

The way forward for a sustainable future of gambling services in Europe



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Italian gaming regulations and EU debate

Valérie Peano
Attorney-at-law at the Rome Bar

Italian gaming regulations: key elements

The current Italian gambling system

- ◆ A statutory reserve for gambling activities
- ◆ The control of a unique regulatory authority :
l'Amministrazione Autonoma dei Monopoli di Stato (AAMS) part of the Ministry of Economy and Finances.
- ◆ Progressive and regulated liberalisation of the domestic market
- ◆ Increase in gambling supply and distribution channels

Italian gaming regulations: key numbers

The Italian gambling market. In 2010:

- ◆ Total turnover amounted to 61 billions Euros (+12% in respect of 2009)
- ◆ Online turnover amounted to 4.8 billions Euros (+28,2% in respect of 2009) with 4.4 millions of gaming accounts (+51,4% in respect of 2009)
- ◆ State revenue deriving from gambling amounted to about 9,7 billions Euros (+10,2% in respect of 2009)

Source : Agipronews

Italian offline gaming developments

The launch of videolotteries in 2010

- ◆ Licensing: (i) current ten national operators already licensed to remotely connect the terrestrial network of AWP to the AAMS central database (ii) new applicants through a tender procedure addressed to national and EEA based bidders.
- ◆ VLTs numbers is topped up to the 14% of the requested AWP. It is compulsory to request and install at least 5,000 AWP.

The launch of videolotteries in 2010

- ◆ VLTs hosted in dedicated areas with a strict ratio between the maximum permitted number of machines and size of the facility itself.
- ◆ The maximum cost of an individual VLT game is €10 with a minimum stake of €0.5; the maximum prize permitted for each game can reach €500,000 with the jackpot
- ◆ The percentage of the stakes allocated to prizes may not be less than 85% in relation to the gaming system as a whole and each individual game.

Italian offline gaming developments

VLT key numbers

- ◆ Convenient taxation : 2% of the amounts played for 2010 and 2011 (then 3% for 2012 and 4% for 2013).
- ◆ Around 4,400 VLTs have been installed (out of almost 57,000 VLTs authorized)
- ◆ 253 VLT gaming halls have been opened
- ◆ Collection in 2010 of € 1 billion

Source Agipronews

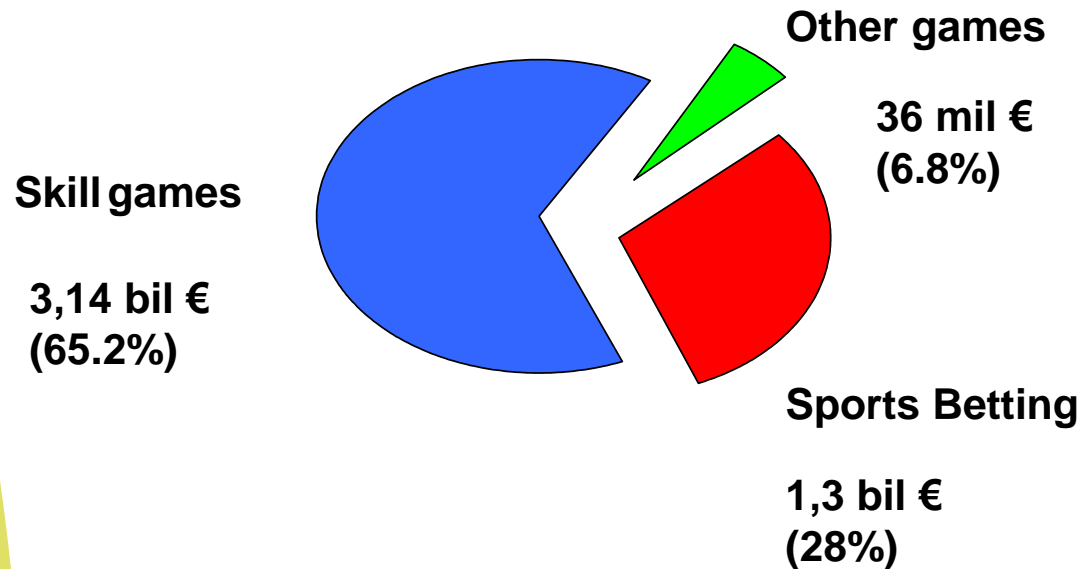
Italian online gaming developments

The increase of Internet product supply

- ◆ Regulation of remote betting, bingo and scratch cards and lotteries (Decree of 21 March 2006; Bersani Decree)
- ◆ Legalisation of remote skill games and card games (Budget Law for 2007)
- ◆ Launch of remote skill games in 2008
 - centralised system
 - taxation: 3% of the collection
 - winnings: at least 80% of the collection

