




# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">2008/2215(INI)</a>	Procedure completed
Integrity of online gambling		
Subject 3.30.25 International information networks and society, internet 4.60.06 Consumers' economic and legal interests		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Internal Market and Consumer Protection		07/07/2008
		PSE <a href="#">SCHALDEMOSE Christel</a>	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Competitiveness (Internal Market, Industry, Research and Space)</a>	<a href="#">2910</a>	01/12/2008
European Commission	Commission DG	Commissioner	
	<a href="#">Communications Networks, Content and Technology</a>	REDING Viviane	

Key events			
23/09/2008	Committee referral announced in Parliament		
01/12/2008	Debate in Council	<a href="#">2910</a>	Summary
11/02/2009	Vote in committee		Summary
17/02/2009	Committee report tabled for plenary	<a href="#">A6-0064/2009</a>	
09/03/2009	Debate in Parliament		
10/03/2009	Results of vote in Parliament		
10/03/2009	Decision by Parliament	<a href="#">T6-0097/2009</a>	Summary
10/03/2009	End of procedure in Parliament		

Technical information	
Procedure reference	2008/2215(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative

Legal basis	Rules of Procedure EP 54-p4; Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	IMCO/6/66275

## Documentation gateway

Committee draft report	<a href="#">PE414.363</a>	17/10/2008	EP	
Amendments tabled in committee	<a href="#">PE416.608</a>	19/12/2008	EP	
Committee report tabled for plenary, single reading	<a href="#">A6-0064/2009</a>	17/02/2009	EP	
Text adopted by Parliament, single reading	<a href="#">T6-0097/2009</a>	10/03/2009	EP	Summary
Commission response to text adopted in plenary	<a href="#">SP(2009)3060</a>	04/06/2009	EC	

## Integrity of online gambling

The Council held an exchange of views on the legal framework and the policies adopted in EU Member States on gambling and betting.

Discussion was based on a better knowledge of the legal frameworks and policies adopted in Member States with regard to the general organisation of the sector, the cross-border dimension of gambling, and its objectives and instruments.

The discussion was based on a Presidency report on the work done in the second half of 2008. The launch of this exploratory work follows an initiative taken by the Presidency as early as July following a request emanating jointly from several Member States. It is the first time that Council bodies have addressed this subject in such a detailed manner.

The Presidency's report, which proposes taking joint discussions further, considers the major areas covered by policies on gambling: protection of public order; combating addiction; protection of minors; consumer protection; instruments to combat illegal gambling; and matters of taxation.

It emerges from this account that the national models for the organisation and regulation of the gambling and betting sector are very heterogeneous. Member States have produced diverse models, in particular as regards the types of gambling authorised and the extent to which the sector is open, its regulation or the taxation rules applicable, often linked to moral, cultural and social considerations.

The report shows that the policies conducted in many Member States are influenced by considerations of public order (combating money laundering and organised crime), social order (protection of minors and combating addiction) and consumer protection (ensuring that gambling operations and operators are trustworthy, etc.). Member States therefore frequently have recourse to instruments such as bans on access to gambling by minors or restrictions on the amounts of bets or winnings or methods for checking transactions. With regard to the development of on-line gambling, a number of Member States have opted to ban them, whereas others have adopted specific regulations.

## Integrity of online gambling

The Committee on the Internal Market and Consumer Protection adopted, by 32 votes to 10 an own-initiative report drafted by Christel SCHALDEMOSE (PES, DK) on the integrity of online gambling.

The report indicates that rules governing on-line gambling should not be laid down by the EU, as Member States are quite capable of regulating the industry themselves. A minority of Members disagreed strongly and will submit an alternative report in plenary.

The report highlights that, in accordance with the principle of subsidiarity and the case law of the European Court of Justice, Member States have a right to regulate their gambling markets in accordance with their traditions and cultures in order to protect consumers against addiction, fraud, money-laundering and match-fixing in sports, as well as to protect the culturally-built funding structures which finance sports activities and other social causes in Member States. It stresses that gambling services are to be considered as an economic activity of a very special nature due to the social and public order and health care aspects linked to it, where competition will not lead to a better allocation of resources, which is the reason why gambling requires a multi-pillar approach. The report emphasises that a pure Internal Market approach is not appropriate in this highly sensitive area, and requests the Commission to pay particular attention to the views of the European Court of Justice regarding this matter. It endorses the work that has started in the Council under the French Presidency addressing issues in the field of online and traditional gambling and betting, calling on the Council to continue holding formal discussions about a potential political solution as to how to define and tackle problems arising from online gambling.

Members call on Member States to cooperate closely in order to solve the social and public order problems arising from cross-border online gambling. EU institutions should cooperate closely with the Member States in the fight against all unauthorised or illegal online gambling services offered and to protect consumers and prevent fraud, and there should be a common position on how to do this.

Fraud and other criminal behaviour: the growth of online gambling provides increased opportunities for corrupt practices such as fraud, match-fixing, illegal betting cartels and money-laundering. The report calls on Member States to ensure that sports competition organisers, betting operators and regulators cooperate on measures to tackle the risks related to illegal betting behaviour and match-fixing in sport and explore the establishment of a workable regulatory framework to protect the integrity of sports. Highlighting that sports bets are a form of commercial exploitation of sporting competitions, it recommends that Member States protect sporting competitions from any unauthorised commercial use, notably by recognition of a sport organisers right, and put in place arrangements to ensure fair financial returns for the benefit

of all levels of professional and amateur sport. Members call on the Commission to examine whether it is possible to give competition organisers an intellectual property right (some sort of portrait right) over their competitions.

