

JERSEY GAMBLING COMMISSION



The Regulatory Return: Class 1 Bookmakers

July 2019

The Regulatory Return

Why Does the Commission Need this Information?

The Policy Statement for Class 1 Bookmakers sets out a range of incidents that should be reported to the Commission. This regulatory framework also places the onus on licensees to uphold the licensing objectives detailed in the law and reiterated in the Policy and Codes.

As part of the Commission's compliance programme, operators need to provide evidence demonstrating how they know the policies and procedures they have in place are effective.

Duty to Report

Filing a Regulatory Return does not supersede the duty of reporting directly to the Commission those significant events forming 'reporting' licence conditions. Any event that could have a significant impact on the nature or structure of a licensee's business must be notified to the Commission as soon as reasonably practicable and in any event within five working days of the licensee becoming aware of the event's occurrence. The following examples are not an exhaustive list, but act as illustrations of what a significant event can constitute:

- a petition presented for the winding up of the company (including holding companies and subsidiaries);
- a company placed in administration or receivership (inclusions above applied);
- a licensee who is an individual (or a partner in a partnership licensee) presented with a petition for bankruptcy or sequestration or entering into an individual voluntary agreement;
- any professional dispute over accounts where auditors are unable or unwilling to sign an unqualified audit report;
- any change in control or alteration in senior management structure of the licensee;
- disciplinary sanction, dismissal of senior management for gross misconduct;
- any breach of a covenant given to a bank or other lender;
- any default in making repayment of the whole or any part of a loan on its due date;
- any court judgments remaining unpaid 14 days after the date of judgment;
- the commencement of any material litigation against the licensee.

Notification of Shareholders: All company licensees must notify the Commission, on an on-going basis, of the name and address of any person who becomes a shareholder in the company or its holding company holding 5% or more of the issued share capital of the company or its holding company; or any existing shareholder who acquires a holding of 5% or more of the issued share capital of the company or its holding company.

Scope

The substance of a Regulatory Return is different from reporting events. It acts as a round up of licensed gambling activity by the licensee over a 12 month period. The Commission believes information requested by the return should reflect records already maintained by licensees for management and operational purposes.

Licensees must provide the Commission with information concerning the use of facilities provided in accordance with this Licence, what those facilities are and how the gambling is conducted. This requires particular information about:

- numbers of people making use of the facilities and the frequency of such use;
- the range of gambling activities provided by the licensee and the numbers of staff employed in connection with them;
- the licensee's policies, systems and experience of problem gambling.

If a licensee misrepresents or fails to reveal information they are asked to provide, without reasonable excuse, an offence will have been committed under Article 34 of the Law. Anyone providing information of a false or misleading nature risks prosecution.

Please note that, after receipt of a completed Regulatory Return, the Commission may still need to contact you for any further information we consider necessary in order to process your Regulatory Return. All information provided to the Commission will be processed in accordance with the Data Protection Law and treated as commercially sensitive.

Timing: Submission of Regulatory Returns

The Regulatory Return will be submitted annually and within 42 days of the conclusion of the date of the award of the Licence. This should give sufficient time to produce the necessary information, and it is accepted that financial elements of the data are unlikely to have been audited.

Bookmaking On-course and at other Sporting Events

Please refer to the dedicated Licensing Policy as it applies to the record keeping and reporting requirements for bookmaking at live events. Bookmakers operating a Betting Office and who also bet on-course will have to make a separate return for on-course betting activities.

Financial Information

The Commission requires a set of management accounts for the business or group of businesses licensed in Jersey, clearly separated by activity on an annual basis.

The Commission requires a set of audited accounts to be submitted within 14 days of their being signed off by the auditors concerned.

Please Note: it is not a requirement for licensees to have accounts audited. However, where a licensee does have accounts audited a copy should be sent to the Commission.

Please Note: Completing a Regulatory Return does not waive the requirement to supply audited accounts (where audited) or Financial Statements prepared by accountants for the financial year spanning licensed activity.

Data Protection

The completion of a regulatory return is a condition under the published policy for this type of licence. All policies are published by the Commission in accordance with Article 9 of the Gambling (Jersey) Law 2012.

