

Procedure file

Basic information		
INI - Own-initiative procedure	2011/2084(INI)	Procedure completed
Online gambling in the internal market		
Subject		
2.40 Free movement of services, freedom to provide		
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
	IMCO Internal Market and Consumer Protection		28/04/2011
		ALDE CREUTZMANN Jürgen	
		Shadow rapporteur	
		PPE ABAD Damien	
		S&D SCHALDEMOSE Christel	
		Verts/ALE RÜHLE Heide	
		ECR FOX Ashley	
		EFD SALVINI Matteo	
		Committee for opinion	Rapporteur for opinion
	ECON Economic and Monetary Affairs		07/06/2011
		PPE AUCONIE Sophie	
	ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
	CULT Culture and Education	The committee decided not to give an opinion.	
	JURI Legal Affairs		24/05/2011
		ECR KARIM Sajjad	
Council of the European Union	Council configuration	Meeting	Date
	Competitiveness (Internal Market, Industry, Research and Space)	3094	30/05/2011
European Commission	Commission DG	Commissioner	
	Financial Stability, Financial Services and Capital Markets Union	BARNIER Michel	

Key events			
24/03/2011	Non-legislative basic document published	COM(2011)0128	Summary
12/05/2011	Committee referral announced in		

	Parliament		
30/05/2011	Debate in Council	3094	Summary
06/10/2011	Vote in committee		Summary
14/10/2011	Committee report tabled for plenary	A7-0342/2011	
14/11/2011	Debate in Parliament		
15/11/2011	Results of vote in Parliament		
15/11/2011	Decision by Parliament	T7-0492/2011	Summary
15/11/2011	End of procedure in Parliament		

Technical information

Procedure reference	2011/2084(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	IMCO/7/05951

Documentation gateway

Non-legislative basic document		COM(2011)0128	24/03/2011	EC	Summary
Committee draft report		PE467.028	22/06/2011	EP	
Committee opinion	JURI	PE467.022	13/07/2011	EP	
Committee opinion	ECON	PE467.146	05/09/2011	EP	
Amendments tabled in committee		PE469.976	08/09/2011	EP	
Committee report tabled for plenary, single reading		A7-0342/2011	14/10/2011	EP	
Text adopted by Parliament, single reading		T7-0492/2011	15/11/2011	EP	Summary
Commission response to text adopted in plenary		SP(2012)55	05/03/2012	EC	

Online gambling in the internal market

PURPOSE: the presentation of a Green Paper on on-line gambling in the internal market.

BACKGROUND: today, on-line gambling services are widely offered and used in the EU and the economic significance of the sector is growing. The on-line offer is the fastest growing segment of the gambling market, accounting for 7.5% of the annual revenues of the overall gambling market in 2008, and it is expected to double in size by 2013.

At the same time, the regulatory framework applicable to gambling differs significantly across Member States. In view of recent trends, restrictions imposed to online gambling by each Member State can be expected to continue to vary considerably, with the effect that what is, or will become, considered a legal offer in one Member State will continue to be deemed ?unlawful? (in that it has not been implicitly or explicitly authorised) in the territory of another Member State.

Since July 2008, Member States have, within a Council Working Party on Establishment and Services, discussed matters of common interest in relation to the gambling sector. Consecutive Presidencies have asked for the European Commission's active participation and detailed consultations. Most recently, all Member States agreed on Council conclusions that welcome a broad consultation by the European

Commission on online gambling in the internal market which will allow for an in-depth discussion on issues raised by on-line gambling services in particular. These [conclusions](#) (2010) also addressed cooperation between regulatory authorities and noted that the Internal Market Information system could become a useful tool in order to facilitate this administrative cooperation.

This Green Paper also responds to the [resolution of the European Parliament](#) (2009) that called on the Commission to study the economic and non-economic effects of the provision of cross-border gambling services in relation to a wide range of issues.

The Commission's objective is to contribute to the emergence in the Member States of a legal framework for on-line gambling providing for greater legal certainty for all stakeholders. At the end of this process and in light of the responses received, the Commission will report on what appears to be the most appropriate follow-up.

CONTENT: the purpose of this Green paper is to launch an extensive public consultation on all relevant public policy challenges and possible Internal Market issues resulting from the rapid development of both licit and unauthorised on-line gambling offers directed at citizens located in the EU.

There are currently two models of national regulatory framework applied in the field of gambling:

1. based on licensed operators providing services within a strictly regulated framework and
2. the other on a strictly controlled monopoly (state owned or otherwise).

These two models co-existed within the internal market given the relatively limited possibilities of selling gambling services across borders in the past.

