

# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">2012/2322(INI)</a>	Procedure completed
Online gambling in the internal market		
Subject		
1.20.09 Protection of privacy and data protection		
2.40 Free movement of services, freedom to provide		
2.70.02 Indirect taxation, VAT, excise duties		
3.30.05 Electronic and mobile communications, personal communications		
3.30.25 International information networks and society, internet		
4.10.13 Sport		
4.60.02 Consumer information, advertising, labelling		
4.60.06 Consumers' economic and legal interests		
7.30.30.06 Action to combat economic fraud and corruption		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>IMCO</b> Internal Market and Consumer Protection		10/10/2012
		ECR <a href="#">FOX Ashley</a>	
		Shadow rapporteur	
		PPE <a href="#">PIETIKÄINEN Sirpa</a>	
		S&D <a href="#">SCHALDEMOSE Christel</a>	
		ALDE <a href="#">CREUTZMANN Jürgen</a>	
		Verts/ALE <a href="#">RÜHLE Heide</a>	
		EFD <a href="#">SALVINI Matteo</a>	
		Committee for opinion	Rapporteur for opinion
<b>ECON</b> Economic and Monetary Affairs		The committee decided not to give an opinion.	
<b>ITRE</b> Industry, Research and Energy		The committee decided not to give an opinion.	
<b>CULT</b> Culture and Education			12/12/2012
		PPE <a href="#">BELET Ivo</a>	
<b>JURI</b> Legal Affairs			14/01/2013
		PPE <a href="#">BORYS Piotr</a>	
<b>LIBE</b> Civil Liberties, Justice and Home Affairs		The committee decided not to give an opinion.	
European Commission	Commission DG	Commissioner	
	<a href="#">Financial Stability, Financial Services and Capital Markets Union</a>	BARNIER Michel	

Key events
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23/10/2012	Non-legislative basic document published	<a href="#">COM(2012)0596</a>	Summary
15/01/2013	Committee referral announced in Parliament		
30/05/2013	Vote in committee		
11/06/2013	Committee report tabled for plenary	<a href="#">A7-0218/2013</a>	Summary
10/09/2013	Results of vote in Parliament		
10/09/2013	Decision by Parliament	<a href="#">T7-0348/2013</a>	Summary
10/09/2013	End of procedure in Parliament		

### Technical information

Procedure reference	2012/2322(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/7/11454

### Documentation gateway

Non-legislative basic document		<a href="#">COM(2012)0596</a>	23/10/2012	EC	Summary
Committee draft report		<a href="#">PE506.088</a>	27/02/2013	EP	
Amendments tabled in committee		<a href="#">PE508.193</a>	18/04/2013	EP	
Committee opinion	<b>CULT</b>	<a href="#">PE504.088</a>	29/04/2013	EP	
Committee opinion	<b>JURI</b>	<a href="#">PE506.167</a>	29/04/2013	EP	
Committee report tabled for plenary, single reading		<a href="#">A7-0218/2013</a>	11/06/2013	EP	Summary
Text adopted by Parliament, single reading		<a href="#">T7-0348/2013</a>	10/09/2013	EP	Summary
Commission response to text adopted in plenary		<a href="#">SP(2013)816</a>	19/12/2013	EC	

## Online gambling in the internal market

**PURPOSE:** Commission Communication on a strategy to meet the regulatory and technical challenges of the online gambling sector.

**CONTENT:** online gambling is a fast growing service activity in the EU, with annual growth rates of almost 15% and estimated annual revenues in 2015 in the region of EUR 13 billion, compared to EUR 9.3 billion in 2011. This would represent a total growth rate of almost 40%. It is estimated that about 6.84 million European consumers participate in online gambling.

The nature of the online environment means that gambling sites may operate in the EU, outside any form of control carried out by regulators within the EU. Consumers in Europe also search across borders for online gambling services which, if not properly regulated, may expose them to significant risks. The extensive range of offers and the rising level of demand for online gambling services pose a number of challenges when it comes to ensuring the proper implementation of public policy objectives at the national, EU and international level.

Following the [Commission Green Paper in 2011](#) and the [European Parliament resolution](#) on online gambling in the internal market, this Communication identifies the key challenges posed by the co-existence of national regulatory frameworks within the internal market. It also seeks to propose answers to these challenges in the form of actions to be taken both at the national and EU level.