As described on the relevant application forms, the Commission requires data regarding applicants (including lead executives and beneficiaries, where necessary) for the purposes set out in the Gambling Commission (Jersey) Law 2010 and the Gambling (Jersey) Law 2012. Provision of information relating to gambling activity is a mandatory condition, applicable to all licensees, under Article 17 of the Gambling (Jersey) Law 2012. As a competent authority listed in Schedule 1 of the Data Protection (Jersey) Law 2018, the Commission will primarily collect and process data and special category data necessary for the exercise of its public functions, when completing a regulatory return this *can* include the personal information of prize winners.

The Commission has produced a Privacy Policy for users and an Information Note. These are available on the website at the following link - <https://www.jgc.je/data-protection>. Please read them carefully.

Data will be retained as outlined in the Commission's Privacy Policy, however for clarity, in the context of the data disclosed on Regulatory Returns, the retention period will be 5 years following the expiration of the licence.

Notes on Return Headings

Part One:

This section requests the identity of the licensee and the approved person compiling the return.

Part Two: Facilities and Staffing

Number of Premises

For multi-site operators this is a numerical answer, addresses other than the main trading address are already recorded by the Commission and do not need to be supplied.

Total Number of Employees

Licensees must report the total number of employees. This is the number of individuals employed at a given time, irrespective of the hours they work. Count each person as one regardless of whether they work fulltime or part time.

An employee is anyone that the licensee directly pays from its payroll(s), in return for carrying out a full time or part time job or being on a training scheme. This includes workers who are employed in relation to the licensed activity who are:

- paid directly from this business's payroll
- temporarily absent but still being paid, for example on maternity leave.

Do not include:

- employees not employed in relation to the licensed activity (e.g. cleaners)
- former employees only receiving a pension
- self-employed workers

Part Three: Operational Complaints & Disputes

Licensees must keep a record of all complaints that are not resolved at the first stage of the complaints procedure. It is a Licence condition for licensees to log complaints made about any aspect of the conduct of the licensed activities. All complaints logged within the reporting period need to be recorded irrespective of the outcome.

A complaint is an expression of dissatisfaction made to the licensee about any aspect of the conduct of licensed activities. This means that complaints relating purely to commercial issues (such as the quality of the décor or facilities) would not need to be logged, as they would not indicate a possible threat to the licensing objectives. Complaints logged may be directly about the outcome of the customer's gambling or involve wider concerns about the way in which gambling is conducted by the operator.

Complaints can be expressed orally or in writing and may occur in person, over the telephone, by letter, by email, or via online support.

Disputes

Licensees must record the number of disputes that have occurred over the period relating to the regulatory return. Disputes are determined as complaints concerning the outcome of the customer's gambling transaction.

Independent Party Resolution

These disputes may sometimes be raised directly with the independent party, without the prior knowledge of the licensee. The outcome of these 'third party' disputes must be notified to the Commission, which is a separate requirement to the Regulatory Return.

Part Four: Responsible Gambling

Self-Exclusion

The licensee must provide information regarding the total number of self-exclusions made during the reporting period.

Breaches of Self-Exclusion

The licensee must report the number of known breaches of self-exclusion during the reporting period. This includes the number of times a self-excluded customer attempted to gain access to the betting office, attempted to gamble, or succeed in gambling. In such cases the licensee must record how staff dealt with any of these scenarios.

Return to Gambling

The licensee must record and report the number of individuals electing to return to gambling after the self-exclusion period ends.

Age Verification

Licensees are required to report on the number of people asked to provide proof of their age. This means any all persons challenged to provide satisfactory identification documents. The Commission also requires a record of those persons challenged who were unable to produce any matter to verify their age.

Under Age Gambling

Despite a licensee's best efforts underage gambling may occur. The licensee must report on all incidents where a person has gambled and subsequently discovered to be underage. The licensee must document these incidents, explain what happened and how the situation was remedied.

Incidents of Customer Interaction

Licensees are required to implement policies and procedures for customer interaction where they have concerns that a customer's behaviour may indicate problem gambling. Customer interactions must be recorded and the total number of incidents reported in the regulatory return.

An interaction under this heading means some intervention by a member of staff concerned that a customer may have a gambling problem. Even if the intervention is rebuffed, this must be recorded as a positive action taken by a member of staff. Licensees should also define interaction as cases where a member of staff initiated the self-exclusion process.

