



ALDERNEY GAMBLING CONTROL COMMISSION

**Technical Standards and Guidelines for Internal
Control Systems and Internet Gambling Systems**

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Internal Control System Guidelines

BACKGROUND AND OVERVIEW

The Alderney eGambling Ordinance, 2009, as amended, (“**Ordinance**”) provides that an eGambling licensee, Category 1 or Category 2 Associate certificate holder may exercise its eGambling licence Category 1, or Category 2 Associate certificate Associate certificate only if it has obtained the approval of its Internal Control System (“**ICS**”) by the Alderney Gambling Control Commission (“**Commission**”) and (b) it conducts its business of organizing, promoting or effecting gambling transactions, as the case may be, under and in accordance with that system (Ord.14(1)).

An Internal Control System is defined as “a **system of controls and administrative and accounting procedures used by an eGambling licensee for the conduct of eGambling**” (Ord.30(1)).

The ICS needs to be documented and submitted to the Commission for approval in accordance with the provisions of regulation 175 and 176 and the detail of the application form is set out in Schedule 11 of the eGambling Regulations, 2009, as amended, (“**the Regulations**”).

The Commission requires licensees, Category 1 and Category 2 associate certificate holders to operate pursuant to robust, well documented and auditable internal controls. The Commission will undertake regular on-site inspections and off-site supervisory activities of the licensee, Category 1 or Category 2 associate certificate holder’s operations to assess whether the licensee, Category 1 or Category 2 associate certificate holder is conducting its business in a controlled manner, in conformity with law and regulation, and to assess the correct application of the procedures documented in the approved ICS, and whether the licensee, Category 1 or Category 2 certificate holder’s current approved ICS remains relevant and appropriate to the business. The licensee, Category 1 or Category 2 associate certificate holder must therefore ensure all operational changes are addressed in the ICS, and secure the Commission’s formal approval prior to implementing any such change.

Purpose of the ICS

Regulation 175 of the Regulations sets out the purpose of the ICS, together with the information that must be contained in the ICS, as set out below -

Purpose of internal control system.

175. (1) The purpose of an internal control system is —

- (a) to provide a description by an eGambling licensee, Category 1 associate certificate holder or a Category 2 associate certificate holder of the controls and administrative, operational and accounting policies and procedures to which it will adhere when conducting eGambling or operating under its licence or certificate; and
 - (b) to establish the standards and processes against which an ordinary investigation by the Commission in the form of an inspection in accordance with regulation 251 will be undertaken.
- (2) As a minimum, an internal control system shall contain information about and describe, having regard to its business risk assessment, —
- (a) accounting systems and procedures and chart of accounts;
 - (b) administrative systems and procedures;
 - (c) computer software;
 - (d) standard forms and terms;
 - (e) general procedures to be followed for the conduct of any form of eGambling;
 - (f) procedures and standards for the maintenance, security, storage and transportation of gambling equipment;

- (g) procedures for registering, identifying and verifying customers (in relation to a Category 1 eGambling licensee or Category 1 associate certificate holder only), recording gambling transactions and paying winnings to customers (in relation to a Category 1 eGambling licensee or Category 1 associate certificate holder only);
 - (h) positions to be designated as key positions;
 - (i) its auditors; and
 - (j) the policies, procedures and controls as are appropriate and effective for the purposes of forestalling, preventing and detecting money laundering and terrorist financing, and necessary in order to comply with the money laundering and terrorist financing provisions under Schedule 4 to the Ordinance and the associated regulations.
- (3) Without prejudice to the generality of the foregoing, the policies, procedures and controls referred to in paragraph 2(j) shall include the eGambling licensee's, Category 1 associate certificate holder's or Category 2 associate certificate holder's –
- (a) policy for reviewing at appropriate intervals its compliance with the money laundering and terrorist financing provisions;
 - (b) arrangements to manage compliance;
 - (c) screening practices when recruiting relevant employees;
 - (d) ongoing employee training programme;
 - (e) audit function to test its systems;
 - (f) measures taken to keep abreast of and guard against the use of technological developments and new methodologies in money laundering and terrorist financing schemes;
 - (g) customer identification and verification systems (in relation to a Category 1 eGambling licensee or Category 1 associate certificate holder only); and
 - (h) procedures relating to ongoing customer due diligence and monitoring of the customer relationship (in relation to a Category 1 eGambling licensee or Category 1 associate certificate holder only).

A licensee's ICS should therefore be designed to provide the following:

1. Administrative control, which includes details of the licensee or Category 1 or 2 associate certificate holder's organisational structure and details all appropriate procedures and decision-making processes regarding the administration of transactions and including consideration of the main vulnerabilities of Money Laundering and Financing of Terrorism (ML/FT) within the eGambling sector.
2. Accounting control, which includes the structure of this function, and all procedures and records concerning the safeguarding of assets and the reliability of financial records, so as to provide reasonable assurances on the following:

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- a. Transactions are executed in accordance with management's general and specific authorisation, including the requirements of the Alderney eGambling legislation.
 - b. Transactions are so recorded to permit the preparation of financial statements.
 - c. Access to assets is permitted only in accordance with management authorisation.
 - d. The segregation of incompatible functions so that no employee is in a position to perpetrate or conceal errors or irregularities, or engage in theft or other collusive and improper behaviours.
3. Control over the operation of customer accounts and the calculation of results of gaming activities.
 4. Safeguards in relation to the physical and electronic security of the licensees or Category 1 or Category 2 Associate certificate holder's systems.
 5. Policies, procedures and controls for the purpose of forestalling, preventing and detecting money laundering and terrorist financing.

Interpretation of the Guidelines

These guidelines are made under section 22(3)(b) of the Ordinance. It is a licence or certificate condition that licensees and Category 1 or Category 2 Associate certificate holders must have regard to, and meet the requirements of, any guidance issued by the Commission (R4(l), 6(l), 8(o), 60(j)).

The guidelines aim to provide applicants, licensees and Category 1 or Category 2 Associate certificate holders with an outline of the main areas which are expected to be incorporated into an ICS. It is important that an ICS addresses each point in this document in order that the Commission can accurately determine whether the system satisfies the eGambling legislative requirements, provides satisfactory and effective operational control, and provides a safe and secure system for the conduct of eGambling (R.180).

The Commission does not require a full ICS submission at the time of the initial licence or Category 1 or Category 2 Associate certificate application; at that stage, an applicant needs only to provide an outline of the internal controls and to explain how it intends to establish and implement full and comprehensive arrangements. However, if a draft ICS is submitted with the application for licensure certification, it will be considered in the application process. Licensees and Category 1 or Category 2 Associate certificate holders should note that they will be required to have their full ICS approved by the Commission *prior to the exercise of their licence*, Category 1 or Category 2 Associate certificate .

The ICS review process is first and foremost a dialogue, designed to allow each licensee or Category 1 or Category 2 Associate certificate holder to describe how it proposes to mitigate the risks associated with its business, considering the areas of risk observed in these guidelines. The Commission has set forth its general requirements in these guidelines, and the licensee or Category 1 or Category 2 Associate certificate holder must describe how it can best meet these requirements. The Commission recognises that control systems will vary, due to the wide variety of eGambling activities, business models, and technical systems, and to the changing nature of the gaming environment. The Commission will therefore expect to work closely with each applicant, seeking to understand their business needs and operational structure, but also directing them if necessary.

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These guidelines identify risk areas that the Commission expects the licensee or Category 1 or Category 2 Associate certificate holder to mitigate when engaged in active operations. The Commission is mindful that a particular risk can be effectively mitigated through the employment of a procedure, technology or different forms of controls. Therefore, the means by which the licensee or Category 1 or Category 2 Associate certificate holder prefers to mitigate the risks associated with its business remain largely discretionary (and is therefore not prescribed) provided that they are effective. However, where the guidelines speak in terms of “must” or “shall” the matter is not reserved to the licensee, Category 1 or Category 2 Associate certificate holder’s discretion, as it will generally be making reference to a provision of the eGambling legislative framework. Although the licensee or Category 1 or Category 2 Associate certificate holder has a great deal of latitude to define its particular control environment, the Commission ultimately determines whether the defined control satisfactorily and effectively mitigates the risk communicated in the guidelines.

There are a few specific points to note, in terms of interpretation of these ICS Guidelines -

- Items marked **T** are “Technical Standards,” generally applicable to the licensee’s or Category 1 or Category 2 Associate certificate holder’s operations, and standards which the Commission will evaluate when assessing the suitability of gambling equipment (GE) in order to assess that the equipment is technically and operationally capable of being (a) utilised safely, securely and fairly in the conduct of eGambling, and (b) interrogated and subject to audit by the Commission (R.205). The Commission may make written exception for meeting a Technical Standard upon sufficient justification.
- **Text in bold indicates information that the Commission will require in order to assist in its evaluation of the ICS application under R.180.**
- *Italicised text provides explanation and further guidance concerning how that information may be set out and the Commission’s goals and objectives in clarifying and defining the subject of the control.*
- The term ‘**licensee**’ in these guidelines is generally used to collectively refer to eGambling licensees and/or Category 1 or Category 2 Associate certificate holders, as applicable. In addition the term “relevant person” as defined in Schedule 4 to the Ordinance has effect with regards to anti-money laundering and countering the financing of terrorism.
- Where relevant, the guidelines include citation to the Ordinance (Ord.#), Regulations (R.#) and Schedules to the Regulations (S.#), with paragraphs and subparagraphs cited as [x] and (y).
- Guidelines supported by citation a legislative provision are directory in nature; as they define controls which must be implemented under the legislation. Guidelines which only define the areas of risk, leave it more to the licensee Category 1 or Category 2 Associate certificate holder’s discretion to appropriately mitigate the risk by satisfactory and effective controls.
- The Glossary sets out the meaning of abbreviations used in these Guidelines.

ICS Application Process

Where the Commission determines that the proposed ICS is acceptable and satisfies the legislative

criteria (R.180), it will affirmatively notify the licensee, Category 1 or Category 2 Associate certificate holder accordingly (R.185).

Where the Commission considers that an ICS submission is not satisfactory, the ICS will be returned to the licensee Category 1 or Category 2 Associate certificate holder, together with reasons for the decision and, where appropriate, guidance on how the submission may be changed to meet Commission requirements (R.186).

In some cases, the Commission may request or require additional information in order to approve the ICS (R.181, 182). The licensee, Category 1 or Category 2 Associate certificate holder should never presume that a control system, or change to an existing control system, is approved without written confirmation.

Regular Review of, and Amendments to, the ICS

Once an ICS is approved, the Commission will expect the licensee, Category 1 or Category 2 Associate certificate holder to adhere to the policies, procedures and controls it contains.

Any changes to an approved control system will require Commission approval (R.191). The Commission acknowledges that the control environment needs to adapt to changing business or operational needs. In addition, a licensee, Category 1 or Category 2 Associate certificate holder is under an obligation to keep its approved ICS under regular review so as to ensure that it accurately reflects the manner in which it is conducting eGambling or operating under its licence, Category 1 or Category 2 Associate certificate (R.188). Therefore, licensees and Category 1 or Category 2 Associate certificate holders must ensure that all internal changes are accurately reflected in their ICS document by notifying and seeking formal approval from the Commission in advance, prior to implementing changes (R.191-198). There are certain procedures in place in the event that the change is urgent or not substantially material in nature (R.191). The licensee, Category 1 or Category 2 Associate certificate holder should submit any proposed changes to the ICS to the Commission in accordance with the provisions of S. 12 (R.188 et seq.).

These ICS guidelines will be reviewed and reissued, as required. Licensees, Category 1 and Category 2 Associate certificate holders are required to ensure that their ICS policies, procedures, programmes and controls conform to any revised Guidelines (R4(l), 6(l), 8(o), 60(j)).

Instructions for preparation of ICS application

A standard cover page is attached here as Appendix A - the "Internal Control System - Cover Page." The formal submission of the ICS should include this.

The standard table of contents is included as Appendix B - please conform to this Regulatory requirement (R.176).

Do:

- Use the prescribed index and ordering of subjects.
- Describe the risks and controls specific to each risk that has been identified.

