

Briefing Note
to
All Party Betting and Gaming Group
22nd March 2011

1. The Alderney Gambling Control Commission (“AGCC”) has been regulating eGambling for the past 10 years. At the end of 2010 the AGCC had a total of 51 licensed companies holding approximately 80 different licenses;
2. The AGCC’s key objective is to provide a regulatory environment which offers robust, enlightened, active regulation while also being responsive to the needs of a changing industry. In this way, the Commission aims to protect players, to ensure the continuing high reputation of Alderney as a jurisdiction and to establish a regulatory environment which attracts operators who seek a comprehensive and tightly controlled regime.
3. The AGCC is established under Alderney law. However the States of Guernsey also has a key interest in the AGCC’s regulation of the eGambling industry. The reason being that Guernsey offers a world-class telecommunication infrastructure, as a result of which the large majority of Alderney licensees are today operating their eGambling servers from Guernsey, under a 2007 Guernsey Ordinance permitting this arrangement.
4. Alderney was amongst the first jurisdictions to be white-listed by the UK, following the 2005 Gambling Act’s “White Listing” of non-EEA jurisdictions with regulatory regimes that were considered to be of a standard sufficient to allow their eGambling operators to advertise their services into the UK.
5. The AGCC has always been an advocate for high standards to ensure maximum protection to customers. In this regard it is worth mentioning the following:
 - a. The AGCC was one of the founding members of a Working Party within the International Association of Gaming Regulators (IAGR) which worked towards the establishment of common international standards for eGambling. The AGCC is participating in similar forums within the Gaming Regulators European Forum (GREF);
 - b. The AGCC is one of a very limited number of jurisdictions which requires rigorous independent testing and certification of gambling equipment prior to games being released to customers;
 - c. The AGCC inspects its licensees at least once a year, irrespective of location;
 - d. The AGCC’s Regulations provide extensively for rigorous customer verification; the protection of customer deposits; customer complaints; the identification of problem gambling activity and self-exclusion mechanisms;
 - e. The AGCC’s Regulations require licensees to contribute to research, education and treatment of problem gambling in the UK. Last year licensees facing the UK market contributed in excess of £1 million to the GRE@T fund in the UK;
 - f. Depending on the direction taken by the UK Government regarding the Horse Racing and Betting Levy, the AGCC is willing to require relevant licensees to contribute to the said levy.
6. In March 2010 the previous UK Government (Department of Culture, Media and Sport) issued a consultation paper on the Regulatory Future of Remote Gambling in

Great Britain. The aim of the consultation paper was to assess the extent to which the current arrangements, whereby operators in overseas jurisdictions (both within the EEA and white-listed jurisdictions) can advertise into the UK, are still supportive of protecting the British customer. From the consultation paper it was evident that the UK Government preferred the option of introducing a system of licensing and regulation in the UK. Therefore, a system of regulation at the point of consumption.

7. The AGCC responded to the preferred option of the UK Government, pointing out that the White List arrangement lacks only a verification process requiring overseas jurisdictions to prove their representations. With that addition it provides a no-cost means of effective regulation. In its absence there is significant risk of reduced standards and a significant resource requirement to police overseas operations accessing UK players.
8. The AGCC is awaiting the outcome of the consultation by the UK Government on the future of the remote gambling industry in Great Britain. Considering that more than 50% of the AGCC's licensees are dependent upon the UK market, changes to the UK regulatory framework is likely to impact on Alderney's licensees and its economy.
9. Therefore, should the UK Government decide to introduce a licensing system at the point of consumption, the manner in which it is introduced could be significant for the future of Alderney as an eGambling jurisdiction. For example, it is well known that most UK-facing operators that are today based overseas are essentially there to escape the 15% remote gaming duty, which does not apply to operators based outside the UK.
10. In the event that the UK Government introduces a licensing system which requires foreign based operators, although licensed by the UK, to pay the 15% remote gaming duty, it is likely to have some impact on Alderney's attractiveness as a gambling jurisdiction.
11. More importantly, a decision to apply the 15% remote gaming duty to overseas operators may also have significant detrimental implications for player protection in the UK, as it is likely to drive operators to less reputable jurisdictions with less effective regulation from where such operators will continue to advertise their services into the UK. This may result in a situation which leaves the UK customer even more exposed to unscrupulous operators.

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