Part Five: Social Responsibility and Charitable Funding

This question asks whether the licensee supports other Social Responsibility initiatives and the form this support takes. A licence condition obligates Jersey bookmakers to support the Social Responsibility Fund, so **do not** include this annual funding. The question seeks to discover if licensees contribute to or support other organisations involved with harm reduction in relation to excessive gambling, offer counselling to those individuals who have a gambling problem, undertake research into harm reduction or have an educational role in promoting responsible gambling.

Part 6: Crime & Disorder

Proceeds of crime: Suspicious Activity Reports

With reference to the Anti-Money Laundering Code of Practice, licensees are required to report on the **number** of Suspicious Activity Reports (SARs) submitted to the Joint Financial Crimes Unit (JFCU) over the period relating to the regulatory return.

Disruptive or Anti-Social Behaviour

The Commission requires the licensee to record all incidents of aggressive, threatening or violent behaviour experienced by staff from customers within the betting office. Incidents where police assistance has been requested (whether received or not) should be highlighted in the regulatory return.

Part Seven: Trading Results

Betting Slips

The Commission needs to understand the range and frequency of bets transacted over the course of the year. As far as it is possible, a licensee must report the number of slips taken, turnover and gross profit for each category of trading listed, as well as providing totals.

The Commission is aware that a number of operators may be unable to provide information by category of trading, due to current recording systems. Where this is the case, operators should provide information relating to the total number of slips taken, the total turnover and the total gross profits.

Gross Gambling Yield (GGY) or Gross Win

GGY is the amount retained by licensees (wholly in respect of betting/gaming activity) after the payment of winnings but before deducting costs of operation e.g. total amount of stakes received, minus the amount paid out in winnings. The Commission will therefore require the licensee to record the GGY on the annual Return.

Credit Betting Accounts

Where credit betting accounts are held by the licensee, a record of these accounts is required to be submitted, detailing the number of individual accounts held and the GGY generated by this service.

Self Service Betting Terminals

Operators offering betting terminals should not, for the purposes of this return, aggregate wagering through these machines with over the counter betting but account for usage under the separate headings provided on the return.

Pool Betting

Operators offering pool betting should report on this trading in the annual return. If the operator offers pool betting via an agent full disclosure on this agency or person is required.

Part Eight: Online Accounts

Some operators in Jersey also have online gambling operations based in other jurisdictions. Licensees should note that the supply of terminals in shops dedicated for online play is not permitted under a Class 1 Bookmakers Licence. It is also forbidden to offer the service of cash withdrawal and depositing from and to online accounts.

Part Nine: Gaming Machines

Although subject to a separate licensing regime (exclusive to bookmakers), licensees should report the GGY for the Return time period.

Part Ten: Statement: Self-Certification

Who should sign this declaration?

A self-certification statement needs to be signed by two key individuals holding specified management offices (e.g. submitted personal declarations). For small-scale operators, the person with control of the business should sign the certification. We would expect the signatories to make reasonable enquiries of the Board of Directors and other key staff who play a significant role in ensuring compliance with the operator's licence conditions and Codes of Practice.

The extent of reasonable enquiries may differ between licensees and size of business but the Commission suggests that these should include:

- referring to the current trading position and any financial projections that may exist and assessing whether there is a significant likelihood of the business experiencing financial difficulties;
- reviewing the adequacy of resources and arrangements (policies, systems and controls) in place to ensure compliance with licence conditions and codes of practice;
- enquiring of the Board and other key individuals whether they are aware of any factors or pending changes that may threaten the business's ability to meet the licence conditions and codes of practice.

In signing the statement, the Commission envisages that key individuals of larger entities will be able to draw on a number of sources of assurance, including:

- existing trading position;
- financial projections;
- results of compliance/internal audit/assurance work;
- complaints information;
- external auditor's report;
- customer feedback surveys; and
- independent reviews/consultants' reports.

As defined in the licensing policy conditions and any relevant Codes of Practice.

For smaller entities, owners or managers will be more aware of all aspects of the business and will be able to use this knowledge to give the necessary assurances.

Please Note: The Commission will not underwrite the financial viability of licensees and understands that unforeseen events (financial or otherwise) may arise which cause financial or other difficulties. As indicated above, the Commission expects licensees to make reasonable enquiries and to use the information it has to make sound judgements.

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