Contents

Market Barriers
Introduction 3
Authors 5
Executive Summary 8

Topics
EU Developments 12
European Case Law 14
Taxation 16
Website Blocking 18
Payment Blocking 20
Advertising 22
International Liquidity 24
Social Gaming 26
Sports Integrity 28
Anti-Money Laundering 30

Jurisdictions
Austria 35
Belgium 39
Bulgaria 43
Castilla y Leon 47
Croatia 51
Cyprus 55
Czech Republic 59
Denmark 63
Estonia 67
Finland 71
France 75
Germany 79
Greece 83
Hungary 87
Iceland 91
Ireland 95
Italy 99
Latvia 103

Liechtenstein 107
Lithuania 111
Luxembourg 115
Madrid 119
Malta 123
Netherlands 127
Norway 131
Poland 135
Portugal 139
Romania 143
Slovakia 147
Slovenia 151
Spain 155
Sweden 159
Switzerland 163
United Kingdom 167
EU Enlargement Countries 171

About this Report and Authors 175
About GamblingCompliance 177
Executive Summary

Since the publication of last year’s edition of Market Barriers: A European Online Gambling Study, significant developments have occurred at both European and member state level. This 2013/2014 edition provides a comprehensive reference on the current state of regulation, licensing requirements, barriers to entry and restrictions for markets in the European Union (EU) and European Economic Area (EEA), as well as Switzerland.

Key topics, trends and issues facing the industry are also analysed, including the latest on European level initiatives. With some European operators having gained a foothold across the Atlantic, this report highlights yet again the maturity and complexity of online gambling in Europe. In the US, a federal consensus on online gambling is yet to emerge with only three states, Delaware, New Jersey and Nevada, having passed legislation to permit online gambling. Compare this with Europe, where there are regulations in most jurisdictions or moves to regulate that are taking place in the short term, the region remains dynamic and home to the largest legal online gambling markets in the world.

Similarly to the US though, online gambling in Europe has been left to individual member states to regulate, creating disparity across Europe. Nonetheless, clear trends are also evident and brought out in this report.

European Level Activity

The European Commission revived the debate at European level. Since Internal Market Commissioner Michel Barnier’s accession to office in 2010, key developments at the European level have been the publication of the European Commission’s two-year action plan for online gambling and the announcement from the commission that it would revise infringement proceedings and possibly start new proceedings against some jurisdictions whose gambling regulations infringe EU law. The formation of an expert group on gambling has also provided a forum for information exchange and dialogue.

The European Parliament added its voice to the debate. Stakeholders also followed the debates surrounding the European Parliament’s resolution on online gambling voted on in September 2013. The final text includes recommendations that, if implemented, would have a significant impact on online gambling across Europe. These include proposals for EU-wide restrictions on operators found illegal in one member state and an EU-wide self-exclusion register.

Hard action at European level remains pending. Although Michel Barnier has successfully revived the debate on online gambling at the European level, all stakeholders in the industry are now awaiting concrete actions.

Following the end of the European institutions’ summer recess, the European online gambling industry is now anticipating the European Commission’s decisions in infringement proceedings cases. It is expected that all decisions will be announced simultaneously in Autumn 2013.

Our research has found that where local licensing is in place, ring-fencing measures, such as website blocking, blacklisting, advertising or payment restrictions, are commonplace across member states. Although the exact tools for ring-fence vary, jurisdictions use these restrictive measures in an attempt to curb the infiltration of unlicensed operators acting in their markets.

Meanwhile, 2013 has seen new gambling regulations continue to emerge across Europe. In Ireland’s pre-draft legislative document released in July 2013 proposes a complete overhaul of Ireland’s gambling laws and a bill re-submitted at the same time seeks to bring online betting within the purview of state taxation and licensing. In the Netherlands, a draft law regulating online gambling for the first time was published in May 2013. The government is now assessing the submissions to an open consultation which ended in July.

For the EU’s newest member state, Croatia, a new legal framework regulating online gambling is expected to be unveiled towards the end of 2013. Even though the Czech Republic's attempt in 2012 to draw up a new gambling law floundered after the European Commission’s objections, a new proposal is expected. In Portugal, the government continues this year to consider changes to its legal framework governing gambling activities. Finally, in Switzerland, a draft law lifting the current ban on online gambling is expected by the end of 2013.