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- Describe each process, procedure or control required under the Guidelines (indicated by text in bold) from start to finish, clearly and in logical order.
- Describe a new or proposed operation in the present tense, as though it already exists. Remember that the document will be verified against future work practices, and thus it cannot be initially approved with any uncertain or conditional phraseology.
- Version control the document, and use version-controlled appendices for information that is likely to change. *We suggest you may find it expedient to link your appendices to text by numbering them consistent with the location in the ICS (e.g. Appendix 1.2, when providing reference material in conjunction with ICS section 1.2).*
- When citing to appendices include reference to the page or section number, so as to pinpoint the text in context, with reasonable accuracy and to facilitate the efficiency and easy use of the ICS.
- Keep the document simple, we expect you should use the document in your daily operations. Cumbersome documents do not foster or encourage utilisation.
- Number each page of the submission sequentially.

Don't:

- Simply copy the ICS Guidelines text and state that you comply. You should describe how you meet the described control.
- Insert names of individuals when describing a process – use titles or positions instead. The position description is more accurate than the incumbent in the position, who may move on to different responsibilities.

SECTION 1: CORPORATE STRUCTURE AND STAFFING

1.1 Corporate Structure

Licenses and Category 1 or Category 2 Associate certificate holders were issued licenses or associate certificates based upon a particular ownership and capitalization structure. Changes to this structure signals a potential lapse in suitability which requires the Commission to engage in further evaluation of the licensee, Category 1 or Category 2 Associate certificate holder's ongoing suitability to both hold a license or associate certificate and engage in licensed or certified operations.

Licenses and Category 1 or Category 2 Associate certificate holders are issued pursuant to standards set forth in R.21 and R.66, and will not be granted in the circumstances set out in Ord.5(2). Licenses and Category 1 or Category 2 Associate certificate holders are under the continuing obligation to notify the Commission of changes in the ownership structure (R.4(h), R.6(h), R.8(e) and R.60(g)).

In order to maintain the Commission's understanding of the licensee's, Category 1 or Category 2 Associate certificate holder's ownership structure, please document the licensee's, Category 1 or Category 2 Associate certificate holder's ownership structure in the ICS including the following -.

- i) Describe the legal and beneficial ownership structure, and interrelationship with other corporate entities related to the licensee or Category 1 or 2 Associate certificate holder (including the ownership of all such related corporate entities). A chart showing the corporate structure and the corporate relationship between each entity is an easy and simple method to communicate this information. For each entity, please show the jurisdiction of incorporation, corporate registration number, and jurisdiction of residence. If necessary the licensee, Category 1 or Category 2 Associate certificate holder may add textual descriptions of relationships and of the operation. *This might best be accomplished in an appendix to the ICS.*
- ii) Identify all significant investors in the licensee or Category 1 or 2 Associate certificate holder (holders of 3% or more of issued share capital), including their nationality and country of residence. *This information might best be presented in a table within an appendix to the ICS, as investor holdings may change over time.*
- iii) Loan capitalization schemes introduce the risk of unidentified influence and control over licensed operations, and represent a potential source of hidden ownership interests of which the Commission should be aware. Identify all significant equity, non-equity and loan capital provided by parent and associated companies and investors, together with details of any repayment terms and security given. *This information might best be presented in a table within an appendix to the ICS, as this information may change over time.*
- iv) Debt instruments introduce the risk of unidentified influence and control over licensed operations, and represent a potential source of hidden ownership interests of which the Commission should be aware. Identify all significant debt instruments (mortgages, loans,

indentures, etc.) and other support provided by third parties, together with details of any repayment terms and security given. *This information might best be presented in a table within an appendix to the ICS, as this information may change over time.*

1.2 Related Gambling Experience and Exposure

The Commission needs to be aware of the scope of the licensee's or Category 1 or Category 2 Associate certificate holder's operations conducted directly through the Alderney licence or Category 1 or Category 2 Associate certificate. The Commission perceives a risk that a licensee, Category 1 or Category 2 Associate certificate holder might operate in a manner that the Commission has not authorised. Additionally, licensees and Category 1 or Category 2 Associate certificate holders often operate in multiple jurisdictions, where there are multiple regulatory authorities. The breadth of the licensee, Category 1 or Category 2 Associate certificate holder's operations implicates ICS and Gambling Equipment obligations, pursuant to Part V of the Regulations. The Commission thus needs to ensure that both it and the licensee, Category 1 or Category 2 Associate holder have an identical understanding of the scope of Alderney licensed or certified operations.

Describe the scope of your operations, and include the following information:

- i) Details of any other gambling operations, whether terrestrial or internet-based, including trade names
- ii) All URL addresses, portals, and mediums for remote gambling operations conducted or proposed by the licensee, Category 1 or Category 2 Associate certificate or its parent, subsidiary or associated companies, indicating where each is regulated currently or previously
- iii) All gambling offerings for each URL, portal, or other medium where the ownership group currently engages in any form of electronic or remote gambling, and identify each ownership and regulatory jurisdiction related to that offering, including Alderney.

This information might best be presented in a table within an appendix to the ICS, as this information may change over time.

State which of your eGambling products and/or services you perceive to hold the greatest AML/CFT risks, explain why and describe what controls are in place to mitigate these risks (cross-reference to subsequent ICS sections as necessary).

1.3 Organisational Structure

Licensees and Category 1 and Category 2 Associate certificate holders are issued licences and associate certificates based upon a particular management structure.

Changes in management implicate the requirements for Key Individual certifications, pursuant to Ord.19, Part IV of the Regulations as changes to the approved management structure signals a potential lapse in suitability which requires the Commission to engage in further evaluation of the licensee, Category 1 or Category 2 Associate certificate holder's ongoing suitability to both hold a licence or certificate and engage in licensed or certified

operations. The Commission perceives a risk that unapproved persons could control or influence licensed or certified operations.

Describe the licensee or Category 1 or 2 Associate certificate holder's management structure.

An organisation chart ("organogram") which shows the internal organisational structure of the licensee, Category 1 or Category 2 Associate certificate holder's gambling operation, including reporting lines, and details the decision-making and control responsibilities of each employee who is in a position to exercise influence over the licensee, Category 1 or Category 2 Associate certificate holder's operations, is an easy and simple method to communicate this information. This information might best be presented in an appendix to the ICS, as this information may change over time.

1.4 Job Descriptions

Licences, Category 1 and Category 2 Associate certificates and Key Individual Certificates are issued based upon a particular management structure and the jobs performed by the various managers. Changes to this structure, including incumbents and responsibilities attached to a particular position, signals a potential lapse in suitability which requires the Commission to engage in further evaluation of the licensee, Category 1 or Category 2 Associate certificate holder's ongoing suitability to both hold a licence or associate certificate and engage in licensed or certified operations. The Commission perceives a risk of unapproved persons controlling or influencing licensed or the certified operations of Category 1 or Category 2 Associate certificate holders.

Changes in management implicate the requirements for Key Individual certifications, pursuant to Ord.19, Part IV of the Regulations.

Document your management structure, including job responsibilities by providing job descriptions for each Key Individual and department head position, containing the following information:

- i) the role/objectives of the position
- ii) reporting relationships both internally and externally, including delegated authorities
- iii) major duties, controls and responsibilities
- iv) the titles/functions of the position(s), if any, which report to the post-holder
- v) the knowledge, skills, qualifications and experience required for the position

As this is part of the ICS, and these roles form a critical part of the control environment, there is a continuing obligation to notify the Commission of any changes to incumbents, job descriptions, and/or the responsibilities attaching to a position prior to implementing any change in key individual or other senior managerial roles (Ord.19).

1.5 Staff Probity

A licensee, Category 1 or Category 2 Associate certificate holder must ensure that key individual certificate holders together with any employees are suitable for their level of

responsibility, control and influence of the licensed or certified operations. The Commission perceives a risk of unsuitable persons influencing licensed or certified operations or acting improperly with secure and confidential assets and information, including customer identity and funds.

What steps does the licensee, Category 1 or Category 2 Associate certificate holder take to have sufficient level of confidence that its employees and contractors have sufficient probity to be trusted to safely and securely work in the licensed or certified operation, with access to secure and confidential assets and information, including customer identity and funds?

Describe the controls and procedures employed to ensure that, as per Ord Sch 4 [11](1)(a), the licensee, Category 1 or Category 2 Associate certificate holder shall maintain appropriate and effective procedures, when hiring employees, for the purpose of ensuring high standards of employee probity and competence.

This might include, but is not limited to, confirmation of references, information on past regulated industry experience and related discipline, and criminal records checking. The Commission expects that there may be levels or classifications of employees which undergo differing degrees of vetting.

It would appear inconsistent to prohibit persons under the age of 18 to gamble, but to employ persons under the age of 18 to offer gambling services. While there is no law prohibiting the employment of minors in the gambling industry, there is the severe risk of public perception of impropriety nonetheless.

Describe how the licensee, Category 1 or Category 2 Associate certificate holder protects the reputation of its operation, as well as the reputation of Alderney as a licensing jurisdiction, under such circumstances.

There is a variety of solutions available to you; however, the licensee, Category 1 or Category 2 Associate certificate holder might wish to refrain from employing any person under the age of 18 who may be called upon to work in a position directly related to the provision or administration of gambling operations.

1.6 Staff Training

Certain critical components of a regulated operation are complex and detailed, and in order to maintain compliant operations, all members of staff need to fully appreciate their role in the operation, and the synergy that the various functions lend to compliant operations. Additionally, over time, subjects once learned can be forgotten, and practices tend to evolve over time.

Detail the controls that exist to ensure that all staff members are suitably trained, initially and on an ongoing basis.

Please note that there is a specific section on AML/CFT Staff Training and therefore any information relating to the AML/CFT component of training should be set out in that section 1.8.10.

The Commission also recommends that the following training areas are covered for relevant employees:

- Problem gambling and player protection
- Fraud and security

1.7 Compliance

1.7.1 Resident Representative

R.58B requires a Category 1 Associate Certificate holder to appoint a resident representative in order to exercise its certificate. A resident representative can be either a legal or natural person and must be resident in or located, registered or incorporated in the Bailiwick. The only circumstance in which a resident representative is not required is if the Category 1 Associate Certificate holder has a key individual resident in the Bailiwick.

A resident representative may be a legal or natural person but must be resident in or located, registered or incorporated in the Bailiwick. The Executive Director must be satisfied that the proposed resident representative is a fit and proper person having regard to their character, business reputation, current financial position and financial background. As a resident representative can be an individual or a company there is significant scope for choosing suitable representation.

The purpose of the resident representative is to act as a point of contact between the Commission and the Category 1 Associate Certificate holder. The resident representative will be a local proxy for Key Individuals and Executive Associates of the Category 1 associate certificate holder. In this respect the resident representative will perform some of the functions of a key individual. Pursuant to R.58C any notices that are required to be given by the Commission to the certificate holder shall also be given to the resident representative. The Commission will deem service upon the resident representative as if it was served upon the Category 1 Associate Certificate holder and the notice must be acted upon by the resident representative as if it were the Category 1 Associate Certificate holder.

The importance of the presence of the resident representative in the Bailiwick is reflected in R.58D. A resident must not be absent from the Bailiwick for more than 28 days in a single period or for a cumulative total of 60 days in any 12 month period. This would not however be applicable to those resident representatives that are legal persons.

During their tenure a resident representative must remain a fit and proper person to hold that role. Should a resident representative cease to be a fit and proper person the Executive Director may direct that the Category 1 Associate Certificate holder nominates a new resident representative.

Provide details of the Category 1 Associate Certificate holder's resident representative, their qualifications to act as a resident representative and the process that will be followed in respect of communications received by the resident representative and how the Category 1 Associate Certificate holder will be notified of communications received from the Commission. Confirm the authority of the resident representative to act on behalf of the Category 1 Associate Certificate holder. Set out how the Category 1 Associate Certificate

holder will update the resident representative in respect of action taken in respect of any notice served upon the resident representative.

Set out the due diligence undertaken to establish that the proposed resident representative is a fit and proper person to be appointed to that role.

