the amount lost is restricted, i.e. winnings subtracted from the amount spent for the period/duration of the limit applied.
d. Where a customer sets simultaneous time frames, operators should communicate how the interaction between those limits works.
e. Operators could provide links to tools or resources to inform budgeting and aid customers in determining appropriate limits for their personal circumstances.

RTS requirement 12C

Financial limit facilities must be provided via a link on the homepage and be clearly visible and accessible.

Facilities must be clearly visible and accessible on deposit pages/screens or via a link on these pages or screens.

The gambling system must minimise the number of clicks or pages customers make in order to access financial limit facilities.

RTS implementation guidance 12C

Links to limit-setting facilities from communications such as emails or notifications should deep link to the facilities and not via a home page or other intermediate page(s), unless required by account log in security settings.

RTS requirement 12D

Customer-led limits must only be increased at the customer's request, only after a cooling-off period of 24 hours has elapsed and only once the customer has taken positive action at the end of the cooling off period to confirm their request.

Unless systems/technical failures prevent it, customer-led reductions to limits must be implemented immediately.

The gambling system must provide a periodic summary about the account's gambling spend and prompt the customer to review their financial limits, in the form of an activity statement. This must be provided at a minimum of six-month intervals for accounts with activity within a rolling 12-month period.

Customers must be provided with facilities to set more frequent reminders to receive this statement and review their limits.

This statement must include information about current balances and previous gambling and account transactions, as required under RTS 1 – Customer account information.

RTS implementation guidance 12D

a. In the event of systems or technical failure not facilitating an automated and/or immediate reduction in limits, the customer should be informed when the limit reduction will take effect.
b. The gambling system should provide an alert to customers prior to reaching their limits.
c. In addition, operators should provide activity statements and prompt a review of limits at other key appropriate points in the customer journey. This could include:
    i. After an initial period from new account opening
    ii. In response to other account activity, such as following a significant win.
d. Operators should consider the optimum ways to share activity statements with customers in order to maximise engagement. This could include direct mail, in-app or on-site notifications or other forms of communication.

e. Operators should monitor engagement and interaction with activity statements, in order to inform good design and best practice.

[SUBJECT TO CONSULTATION, WE PROPOSE IMPLEMENTING ONE OF THE FOLLOWING OPTIONS]

Option 1

RTS requirement 12E

Setting a financial limit must be presented as the default choice, and customers must take action to decline setting a limit. The gambling system should prompt customers without limits set to review this position on an annual basis.

The gambling system must receive confirmation that the customer does not wish to set a limit before moving on to deposit/gamble.

RTS implementation guidance 12E

Customers who choose to opt out of setting a limit should be signposted to tools and resources such as budgeting tools.

OR

Option 2

RTS requirement 12E

The gambling system must require all new accounts to have a customer-set financial limit applied and maintained from registration or first deposit. The gambling system should prompt customers without limits set to review this position on an annual basis.

The gambling system must receive confirmation that the customer does not wish to set a limit.

RTS implementation guidance 12E

Existing customers who choose not to set a limit should be signposted to tools and resources such as budgeting tools.

RTS12A

Q26: To what extent do you agree with the proposal that offering facilities to set limits should be a requirement rather than implementation guidance? Strongly disagree

Please give your reasons: As currently proposed, the amended RTS12 will apply to all lotteries except subscription lotteries. In the view of the Council, this exclusion does not go far enough as the proposals are aimed firmly at the non-lottery sectors and fundamentally misunderstand the nature of lotteries.

The Council has no issue with this proposal applying to high-frequency lotteries (as defined in SR Code 3.4.3 of the LCCP), including instant win and scratch card games. These lotteries operate with a customer "wallet" and that customer chooses which lotteries to enter.

However, the current drafting would have it apply to all non-subscription lotteries including those that are not high-frequency. Therefore, any operator offering customers the opportunity to purchase tickets on a one-off basis, rather than as a subscription, will be caught by this proposal, which cannot be the intent. These customers have no "wallet" and cannot choose which games to play. The Council suggests that the "applies to" box should be amended to read "All gambling except lotteries, other than high-frequency lotteries".