The paper points out that while Member States are in principle free to set the objectives of their policy on games of chance and to define in detail the level of protection sought, national regulatory frameworks have to comply with EU law and internal market rules. Ensuring compliance of national law with the Treaty is therefore essential to a successful EU policy on online gambling. In view of the type of challenges posed by the development of online gambling and their implications for each Member State, it is not possible for Member States effectively to address these challenges alone and to provide individually a properly regulated and sufficiently safe offer of online gambling services.

The Communication proposes a combination of initiatives and measures covering a range of issues, seeking to enhance legal clarity and establish policies based on available evidence. These actions, fully taking into account the principles of subsidiarity and proportionality, highlight five priority areas to address the challenges in the EU.

(1) Compliance of national regulatory frameworks with EU law: online gambling regulation in Member States is characterised by a diversity of regulatory frameworks. Recent regulatory changes in Member States have led to an increase in the offer of gambling services by operators authorised in an EU Member State over the last few years and to considerable differences in national regulations. Furthermore, cross-border offers are often not authorised under national rules in the recipient Member State.

Compliance of these national rules with the Treaty has been challenged in front of national courts and questions on the interpretation of EU law have been referred to the European Court of Justice (ECJ). The ECJ has confirmed that national rules that prohibit the provision of gambling services authorised in other Member States were found to restrict the freedom of national residents to receive, over the internet, services offered in other Member States. They also restrict the freedom of operators established in other Member States to provide gambling services.

The national rules in question focus mainly on consumer protection objectives, in particular the prevention of problem gambling and the protection of minors, and on crime and fraud prevention. While Member States usually offer legitimate reasons for the restriction of cross border gambling services, they must nonetheless demonstrate the necessity of the measure in question, in particular the existence of a problem linked to the public interest objective at stake and the consistency of the regulatory system.

The Commission has launched infringement cases against a significant number of Member States, and will accelerate its assessment of national provisions in the pending infringement cases and complaints and take enforcement action wherever necessary.

(2) Enhancing administrative cooperation and efficient enforcement: enhancing administrative cooperation will assist Member States and gambling regulators in their regulatory and supervisory role and improve the quality of their work. Practical cooperation will enable Member States to become familiar with the systems of others, and to develop closer working relations at the operational level.

The Commission will:

- facilitate administrative cooperation between gambling regulators;
- enhance exchange of information and best practice on enforcement measures and explore the benefits and possible limits of responsive enforcement measures, such as payment blocking and disabling access to websites, at EU level;
- provide clarification on the procedures for notifying and acting on unauthorised content hosted in the EU by online intermediaries;
- develop regulatory dialogue with third countries.

Member States are urged to:

- provide gambling regulatory authorities with clear competences and ensure cooperation with other relevant competent authorities;
- explore means to inform consumers about available authorised offers in order to direct demand to the legal market.

(3) Protecting consumers and citizens, minors and vulnerable groups: appropriate action in the EU is needed so as to: (i) draw consumers away from unregulated and potentially harmful offers; (ii) protect minors from accessing gambling facilities, recalling that the protection of minors must be a priority not least because 75% of 6-17 year olds in Europe use the internet; (iii) safeguard other vulnerable groups and (iv) prevent the development of gambling-related disorders, since it can be estimated that between 0.5-3% of the population in the EU suffer from some type of gambling disorder.

The paper notes also that responsible advertising is imperative in order to ensure that citizens are aware that:

- age restrictions apply;
- gambling can be harmful if not played responsibly and
- the risks can be financial, social or health related.

As a first step the Commission will prepare a Recommendation on common protection of consumers, which should include a set of principles including effective and efficient registration of players, age verification and identification controls in particular in the context of money transactions, reality checks (account activity, warning signs, signposting to helplines), no credit policy, protection of player funds, self-restriction possibilities (time/financial limits, exclusion) as well as customer support and efficient handling of complaints.

The Commission will also prepare a Recommendation on responsible gambling advertising in 2013 to ensure that operators authorised in a given Member State advertise gambling in a socially responsible manner and provide key information to consumers.

