



Statutory Document No. 43/06

THE ONLINE GAMBLING REGULATION ACT 2001
THE ONLINE GAMBLING (SYSTEMS VERIFICATION AMENDMENT)
REGULATIONS 2006

Laid before Tynwald March 2006

Coming into operation 20th January 2006

In exercise of the powers conferred on the Department of Home Affairs by section 21 of the Online Gambling Regulation Act 2001¹, and of all other enabling powers, the following Regulations are hereby made: -

1 Citation, commencement and interpretation

(1) These Regulations may be cited as the Online Gambling (Systems Verification Amendment) Regulations 2001 and shall come into operation on 20 January 2006.

(2) In these regulations -

“the Act” means the Online Gambling Regulation Act 2001;

“the Commissioners” means the Isle of Man Gambling Control Commissioners;

“the Department” means the Department of Home Affairs;

“OGS” means a computer or system or systems of computers by means of which online gambling is conducted, (including but not limited to equipment for disseminating or distributing a result, or part of a result or determining a winning player) in relation to or used in connection with online gambling as well as

(a) all its associated components; and

(b) its operating systems and application software.

Price £1.15 Code A

¹ 2001 c.10

"the Operator", in relation to any online gambling, means the person through whom it is facilitated and which person has been granted a licence under the Act;

"Game", "Game of Chance" and "Gaming" has the same meaning as given in the Act

"Wager" has the same meaning given in the Online Gambling (Technical Support and Disaster Recovery Regulations) 2006;

"Player" means in relation to online gaming a person participating in online gambling with the operator via the OGS;

"Play for fun" has the same meaning given in the Online Gambling (Technical Support and Disaster Recovery) Regulations 2006;

"Online Gambling" has the same meaning given in the Act;

"Treasury" means the Isle of Man Treasury Department.

2 Certification of OGS

- (1) The operator shall, before any online gambling is conducted by means of any OGS, produce to the Department a certificate in writing issued by a person approved for the purpose by the Department that the OGS by means of which it is conducted complies with the standards specified in the Schedule.
- (2) The Obligation under paragraph (1) arises –
 - (a) prior to the operator permitting the OGS to be accessed by any player for the placing of wagers subject to (3); and
 - (b) on or before the expiry of the time periods specified in the operator's license.
- (3) Regulation 2(a) will not apply insofar as the operator intending to use the OGS produces to the Department a certificate in writing issued by a person approved for the purpose by the Department (prior to the OGS being accessed by players directly or indirectly for the purpose of placing wagers) that the OGS is not different in any material, technical or operational respect to an OGS already certified as being fully compliant with the Schedule for and on behalf of another operator under Regulations 2(a) and 2(b).

3 Alteration of OGS

- (1) The OGS by means of which any online gambling is conducted may not without the prior approval of the Commissioners be altered in any way which is likely to affect its compliance with the requirements of the Schedule, subject to Regulation 3(2).
- (2) Regulation 3(1) will not apply to each new game launched by the operator provided that nothing in this regulation will obviate the requirement that the OGS continues to comply fully with the Schedule.

4 Penalties

If any requirement of Regulation 2 or 3 is contravened, each of the following –

- (a) the operator, and
- (b) the person who is the designated official in relation to the operator's licence,

is guilty of an offence and liable on summary conviction to a fine not exceeding £5,000.

5 Revocation

The Online Gambling (Systems Verification Amendment) Regulations 2001 is revoked.

SCHEDULE
REQUIREMENTS WITH WHICH OGS MUST COMPLY

General

- 1 The OGS must --
 - (a) follow the game rules published to the player or potential player prior to its placing any wagers;
 - (b) provide over specified time periods no more than the house advantage agreed by the Commissioners with the operator; and
 - (c) integrate contingencies for loss of continuity of play; and
 - (d) if utilised in any peer to peer game, ensure that over the specified time periods that no one player has any advantage over any other player playing the same game.

- 2 Both the gaming and financial transactions software must be congruent and secure.

Randomness

- 3(1) The OGS must satisfy the following criteria for randomness for any gaming (save where different gaming rules apply and have been approved by the Commissioners and published to the player or potential player prior to its participation), following Schneier --
 - (a) the data must be randomly generated, passing appropriate statistical non static output results tests of randomness (e.g., Marsaglia's "Diehard" set of tests) uniformly distributed over the set range;
 - (b) the data must be unpredictable, i.e. it must be computationally not feasible to predict what the next number will be, given complete knowledge of the algorithm or hardware generating the sequence, and all previously generated numbers; and
 - (c) the series cannot reliably be reproduced, i.e. if the sequence generator is activated again with the same input (as exactly as humanly possible) it will produce two completely unrelated random sequences.

- (2) The operator must disclose the methodology of any random seeding and any seeding must be proven to result in an unpredictable output.
- 4 The outcome of any game, and the return of the player, must be independent of the CPU, memory, disk or other components used in the computer or other device used by the player.
- 5 The game outcome must not be affected by the effective bandwidth, link utilization, bit error rate or other characteristic of the communications channel between the OGS and the computer or other device used by the player.
- 6 The OGS must be able to display for each game the following information (i.e. on the current page or on a page directly accessible from the current page via a hyperlink) –
- (a) the name and rules of the game;
 - (b) restrictions on play;
 - (c) instructions on how to play, including a pay-table for all prizes and special features;
 - (d) the player's current account balance and currency or currencies utilised to place wagers;
 - (e) unit and total wagers permitted;
 - (f) the return to the player, or supply sufficient information to enable a player to determine readily and easily, the expected return to him in relation to any game, disregarding any exercise of skill by him; and
 - (g) for the specified periods in which the tests take place, the percentage of total wagers returned to players in relation to all house games offered by the operator.

Reporting requirements

- 7 All financial reports produced by the OGS must be readily reconcilable with gaming transaction reports, and conversely. All such reports shall be freely available to the Commissioners.
- 8 The OGS must –

- (a) be capable of producing monthly auditable and aggregated financial statements of gaming transactions, and
- (b) calculate accurately all taxation (gambling duty) and other monies due to the Treasury.

9 The OGS must maintain information about all games played, including –

- (a) the identity of the player;
- (b) the time the game began;
- (c) the balance on the player's account at the start of the game;
- (d) the wagers placed in the game (timestamped);
- (e) the game status (in progress, complete, etc.); and
- (f) the result of the game (timestamped);
- (g) the time the game ended;
- (h) amount won or lost by the player;
- (i) the balance on the player's account at the end of the game; and
- (j) the currency or currencies utilised by the player.

10 The OGS must maintain information about significant events as follows –

- (a) large wins; (as agreed by the Commissioners from time to time)
- (b) transfers of funds (between players or between any player and the operator) in excess of such amount as the Commissioners may from time to time direct by notice in writing to the operator;
- (c) material changes made by the operator to game returns, disclosed under 6(f).
- (d) material fluctuations in theoretical/estimated statistical return to players (being a percentage of lost players' wagers agreed with the Commissioners from time to time).

MADE 20th January 2006



Minister for Home Affairs

EXPLANATORY NOTE

(This note is not part of the Regulations)

This Order which is made under the Online Gambling Regulation Act 2001 provides for the rules to which an operator must comply in conducting online gambling and providing certification of software and the penalties for non compliance.