The online gambling market is the fastest growing segment of the overall gambling market, with annual revenues in excess of ? 6.16bn in 2008. Thus monopolies have often been authorised to develop on-line activities and certain Member States with monopoly regimes have gradually opted for an opening of their on-line gambling and betting market. In summary, the development of internet and the increased supply of on-line gambling services have made it more difficult for the different national regulatory models to co-exist.

Enforcement of national rules is facing many challenges, raising the issue of a possible need for enhanced administrative co-operation between competent national authorities, or for other types of action.

Furthermore, out of 14,823 active gambling sites in Europe more than 85% operated without any licence. In view of the self-evident cross-border impact of this on-line gambling service growth in both its legal and unauthorised dimension, as well as of its nexus with many issues already dealt with by EU legislation, it is the Commission's intention to exhaust a number of questions related to the effects of, and to the possible public policy responses to, this growth in on-line gambling activity in order to have a full picture of the existing situation, to facilitate the exchange of best practices between Member States and to determine if the differing national regulatory models for gambling can continue to coexist and whether specific action may be needed in the EU for that purpose.

The Commission's fundamental purpose is to:

- collect the facts,
- assess the stakes and to
- gather the views of all interested stakeholders on a phenomenon that has multiple dimensions.

Comments are invited on all or some aspects of the document. Specific questions are listed after each section.

Main issues dealt with by the Green Paper: among the key themes raised are the following:

- the definition and organisation of on-line gambling services;
- related services performed and/or used by on-line gambling services providers (questions relating to the promotion of on-line gambling and its regulation: television advertising, written press, on-line marketing, direct marketing, including SMSs, sponsorship);
- public interest objectives: consumer protection, problem gambling, protection of minors and vulnerable groups;
- prevention of fraud and money laundering;
- means of payment and security of on-line systems;
- cooperation between regulatory authorities.

The consultation and the questions asked focus primarily on on-line gambling, and issues linked to the free movement of services (Article 56 TFEU), due to the well-developed cross-border supply of such services. However, although this consultation does not focus on the freedom of establishment (Article 49 TFEU) a number of questions may also be of direct relevance for other gambling services (offered in "bricks-and-mortar" establishments). The Commission stresses that, in the absence of harmonisation in the field, it is for each Member State to determine in those areas, in accordance with its own scale of values, what is required in order to ensure that the interests in question are protected, in line with the subsidiarity principle.

Member States, the European Parliament, the European Economic and Social Committee and all other interested parties are invited to submit their views on the suggestions set out in this Green Paper. Contributions should reach the Commission by 31 July 2011: markt-gambling@ec.europa.eu

Follow-up: contributions will be published on the internet. The Commission asks organisations who wish to submit comments in the context of public consultations to provide the Commission and the public at large with information about whom and what they represent. The Commission intends to organise consultations of national authorities and targeted stakeholder meetings and expert workshops. In follow-up to this Green Paper and on the basis of the conclusions drawn from the results of this consultation, the Commission will consider the next steps to be taken.

Online gambling in the internal market

The Council took note of a Presidency report dealing with regulatory cooperation between EU Member States in the field of gambling (see Council doc. [9853/11](#)).

Building on the results of previous debates in the Council, especially on the conclusions adopted in December 2010 (see Council doc. ,

Online gambling in the internal market

The Committee on the Internal Market and Consumer Protection adopted the own-initiative report drafted by Jürgen CREUTZMANN (ADLE, DE) in response to the Commission's Green Paper on online gambling in the Internal Market.

Recalling the growing economic importance of the online gambling industry, the take from which was over EUR 6 billion, or 45% of the world market, in 2008, Members welcome the fact that the Commission has taken the initiative of launching public consultation in connection with its Green Paper on online betting and gambling. They also welcome the Commission's clarification of the fact that the political process initiated by means of the Green Paper is in no way aimed at deregulating/liberalising online gambling.

According to Members, efficient regulation of the online gambling sector should in particular:

- channel the natural gaming instinct of the population by restricting advertising to the level that is strictly necessary in order to direct potential gamblers to the legal provision of services, and by requiring all advertising for online gambling to be systematically coupled with a message warning against excessive or pathological gambling,
- combat the illegal gambling sector by strengthening technical and legal instruments for identifying and sanctioning illegal operators, and by promoting the legal provision of high-quality gambling services,
- guarantee effective protection for gamblers, with specific attention to vulnerable groups, in particular young people,
- preclude risks of gambling addiction, and ensure that gambling is proper, fair, responsible and transparent,
- ensure that specific measures are promoted to guarantee the integrity of sporting competition,
- ensure that part of the value of bets goes to sports and horse-racing bodies,
- ensure that a considerable proportion of government revenue from gambling is used for publicly beneficial and charitable purposes, and
- ensure that gaming is kept free from crime, fraud and any form of money laundering.