Delays are commonplace as secondary legislation remains outstanding. For instance, Cyprus regulated online gambling activities in 2008 and in 2011 the Gaming Supervision Authority allowed online betting games only. However, long awaited secondary legislation is still pending and is expected to be adopted in the second half of 2013. Similarly, Greece, despite having established a legal framework for the operation of online gambling activities two years ago, has continued to delay the introduction of secondary legislation, while maintaining OPAP’s privileged position. Romania has also seen delays in its market opening despite a law being enacted in recent years.

New markets have come online. Bulgaria is the most recent of these, having issued its first licence in September 2013.

Policy Concerns

Our research also gives insight on some emerging matters that will keep occupying the attention of policymakers and regulators in the near future.

Social gaming is being assessed by some European regulators. Regulatory approaches to social gaming vary on a spectrum from monitoring whether there is a need to regulate, industry self-regulation to gambling regulation; however, in the present, there is no harmonised view from European gambling regulators on social gaming. With gambling definitions differing across Europe, self-regulation is seen as the preferred option in some member states, whereas in others gambling regulators are proposing means to capture social gaming within their authority.

Consumer protection watchdogs have the potential to regulate and/or enforce rules affecting social gaming. For example, the UK’s Office of Fair Trading issued draft guidelines this month.

A trend towards authorising international liquidity has emerged in Europe. In early July 2013, the French, Italian, Spanish and Portuguese gambling regulators met again in Lisbon, joined by the German regulator and for the first time, the UK Gambling Commission. Although the meeting focused mainly on sharing information and good practices concerning online gambling regulation, the participants also considered the issue of international liquidity, ‘with the view to identify and prepare the steps to be taken in order to advance the process of sharing liquidity, in a future date’.

It is significant that France, Italy, Spain and Portugal are currently the only countries across Europe which have expressly prohibited international liquidity in their regulations. Moreover, countries such as the Netherlands have suggested allowing the sharing of liquidity in online gambling draft legislation.

If international liquidity has found favour with European regulators, as the research in this report shows, it has not yet materialised.

In the past year, match-fixing issues have been in the spotlight. The number of measures taken by different institutions underlines how important this issue has become across Europe. In September 2012, the Cyprus presidency of the Council of the European Union, the European Commissioner responsible for sport and participants in the EU Sport Forum 2012 jointly issued the so-called “Nicosia Declaration” which defines five key areas for action: education, monitoring, sanctions, cooperation and international coordination.

In addition, the European Commission’s Communication on online gambling from October 2012 identifies sports integrity as one of its five main points of action, with a recommendation on the matter expected to be published in 2014. The European Parliament Resolution on Match-Fixing and Corruption in Sport, adopted in March 2013, also invites all stakeholders to take action against match-fixing. Finally, the latest draft of the Convention of the Council of Europe against the manipulation of sports competitions was published in February 2013 and is expected to be open for signatures in the second half of 2014.
Founded in February 2007, GamblingCompliance has very quickly established itself as the leading provider of intelligence on the global gambling industry – specialising in legal, regulatory, political and market information. Our independent and impartial analysis, delivered daily to a worldwide client base of regulatory bodies and top gaming executives via a cutting-edge technology platform, has ensured we are an essential information service for government and industry.

We help clients and their advisers reduce exposure to regulatory and market risk by providing timely information on an advanced web-based platform, allowing clients to monitor, track and receive updates on regulation, compliance, competitors and market developments around the world.

The GamblingCompliance service gives you immediate access to in-depth country, state and provincial regulatory profiles from around the world, as well as extensive analysis across all gaming sectors. GamblingCompliance has more than 30 full-time staff based in Europe, Asia and the United States plus an established network of analysts and professionals representing all sectors of the industry, to ensure that our coverage is truly global. The 2010 opening of our US office in Washington D.C., the heart of that nation’s hub for regulatory, legislative and policy developments, keeps us close to the action resulting in unrivalled analysis of critical state and federal developments affecting the global gaming sector.

Our clients include regulators, lawyers, consultants, global online and terrestrial gaming operators, financial services firms, public lotteries, software and payment providers. We provide high-level analysis via four delivery channels:

- A fully searchable web-based annual subscription service and daily email newsletter. The quarterly In-Play Tracker and monthly US Internet Gambling Regulatory Tracker are also available by subscription.
- Comprehensive reports including: Special Reports, Market Barrier and Regulatory Reports.
- Customised research projects.
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