Provide details of the process that will be followed to propose a temporary resident representative in the event that the resident representative is to be absent from the Bailiwick for the periods set out in R.58D.

Provide details of the process that will followed to replace a resident representative in the event of their resignation and, in the case of a resident representative who is a natural person, their death or mental incapacity. R.58E. Provide details of the process that will be followed to replace a resident representative who has ceased to be a fit and proper person.

1.7.2 Compliance Officer

R.4(d), R.6(d), R.8(1) and R.60(c) require the licensee, Category 1 or Category 2 Associate certificate holder to appoint an executive officer to fulfil the duties of Compliance Officer who will be responsible for reporting to the Commission on all compliance matters. The Commission perceives the risk that the Compliance Officer may not be sufficiently empowered with authority an independence to effectively promote a compliant control environment.

Ord Sch 4 [13](a) requires licensees, Category 1 or Category 2 Associate certificate holder to appoint an executive officer as the Money Laundering Compliance Officer and provide the name, title and email of that person to the Commission and the Financial Intelligence Service as soon as is reasonably practicable and, in any event, within fourteen days starting from the date of that person's appointment.

Describe the licensee, Category 1 or Category 2 Associate certificate holder's Compliance Officer's role and their appointment.

Describe the licensee, Category 1 or Category 2 Associate certificate holder's Money Laundering Compliance Officer's role and their appointment.

There is no concise or specific definition for the role of the Compliance Officer in an eGambling operation under the legislation. There is a variety of solutions available to you; however, the Commission believe the following information allows the licensee, Category 1 or Category 2 Associate certificate holder to appreciate the Commission's expectations for compliant operations.

The Compliance Officer typically has sufficient independence from the day-to-day management and control to enable the effective review of the business and to promote a compliant operational environment.

The Compliance Officer's remit might include, but is not necessarily limited to, maintaining the current status of all lists and disclosures addressed in this ICS, including:

- *Key Individual Certificates by reporting material changes in the individual's fitness and propriety or status to the Commission as soon as practicable;*
- *Notifying the Commission of any material changes to the ownership or structure of the licensee, Category 1 or Category 2 Associate certificate holder, and even if it remains conditional. The key trigger is where any new person or entity has acquired a beneficial interest (present or future) in the licensee, Category 1 or Category 2 Associate certificate holder, or whether the beneficial ownership of the licensee, Category 1 or Category 2 Associate certificate holder, or of any parent company, or of any associated company within the group of companies has changed so that a person's shareholding is, or becomes, 3% or more. (R.4(h), R.6(h), R.8(e) and R.60(g)).*
- *Maintaining the due diligence status of all Business Associate relationships with the licensee, Category 1 or Category 2 Associate certificate holder, and notifying the Commission of any material changes to the due diligence disclosures related to any relationship as soon as practicable.*
- *Notifying the Commission of compliance failures (R.4(g), R.6(g), R.8(g) and R.60(f)).*

Describe the process by which the Board are informed of any non-compliance or deficiencies and how you ensure that any reported issues are corrected.

1.8 Money Laundering and Financing of Terrorism (“ML/FT”)

1.8.1 General Guidance

The Regulations include regulatory requirements designed to forestall, prevent and detect ML/FT and are based upon internationally agreed and adopted standards, notably the Financial Action Task Force (FATF) Recommendations and. The ML/FT provisions are predominantly located in Sch.4 to the Ordinance and in the “**associated regulations**” in the Regulations (defined as regulations 175(2)(j), 175(3), 226, 227, 228, 229, 230, 233).

The Commission has determined that there are only two levels of risk for eGambling transactions, standard risk and higher risk. The risk category determines the level of customer due diligence (“CDD”) that a Category 1 eGambling licensee or Category 1 Associate certificate holder needs to take in relation to that particular customer: standard risk relationships require the licensee or Category 1 Associate certificate holder to undertake CDD measures; whilst high risk relationships require enhanced CDD. Within the Alderney eGambling regime the concepts of low risk and simplified CDD do not exist.

The Commission has published separate AML/CFT Guidance which you should refer to when drafting or amending your ICS. You will find the most current version as well as other AML/CFT related documents and legislation at the Commission website: <https://www.gamblingcontrol.org/regulation-framework/instructions-notices-and-guidelines>
The licensee's or Category 1 Associate Certificate holder's ICS will need to contain the policies, procedures and controls that are appropriate and effective for the purposes of forestalling, preventing and detecting ML/TF and that are necessary in order to comply with the ML/TF provisions under Ord Sch 4 and the associated regulations.

Licensees and Category 1 Associate Certificate holders are required to have a complete

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understanding of the issues involved in AML/CFT, and demonstrate in their ICS that they have understood and implemented a comprehensive set of checks and controls to eliminate and deter ML/TF, and that they comply with the ML/TF provisions (including monitoring customer activity, and identifying and reporting suspicious activity should it take place). A “tick box” approach in this area is not feasible. A licensee or Category 1 Associate Certificate holder must apply a risk-based approach in considering how they will meet their obligations in respect of AML/CFT.

It is the licensee or Category 1 Associate Certificate holder’s obligation to ensure that the ICS contains all of the necessary AML/CFT policies, procedures and controls (R.175(2)(j)). The Commission has referred to the various AML/CFT policies, procedures and controls in the relevant sections of these Guidelines (the majority of which are detailed in sections 1.8 and 3.2), and for ease of reference, the table below shows which ML/TF provisions are discussed in which sections of the Guidelines.

Table: The location of the ML/TF provisions within the ICS Guidelines

Provision in Ordinance	Section of the ICS Guidelines
Schedule 4	
[1] General duty to understand, and assess, and mitigate, risks	
(1) 1.8.2.1 Relevant person	
[2] Business risk assessment	
(1)	1.8.3 Business Risk Assessment
(3)	1.8.3 Business Risk Assessment
(4)	1.8.3 Business Risk Assessment
(5)	1.8.3 Business Risk Assessment
(6)	1.8.3 Business Risk Assessment
(7)	1.8.3 Business Risk Assessment
(8)	1.8.3 Business Risk Assessment
[3] Customer due diligence	
(1)	3.2.1 Customer Due Diligence / (ii) Customer Registration
(2)	3.2.1 Customer Due Diligence / (iii) Customer Due Diligence Measures 3.3.2 Customer Funds on Account / (ii) Deposits
(3)	3.2.1 Customer Due Diligence / (iii) Customer Due Diligence Measures
(4)	3.2.1 Customer Due Diligence / (iii) Customer Due Diligence Measures
(5)	3.2.1 Customer Due Diligence / (iii) Customer Due Diligence Measures
(6)	3.2.1 Customer Due Diligence / (ii) Customer Registration
[4] Enhanced customer due diligence	
(1)	3.2.2 Enhanced Customer Due Diligence
(2)	3.2.2 Enhanced Customer Due Diligence
(3)	3.2.1 Customer Due Diligence / (vi) Politically Exposed Persons
(4-9)	3.2.1 Customer Due Diligence / (vi) Politically Exposed Persons
[5] Timing of identification and verification	
(a)	3.2.1 Customer Due Diligence / (iv) Timing of Customer Verification
(b)	3.2.1 Customer Due Diligence / (iv) Timing of Customer Verification
(c)	3.2.1 Customer Due Diligence / (iv) Timing of Customer Verification
[6] Non-compliance with customer due diligence measures, etc	
(a)	3.2.1 Customer Due Diligence / (v) Incomplete or Terminated Relationships
(b)	3.2.1 Customer Due Diligence / (v) Incomplete or Terminated Relationships

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(c)	3.2.1 Customer Due Diligence / (v) Incomplete or Terminated Relationships
[7] Customer Identification and Verification Systems	
(a)	3.2.3 Customer Identification and Verification Systems and Third Party Verification Providers
(b)	3.2.3 Customer Identification and Verification Systems and Third Party Verification Providers
(c)	3.2.3 Customer Identification and Verification Systems and Third Party Verification Providers
[8] Customer Accounts	
(a)	3.2.1 Customer diligence / (vii) customer accounts
(b)	3.2.1 Customer diligence / (vii) customer accounts
[9] Monitoring Transactions and Other Activity	
(1)(a)	1.8.4 Monitoring of Customers and Transactions
(1)(b)	1.8.4 Monitoring of Customers and Transactions
(1)(c)	1.8.4 Monitoring of Customers and Transactions
(2)	1.8.4 Monitoring of Customers and Transactions
(3)	1.8.4 Monitoring of Customers and Transactions
(4)	1.8.4 Monitoring of Customers and Transactions
(5)	1.8.4 Monitoring of Customers and Transactions
(6)	1.8.4 Monitoring of Customers and Transactions
[10] Reporting suspicion	
(1)(a)	1.8.2 Money Laundering Reporting Officer (MLRO)
(1)(b)	1.8.2 Money Laundering Reporting Officer (MLRO)
(1)(c)	1.8.5 Reporting of Suspicious Transactions / (i) Reporting to MLRO
(1)(d)	1.8.5 Reporting of Suspicious Transactions / (ii) Reporting to Authorities
(1)(e)	1.8.5 Reporting of Suspicious Transactions / (ii) Reporting to Authorities
(1)(f)	1.8.5 Reporting of Suspicious Transactions / (ii) Reporting to Authorities
(2)	1.8.5 Reporting of Suspicious Transactions / (ii) Reporting to Authorities
[11] Employee screening and training	
(1)(a)	1.5 Staff Probity
(1)(b)	1.8.8 AML/CFT Staff Training
(1)(c)	1.8.8 AML/CFT Staff Training
(2)	1.8.10 AML/CFT Staff Training
[12] Record-keeping	
(1)	1.8.6 Record Keeping
(2)	1.8.6 Record Keeping
(3)	1.8.6 Record Keeping
(4)(a)	1.8.4 Monitoring of Customers and Transactions 1.8.6 Record Keeping
(4)(b)	1.8.5 Reporting of Suspicious Transactions / (i) Reporting to MLRO (ii) Reporting to Authorities 1.8.6 Record Keeping
(4)(c)	1.6 Staff Training 1.8.6 Record Keeping
(4)(d)	1.8.6 Record Keeping 1.8.9 Internal Audit Function
(4)(e)	1.8.3 Business Risk Assessment 1.8.6 Record Keeping
(5)(a)	1.8.6 Record Keeping
(5)(b)	1.8.6 Record Keeping
[13] Ensuring compliance, corporate responsibility and related requirements	
(1)(a)	1.8.2.2 Relevant person

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(1)(b)	1.8.10 Policies, Procedures and Controls
(1)(c)	1.8.10 Policies, Procedures and Controls
(1)(d)	1.8.9 Policies, Procedures and Controls
(1)(e)	1.8.9 Internal Audit Function
(1)(f)	1.8.11 Internal Audit Function
(1)(g)	1.8.10 Policies, Procedures and Controls
[14] Application to associates, foreign branches and subsidiaries	
(1)(a)	1.8.9 Business Associates, Foreign Branches and Subsidiaries (AML/CFT Specific)
(1)(b)	1.8.11 Business Associates, Foreign Branches and Subsidiaries (AML/CFT Specific)
(1)(c)	1.1 Corporate Structure 1.8.9 Business Associates, Foreign Branches and Subsidiaries (AML/CFT Specific)
(1)(d)	1.8.9 Business Associates, Foreign Branches and Subsidiaries (AML/CFT Specific)
(2)(a)	1.8.9 Business Associates, Foreign Branches and Subsidiaries (AML/CFT Specific)
(2)(b)	1.8.11 Business Associates, Foreign Branches and Subsidiaries (AML/CFT Specific)
(3)	1.8.11 Business Associates, Foreign Branches and Subsidiaries (AML/CFT specific)
(4)	1.1 Corporate Structure 1.8.9 Business Associates, Foreign Branches and Subsidiaries (AML/CFT Specific)
[15] Interpretation	
Associate Regulations	
[175] Purpose of internal control system	
(2) (j)	Background and overview – Purpose of the ICS
(3)	Background and overview – Purpose of the ICS
[226] Requirement for customer to be registered	
	3.2.1 Customer Due Diligence / (ii) Customer Registration
[227] Procedure for registration of customer	
(1)	3.2.1 Customer Due Diligence / (ii) Customer Registration
(2)	3.2.1 Customer Due Diligence / (i) Risk Assessment
(3)	3.2.1 Customer Due Diligence / (ii) Customer Registration
(4)	3.2.1 Customer Due Diligence / (ii) Customer Registration
(5)	3.2.1 Customer Due Diligence / (ii) Customer Registration
[228] Customer accounts	
(1)	3.2.1 Customer Due Diligence / (vii) Customer Accounts
(2)	3.2.1 Customer Due Diligence / (vii) Customer Accounts
[229] Regular review of customer relationship	
	3.2.8 Ongoing Customer Due Diligence
[230] Deposit of customer funds	
(1)	3.3.2 Deposits/ (iii) Deposits Mechanisms
(2)	3.3.2 Deposits / (i) Prohibition on accepting cash

1.8.2.1 Relevant Person

Ord Sch 4(1) defines a relevant person as an eGambling licensee, Category 1 or Category 2 Associate Certificate holder.