The Commission will, inter alia:

- support benchmarking and testing of parental control tools through the [Safer Internet Programme](#) and the [Connecting Europe Facility](#) to improve age rating and content classification systems;
- assess recommendations on gambling-related internet addiction among adolescents under EU NET ADB in 2012.

Member States are urged to:

- strengthen information and awareness raising initiatives on the risks related to gambling, as well as on unregulated gambling offers;
- improve cooperation between gambling regulatory authorities and consumer organisations;
- increase the availability and use of online safety practices of children and young people to prevent them from accessing gambling sites;
- carry out surveys and data collection on gambling disorders.

(4) Preventing fraud and money laundering: the main public interest objectives of Member States with regard to public order are the prevention

of gambling fraud and money laundering. Credit card fraud and theft of banking credentials are reported to be the most common crime in relation to on-line gambling. Online gambling may also be used for laundering of funds stemming from illegal activities. These criminal offences are often committed cross-border and involve organised crime.

The Commission will:

- consider extending the scope of the [AML Directive](#) to all forms of gambling in 2012;
- in the context of its policy on cybercrime, encourage exchanges of experience;
- explore the possibility of an EU standard on gambling equipment including gambling software in 2013.

(5) Safeguarding the integrity of sports and preventing match-fixing: betting related match fixing is a specific type of fraud that goes against the interests of sport organisations, sportspeople, players (consumers) and regulated gambling operators. The Commission will develop a Recommendation anti-match fixing measures with a view to:

- promoting a more efficient exchange of good practices in the prevention of betting related match-fixing, including initiatives on awareness raising and training for actors in the field of sports;
- ensuring mutual reporting and follow-up actions of suspicious activities by sport bodies, operators and regulators, including gathering reliable figures on the scale of the problem;
- establishing minimum conflict of interest provisions, e.g betting bans for sport people and sport officials as well as the exclusion of youth events from betting; and
- introducing hotlines and other reporting or whistle-blowing alert mechanisms.

The Commission will also:

- participate in the work of the Council of Europe on a possible Convention against manipulation of sports results;
- promote international cooperation and dialogue in the prevention of match fixing.

Member States are urged to:

- set up national contact points bringing together all relevant actors involved in fighting match fixing;
- equip national legal and administrative systems with the tools, expertise and resources to combat match fixing;
- consider sustainable financing of sports integrity measures.

Lastly, the Commission will publish a report within two years, assessing these actions, notably with regard to the objectives of a more effective protection of consumers and deterrence of match-fixing. It will also assess whether these actions provide an adequate EU framework for online gambling or if additional measures, where necessary legislative ones, need to be taken at EU level.

## Online gambling in the internal market

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The Committee on the Internal Market and Consumer Protection adopted an own-initiative report by Ashley FOX (ECR, UK) on online gambling in the internal market.

Members stress that gambling is not an ordinary economic activity. Given the special nature of the online gambling sector, the protection of human health and consumers should be the main guiding principle when EU-level recommendations and national legislation are made. In this context, Members consider that, in order to ensure a high level of consumer protection, in particular for those consumers who are the most vulnerable, it is appropriate to ensure a fair and legal offer of gambling services defined by each Member State in compliance with Union law might. They warn that gambling can lead to dangerous addiction, which is an issue that would need to be addressed in any legislative proposal for the sake of consumers and the integrity of this form of sport.

The report calls for a series of actions from Member States and the Commission, as appropriate, to:

- take action against illegal gambling offered from within Member State territories;
- ensure a high level of consumer and health protection in the Union;
- continue to explore measures at EU level to protect vulnerable consumers;
- oblige operators working with a licence from the Member State to carry the logo, trustmark of the regulatory authority in a prominent fixed position on its website;
- stop the practice whereby companies based in one Member State market online-gambling services for example via satellite-TV or advertisement campaigns in another Member State in which they are not licensed to offer such services;
- ensure operators are obliged to display clear, prominent and explicit warnings to minors stating that it is illegal for them to engage in online gambling;
- carry out, in a coordinated manner, further studies to understand problem gambling;
- explore the possibility of EU-wide interoperability between national self-exclusion registers so that any customer self-excluding or surpassing their gambling limits at one gambling operator has the opportunity to be automatically self-excluded from all other licensed gambling operators;
- consider implementing a compulsory third-party identification control in order to exclude minors or persons using fake identities from playing;
- ensure gambling operators are obliged actively to promote the use of self-restrictions at the time of registration as well as in cases of repeated losses.