RTS12B

Q27: To what extent do you agree with the proposal that for access media (such as interactive TV) limits must only be offered to consumers using free text? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal.

Q28: To what extent do you agree with the proposal that implementation guidance states that operators could provide links to tools or resources to support limit-setting as part of the process? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal.

Q29: To what extent do you agree with the proposal that limits must be applied at the account level? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal.

Q30: To what extent do you agree with the proposal that gambling licensees can also continue to offer financial limits at the product or channel level in addition to account level limits? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy for financial limits to continue to be offered at the product or channel level for high-frequency lotteries.

Q31: To what extent do you agree with the proposal that gambling licensees should clearly communicate to customers how product/channel limits work? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q32: To what extent do you agree with the proposal that the gambling licensees should determine whether customers holding multiple accounts wish to apply limits across all accounts held? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q33: To what extent do you agree with the proposal that gambling licensees should inform customers about how limits set across simultaneous timeframes work, when a customer chooses to set multiple limits? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q34: To what extent do you agree with the proposal that the gambling system must offer deposit limits as a minimum? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q35: To what extent do you agree with the proposal that the gambling licensees should continue to have the option to offer spend and/or loss limits, in order to maximise consumer choice? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q36: To what extent do you agree with the proposed definition of spend limits as a tool "where the amount a customer spends on gambling (or specific gambling products) is restricted for the period/duration of the limit applied", for the purpose of RTS 12 – Financial limits? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q37: To what extent do you agree with the proposed definition of loss limits as a tool "where the amount lost is restricted, i.e. winnings subtracted from the amount spent for the period/duration of the limit applied", for the purpose of RTS 12 – Financial limits? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

RTS12C

Q38: To what extent do you agree with the proposal that financial limit facilities must be provided via link on the homepage and clearly visible and accessible? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q39: To what extent do you agree with the proposal that financial limit facilities must be provided on or via link on deposit pages/screens and clearly visible and accessible? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q40: To what extent do you agree with the proposal that links to limit setting facilities from communications should link directly to the facilities unless security settings require an intermediate log in? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

RTS12D

Q41: To what extent do you agree with amended wording in relation to controls around actioning customers' requests to increase limits? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q42: To what extent do you agree with the proposal that customer-led reductions in limits must be implemented immediately? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q43: To what extent do you agree with the revised wording of the implementation guidance, specifically to inform customers when the limit reduction will take effect, if not automated or due to technical issues? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q44: To what extent do you agree with the proposed implementation guidance that gambling licensees should alert customers when they are approaching their limits? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q45: Do you have any evidence to offer regarding the optimum point when approaching a limit that a customer should receive an alert? No

Q46: To what extent do you agree with the new requirement for operators to provide activity statements to customers, including information currently required to be made available under RTS 1 – Customer account information? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For

the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q47: To what extent do you agree with the new requirement for this information to be provided every six months for accounts with activity within a rolling 12 month period? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q48: To what extent do you agree with the new requirement for operators to provide facilities for customers to set the frequency of reminders? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q49: To what extent do you agree with the new implementation guidance that operators should also provide activity statements to prompt a review of limits at additional appropriate points in the customer journey? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q50: To what extent do you agree with the new implementation guidance that operators should consider ways to share activity statements with customers in order to maximise engagement? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

Q51: To what extent do you agree with the new implementation guidance that operators should monitor engagement and interaction with activity statements to inform good design and best practice? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this proposal as long as it only applies to high-frequency lotteries.

RTS12E

Q52: To what extent do you agree with the implementation option 1 – presentation of customer-led tools as the default option? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. In any case, both of the 2 options presented appear to be badly thought through. Having a

regulatory condition, as proposed by option 1, to prompt customers to seek tools for gambling harm is not a good risk management strategy or a regulatory requirement.

Q53: Please add any further comments:

Q54: To what extent do you agree with the implementation option 2 – presentation of customer-led tools as required to participate? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For high-frequency lotteries, option 2 appears to be the lesser of 2 evils but neither are very satisfactory.