Subsidiarity principle and European added value: Members emphasise that any regulation of the gambling sector is subject to, and must be underpinned by, the subsidiarity principle, given the different traditions and cultures in the Member States. They reject, accordingly, any European legislative act uniformly regulating the entire gambling sector, but nonetheless take the view that, in some areas there would be clear added value from a coordinated European approach, in addition to national regulation, given the cross-border nature of online gambling services.

The report recognises the Member States' discretion in determining how gambling is organised, while observing the basic EU Treaty principles of non-discrimination and proportionality. Members respect in this context the decision by a number of Member States to ban all or certain types of online gambling or to maintain government monopolies on that sector, in accordance with the jurisprudence of the Court of Justice, as long as they adopt a coherent approach.

Members stress, on the one hand, that providers of online gambling should in all cases respect the national laws of the countries in which those games operate and, on the other hand, that Member States should retain the exclusive right to impose all the measures they deem necessary to address illegal online gambling in order to implement national legislation and exclude illegal providers from market access.

Whilst noting that the principle of mutual recognition of licences in the gambling sector does not apply, the report stresses that in keeping with internal market principles, Member States should open up the online gambling sector to competition for all or certain types of online gambling must ensure transparency and make non-discriminatory competition possible.

Members take the view that a pan-European code of conduct for online gambling should address the rights and obligations of both the service provider and the consumer.

Cooperation among regulatory bodies: the report calls for cooperation among national regulatory bodies to be considerably expanded, giving them a sufficient remit, with the Commission as coordinator, to develop common standards and take joint action against online gambling operators which operate without the required national licence. Members call for closer cooperation and better coordination among EU Member States, Europol and Eurojust in the fight against illegal gambling, fraud, money laundering and other financial crimes in the area of online gambling.

The report emphasises the need to address the protection of customer accounts opened in connection with online gambling in the event of the service provider becoming insolvent. It asks the Commission to support consumers if they have been affected by illegal practices and to offer them legal support. It recommends the introduction of pan-European uniform minimum standards of electronic identification.

In order to effectively protect consumers, especially vulnerable and young players, from the negative aspects of gambling online, the EU needs to adopt common standards for consumer protection. Members emphasise, in this context, that control and protection processes need to be in place before any gaming activity begins and could include, inter alia, age verification, restrictions for electronic payment and transfers of funds between gambling accounts and a requirement for operators to place notices about legal age, high-risk behaviour, compulsive gambling and national contact points on online gambling sites.

Gambling and sport: the need to ensure integrity: the report notes that the risk of fraud in sports competitions, although present since the outset, has been exacerbated since the emergence of the online sports betting sector and represents a risk to the integrity of sport. Members call for a common definition of sport fraud and cheating should be developed and that betting fraud should be penalised as a criminal offence throughout Europe.

The committee calls for:

- instruments to increase cross-border police and judicial cooperation, involving all Member States' competent authorities for the prevention, detection and investigation of match-fixing in connection with sport betting;
- a framework for cooperation with organisers of sports competitions to be considered with a view to facilitating the exchange of information between sports disciplinary bodies and state investigation and prosecution agencies, by setting up, for example, dedicated national networks and contact points to deal with cases of match-fixing.

The report calls on the Commission and Member States to work with all sports stakeholders with a view to identifying the appropriate mechanisms necessary to preserve the integrity of sport and the funding of grassroots sport.

Online gambling in the internal market

The European Parliament adopted a resolution on online gambling in the Internal Market, in response to a Commission Green Paper on the subject.

Recalling the growing economic importance of the online gambling industry, the take from which was over EUR 6 billion, or 45% of the world market, in 2008, Parliament welcomes the fact that the Commission has taken the initiative of launching public consultation in connection with its Green Paper on online betting and gambling. It also welcomes the Commission's clarification of the fact that the political process initiated by means of the Green Paper is in no way aimed at deregulating/liberalising online gambling.

According to Parliament, efficient regulation of the online gambling sector should in particular:

- channel the natural gaming instinct of the population by restricting advertising to the level that is strictly necessary in order to direct potential gamblers to the legal provision of services, and by requiring all advertising for online gambling to be systematically coupled with a message warning against excessive or pathological gambling,
- combat the illegal gambling sector by strengthening technical and legal instruments for identifying and sanctioning illegal operators, and by promoting the legal provision of high-quality gambling services,
- guarantee effective protection for gamblers, with specific attention to vulnerable groups, in particular young people,
- preclude risks of gambling addiction, and ensure that gambling is proper, fair, responsible and transparent,
- ensure that specific measures are promoted to guarantee the integrity of sporting competition,
- ensure that part of the value of bets goes to sports and horse-racing bodies,
- ensure that a considerable proportion of government revenue from gambling is used for publicly beneficial and charitable purposes, and
- ensure that gaming is kept free from crime, fraud and any form of money laundering.