Common standards: Members take the view that common standards for online gambling should address the rights and obligations of both the service provider and the consumer, ensuring a high level of protection for citizens and consumers, in particular minors and other vulnerable

persons, and the prevention of misleading and excessive advertisements. They encourage the European gambling operators associations to develop and adopt self-regulatory codes of conduct.

Members recommend the introduction of uniform, pan-European common security standards for electronic identification and cross border e-verification services. They also recommend the exchange of best practices on enforcement measures such as on establishing white and black lists of, and preventing access to, illegal gambling websites, jointly defining secure and traceable payment solutions, and considering the feasibility of blocking financial transactions.

The report goes on to call on Member States and on operators to encourage responsible advertising in relation to online gambling. It asks the Commission to include common minimum standards that provide sufficient protection for vulnerable consumers containing clear warnings to minors.

For minors, the report particularly recommends: (i) introduction of school courses aimed at young people on the best uses of the Internet; (ii) effective measures to raise awareness of the risks of gambling addiction; (iii) defining a non-harmful format for advertising, and preventing people under 18 from gambling and combating problematic and compulsive gambling.

In terms of legal action, Member States are asked to only authorise operators who fulfil at least the following requirements and are thus considered to be legal:

- the operator must have a licence which gives it a right to operate in the Member State of the player;
- the operator is not considered to be illegal under the law applicable in any other Member State.

Compliance with EU law: Members recognise that with due regard to the principle of subsidiarity, Member States have the right to determine how the offer of online gambling services is organised and regulated in accordance with their own values and pursued objectives of general interest, while observing Union law. The Commission is asked to continue to monitor and enforce compliance of national laws and practices with EU law, in cooperation with the Member States, and to launch infringement procedures against those Member States that appear to breach EU law.

Members want the Commission and Member states to be more ambitious and draw up coordinated measures and strategies, with a view to addressing the social costs and harmful effects of gambling activities. Those Member States that choose to open up their online gambling sector must provide for a transparent and legally certain licensing application procedure based on objective and non-discriminatory criteria, in full compliance with EU law and with sufficient and strict citizen and consumer protection.

Administrative cooperation: recalling the Commission initiative to set up an expert group on gambling in order to share best practice and information on establishing a common system on identification of players as well as technical measures, Members ask the Commission to include experts specialised in problem and pathological gambling in expert groups and consultations. Stressing the need for cooperation and exchanges of best practices among national experts from the social and health spheres, Members encourage the Member States to work in close cooperation with the Commission and with each other to coordinate steps to combat the unauthorised supply of cross-border gambling services.

At the same time, they stress the importance for the expert group to work towards more transparent and simplified procedures that remove unnecessary administrative burdens on Member States that could unnecessarily increase costs for legal online operators in those countries which choose to open up their markets. They believe that steps should be taken to bring national tax regimes for gambling services into line with one other in order to prevent disproportionate tax concessions from fostering a proliferation and concentration of online gambling services.

Money laundering: Members point out that online gambling is a non-cash-based environment and that given the dependency on third-party financial service providers additional safeguards against money laundering are needed. They call on the Commission, the Member States and the expert group to take effective action against money laundering.

The report welcomes, in this respect, the proposal to extend the provisions of the Anti-Money Laundering Directive to include all forms of gambling. It emphasises that solid registration and unambiguous verification systems are key tools in preventing any misuse of online gambling, and advantage can be taken of online bank and credit-card verification systems.

Integrity of sports: Members deal with the problem of match-fixing, taking account of its transnational nature. They note that match fixing occurs in both the offline and the online gambling markets and that, in the majority of cases, online betting-related match-fixing occurs through gambling operators established in unregulated markets outside the EU.