Q55: Please add any further comments:

Q56: If you have a clear preference for implementation option 1 or 2, please indicate: Only in the context of high-frequency lotteries, the Council has a marginal preference for option 2. As indicated previously, all lotteries that are not high-frequency should be excluded.

Please give us your views:

RTS aim 12

Q57: To what extent do you agree with the proposed new wording of the RTS 12 aim, to reflect the detailed changes set out in this section of the consultation? Strongly disagree

Please give us your views: For the same reasons given in response to Q26, the Council suggests that all lotteries, other than high-frequency lotteries, should be excluded from this proposal. For the avoidance of doubt, the Council is happy with this new wording as long as it only applies to high-frequency lotteries.

Q58-59: Not answered

Cross-operator deposit limits

Q60: Do you have any evidence of the effectiveness of cross-operator deposit limits in reducing gambling harm? This is not applicable to the lottery sector

Q61: How do you think cross-operator deposit limits could work in the future, within the context of our regulatory framework? This is not applicable to the lottery sector

Q62: Do you have anything further you wish to add about cross-operator deposit limits? No

Artificial barriers to consumer choice

Q63: Do you have examples or evidence of situations where the architecture and design of gambling facilities creates an imbalance in the gambling licensees' favour and drives consumer behaviour which may not be in their best interests? No

Q64-66: Not answered

Section 3 – Improved transparency on customer funds in the event of insolvency

The Commission wants to ensure it is clear to consumers throughout their relationship with a gambling licensee with a 'not protected' rating that their funds are not protected. We want to improve transparency for customers of these gambling businesses and we therefore propose a new requirement be added to the existing LCCP provision. This is that gambling businesses should remind customers that their funds are not protected. There are two policy options on how to achieve and implement this.

Option A – reminder to customers when value of funds reaches a threshold amount

- When the customer's funds reach a threshold amount (value to be determined), the gambling licensee, within 24 hours of completion of the gambling session, must send information in writing to the customer to remind them that their funds are not protected.
- The reminder must set out the amount that the gambling licensee holds for that customer, and state that the funds would not be protected in the event of insolvency.
- It would be up to the gambling licensee to determine the appropriate channel for this information (e.g. through using a pop-up message on its website, sending an email etc).
- The gambling licensee must then require the customer to acknowledge the reminder to enable the customer to continue to use the funds for gambling.

A number of options for a suitable are being considered: £100, £250, £500 and £1,000.

It is proposed that a new condition be inserted into Licence Condition 4.2.1 Disclosure to Customers:

Where the licensee has selected a 'not protected' rating (as set out in the rating system specified by the Commission), it must remind the customer that their funds are not protected in the event of insolvency when the value of the customer's funds reaches a threshold amount (to be specified from time to time by the Commission[**]). The licensee must send the reminder to the customer on each occasion of the customer reaching the threshold, unless a reminder has already been sent in the preceding six-month period. The reminder, which must refer to the value of funds held for the customer, must be provided in writing to the customer within 24 hours of a completed gambling session, in a manner which requires the customer to acknowledge receipt of the information and does not permit the customer to utilise the funds for gambling until they have done so. [** The threshold will be added to existing gambling licensee guidance published on the Commission's website]

Option B – reminder sent to all customers irrespective of the value of funds held

An alternative option would be for gambling licensees with a 'not protected' rating to send to all customers, regardless of amount held, a reminder once every six months that money held on their behalf is not protected.

It is proposed that a new condition be inserted into Licence Condition 4.2.1 Disclosure to Customers:

Where the licensee has selected a 'not protected' rating (as set out in the rating system specified by the Commission), it must remind the customer, once every six months, that their funds are not protected in the event of insolvency. The reminder must refer to the value of funds held for the customer. The licensee must require the customer to acknowledge receipt of the information and must not permit the customer to utilise the funds for gambling until they have done so.