A relevant person must understand its money laundering and terrorist financing risks, and have in place effective policies, procedures and controls to identify, assess, mitigate, manage and review and monitor those risks in a way that is consistent with Schedule 4 of the Ordinance, the relevant enactments, the Regulations, guidance published by the Commission, and the Bailiwick's NRA and Schedule 4 of the Ordinance shall be construed with this duty.

1.8.2.2 Money Laundering Reporting Officer (MLRO)

Ord Sch 4 [10](1)(a) requires the licensee, Category 1 or Category 2 Associate Certificate holder to appoint an executive officer as a MLRO.

The licensee, Category 1 or Category 2 Associate Certificate holder must also appoint a Nominated Officer to act in the absence of the MLRO (Ord Sch 4 [10](1)(b)).

The ICS shall also address the procedure for notifying both the Commission and the Guernsey Financial Intelligence Service (FIS) of the name and title of the person appointed as the MLRO as soon as is practicable and in any event within 14 days starting from the date of that person's appointment (Ord Sch 4 [10](1)(a)).

Describe the licensee, Category 1 or Category 2 Associate Certificate holder's MLRO role, the Nominated Officer role, and the appointments, and the procedure for notifying the Commission and the FIS of the appointments.

Describe to whom the MLRO reports and how they maintain regular and direct access to the Board.

Detail how the MLRO maintains an awareness of AML/CTF legislation and/or global developments in the sector.

Describe the resources available for the MLRO to adequately perform their duties.

For purposes of this document, references to the MLRO shall include the Nominated Officer.

There is a variety of solutions available to you; however, the Commission believe the following information allows the licensee, Category 1 or Category 2 Associate Certificate holder to appreciate the Commission's expectations for compliant operations.

The MLRO should typically have sufficient independence from the day to day management and control to enable the effective review of the business and to promote a compliant operational environment.

There is no concise or specific definition for the role of the MLRO in an eGambling operation other than the legislative remit set out in S.16[7](1), the Disclosure (Bailiwick of Guernsey)

Law, 2007 and Terrorism and Crime (Bailiwick of Guernsey) Law, 2002. The MLRO's role must therefore, for example, include receiving internal reports made by employees and determining whether or not to make a disclosure under the Disclosure and Terrorism Laws.

The MLRO's remit might also include, but is not necessarily limited to:

- *Reviewing and ensuring application and compliance with the provisions of R.233 / Ord Sch 4 .*
- *Engaging in and maintaining the licensee, Category 1 or Category 2 Associate Certificate holder's Risk Analysis*
- *Ensuring relevant staff have adequate resource training to effectively contribute to the AML/CFT programme, and know who the MLRO and Nominated Officer are.*

1.8.3 Business Risk Assessment

The relevant person (licensee, Category 1 or Category 2 Associate Certificate holder) is under an affirmative duty to compile a Business Risk Assessment (Ord. S.4 [2](1)). R. 265(1) defines a business risk assessment as follows -

“**business risk assessment**” means an assessment which documents the exposure of the business of an eGambling licensee, Category 1 associate certificate holder or a Category 2 associate certificate holder to money laundering and terrorist financing risks, and vulnerabilities, including those that may arise from new or developing technologies that might favour anonymity, taking into account its —

- (a) size, nature and complexity; and
- (b) customers, products and services and the ways in which it provides those services;

The relevant person (licensee, Category 1 or Category 2 associate certificate) holder is also required to regularly review its Business Risk Assessment so as to keep it up to date and, where, as a result of that review, any change to the Business Risk Assessment is required, it shall seek approval to make any corresponding change to its approved ICS in accordance with regulations 191 and 192 (Ord. S4 1(a)).

When carrying out the business risk assessment the licensee, Category 1 or Category 2 associate certificate must consider all relevant risk factors before determining the level of overall risk of the business and the appropriate level and type of mitigation to be applied.

The business risk assessment must be appropriate to the nature and size of the business and be in respect of:-

- (a) Customers and beneficial owners of customers (where gambling is offered to legal persons),
- (b) Countries and geographic areas, and
- (c) Products, services, transactions and delivery channels (as appropriate), and in particular in respect of the money laundering and terrorist financing risks that may arise in relation to –
 - a. The development of new products and new business practices, before such products are made available and such practices adopted, and

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- b. The use of new or developing technologies for both new and pre-existing products, before such technologies are used and adopted.

Licensees and Category 1 or Category 2 associate certificate holders – ie a relevant person – must:-

- (a) Prior to the establishment of a business relationship, undertake a risk assessment of that proposed business relationship,
- (b) Regularly review any risk assessment carried out under subparagraph (a) above so as to keep it up to date and, where changes to that risk assessment are required, it must make those changes, and
- (c) Ensure that its policies, procedures and controls on forestalling, preventing and detecting money laundering and terrorist financing are appropriate and effective, having regard to the assessed risk.

Entities undertaking Category 1 activity will have customer relationships and those undertaking Category 2 activity will have business relationships. A business relationship can be considered a customer relationship and customer relationships are business relationships. When undertaking a risk assessment prior to the establishment of a business relationship or when reviewing that risk assessment so as to keep it up to date licensees and Category 1 or Category 2 associate certificate holders must:-

- (a) Take into account risk variables relating to the type or types of customer, country or geographic area, and product, service, transaction or delivery channel that are relevant to the business relationship in question, and
- (b) Understand that such risk variables, and any other risk variables, either singly, or in combination, may increase or decrease the potential risk posed by the business relationship.

Licensees and Category 1 or Category 2 associate certificate holders must have in place policies, procedures and controls approved by its board to enable it to manage and mitigate:-

- (a) Risks identified in the business risk assessments and risk assessments undertaken prior to the establishment of a business relationship, and
- (b) Risks relevant, or potentially relevant, to the business identified in the NRA (which risks must be incorporated into the risk assessments)

And regularly review and monitor the implementation of those policies, controls and procedures, and enhance them if such enhancement is necessary or desirable for the proper management and mitigation of those risks and take enhanced measures to manage and mitigate higher risks identified in the business risk assessments and in risk assessments undertaken prior to the establishment of a business relationship.

In addition licensees and Category 1 or Category 2 associate certificate holders must have regard to any relevant instruction, notice or guidance issued by the Commission and the Bailiwick's NRA in determining, for the purposes of Schedule 4 of the Ordinance, what constitutes appropriate measures to manage and mitigate risks.

Licensees and Category 1 or Category 2 associate certificate holders must also ensure that their policies, procedures and controls on forestalling, preventing and detecting ML/FT are appropriate and effective, having regard to the assessed risk (R175(2)).

As per Ord Sch 4 [12](4)(d), the licensee, Category 1 or Category 2 associate certificate holder must keep records of any minutes or other documents prepared in connection with the Business Risk Assessment (a) until the expiry of five years starting from the date that they were finalised, or (b) they are superseded by later minutes or other documents prepared under those provisions, whichever occurs later.

Provide a copy of your Business Risk Assessment as an appendix to the ICS and describe your methodology for keeping it up to date; and include information in relation to -

- **Indicate who is responsible for carrying out the Business Risk Assessment**
- **Define the frequency at which the Business Risk Assessment is reviewed and approved by the Board,**
- **Describe the procedures which flow from any change to the Business Risk Assessment,**
- **Ensure that your current Business Risk Assessment is approved by the Board and attached to your ICS**
- **Details of the records kept in relation to the Business Risk Assessment, and how long they are kept for.**

When compiling a Business Risk Assessment the Commission expects that a licensee, Category 1 or Category 2 associate certificate holder will consider the following issues:

- *General and specific risks*
- *Controls that mitigate against risks that have been identified*
- *The recording of actions*
- *Compliance with the legislation*

Risks / Control Relationship

- i) *General Risks are the risks that are relevant to the industry in general and its business in particular. Specific risks are those which are relevant to the eGambling business. We have attempted to identify obvious general and specific risks in context within these guidelines; however, the guidelines should not be considered an exhaustive exploration of all potential risks presented in any particular eGambling operation.*
- ii) *Controls to mitigate risks*

The licensee, Category 1 or Category 2 associate certificate holder's ICS must design and implement controls to manage and mitigate risks. A fully automated system is unlikely to provide the necessary analysis that will be required; the application of human discretion is usually an integral control.

The licensee, Category 1 or Category 2 associate certificate holder should ensure that its business risk assessment has considered the main vulnerabilities of ML/TF within the eGambling sector.

The licensee, Category 1 or Category 2 associate certificate holder must have regard to the Bailiwick of Guernsey's National Risk Assessment. This can be found at:-

<https://www.gov.gg/finance-risk-assessment>

Section 1 of Schedule 4 to the Alderney eGambling Ordinance, 2009 requires that licensees and Category 1 and Category 2 associate certificate holders understand their money laundering and terrorist financing risks and have in place policies, procedures and controls to identify, assess, mitigate, manage and review and monitor those risks in a way that is consistent with the requirements of Schedule 4 to the Alderney eGambling Ordinance, the relevant enactments, the Regulations, guidance published by the Commission and the National Risk Assessment.

The Moneyval typologies report from 2013
<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwj1vqqdgNOEAxUkY0EAHf65DXwQFnoECA0QAw&url=https%3A%2F%2Frm.coe.int%2Fresearch-report-the-use-of-online-gambling-for-money-laundering-and-th%2F168071509c&usg=AOvVaw1ynQZfZtpF4XN6U9ehZQhT&opi=89978449>) for example identified the following:-

- *the cross border nature of online gambling*
- *the rapidity and cross border nature of transactions*
- *the non face to face nature of online gambling*
- *the low number of investigations and prosecutions of ML/TF cases*
- *crediting winnings to different accounts*
- *the use of multiple accounts*
- *the use of money service businesses*
- *the use of master accounts*
- *VIP accounts*
- *Mixed gambling chains*
- *The methods of payment used for online gambling.*
- *The deposit of funds through financial intermediaries*
- *The use of prepaid (stored value) cards.*

The Moneyval report also identified the following as being “red flag indicators” which might permit money to be laundered through eGambling: -

- *Information provided by the player contains a number of mismatches (e.g. email domain, telephone or postcode details do not correspond to the country);*

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- *The registered credit card or bank details do not match the player's registration details;*
- *The player is situated in a higher-risk jurisdiction or is identified as being listed on the international[terrorist financing or proliferation financing] sanctions list[s];*
- *The player is identified as a politically exposed person;*
- *The player seeks to open multiple accounts under the same name (licensees should also note that this may raise issues with regards to player protection);*
- *The player opens several accounts under different names using the same IP address;*
- *The withdrawals from the account and not commensurate with the conduct of the account, such as for instance where the player makes numerous withdrawals without engaging in significant gambling activity;*
- *The player deposits large amounts of funds into his online gambling account;*
- *The source of funds being deposited into the account appears to be suspicious and it is not possible to verify the origin of the funds;*
- *The customer logs into the account from multiple countries;*
- *A deposit of substantial funds followed by very limited activity;*
- *The player has links to previously identified accounts;*
- *Different players are identified as sharing banks accounts from which deposits or withdrawals are made.*

The top-5 risks identified by AGCC's 2021ML/FT risk review were:

- 1 Ownership and control of Casinos. This encompasses not only the acquisition and management of eCasinos but also some aspects of their operational performance including staff probity and training issues and also assumes part of the risk of OCG ("organised crime group") infiltration.
- 2 Use of third parties. This encompasses the use of rented identities and takes into account smurfing and potential OCG infiltration.
- 3 Poor/inadequate KYC. This encompasses customer non-compliance with CDD, failure to complete CDD or ID fraud and the risks allied to high risk customers such as PEPs and those on the sanctions list.
- 4 Customers who are criminals. This includes OCG infiltration and lifestyle spending by criminals.
- 5 Payment risk/card fraud. This can include the risk of stolen or cloned cards.

