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The new legal framework of the Italian remote gambling market

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Italy: the new legal framework of the remote gambling market

Background of the Italian gambling system

- ◆ The statutory reserve for gambling activities
- ◆ A restrictive approach
- ◆ Criminal penalties
- ◆ Recent rulings of the European Court of Justice:
 - Placanica (case C-388/04)
 - Commission vs. Italy (case C-260/04)

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The current Italian gambling system

- ◆ The control of a unique regulating authority :
l'Amministrazione Autonoma dei Monopoli di Stato (AAMS) part of the Ministry of Economy and Finances.
- ◆ Increase in gambling supply
- ◆ Multiplication of the distribution channels
- ◆ Progressive and regulated liberalization of the market

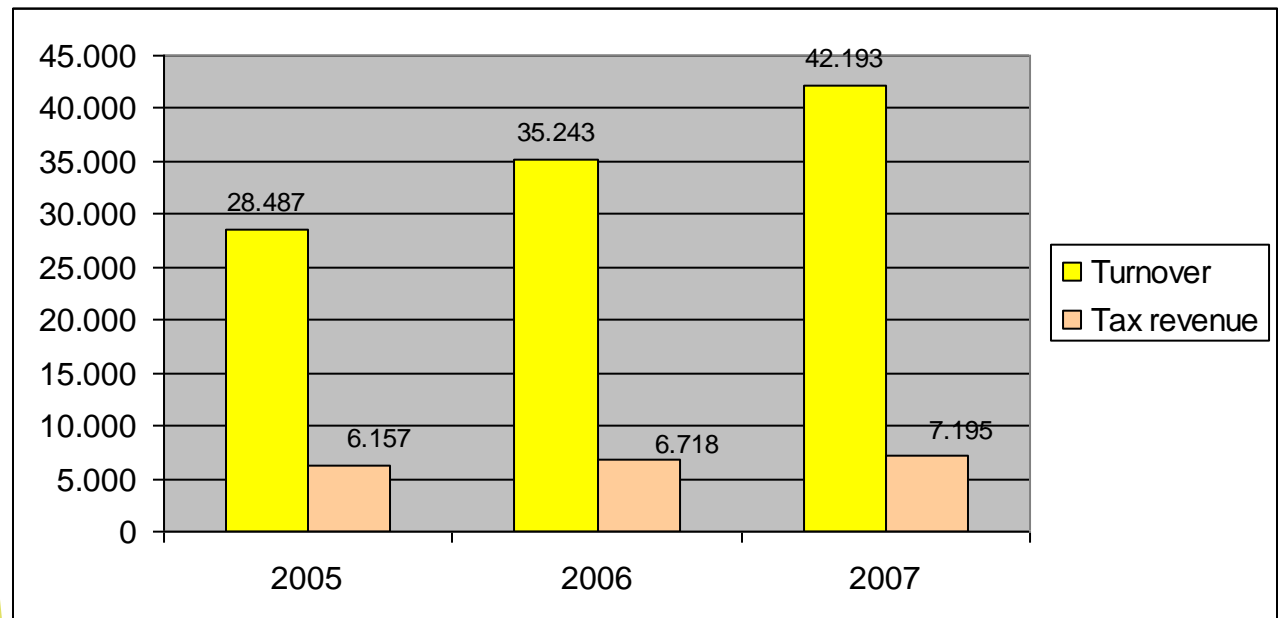
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The Italian gambling market. In 2007:

- ◆ Turnover amounted to 42.2 billions Euros
- ◆ State revenue deriving from gambling amounted to 7.2 billions Euros
- ◆ Winnings amounted to 29 billions Euros compared to 23 billions in 2006
- ◆ According to a recent survey from Nomisma, the average cost of an Italian family in gambling is of 5,50 Euros for an average winning of 3,50 Euros

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The growth of the Italian gambling market



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Measures concerning remote gambling

- ◆ Remote gambling:
Any method for collecting revenue from public gambling activities with remote participation via the Internet, digital television – terrestrial or satellite – or via fixed or mobile telephone.
- ◆ Internet blocking of illegal and irregular remote gambling websites
- ◆ A new regulatory framework

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Internet blocking of illegal and irregular remote gambling websites

- ◆ Budget Laws for 2006 and 2007
- ◆ The procedure:
 - AAMS listing to service providers
 - block remote access to operators, without a permit or concession, from offering on-line gambling
 - readdressing to AAMS notice webpage
- ◆ Sanctions to service providers

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The introduction of remote skill games

- ◆ Games in which the monetary winnings depends to a large extent on the skill of the players and are offered over the Internet, by interactive TV and by fixed and mobile phones
- ◆ 2 categories of remote sill games:
 - solo playing (“solitaire- style games”);
 - competition playing, (“tournament- style games”)
- ◆ Management of the concessionaries

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Draft Decree laying down compulsory requirements for the operation and collection of revenue from remote gambling

- ◆ Notification process in accordance with EC Directives 98/34 and 98/48 to the European Commission
- ◆ Definition of pending infringement procedures

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Compulsory requirements for the operation and collection of revenue from remote gambling

- ◆ Gambling activities subject to remote gambling operating concessions currently granted to one or more entities
- ◆ Application process:
 - gambling operator
 - other entities having the economic/financial and technical/organisational abilities required

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Compulsory requirements for the operation and collection of revenue from remote gambling

- ◆ Main requirements:
 - applicant's registered offices in a EU/EEA
 - server located in a EU/ EEA State
 - real time connection to the central system
 - minimum turnover
 - reduction of the one-off share in expenditure

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Compulsory requirements for the operation and collection of revenue from remote gambling

- ◆ Responsible gambling obligations:
 - prevent gambling to minors
 - information to the gambler
 - registration of users
 - drafting of the gambling account contract previously approved by AAMS
 - management and use of gambling account
 - gambling operations

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Conclusions

- ◆ A regulated and controlled growth of the gambling industry
- ◆ In line with the European perspective?
- ◆ Work in progress ...