Italy: online gaming market shares

Period of reference: Year 2010



The increase of Internet product supply

- ◆ Regulation of remote betting exchange and land-based /remote virtual betting (Abruzzo Decree):
 - taxation switch to 20% GGY
- ◆ Further regulation of sports betting (land-based and on-line): customized markets
- ◆ Launch of remote cash poker and casino games in 2011
 - centralised system
 - taxation: 20% tax rate on GGY
 - winnings: at least 90% of the collection

Italy: online gaming developments

The remote gaming license (Community Act for 2008 - L. 7 July 2009, no. 88)

- ◆ Notification process in accordance with EC Directives 98/34 and 98/48 to the EU Commission successfully ended
- ◆ Application process for a unique license (*concessione*) to all regulated remote games:
 - gambling company and/or other entities having the economic/financial and technical/organisational abilities required
 - HQ/Server located in the EU/EEA connected to the central system of the AAMS
 - “.com” operations prohibited

Italy: online gaming developments

The Community Act for 2008

- ◆ Players' protection requirements :
 - mandatory self-limitation and self-exclusion tools
 - maximum time for winnings / withdrawals
 - dedicated bank account for players' deposits
 - customers' database
 - drafting of the gambling account agreement previously approved by the AAMS
 - management and use of gambling account
- ◆ Revised sanctions for concessionaires

Italy: online gaming developments

Internet blocking of illegal and irregular remote gambling websites

- ◆ Budget Laws for 2006 and 2007
- ◆ The procedure:
 - AAMS black-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

Referred questions at CJEU for preliminary rulings concerning Italy still pending

“Is a national system under national legislation compatible with Articles 49 and 56 of the Treaty on the Functioning of the European Union, when it, inter alia:

- (a) tends generally to protect holders of licenses issued at an earlier period following a tendering procedure that unlawfully excluded some operators
- (b) in fact ensures the maintenance of acquired commercial positions
- (c) provides for cases in which the license may lapse when the licensee directly or indirectly carries on cross-border gaming activities analogous to those under the license?”

(C- 72/10 “Costa” Corte Suprema di Cassazione; Case C-164/10 “Ferrazzoli” Tribunale Amministrativo Regionale del Lazio; Case C-255/10 “Sacchi” Tribunale di Roma ; Case C-279/10 “Minesi” Tribunale del Riesame di Verbania; ase C-413/10 “Pulignani” Tribunale Ordinario di Prato; Case C- 501/10 “Russo” - Tribunale di Santa Maria Capua Vetere)

An open EU debate for all EU institutions

- ◆ CJEU rulings: no mutual recognition but request of coherence for the gaming regulation
- ◆ The Schaldemose report on online gambling
- ◆ **The forthcoming Green Paper:** the EU Commission's first level to regulate the online industry at a European level?
- ◆ Council Presidency conclusions: closer cooperation between regulatory authorities

The right way forward : an enhanced cooperation

(Hungarian Council Presidency)

- ◆ 9 Member States wishing to establish enhanced cooperation between themselves in one of the areas covered by the Treaties not of exclusive EU competence
- ◆ It is to be open to all Member States, subject to compliance with any conditions of participation laid down by the authorizing decision – at any time, subject to compliance with the acts already adopted within that framework
- ◆ Regulation binding and directly applicable only in the participating Member States.

Main advantages of an enhanced cooperation

For the regulatory authorities

- ◆ Information sharing in the authorisation process and ongoing activities (evaluation of the qualities and the professional integrity of operators)
- ◆ Mutual assistance on law enforcement (anti money laundering investigations, fraud and collusion controls)
- ◆ Cooperation on fairness and integrity of games offered
- ◆ Common standards for players protection (responsible gaming, risks of addiction, minors)
- ◆ Common rules for advertising
- ◆ Punishment of illegal gambling

Main advantages of an enhanced cooperation

For the operators

- ◆ Simplified licensing process for a licensed operator in another Member State
- ◆ Localisation requirements: no need to re-locate and duplicate the technical infrastructure when located in another Member State
- ◆ Common standards for IT systems and use of certifications/auditing mechanisms
- ◆ Better integration among stakeholders: recognising the role of software suppliers
- ◆ Liquidity pooling: for customers, allowed to play against each other (e.g. online poker table)