AGCC's ongoing ML/FT risk reviews are published on the AGCC website

<https://www.gamblingcontrol.org/regulation-framework/instructions-notice-and-guidelines>

In addition the European Commission published an assessment of the risk of money laundering and terrorist financing affecting the internal market and relating to cross-border

activities in October 2022. Within this multi-jurisdiction multi-sector risk assessment are risks, threats and mitigations connected with the full gambling sector. A copy of this report can be found on the AGCC's website.

<https://www.gamblingcontrol.org/regulation-framework/instructions-notices-and-guidelines>

1.8.4 Monitoring of Customers and Transactions

Licensees and Category 1 associate certificate holders are required to perform ongoing and effective monitoring (Ord Sch4 [9]). The Category 1 eGambling licensee and associate certificate holder must ensure that all AML/CFT monitoring requirements under Ord Sch4 [9] are covered in its ongoing monitoring programme.

Category 1 eGambling licensees and Category 1 associate certificate holders

Category 1 eGambling licensees and Category 1 associate certificate holders are required to perform ongoing and effective monitoring of any existing customer relationship (Ord Sch 4[9](1)).

The extent and frequency of any monitoring carried out shall be determined on a risk-sensitive basis including whether or not the customer relationship is a high-risk relationship (Ord Sch 4 [9](4)).

This monitoring can have an impact upon the risk profiles that might be assigned to customers, and will help identify unusual circumstances. All transactions and other activity (including source of funds) must be scrutinised to ensure that they are consistent with the knowledge that the Category 1 licensee or Category 1 associate certificate holder has of the customer and the customer's individual risk profile.

Monitoring of transactions can take place for various commercial reasons, including for example monitoring of:

- new registrations
- deposit activity
- gambling activity (including gambling transactions effected by Category 2 eGambling licensees or Category 2 associate certificate holders)
- account access
- account detail changes
- withdrawal activity
- registration data to ensure it is kept up to date.

For example, Category 1 licensees and Category 1 associate certificate holders are required to engage in the ongoing monitoring of:

- *Customer identity; customer due diligence and identification data;*
- *Customer financial habits and behaviours, to ensure that the transactions are consistent with the licensee's knowledge of the customer's risk profile;*

- *Customer gambling habits and behaviours to ensure that the transactions are consistent with the licensee or Category 1 associate certificate holder's knowledge of the customer's risk profile;*
- *Individual or linked transactions which are complex or unusually large with no apparent economic or lawful purpose;*
- *Unusual patterns of transactions with no apparent economic or lawful purpose;*
- *Transactions which exceed certain limits with no apparent economic or lawful purpose;*
- *Very high account turnover inconsistent with the balance;*
- *Transactions which are outside of the customer's regular transaction activity.*

Describe the Category 1 licensee or Category 1 associate certificate holder's monitoring programme.

Explain what monitoring will take place and on what basis and frequency in order to comply with Ord Sch 4 [9](1), and in particular, in relation to -

- Identification data** – how does the Category 1 licensee or Category 1 associate certificate holder ensure that identification data is up to date and relevant, and in particular, in relation to high-risk customers?
- The storage of identification data** – How does the Category 1 licensee or Category 1 associate certificate holder ensure that the way identification data is stored and recorded facilitates the ongoing monitoring of the customer relationship? Can it be easily accessed by those who might need to refer to it?
- Scrutiny of any transactions or other activity.**

How does the Category 1 licensee or Category 1 associate certificate holder ensure that the transactions, other activity (including source of funds) are consistent with the Category 1 licensee or Category 1 associate certificate holder's knowledge of the registered customer and his risk profile? How does the Category 1 licensee or Category 1 certificate holder meet the requirements of Ord Sch 4 [9](6)?

How is particular attention paid to all -

- Complex transactions,
- Transactions that are both large and unusual,
- Unusual pattern of transactions,
- Transactions arising from a country or territory that does not apply or insufficiently applies the FATF recommendations,

and which have no apparent economic purpose or no apparent lawful purpose. How does the Category 1 licensee or Category 1 certificate holder increase the degree and nature of monitoring the business relationship?-

Category 1 eGambling licensees and Category 1 associate certificate holders are required to monitor the Category 2 eGambling licensees or Category 2 associate certificate holders transactions as part of their ongoing monitoring (Ord Sch 4 [9](1)).

Describe the processes that are in place to ensure that the Category 1 licensee or Category 1 associate certificate holder can carry out ongoing and effective monitoring of the gambling transactions effected on platforms operated by the Category 2 eGambling licensee or Category 2 associate certificate holder. Describe how the Category 1 licensee or Category 1 associate certificate holder is provided with the requisite information or access from the Category 2 licensee/certificate holder so that it can effectively monitor gambling transactions in accordance with Ord Sch 4 [9](5).

The ICS should detail how the assessment of risk for each customer relationship is reached (high or standard); and, once a customer relationship has been assessed, the extent and frequency of the monitoring performed on (a) standard and (b) high risk relationships in accordance with Ord Sch 4 [9](4).

The ICS should also detail on what basis and frequency on-going re-assessment of business relationship risk ratings is undertaken.

Category 2 eGambling licensees / Category 2 certificate holders

Category 2 eGambling licensees and Category 2 certificate holders are required to perform ongoing and effective monitoring of all gambling transactions (Ord Sch 4 [9](2))

Describe the Category 2 licensee/certificate holder's monitoring programme.

Explain what monitoring will take place and on what basis and frequency in order to comply with Ord Sch 4 [9](2) and how particular attention is paid to all -

- **Complex transactions,**
- **Transactions that are both large and unusual,**
- **Unusual pattern of transactions,**

and which have no apparent economic purpose or no apparent lawful purpose.

Category 1 and 2 licensees / Category 1 and Category 2 certificate holders

As per Ord Sch 4 [9](3), the licensee, Category 1 or Category 2 associate certificate holder shall examine as far as reasonably possible, the background and purpose of the transactions described in Ord Sch 4 [9]((1(c)) and (2))and shall set forth its findings in writing. Records shall be made of such findings and kept for a period of five years from the date the record was created (Ord Sch 4 [12](4)(a)).

Where a Category 2 eGambling licensee or Category 2 associate certificate holder sets out such findings in writing, they shall as soon as reasonably practicable communicate them to the MLRO of the Category 1 eGambling licensee or Category 1 associate certificate holder who had allowed its customer to gamble with or through it in order to effect a gambling transaction (Ord Sch 4 [9](5)).

Describe the processes in place to ensure that the background and purpose of transactions described in Ord Sch 4 [9][(1)(c) and (2)) are examined.

Describe how such findings are recorded, and how long are they kept.

Describe what processes are in place so as to ensure that the communication of findings from the Category 2 licensee/certificate holder is notified to the Category 1 licensee/certificate holder, as required by Ord Sch 4 [9](5).

Describe what methods and measures have been taken in relation to ongoing monitoring in order to manage and mitigate the specific risks of non face to face customer relationships or transactions inherent in the eGambling industry, as required by Ord Sch 4 [9].

Finally, on an ongoing basis, licensees, Category 1 and Category 2 associate certificate holders should keep track of the number and percentage of business relationships and account transactions that are identified as high risk, and have them readily available to be reported on request.

1.8.5 Reporting of Suspicious Transactions

All those who work for a licensee, Category 1 associate certificate holder and Category 2 associate certificate holder are under a duty to report suspicious transactions as soon as practicable after the information or matter comes to him/her under the Disclosure (Bailiwick of Guernsey) Law, 2007 and Terrorism and Crime Law (Bailiwick of Guernsey), 2002. It is an offence under Bailiwick law if a disclosure is not reported when an individual

- knows; or
- suspects; or
- has reasonable grounds for knowing or suspecting;

that a person is engaged in money laundering or terrorist financing.

These three instances are referred to in these Guidelines as “**grounds for knowledge or suspicion**”. *Suspicious events are not exclusively financial in nature, and can also relate to behaviours, patterns, mannerisms, and involvement in improper activity (e.g. match fixing) which may or may not actually result in financial gain (e.g. attempted but unsuccessful activity which could have resulted in financial gain had circumstances played out differently).*

i) Reporting to the MLRO

The licensee, Category 1 and Category 2 associate certificate holder’s MLRO, or in his absence the Nominated Officer, receives the internal suspicion reports from the licensee, category 1 or category 2 associate certificate holder’s employees. It is therefore important that employees of the licensee, Category 1 or Category 2 associate certificate holder know who the MLRO and the Nominated Officer are and how they can be contacted as well as the procedure for reporting suspicions (Ord Sch 4 [10](1)(c))

Records of internal suspicion reports submitted by employees must kept be for a minimum of five years starting from the date the person concerned ceased to be a

registered customer (Ord Sch 4 [12](4)(b)).

Describe how employees are made aware of the name of the MLRO and nominated officer.

Describe the MLRO procedures and controls for receiving, registering and recording internal suspicion reports from employees. How long are such records kept?

The ICS will need to highlight those areas where there is human involvement and discretion in the decision-making process and how the risks that are posed by that involvement are mitigated. The way in which a licensee, Category 1 or Category 2 associate certificate holder demonstrates the vigilance in this respect should be explained. The ICS will also need to identify how the roles of MLRO and Nominated Officer are structured, funded and publicised within the organisation.

ii) **Reporting to Authorities**

The MLRO is charged with investigating the internal suspicion reports to determine whether the circumstances present grounds for knowledge or suspicion of ML or FT, and must therefore be reported to the Guernsey Financial Intelligence Service (“GFIS”). The GFIS is a team established under the Guernsey Financial Intelligence Unit (“GFIU”). The GFIU is mandated to prevent and combat financial and economic crime.

MLROs must take into account all relevant information and the licensee is under an obligation to ensure that the MLRO, or in his absence, the nominated officer, is given prompt access to any other information which may be of assistance to him in considering any internal suspicion report (Ord Sch 4 [10](1)(e)).

When a licensee has grounds for knowledge or suspicion of ML or TF, it must make a disclosure (a suspicious transaction report, otherwise referred to as an “STR”) to the GFIS. A copy of that STR must be provided to the Commission at the same time or as soon as practicable thereafter [*There is a dedicated email address for this – STR@agcc.gg, or the licensee, Category 1 or Category 2 associate certificate holder may send it by post to The Alderney Gambling Control Commission, St. Anne’s House, Queen Elizabeth II Street, Alderney, GY9 3TB.*].

The licensee, Category 1 or Category 2 associate certificate holder should also secure GFIS approval to engage in further activity related to the suspicious incident.

Records of STRs submitted to the GFIS must kept be for a minimum of five years starting from the date the person concerned ceased to be a registered customer (Ord Sch 4 [12](4)(b)).

The licensee, Category 1 or Category 2 associate certificate holder is under an obligation to ensure that it establishes and maintains appropriate and effective procedures and controls as are necessary to ensure compliance with the Disclosure and Terrorism Laws.

Describe the MLRO procedures and controls for investigating internal suspicion reports from employees. Detail, pursuant to Ord Sch 4 [10](1)(d) and (e), the processes that the licensee, Category 1 or Category 2 associate certificate holder has in place in order to ensure that the MLRO, or Nominated Officer, in deciding whether or not to make a disclosure to the GFIS takes into account all of the relevant information; and has prompt access to any information which may be of assistance.