Consultation questions:

Q67: To what extent do you agree with the Commission's proposal to add a specific requirement to the LCCP, which requires gambling licensees with a 'not protected' rating to remind its customers that their funds are not protected in the event of insolvency? Strongly disagree

Please give your reasons for your answer. In the case of high-risk gambling, the proposal has a clear place and purpose where a predetermined value is actually held on account as this would be in the interest of the customer. However, that is not how the majority of lotteries operate. Leaving aside high-frequency lotteries (as defined by SR Code 3.4.3) including instant win and scratch card games, remote lotteries operate either on a subscription basis or one-off purchases of tickets. In either case, the money is paid to the operator (generally by direct debit in the case of subscription lotteries) and then allocated by the operator to a draw. Once the money is paid, the customer has no control over it. Yet the definition of "customer funds" (clearly aimed at other forms of gambling) makes no reference to lotteries. Similarly, the term "gambling session" is not defined in relation to these lotteries.

In terms of society lotteries these concepts are redundant, as are many others within this proposal. Most society lotteries have an average of 1.3 lines/ weekly draw at £1 per play and the payment method is Direct Debit (£4.34 per month for one entry per week, £8.38 for 2 entries per week). The administration of sending reminders at predetermined intervals would be of no benefit or interest to the customer as, realistically at any time, the supporter is likely to have between £0 and £4/5 on account with the operator (this is also dependent on the allocation of funds to draws as some operators allocate on receipt, meaning they don't hold any customer funds, and others allocate to draws on a weekly rolling basis). Repeat reminders may even result in supporters feeling spammed and ultimately lead to lower support for the good cause. Supporters of society lotteries take part primarily to support good causes and they don't take kindly to unnecessary expense – they want to see as much of their money going to the good cause as possible. The extra cost of communicating with every supporter to administer this for no real benefit to anyone only results in lower percentages of proceeds going to the good cause as these extra costs would have to be funded from the proceeds.

There could also be a knock-on effect of over-emailing customers in that important messages, such as those on customer harm, will no longer have any impact. The Commission's consultation on remote customer interactions (closed 23 January 2023) stated, *"Messages that get customers to think and make their own decisions based on the information they are given can be more effective than messages that seem to be 'nagging'. Research (Auer and Griffiths 2015) also shows that personalising feedback can also improve the impact it has on customers."*

The only sensible manner in which to implement a regulation to this effect would need to be a trigger point based on a monetary amount, and realistically society lotteries, other than high-

frequency lotteries, will never hold large amounts for their supporters, and therefore should be exempt from this requirement.

Q68: If the proposal were to be adopted, which option do you prefer? Option A

Option A - reminder to customers when value of funds reaches a threshold amount

Option B - reminder sent to all customers irrespective of the value of funds held

Please give reasons for your answer. See the reasons given in response to Q67 above. The Council suggests that lotteries should be exempted from these proposals altogether. If this suggestion is not taken up, option A is preferable with the threshold set at sufficiently high level to avoid the potential issues outlined in the response to Q67.

Q69: Question relating to option A only: To what extent do you agree with the Commission's proposal to make this subject to a threshold amount for the value of funds held which the customer must reach before the gambling licensee must send the reminder? Agree

Please give your reasons for your answer. As stated previously, the Council believes that lotteries should be exempted from these requirements. Of two unfavourable options, a threshold would be preferable.

Q70: Question relating to option A only: If a threshold amount were to be applied, please indicate which of the suggested values you consider to be appropriate: £500

£100 £250 £500 £1,000

Please give your reasons for your answer below and details of any relevant evidence to support this. The level needs to be set at a high enough level to eliminate large numbers of emails being sent out about small sums kept only for a short time.

Q71: To what extent do you agree with the Commission's proposal to ensure gambling licensees send a reminder to consumers no more than once every six months that their funds are not protected when the value reaches the threshold amount? Strongly disagree

Please give your reasons for your answer and details of any relevant evidence to support this. Lottery players do not see themselves as "gamblers" – they see their lottery ticket as a means of supporting a charity. By forcing charities to tell their supporters that those "donations" are not protect in the event of the charity's insolvency would cause confusion to the player and reputational damage to the charity. As the funds sit outside of their control, this proposal is redundant.