Prevention of consumer detriment: the majority opinion in committee states that online gambling is likely to give rise to risks to consumers and that Member States may therefore legitimately restrict the freedom to provide online gambling services in order to protect consumers. MEPs draw attention to the growing concern about young people's ability to access online gambling opportunities, both legally and illegally, and point out that young people in particular may have trouble differentiating between the concepts of luck, fate, chance and probability. They urge Member States to address the key risk factors which may increase the likelihood of a (young) person developing a gambling problem, and to find the tools to target those factors. MEPs stress that parents have a responsibility to prevent under-age gambling and gambling addiction by minors. Members also support the development of standards for online gambling regarding age limits, a ban on credit and bonus schemes to protect vulnerable gamblers, and so on. They suggest examining the possibility of introducing a maximum amount that a person can use for gambling activities per month, or of obliging online gambling operators to make use of prepaid cards for online gambling to be sold in shops. The report considers that self-regulation regarding the advertising, promotion and provision of online games is not sufficiently effective and therefore emphasises the need for both regulation and cooperation between the industry and the authorities. It urges Member States to cooperate at EU level to take measures against any aggressive advertising or marketing by any operator of online gambling, including free demonstration games.

Code of Conduct: the committee feels that a Code of Conduct may still be a useful supplementary tool for achieving some public (and private) objectives but it a Code ultimately remains an industry-driven, self-regulatory approach and can therefore only serve as an addition to, not a replacement of, legislation.

Monitoring and research: the Commission is asked to do the following:

- initiate research on online gambling and the risk of developing a gambling addiction;
- examine the role of advertising and marketing (including free online demonstration games) in encouraging, directly or implicitly, under-age young people to gamble;
- study the economic and non-economic effects of the provision of cross-border gambling services in relation to integrity, social responsibility, consumer protection and matters relating to taxation.

The report stresses the importance for the Member State of the residence of the consumer to be able effectively to control, limit and supervise gambling services provided on its territory.

## Integrity of online gambling

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The European Parliament adopted by 544 votes to 36 with 66 abstentions a resolution on the integrity of online gambling.

Members recall that at present, online gambling, worth EUR 2 to 3 billion in gross gaming revenues in 2004, accounts for roughly 5% of the total gambling market in the EU, and rapid growth seems inevitable. They highlight that, in accordance with the principle of subsidiarity and the case law of the European Court of Justice, Member States have an interest and right to regulate and control their gambling markets in accordance with their traditions and cultures.

Parliament stresses that gambling services are to be considered as an economic activity of a very special nature due to the social and public order and health care aspects linked to it, where competition will not lead to a better allocation of resources, which is the reason why gambling requires a multi-pillar approach. Accordingly, a pure Internal Market approach is not appropriate in this highly sensitive area, and Parliament requests the Commission to pay particular attention to the views of the European Court of Justice regarding this matter. It endorses the work that has started in the Council under the French Presidency addressing issues in the field of online and traditional gambling, calling on the Council to continue holding formal discussions about a potential political solution as to how to tackle problems arising from online gambling.

Members call on Member States to cooperate closely in order to solve the social and public order problems arising from cross-border online gambling. EU institutions should cooperate closely with the Member States in the fight against all unauthorised or illegal online gambling services offered and to protect consumers and prevent fraud, and there should be a common position on how to do this.

Fraud and criminal behaviour: the growth of online gambling provides increased opportunities for corrupt practices such as fraud, match-fixing, illegal betting cartels and money-laundering as online games can be set up and dismantled very rapidly and as a result of the proliferation of offshore operators. Parliament calls on Member States to ensure that sports competition organisers, betting operators and regulators cooperate on measures to tackle the risks related to illegal betting behaviour and match-fixing in sport and explore the establishment of a workable regulatory framework to protect the integrity of sports. Highlighting that sports bets are a form of commercial exploitation of sporting competitions, it recommends that Member States protect sporting competitions from any unauthorised commercial use, notably by recognition of a sport organisers right, and put in place arrangements to ensure fair financial returns for the benefit of all levels of professional and amateur sport. Members call on the Commission to examine whether it is possible to give competition organisers an intellectual property right (some sort of portrait right) over their competitions.

Prevention of consumer detriment: Parliament feels that online gambling is likely to give rise to risks to consumers and that Member States may therefore legitimately restrict the freedom to provide online gambling services in order to protect consumers. It draws attention to the growing concern about young people's ability to access online gambling opportunities, both legally and illegally, and stresses the need to have more effective age checks and to prevent underage gamblers from playing free demos on websites. It urges Member States to address the key risk factors which may increase the likelihood of a (young) person developing a gambling problem, and to find the tools to target those factors. Parents have a responsibility to prevent under-age gambling and gambling addiction by minors. Members also support the development of standards for online gambling regarding age limits, a ban on credit and bonus schemes to protect vulnerable gamblers, and so on. They suggest examining the possibility of introducing a maximum amount that a person can use for gambling activities per month, or of obliging online gambling operators to make use of prepaid cards for online gambling to be sold in shops. Parliament considers that self-regulation regarding the advertising, promotion and provision of online games is not effective and emphasises the need for both regulation and cooperation between industry and the authorities. It urges Member States to cooperate at EU level to take measures against any aggressive marketing by any operator of online gambling, including free demonstration games.

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- study the economic and non-economic effects of the provision of cross-border gambling services in relation to integrity, social responsibility, consumer protection and matters relating to taxation.

Lastly, Parliament stresses the importance for the Member State of the residence of the consumer to be able effectively to control, limit and supervise gambling services provided on its territory.