Describe the MLRO procedures for making, documenting and recording STRs to the GFIS (and copies to the Commission Ord Sch 4 [10](2)) –

- **How are such decisions to report suspicions documented and recorded?**
- **How are decisions not to report suspicions documented and recorded?**
- **Is there a register of STRs submitted?**
- **How long are such records kept?**

Describe the procedures and controls that are in place for ensuring compliance with the Disclosure and Terrorism Laws? (Ord Sch 4 [10](1)(f)).

GFIS maintains a website at <https://guernseyfiu.gov.gg/> ; this can be a valuable source of information on AML generally as well as on some specific topics.

Guidelines for reporting of suspicion to GFIS can be found at <https://guernseyfiu.gov.gg/article/175900/Reporting>

STRs must be submitted to a prescribed police officer at GFIS by:

1. Using the <https://guernseyfiu.gov.gg/article/175900/Reporting> available on the website of the Guernsey Financial Investigation Unit (GFIU (known as THEMIS)) <https://guernseyfiu.gov.gg/article/175900/Reporting> , or

2. With authorised consent from GFIU, and by using the form prescribed within the <https://www.guernseylegalresources.gg/statutory-instruments/guernsey-bailiwick/2007/no-34-the-disclosure-bailiwick-of-guernsey-regulations-2007/>

The ICS should detail a control to ensure that the MLRO monitors the business relationships for which STRs have been submitted to the GFIS and the Commission

The ICS should also detail a policy requiring the MLRO to report suspicions to the parent or group, if applicable, and the measures in place to ensure that senior management are aware of issues arising from such reports.

1.8.6 Record Keeping

While other sections of this ICS require the licensee, Category 1 or Category 2 associate certificate holder to describe general record-keeping practices, specific record keeping duties fall on the MLRO to create an audit trail.

The licensee, Category 1 or Category 2 associate certificate holder must adhere to the record keeping requirements as set out under Ord Sch 4 [12].

Describe the licensee, Category 1 or Category 2 associate certificate holder's AML record-keeping practices and how it complies with the record keeping requirements set out under Ord Sch 4 [12]. Specifically, the ICS must outline how, in what form and for how long the licensee, Category 1 or Category 2 associate certificate holder retains records relating to -

- i) transaction documents (Ord Sch 4 [12]9(1) and [12](2)(a)),**
- ii) customer due diligence information (including dealing with those occasions where a prospective customer has, for whatever reason, failed to become a registered customer) (Ord Sch 4 [12](2)(b),**
- iii) findings made in relation to complex, unusual and large transactions pursuant to Ord Sch 4 [9](1)(c), 9 and/or [9](3),**
- iv) any internal suspicion reports or disclosures made under the Disclosure or Terrorism Law (i.e. STRs made to the GFIS),**
- v) training in relation to AML/CFT matters pursuant to Ord Sch 4 [11](2),**
- vi) minutes or other documents prepared in relation to its business risk assessment reviews pursuant to Ord Sch 4 [2](1),**
- vii) minutes or other documents prepared in relation to its AML/CFT compliance reviews pursuant to Ord Sch 4 [13](f),**
- viii) its policies, procedures and controls which the licensee Category 1 or Category 2 associate certificate holder is required to establish and maintain pursuant to the Regulations, including previous iterations of the relevant sections of the licensee, Category 1 or Category 2 associate certificate holder's approved ICS.**

As per Ord Sch 4 [12](5), documents and records may be kept in any manner or form, provided that they (a) are readily retrievable and (b) shall be made available promptly to those entities entitled to receive them.

Describe the procedures and controls that you have in place to ensure that records are prepared and maintained correctly in accordance with Ord Sch 4 [12](5) (i.e. for the correct length of time and in a readily retrievable form and are made available in a timely basis).

As per Ord Sch 4 [12](3) a licensee, Category 1 or Category 2 associate certificate holder is required to -

- (a) keep a copy of such transaction documents or customer due diligence information until the period has ended for which he is obliged to maintain related records or the original is returned, whichever occurs first; and**
- (b) maintain a register of transaction documents and customer due diligence information so provided.**

Describe the procedures the licensee, Category 1 or Category 2 associate certificate holder will follow when it is required by any enactment, rule of law or court order to

provide a transaction document or customer due diligence information pursuant to Ord Sch 4 [12](3).

1.8.7 UN, EU and Other Sanctions

When determining whether a particular individual or entity is a designated person, licensees must consult the full list of financial sanctions targets which may be found in the HM Treasury website at <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>

Licensees, Category 1 and Category 2 associate certificate holders must ensure that they comply with the requirements under the Sanctions (Bailiwick of Guernsey) Law, 2018 and any Regulations made under it and the Sanctions (Implementation of UK Regimes) (Bailiwick of Guernsey)(Brexit) Regulations, 2020, which prohibit licensees from dealing with, or making available funds, financial services or economic resources, to designated persons.

Describe what procedures, controls and checks the licensee, Category 1 or Category 2 associate certificate holder has in place in order to ensure compliance with the Sanctions (Bailiwick of Guernsey) Law, 2018 and any Regulations made under it and the Al-Qaida (Restrictive Measures) (Guernsey) Ordinance, 2013, Sanctions (Implementation of UK Regimes) (Bailiwick of Guernsey)(Brexit) Regulations, 2020,.

Please include -

- **a description of the procedures for terrorist financing and proliferation financing sanctions screening without delay and within 24 hours of designation, which ensures that they are able to identify customers who are the subject of TFS and PF sanctions within 24 hours of them being made the subject of a sanction.**
- **a description of the monitoring method(s) used to identify if a customer is subject to terrorist financing and proliferation financing sanctions without delay within 24 hours of designation, and**
- **how information regarding these different types of sanctions is disseminated to the staff and the Board.**

When determining whether a customer is a designated person, licensees and Category 1 or Category 2 associate certificate holders must consult the following databases:

- *the full list of financial sanctions targets in the HM Treasury website: <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>*
- *the UN Sanctions Committee list which may be found at (<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>)*

1.8.8. AML/CFT Questionnaire

The purpose of the Commission's AML/CFT Questionnaire is to set out the key elements of a Category 1 eGambling licensee or Category 1 associate certificate holder's AML/CFT infrastructure in one document, and enables the Commission Inspection Teams to familiarize themselves with the AML/CFT infrastructure of the licensee or Category 1 associate certificate holder's business in advance of inspection visits.

The questionnaire constitutes an integral part of the licensee or Category 1 associate certificate holder's ICS, submitted in the form of an Appendix to be named and versioned as follows:

App 1.8.8 - z

z = version number

Fill out the Commission's AML/CFT questionnaire and append it to your ICS as Appendix 1.8.8.

1.8.9 Policies, Procedures and Controls

Ord Sch 4 [13](1) states –

13. An eGambling licensee, category 1 associate certificate holder or Category 2 associate certificate holder must, in addition to complying with the preceding requirements in this Schedule

(b) establish and maintain such other internal policies, procedures and controls as are appropriate and effective (having regard to the risk of money laundering and terrorist financing and the size of the business) for the purposes of forestalling, preventing and detecting money laundering and terrorist financing,

(c) take appropriate measures to keep abreast of and guard against the use of technological developments and new methodologies in money laundering and terrorist financing schemes,

(d) establish and maintain policies and procedures to address any specific risks associated with non-face to face customer relationships or transactions, in particular before registering a customer in accordance with regulation 227, and when performing its ongoing monitoring of any customer relationship in accordance with paragraph 9,

(g) must have regard to, and meet the requirements of any relevant guidance, notice, instruction and counter-measure issued by the Commission which relates to anti-money laundering and counter terrorist financing, including, without limitation, any such guidance, notice, instruction or counter-measure (whether described as "Business from Sensitive Sources Notices" or otherwise) designed to alert and advise it of weaknesses in the anti-money-laundering and counter terrorist financing systems in other countries or territories where the eGambling licensee, Category 1 associate certificate holder or Category 2 associate certificate holder may operate.

Detail your procedures for complying with the requirements pursuant to Ord Sch 4 [13](b), (c), (d) and (g) including –

- **internal policies, procedures and controls as are appropriate and effective for the purposes of forestalling, preventing and detecting money laundering and terrorist financing;**
- **established policies and procedures to address the specific risks associated with non face to face customer relationships or transactions inherent in the eGambling industry;**
- **how the business takes appropriate measures to keep abreast of and guard against the use of technological developments and new methodologies in ML/TF schemes;**

the procedure for dealing with and complying with AML/CFT guidance, notices, instructions or counter-measures issued by the Commission. How is this information disseminated to the Board and staff when appropriate?

1.8.10 AML/CFT/CPF Staff Training

Licensees, Category 1 and Category 2 associate certificate holders need to consider what staff they need to help them in the fight against ML/FT and the risks of the business breaching the sanctions regimes, and ensure that everyone working for the licensee, Category 1 or Category 2 associate certificate holder whose duties relate to eGambling are aware of the risks posed by ML/FT and the business breaching sanctions regimes and receive appropriate training. In most organisations, there will be therefore be very few, if any, employees whose roles do not require them to receive AML/CFT training. Therefore, even those employees in technical and non-customer facing roles have an important part to play in the fight against ML/FT (for example, their reporting obligations if they come across something that arouses suspicion). It is important that an employee's training is tailored to their particular role (for example, those dealing with customer registration, customer funds and customer services will need to be made aware of how important it is for them to be extra vigilant in this respect).

Senior management have an important role to play as it is essential that they lead by example and ensure that they engender a culture of vigilance, and ensure that appropriate levels of

resources are given to the fight against ML/FT. It is also important that they are fully involved in all aspects of the process.

The licensee, Category 1 or Category 2 associate certificate holder is required to comply with the training requirements in relation to anti-money laundering and combating the financing of terrorism (“**AML/CFT**”) in Ord Sch 4 [11] and the Alderney eGambling (Proliferation Financing etc.) Regulations 2024 which require licensees, Category 1 or Category 2 associate certificate holders to treat a reference those provisions in respect of the risks of money laundering or terrorist financing (howsoever those risks are referred to) to consider that such risks include a reference to the risks within that paragraph of a breach of any targeted financial sanction that is imposed under any international sanctions measure that has been implemented in the Bailiwick, and relates to the proliferation of weapons of mass destruction and its financing and for the avoidance of doubt, the breach of a targeted financial sanction includes the non-implementation, circumvention or evasion of the targeted financial sanction

The requirements of Ord Sch 4 [11] are set out below –

- 11(1)(b). ensure that relevant employees receive comprehensive ongoing training in –
- (i) the relevant enactments, the Law, this Ordinance, the Regulations, and any relevant guidance issued by the Commission which relates to anti-money laundering and counter terrorist financing,
 - (ii) the personal obligations of employees and their potential criminal liability under the relevant enactments and this Ordinance,
 - (iii) the implications of non-compliance by employees with any guidance issued by the Commission in accordance with section 22(3)(b) of this Ordinance, 31
 - (iv) its policies, procedures and controls for the purposes of forestalling, preventing and detecting money laundering and terrorist financing,
 - (v) the identity and responsibilities of the Money Laundering Reporting Officer,
 - (vi) the detection of unusual or suspicious activity or transactions,
 - (vii) the principal vulnerabilities of the products and services offered by the eGambling licensee or the associate certificate holder, and
 - (viii) new developments, including information on current money laundering and terrorist financing techniques, methods, trends and typologies,
- 11(1)(c) identify relevant employees who, in view of their particular responsibilities, should receive additional and ongoing training, appropriate to their roles, in the matters set out in item (b) and shall provide such training.
- 11(2) A Category 1 eGambling licensee or Category 1 associate certificate holder or Temporary eGambling licensee as the case may be shall ensure that relevant employees receive comprehensive ongoing training in customer due diligence requirements.

Licensees, Category 1 and Category 2 associate certificate holders must maintain training records

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for at least five years from the date in which the training was carried out (Ord Sch 4 [12](4)(c)).

Describe how the licensee, Category 1 or Category 2 associate certificate holder satisfies each of the AML/CFT training requirements set out in Ord Sch 4 [11] (as set out above) including:

- **Describe the standard AML/CFT training program and each of the matters which employees receive training in (which should cover each of those areas detailed in Ord Sch 4 [11](1)(b);**
- **Which employees are required to complete the AML/CFT training program;**
- **Specify timeframe within which new employees are required to have completed their training, and the process for ensuring that all employees complete the AML/CFT training program;**
- **State who is responsible for it;**
- **Detail how often it is provided;**
- **Describe if/how it varies depending on nature of employees' role or responsibilities;**
- **Describe how the way it is provided takes account of local regulatory requirements and the latest technological developments in AML/CFT**

Explain how its effectiveness is assessed.