Q72: To what extent do you agree with the Commission's proposal to require gambling licensees to ensure customers acknowledge a reminder before being permitted to gamble? Strongly disagree

Please give your reasons for your answer. Lottery players do not tend to respond to emails of this nature. Requiring them to respond before being entered into subsequent draws is likely to lead to loss of players and a reduction in sums raised for good causes. This proposal would force charities to send out emails and letters to dedicated supporters at considerable cost, and then manage the responses from players that acknowledge the communication. As stated, there would be a large proportion of customers who would not respond to these emails or letters, which would incur additional costs and administration of sending out reminders and

follow-ups, resulting in more money being spent on administration work rather than going directly to the good cause.

This proposal makes for unnecessary friction in a player journey, added cost of administration, inconvenience to lottery supporters and exempting lotteries in the way suggested doesn't risk any of the Commission's 3 licensing objectives in any way.

Q73: Do you have any comments about the application of this requirement to non-remote gambling licensees and/or the likely scale of impact? The Commission has not made any proposals in respect of non-remote licensees so it is difficult to comment. Were the same proposals to apply, the same thresholds should also apply.

Q74: Do you have any comments about implementation issues, timelines and practicalities? Implementation of this proposal would not be simple for most society lotteries. It would mean establishing a direct mail and email campaign to all supporters of the lottery, repeated every six months. The cost of this, and the potential reputational damage to the charities will significantly funds available for good causes.

Q75-76: Not answered

Section 4 – Changes to the frequency of regulatory returns submissions

Regulatory returns submissions from gambling licensees are a vital source of information for us, government and the public, providing an understanding of the size and shape of the gambling market in Great Britain. Some gambling licensees send annual submissions, whilst others submit them quarterly. The Commission is consulting on a change to the LCCP so that all regulatory returns would have to be submitted quarterly. This would provide a timelier and more accurate picture of the gambling sector.

Q79: To what extent do you agree or disagree with the proposed change to regulatory return submissions from annual to quarterly? Strongly disagree

Please give your reasons for your answer. While the consultation suggests the move form annual to quarterly will result in improved forecasting, this will result in an increased administrative burden for operators presently submitting annually. At present, only casino and remote casino/betting/bingo appear to be submitting quarterly returns. Rather than moving the whole gambling industry over to quarterly returns, perhaps consideration could be given to a more proportionate and risk-based approach, where higher risk sectors move to quarterly, and low risk sectors such as lotteries remain only needing to submit annually.

Q80: Do you have any comments about implementation issues, timelines, and practicalities? An increased administrative burden will result in increased costs which, in turn, will result in less money raised for good causes, the sole purpose of lotteries. It is difficult to see how the provision of "timelier" reports to the Commission can be deemed to be "costs reasonably incurred in organising the lottery" (GA2005 s254).

Q81: Please provide an estimate of the direct costs associated with implementing this proposal. Not possible to estimate across the lottery sector, but it is likely to have a significant impact on good causes.

Section 5 – Removing obsolete Commission requirements due to the government's upcoming statutory levy (LCCP RET list)

The government has recently published its consultation on a statutory levy on gambling licensees and once the statutory levy is brought into force, it will replace the current system for funding research, prevention and treatment (RET) where the amounts raised are voluntary. The requirement in the LCCP to make an annual financial contribution to one or more organisation providing RET will become obsolete and the Commission is consulting on removing it once a levy is introduced or at the beginning of the financial year in which a levy is introduced.

SR Code 3.1.1.2 is therefore proposed to be deleted.

Q85: To what extent do you agree with the proposed change to remove paragraph 2 of SR Code Provision 3.1.1? Strongly disagree

Please give your reasons for your answer: It's an unfair expectation to put this in this consultation when nobody knows what is going to happen following the DCMS consultation on the statutory levy. This question set should have been held for a future consultation when the path forward on the statutory levy is clear.

Q86: Can you foresee any issues related to the proposed timing for removing this SR Code Provision? The removal should only be considered once the outcome of the DCMS consultation is clearer.

Q87: Are there any additional issues related to the removal of this SR Code Provision, or other practical considerations that we should consider? Not other than already stated