1. Subsidiarity principle and European added value: Parliament emphasises that any regulation of the gambling sector is subject to, and must be underpinned by, the subsidiarity principle, given the different traditions and cultures in the Member States. It rejects, accordingly, any European legislative act uniformly regulating the entire gambling sector, but nonetheless takes the view that, in some areas there would be clear added value from a coordinated European approach, in addition to national regulation, given the cross-border nature of online gambling services.

The resolution recognises the Member States' discretion in determining how gambling is organised, while observing the basic EU Treaty principles of non-discrimination and proportionality. Parliament respects in this context the decision by a number of Member States to ban all or certain types of online gambling or to maintain government monopolies on that sector, in accordance with the jurisprudence of the Court of Justice, as long as they adopt a coherent approach.

Parliament points out that online gambling is a special kind of economic activity, to which internal market rules, namely freedom of establishment and freedom to provide services, cannot fully apply. Parliament stresses, on the one hand, that providers of online gambling should in all cases respect the national laws of the countries in which those games operate and, on the other hand, that Member States should retain the exclusive right to impose all the measures they deem necessary to address illegal online gambling in order to implement national legislation and exclude illegal providers from market access.

Whilst noting that the principle of mutual recognition of licences in the gambling sector does not apply, Parliament stresses that in keeping with internal market principles, Member States should open up the online gambling sector to competition for all or certain types of online gambling must ensure transparency and make non-discriminatory competition possible. It suggests that Member States introduce a licensing model which makes it possible for European gambling providers meeting the conditions imposed by the host Member State to apply for a licence.

Parliament takes the view that a pan-European code of conduct for online gambling should address the rights and obligations of both the service provider and the consumer. It urges the Commission to continue its investigation of the possible inconsistencies of Member States gambling legislation (offline and online) with the TFEU and if necessary to pursue those infringement proceedings that have been pending since 2008 in order to ensure such consistency.

2. Cooperation among regulatory bodies: the Parliament calls for cooperation among national regulatory bodies to be considerably expanded, giving them a sufficient remit, with the Commission as coordinator, to develop common standards and take joint action against online gambling operators which operate without the required national licence. In this regard, it considers the establishment of a regulator with suitable powers in each Member State to be a necessary step towards more effective regulatory cooperation.

Members call for closer cooperation and better coordination among EU Member States, Europol and Eurojust in the fight against illegal gambling, fraud, money laundering and other financial crimes in the area of online gambling.

The resolution emphasises the need to address the protection of customer accounts opened in connection with online gambling in the event of the service provider becoming insolvent. It asks the Commission to support consumers if they have been affected by illegal practices and to offer them legal support. It recommends the introduction of pan-European uniform minimum standards of electronic identification.

In order to effectively protect consumers, especially vulnerable and young players, from the negative aspects of gambling online, the EU needs to adopt common standards for consumer protection. Members emphasise, in this context, that control and protection processes need to be in place before any gaming activity begins and could include, inter alia, i) age verification, ii) restrictions for electronic payment and transfers of funds between gambling accounts and iii) a requirement for operators to place notices about legal age, high-risk behaviour, compulsive gambling and national contact points on online gambling sites.

3. Gambling and sport: the need to ensure integrity: Parliament notes that the risk of fraud in sports competitions - although present since the outset - has been exacerbated since the emergence of the online sports betting sector and represents a risk to the integrity of sport. It calls for a common definition of sport fraud and cheating should be developed and that betting fraud should be penalised as a criminal offence

throughout Europe.

The resolution calls for:

- instruments to increase cross-border police and judicial cooperation, involving all Member States' competent authorities for the prevention, detection and investigation of match-fixing in connection with sport betting;
- a framework for cooperation with organisers of sports competitions to be considered with a view to facilitating the exchange of information between sports disciplinary bodies and state investigation and prosecution agencies, by setting up, for example, dedicated national networks and contact points to deal with cases of match-fixing.

Lastly, Parliament recommends that sporting competitions should be protected from any unauthorised commercial use, notably by recognising the property rights of sports event organisers, not only in order to secure a fair financial return for the benefit of all levels of professional and amateur sport, but also as a means of strengthening the fight against sports fraud, particularly match-fixing.