They call for the following principal measures:

- a code of conduct, containing a general ban on all staff involved in sporting events from placing bets on their own matches or events;
- the adoption at national level of effective measures to prevent conflicts of interest, notably by avoiding wagers of all stakeholders from the world of sports on betting organised on competitions in which they are involved;
- ban all forms of live sports betting since these have proved to be very vulnerable to match-fixing and therefore pose a risk to the integrity of sport;
- an obligation for cooperation on suspicious activities with Europol and Eurojust;
- the creation of a global platform for exchange of information and best practices and in the coordination of joint prevention and enforcement actions;
- ensure that the fraudulent manipulation of results for financial or other advantage is prohibited by establishing as a criminal offence any threat to the integrity of competitions;
- take action at EU level against unregulated online gambling and to support the fight against match-fixing.

Members recommend that sporting competitions should be protected from any unauthorised commercial use, notably by recognising the property rights of sports event organisers.

Lastly, Member States are asked to consider a ban on all forms of spot fixing, such as gambling on corner kicks, free kicks, throw-ins and

yellow cards, as these has proven to be very vulnerable to match-fixing. The report calls up the Commission to install a European alert system for betting regulators in order rapidly to exchange information about fixed sporting events.

## Online gambling in the internal market

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The European Parliament adopted by 572 votes to 79, with 61 abstentions, a resolution on online gambling in the internal market.

Parliament stresses that gambling is not an ordinary economic activity. Given the special nature of the online gambling sector, the protection of human health and consumers should be the main guiding principle when EU-level recommendations and national legislation are made. In this context, Parliament considers that, in order to ensure a high level of consumer protection, in particular for those consumers who are the most vulnerable, it is appropriate to ensure a fair and legal offer of gambling services defined by each Member State in compliance with Union law might. It warns that gambling can lead to dangerous addiction, which is an issue that would need to be addressed in any legislative proposal for the sake of consumers.

The resolution calls for a series of actions from Member States and the Commission, as appropriate, to:

- take action against illegal gambling offered from within Member State territories;
- ensure a high level of consumer and health protection in the Union;
- continue to explore measures at EU level to protect vulnerable consumers;
- oblige operators working with a licence from the Member State to carry the logo, trustmark of the regulatory authority in a prominent fixed position on its website;
- stop the practice whereby companies based in one Member State market online-gambling services for example via satellite-TV or advertisement campaigns in another Member State in which they are not licensed to offer such services;
- ensure operators are obliged to display clear, prominent and explicit warnings to minors stating that it is illegal for them to engage in online gambling;
- carry out, in a coordinated manner, further studies to understand problem gambling;
- explore the possibility of EU-wide interoperability between national self-exclusion registers so that any customer self-excluding or surpassing their gambling limits at one gambling operator has the opportunity to be automatically self-excluded from all other licensed gambling operators;
- consider implementing a compulsory third-party identification control in order to exclude minors or persons using fake identities from playing;
- ensure gambling operators are obliged actively to promote the use of self-restrictions at the time of registration as well as in cases of repeated losses.

Common standards: Parliament takes the view that common standards for online gambling should address the rights and obligations of both the service provider and the consumer, ensuring a high level of protection for citizens and consumers, in particular minors and other vulnerable persons, and the prevention of misleading and excessive advertisements. It encourages the European gambling operators associations to develop and adopt self-regulatory codes of conduct.

Parliament recommends the introduction of uniform, pan-European common security standards for electronic identification and cross border e-verification services. It calls for registration and identification procedures to be streamlined and made more efficient, notably in order to ensure efficient identification mechanisms and to prevent multiple accounts per player and access by minors to online gambling websites. It also recommends the exchange of best practices between Member States on enforcement measures such as on establishing white and black lists of illegal gambling websites, jointly defining secure and traceable payment solutions, and considering the feasibility of blocking financial transactions in order to protect consumers against illegal operators.

Parliament goes on to call on Member States and on operators to encourage responsible advertising in relation to online gambling. It asks the Commission to include common minimum standards that provide sufficient protection for vulnerable consumers containing clear warnings to minors.

For minors, the resolution particularly recommends: (i) introduction of school courses aimed at young people on the best uses of the Internet; (ii) effective measures to raise awareness of the risks of gambling addiction; (iii) defining a non-harmful format for advertising, and preventing people under 18 from gambling and combating problematic and compulsive gambling.