Describe what AML/CFT training records are kept and for how long?

1.8.11 Business Associates, Foreign Branches and Subsidiaries (AML/CFT specific)

It should be noted that, as per Ord Sch 4 [14](1) a reference to a licensee in Ord Sch 4 shall include a reference to –

- an associate which a licensee, Category 1 or Category 2 associate certificate holder has arranged to perform on its behalf any activity required to be carried out in accordance with Ord Sch 4 ;
- any other associate which the Commission requires by written notice to comply with Ord Sch 4 ;
- branches and subsidiaries of the eGambling licensee, Category 1 or Category 2 associate certificate holder dealing with eGambling which are situated in a foreign country or territory, to the extent that the laws of that foreign country or territory allow provided that, where requirements under subparagraphs (i) and (ii) differ, an eGambling licensee, Category 1 associate certificate holder or Category 2 associate certificate holder must ensure that the requirement which provides the highest standard of compliance, by reference to the Financial Action Task Force Recommendations on Money Laundering, is complied with; and
- a business associate which contracts with a Category 2 eGambling licensee or Category 2 associate certificate holder in an arrangement whereby the Category 2 eGambling licensee or Category 2 associate certificate holder effects gambling transactions on behalf of that business associate.

The details of all such associates, branches and subsidiaries must be detailed in section 1.9 and 1.10 of your ICS.

Licensees, Category 1 and Category 2 associate certificate holders are under an obligation, under Ord Sch 4 [14](2) to ensure that such associates, branches and subsidiaries located in a territory outside of Alderney comply with -

- the applicable requirements of the Ord Sch 4 , R.4(d), 4(f), 6(d), 6(f), 8(d), 8(l), 60(c), 60(e) and the associated regulations; and
- the requirements under the law in that country or territory which are consistent with the FATF Recommendations,

provided that, where such requirements and the above differ, the licensee, Category 1 or Category 2 associate certificate holder must ensure that the requirement which provides the highest standard of compliance, by reference to the FATF Recommendations is complied with.

Licensees, Category 1 and Category 2 associate certificate holders are under an obligation under Ord Sch 4 [14](3) to ensure that they and their subsidiaries effectively implement policies, procedures and controls in respect of the sharing of information (including, but not limited to customer, account and transaction information) between themselves for the purposes of carrying out CDD and otherwise forestalling, preventing and detecting money laundering and terrorist financing, including (but not limited to) policies, procedures and controls governing the confidentiality of such information.

As per Ord Sch 4 [14](4), if the law of that country or territory does not so allow in relation to any requirement of the Guidelines and the Regulations, the licensee shall notify the Commission accordingly

If you have any branch offices or subsidiaries outside of Alderney describe how you ensure that such branch offices or subsidiaries demonstrate compliance with the relevant AML/CFT provisions; also describe the procedure for retrieving records held outside of Alderney and describe how the business tests that the records are readily retrievable.

If you outsource any AML/CFT functions or services, detail the assessment and monitoring of the outsourced AML/CFT functions, and how such entities demonstrate compliance with AML/CFT provisions.

If you are a Category 2 eGambling licensee or Category 2 associate certificate holder effecting gambling transactions on behalf of a business associate, describe how you ensure that the business associate demonstrates compliance with the relevant AML/CFT provisions.

In each case, describe the controls which define the association and the protection of the customer.

See Appendix C. Other technical and guideline controls will apply to the Business Associate relationship, as defined later within these guidelines.

1.9 Business Associates, Foreign Branches and Subsidiaries (General)

A licensee and Category 1 and Category 2 associate certificate holders business associates are subject to Commission approval (Ord.4, 5(2), 12(1); R.20, R.21, R.22, R.4, R.6, R.9 and R.60, R.41, R.42; Part II of the Regulations) as entities or individuals which have not obtained Commission approval presents serious risks: a) engaging in unsuitable operations, and b) unapproved persons controlling or influencing licensed or certified operations. *It is expected that the licensee, Category 1 or Category 2 associate certificate holder will engage in due diligence on each of its associates.*

The definition of “business associate” is set out in section 30 of the Ordinance –

"business associate" means a person who the Commission reasonably believes is or, as the case may be, will be associated with the ownership, management or performance of the operations of an eGambling licensee or a certificate holder, and includes (without limitation) –

- (a) a supplier of software,
- (b) a person who maintains a database of customer information,
- (c) a person involved in receiving payments from, and making payments to, customers, and
- (d) another company within the same group of companies,

For example, “business associates” extends to third parties service providers used to provide the eGambling application software and key financial systems, or who perform functions the licensee Category 1 or Category 2 associate certificate holder is required to comply with under the Ordinance, the Regulations, and this ICS.

Licenses, Category 1 or Category 2 associate certificate holders are ultimately responsible for compliance with the Ordinance, Regulations, and Internal Controls, even if certain functions are outsourced to business associates or subsidiary companies. Toward this end, the licensee, Category 1 or Category 2 associate certificate holder should ensure that its associates support the licensee Category 1 or Category 2 associate certificate holder’s compliance with the Ordinance, Regulations, and Internal Controls, and comply with any provisions of the legislative framework which are applicable to them, such as the relevant AML/CFT provisions (see section 1.8.11). This is especially critical when the licensee, Category 1 or Category 2 associate certificate holder proposes to rely upon or integrate with services provided by a business associate which is located in or is regulated by another jurisdiction (see section 1.10).

- i) **If any element of the gambling operation is contracted out to or facilitated by a third party associated with the ownership, management or performance of the operations of the licensee, Category 1 or Category 2 associate certificate holder (including foreign branches/subsidiaries), identify the third party and describe the relationships the licensee, Category 1 or Category 2 associate certificate holder has with any third party. Detail the licensee, Category 1 or Category 2 associate certificate holder’s use of, reliance upon, or provision of services to Business Associates, identifying the Business Associate’s**

role within the business, the service provided, and the nature of the contractual relationship. *An organisation chart (organogram) which shows the internal organisational structure of the licensee, Category 1 or Category 2 associate certificate holder's gambling operation, including reporting lines, and which details the structure of the outsourcing and the appropriate corporate relationships, is an easy and simple method to communicate this information. This information might best be presented in an appendix to the ICS, as this information may change over time.*

- ii) **Attach copies of all management or service level agreements as an Appendix to the ICS.** *To facilitate the licensee Category 1 or Category 2 associate certificate holder's regulatory compliance, each such management or service level agreement should provide that the contractor covenants to promote and maintain the regulatory compliance of the licensee Category 1 or Category 2 associate certificate holder, and comply with any provisions of Alderney's eGambling legislative framework which are applicable to them.*

1.10 Due Diligence on Business Associates which the licensee, Category 1 or Category 2 Associate Certificate holder Exports Players to or Imports Players from

Part A – Due Diligence on Gambling Business Associates

The definition of "gambling business associate" is set out in section 30 of the Ordinance –

<p>"gambling business associate" means a business associate who –</p> <p>(a) contracts (either directly or through a contract or other arrangement with a third party) with a –</p> <ul style="list-style-type: none">(i) Category 1 eGambling licensee or Category 1 associate certificate holder, in an arrangement whereby the business associate effects the gambling transaction on behalf of the Category 1 eGambling licensee or Category 1 associate certificate holder,(ii) Category 1 eGambling licensee or Category 1 associate certificate holder, in an arrangement whereby the Category 1 eGambling licensee or Category 1 associate certificate holder organises or promotes a gambling transaction on behalf of the business associate,(iii) Category 2 eGambling licensee or a Category 2 associate certificate holder, in an arrangement whereby the Category 2 eGambling licensee or Category 2 associate certificate holder effects the gambling transaction on behalf of the business associate,(iv) Category 2 eGambling licensee or a Category 2 associate certificate holder, in any arrangement whereby the business associate effects the gambling transaction on behalf of the Category 2 eGambling licensee or Category 2 associate certificate holder, and <p>(b) is not –</p> <ul style="list-style-type: none">(i) the holder of an eGambling licence, Category 1 associate certificate or a Category 2 associate certificate, or(ii) another company within the same group of companies as the holder of the eGambling licence, Category 1 associate certificate or Category 2 associate certificate that the business associate has contracted with."

- **List all your Gambling Business Associates. Provide due diligence details concerning each Gambling Business Associate including trade names and URL addresses.**

Describe the extent of continuing due diligence that the eGambling licensee, Category 1 associate certificate holder or Category 2 associate certificate holder performs to ensure

it continues to know the fitness and propriety of the gambling business associate (including foreign branches/subsidiaries), to confirm that the relationship will not risk injury to the reputation of either the eGambling licensee, the Category 1 associate certificate holder, the Category 2 associate certificate holder or the Bailiwick as a jurisdiction, and that the licensee or certificate holder's relationship with the gambling business associate will not imperil the licensee or certificate holder's compliance with Alderney's legislative requirements.

Where the eGambling licensee, Category 1 associate certificate holder or Category 2 associate certificate holder proposes to rely upon a gambling business associate to perform a function described in the ICS, ensure the ICS clearly and completely describes the entity involved and the process, control, or function involved.

A sample format for reporting due diligence is attached to this ICS as Appendix C. An Appendix to the ICS for each relationship is likely to help meet the purposes of this control. Ultimately, the onus is on the licensee or Category 1 associate certificate holder to know and consider the implications of any particular association, and how it reflects upon the licensee or Category 1 associate certificate holder's suitability to engage in licensed or certified activity.

- **Address the provisions of R.242(5).**

R.242(5) provides that each eGambling licensee, Category 1 associate certificate holder and Category 2 associate certificate holder shall by no later than the 20th day of each month submit to the Commission a report in the format set out in Schedule 19A in respect of the number of gambling business associates associated with the eGambling licensee, Category 1 associate certificate holder or the Category 2 associate certificate holder during the preceding calendar month.

Part B – Due Diligence on Other Business Associates to or from which the licensee or Category 1 associate certificate holder Exports or Imports Players

Business associates, who are not gambling business associates, but who –

- (a) contract with a –
 - (i) Category 1 eGambling licensee or Category 1 associate certificate holder, in an arrangement whereby the business associate effects the gambling transaction on behalf of the Category 1 eGambling licensee or Category 1 associate certificate holder,
 - (ii) Category 1 eGambling licensee or Category 1 associate certificate holder, in an arrangement whereby the Category 1 eGambling licensee or Category 1 associate certificate holder organises or promotes a gambling transaction on behalf of the business associate, or
 - (iii) Category 2 eGambling licensee or a Category 2 associate certificate holder, in an arrangement whereby the Category 2 eGambling licensee or Category 2 associate certificate holder effects the gambling transaction on behalf of the business associate

shall be referred to as "**Internal Transfer Business Associates**"

- **List all your Internal Transfer Business Associates. Where necessary, provide due diligence details concerning the internal transfer business associate including trade names and URL addresses.**

If your Internal Transfer Business Associate holds an AGCC eGambling licence, Category 1 associate certificate or a Category 2 associate certificate, there is no requirement to include your due diligence on this entity in your ICS. If your Internal Transfer Business Associate is another company within the same group of companies as you, some elements of the sample format for reporting due diligence attached to this ICS as Appendix C may not be applicable.

1.11 Internal Audit Function

Internal Audit is a customary business practice to ensure the business adequately manages its risk. The Commission perceives the risk that inappropriate conduct in the licensed or certified operations detracts from a compliant control environment. Licensees, Category 1 and Category 2 associate certificate holders are required to have an internal audit function integrated within their business in the following manner –

- (a) R.188 require licensees, Category 1 associate certificate and Category 2 associate certificate holders to manage regulatory risk with an internal audit function, in that licensees, Category 1 associate certificate holders and Category 2 associate certificate holders are required to regularly review their internal control system so as to ensure that it accurately reflects the manner in which it is conducting eGambling or operating under its licence or certificate;

Describe this internal audit function, including the frequency of such reviews.