In terms of legal action, Member States are asked to only authorise operators who fulfil at least the following requirements and are thus considered to be legal:

- the operator must have a licence which gives it a right to operate in the Member State of the player;
- the operator is not considered to be illegal under the law applicable in any other Member State.

Compliance with EU law: Parliament recognises that with due regard to the principle of subsidiarity, Member States have the right to determine how the offer of online gambling services is organised and regulated in accordance with their own values and pursued objectives of general interest, while observing Union law. The Commission is asked to continue to monitor and enforce compliance of national laws and practices with EU law, in cooperation with the Member States, and to launch infringement procedures against those Member States that appear to breach EU law. All legislation must be proportionate, consistent, transparent, and non-discriminatory.

Parliament wants the Commission and Member states to be more ambitious and draw up coordinated measures and strategies, with a view to addressing the social costs and harmful effects of gambling activities. Those Member States that choose to open up their online gambling sector must provide for a transparent and legally certain licensing application procedure based on objective and non-discriminatory criteria, in full compliance with EU law and with sufficient and strict citizen and consumer protection.

Administrative cooperation: recalling the Commission initiative to set up an expert group on gambling in order to share best practice and information on establishing a common system on identification of players as well as technical measures, Parliament asks the Commission to include experts specialised in problem and pathological gambling in expert groups and consultations. Stressing the need for cooperation and exchanges of best practices among national experts from the social and health spheres, Members encourage the Member States to work in close cooperation with the Commission and with each other to coordinate steps to combat the unauthorised supply of cross-border gambling services.

At the same time, it stresses the importance for the expert group to work towards more transparent and simplified procedures that remove unnecessary administrative burdens on Member States that could unnecessarily increase costs for legal online operators in those countries which choose to open up their markets. It believes that steps should be taken to bring national tax regimes for gambling services into line with one other in order to prevent disproportionate tax concessions from fostering a proliferation and concentration of online gambling services.

Money laundering: Parliament recalls that online gambling is a non-cash-based environment and that given the dependency on third-party financial service providers additional safeguards against money laundering are needed. It calls on the Commission, the Member States and the expert group to take effective action against money laundering. The resolution welcomes, in this respect, the proposal to extend the provisions of the Anti-Money Laundering Directive to include all forms of gambling. It emphasises that solid registration and unambiguous verification systems are key tools in preventing any misuse of online gambling, and advantage can be taken of online bank and credit-card verification systems.

Integrity of sports: Parliament deals with the problem of match-fixing, taking account of its transnational nature. It notes that match fixing occurs in both the offline and the online gambling markets and that, in the majority of cases, online betting-related match-fixing occurs through gambling operators established in unregulated markets outside the EU.

Against this background, Parliament calls for the following principal measures:

- the strict regulation or the prohibition, after an evaluation conducted at the level of each Member State, of dangerous forms of gambling
- a code of conduct, containing a general ban on all staff involved in sporting events from placing bets on their own matches or events;
- the adoption at national level of effective measures to prevent conflicts of interest, notably by avoiding wagers of all stakeholders from the world of sports on betting organised on competitions in which they are involved;
- ban all forms of live sports betting since these have proved to be very vulnerable to match-fixing and therefore pose a risk to the integrity of sport;
- an obligation for cooperation on suspicious activities with Europol and Eurojust;
- the creation of a global platform for exchange of information and best practices and in the coordination of joint prevention and enforcement actions;
- ensure that the fraudulent manipulation of results for financial or other advantage is prohibited by establishing as a criminal offence any threat to the integrity of competitions;
- take action at EU level against unregulated online gambling and to support the fight against match-fixing.

Parliament recommends that sporting competitions should be protected from any unauthorised commercial use, notably by recognising the property rights of sports event organisers.

It calls on sport federations and gambling operators to include, in a code of conduct, a ban on betting on so-called negative events, such as yellow cards, penalty kicks or free kicks during a match or event and to ban all forms of live sports betting since these have proved to be very vulnerable to match-fixing and therefore pose a risk to the integrity of sport. In this regard, Parliament calls on the Commission to install a European alert system for betting regulators in order rapidly to exchange information about fixed sporting events.

Lastly, Parliament welcomes transnational education projects to combat match-fixing on a global level.