Describe the reporting structure and processes by which the licensee, Category 1 associate certificate holder or Category 2 associate certificate holder's executive management monitors the correct operation of the internal audit function.

Where there is an additional internal audit function to that described above (which is required to regularly review the licensee, Category 1 associate certificate holder or Category 2 associate certificate holder's internal control system), describe the operation of this function and responsibilities.

- (b) R.175(3)(e) requires licensees, Category 1 associate certificate and Category 2 associate certificate holders to include within their ICS an audit function to test its systems in order to forestall, prevent and detect ML/TF and in order to comply with the AML/CFT provisions in Ord Sch 4 and any associated regulations.
- (c) Ord Sch 4[13](e) therefore requires licensees, Category 1 associate certificate holders and Category 2 associate certificate holders to have an adequately resourced independent audit function to test compliance with AML/CFT requirements (see extract below).

- | |
|---|
| <p>(e) establish and maintain an effective policy, for which responsibility must be taken by the board, for the review of its compliance with the requirements of this Schedule, the associated regulations and any guidance issued by the Commission, and such policy shall include –</p> <ul style="list-style-type: none">(i) provision as to the extent and frequency of such reviews; and(ii) the requirement to maintain an adequately resourced and independent audit function to test compliance with such requirements; |
|---|

Describe the internal audit function required by licensees, Category 1 and Category 2 associate certificate holders to test its systems in order to forestall, prevent and detect ML/TF and in order to comply with the AML/CFT provisions in Ord Sch 4 and any associated regulations. How is this function resourced? How are the licensee, Category 1 or Category 2 associate certificate holder’s AML/CFT policies, procedures and controls monitored and tested?

Describe the policy for the review of the compliance with AML/CFT provisions, and the independent audit function which forms part of that review, including the frequency of such reviews.

Describe the reporting structure and processes by which the licensee, Category 1 or Category 2 associate certificate holder’s executive management monitors the correct operation of the internal audit function.

- (d) Ord Sch 4 [13](f) then requires that the review of the licensee, Category 1 or Category 2 associate certificate holder’s compliance with the AML/CFT provisions is discussed at a meeting of its board of directors (see extract below). R.175(3) requires that the ICS includes the licensee, Category 1 or Category 2 associate certificate holder’s policy for reviewing at appropriate intervals its compliance with the ML/TF provisions.

- | |
|---|
| <p>(f) ensure that a review of its compliance with this Schedule, the associated regulations and guidance issued by the Commission is discussed and minuted at a meeting of its board at appropriate intervals, and in considering what is an appropriate interval, the eGambling licensee, Category 1 associate certificate holder or Category 2 associate certificate holder shall have regard to the risk taking into account –</p> <ul style="list-style-type: none">(i) the size, nature and complexity of the eGambling it conducts,(ii) its registered customers (in relation to a Category 1 eGambling licensee or Category 1 association certificate holder only), products and services, and(iii) the ways in which it provides those products and services |
|---|

Describe the process for ensuring that a review of such internal audits takes place at Board level, including the frequency of such reviews.

Append the annual audit programme to the ICS. *This might best be presented in an appendix to the ICS.*

Detail how any internal and external audit recommendations made in relation to the AML/CFT controls are recorded, evaluated and addressed. How long are any records kept?

There is a variety of solutions available to define internal audit programmes; the following information is likely to contribute to an effective internal audit programme:

- *Scope of the internal audit function.*
- *Review and appraisal of the adequacy of the ICS pursuant to R.188, including:*
 - *review of the level of compliance with the ICS procedures*
 - *reporting of incidences of non-compliance with the ICS to the appropriate position in the organisation*
 - *reporting of any material weakness in the ICS to the appropriate position in the organisation*
 - *recommendation of change procedures to eliminate any material weakness in the ICS*
- *Review and appraisal of the adequacy of the licensee, Category 1 or Category 2 associate certificate holder's AML/CFT programme, pursuant to R.175(3)(e) and Ord Sch 4 2 and Ord Sch 4 [13], including:*
 - *review of whether the current Business Risk Assessment is accurate and relevant to current operations*
 - *review of the level of compliance with the AML/CFT procedures*
 - *reporting of incidences of non-compliance with the AML/CFT programme to the appropriate position in the organisation*
 - *reporting of any material weakness in the AML/CFT programme to the appropriate position in the organisation*
 - *recommendation of change procedures to eliminate any material weakness in the AML/CFT programme*

1.12 Premises

The premises where a licensee, Category 1 or Category 2 associate certificate holder conducts the various parts of its licensed or certified operations are just as critical as the employees and the equipment utilised in the operation. Poorly maintained, secured, or designed premises present the risk of intrusion or failure, and reflect poorly on the general suitability of the licensed or certified operation.

Identify the licensee, Category 1 associate certificate holder or Category 2 associate certificate holder's hosting service providers. Hosting service providers are Business Associates, and as such, are separately certified along with their premises (Ord.4; Part III of the Regulations).

Provide a list of the addresses where any functions of the gambling operation described in the licensee, Category 1 associate certificate holder or Category 2 associate certificate holder's ICS are located.

If the premises are not already certified Hosting provider premises, describe the security of and access to sensitive areas of the gambling operation.

Sensitive areas include areas where information or equipment is located, processed, or stored, and the area is isolated from inspection, observation, or access.

1.13 Disaster Recovery

Nobody can predict a disaster, but a prudent business will have safeguards and recovery procedures planned in the event of disaster. There is no law or Regulation which compels the licensee, Category 1 or Category 2 associate certificate holder to have a disaster recovery plan. However, R.231 requires the licensee or Category 1 associate certificate holder to remit customer funds at the customer's request; there is no exception for circumstances outside the licensee or Category 1 associate certificate holder's control. Accordingly, the Commission expects the licensee, Category 1 or Category 2 associate certificate holder to make provision for a disaster recovery plan.

At a minimum, the licensee, Category 1 or Category 2 associate certificate holder should have disaster recovery capability sufficient to ensure protection of customer entitlements and auditability up to the point of the disaster. Describe the controls and system design elements which mitigate the risks of lost data. Describe the disaster risks and an adequate disaster recovery programme.

There is a variety of solutions available to the licensee, Category 1 or Category 2 associate certificate holder; however, the Commission believes the following information will contribute to the licensee, Category 1 or Category 2 associate certificate holder's ability to meet its Regulatory obligations under extreme operating conditions which require implementation of disaster recovery procedures, in whole or in part.

- i) *Position responsible for maintaining and updating the plan.*
- ii) *Emergency procedures.*
- iii) *Fallback and relocation procedures.*
- iv) *Resumption procedures.*
- v) *Periodic review and testing of this disaster recovery plan.*
- vi) *The action that would be taken to provide for a financially orderly close down of the computer system, including the ability to refund bets and repay account balances to customers.*
- vii) *How authorised and tested source code is backed up.*
- viii) *How customers will be able to access their funds on account.*
- ix) *How customer services will be provided with minimal disruption.*
- x) *How data will be preserved and maintained to ensure reasonably efficient and effective resumption of normal operations.*

The licensee, Category 1 or Category 2 associate certificate holder's disaster recovery plan may contemplate resumptions of part or all of the business (beyond preserving customer access to account funds) in a jurisdiction other than the Bailiwick of Guernsey.

Describe how the licensee, Category 1 or Category 2 associate certificate holder mitigates the risk of unlicensed or uncertified operations under extreme operating conditions which require implementation of disaster recovery procedures, in whole or in part.

If disaster recovery is to take place outside the Bailiwick of Guernsey, identify the regulatory jurisdiction(s) which will oversee the operation, together with evidence of that jurisdiction's approval.

Describe how the licensee, Category 1 or Category 2 associate certificate holder will ensure operations will be compliant with Alderney law upon resuming licensed operations in the Bailiwick of Guernsey or certified operations in the jurisdiction of residence of the Category 1 or Category 2 associate certificate.

SECTION 2: ACCOUNTING SYSTEMS

2.1 Accounting Policies

Describe all accounting policies, including where relevant:

- i) **Basis of accounting**
- ii) **Depreciation**
- iii) **Foreign Currencies**
- iv) **Research and development**
- v) **Pension Costs**
- vi) **Leases**

2.2 Chart of Accounts

A full chart of accounts should be provided for the licensee, Category 1 or Category 2 associate certificate holder's operation, compliant with the reporting requirements of R.242 and S. 18. This might best be presented in an appendix to the ICS.

Detail the procedure to be followed should a change to the Chart of Accounts be required, including details of who is responsible for authorising such changes.

2.3 Internal Accounting Controls

- i) **Provide a copy of the licensee, Category 1 Category 2 associate certificate holder's internal accounting controls.** *The identification of the key features of the internal control procedures will enable the Commission to verify that suitable systems are in place. They are likely to include the following:*
 - a) *The use of pre-numbered and multi-copy accounting documents where appropriate.*
 - b) *Evidence of independent transaction review separate from a document or entry origination.*
 - c) *The maintenance of full and proper accounting records for the licensee.*
 - d) *Adequacy of controls over the safeguarding of both physical and financial assets.*
 - e) *The timing of procedures for the reporting of financial information to management.*
 - f) *Control over the expenditure of funds.*
 - g) *The reconciliation of customer accounts and profits and losses arising from the company's gambling activities.*
- ii) **Detail the procedures for:**
 - a) **Periodic review and appraisal of the adequacy of the internal controls.**
 - b) **Reporting of any material weakness in the controls to the appropriate manager.**

2.4 Management Accounts

2.4.1 Internal reporting

- i) **Detail the licensee, Category 1 or Category 2 associate certificate holder's internal management reporting procedures.**
- ii) **Include a pro-forma of the internal management accounts, the frequency of and timetable for the preparation of these management accounts, and the timetable for their review. *This might best be presented in an appendix to the ICS.***

2.4.2 External reporting

Address the provisions of R.242 and R.243:

- R.242 provides that each Category 1 eGambling licensee and Category 1 associate certificate holder shall by no later than the 20th day of the month submit to the Commission a report in the format set out in S. 17 containing the details required by such a report in respect of its operational performance under its eGambling licence or associate certificate during the preceding calendar month.
- R.242 provides that each eGambling licensee or Category 1 associate certificate holder shall by no later than 30 days after the end of each quarter of its financial year submit to the Commission a report in the format set out in S. 18 and 18A (where appropriate) in respect of its financial performance under its eGambling licence or Category 1 associate certificate during the preceding quarter in question.
- R.242 & R.243 provide that each Category 2 eGambling licensee, temporary eGambling licensee or Category 2 associate certificate holder shall by no later than 30 days after the end of each quarter of its financial year submit to the Commission a report in the format set out in S. 19 in respect of its operations and financial performance under its eGambling licence or certificate during the preceding quarter in question.

If applicable, address the provisions of R.230A:

- R.230A provides that each Category 1 eGambling licensee or Category 1 associate certificate holder shall by no later than the 20th day of the month submit to the Commission a report in the format set out in S. 22 detailing its customer liabilities and the bank accounts holding customer funds.
- *If at any time the licensee or Category 1 associate certificate holder will likely fail to meet any of these reporting requirements (including deadlines), the licensee or Category 1 associate certificate holder will inform the Commission in advance, explaining the reasons for the non-compliance and requesting dispensation for the delay.*

2.4.3 Financial Ratios

Address the provisions of R.243:

- R.243 requires the eGambling licensee or Category 1 associate certificate holder to meet prescribed or agreed capital adequacy ratios.
- R.243 also provides that each Category 1 licensee or Category 1 associate certificate holder shall by no later than the 20th day of the month submit to the Commission a report

in the format set out in S. 20 detailing its financial position at the end of the preceding calendar month.

- The R.243 requirements of Category 2 eGambling licensees, Temporary eGambling licensees or Category 2 associate certificate holders have already been covered in the previous section (Section 2.4.2).
- If at any time the licensee, Category 1 or Category 2 associate certificate holder will likely fail to meet this reporting deadline, the licensee, Category 1 associate certificate holder or Category 2 associate certificate holder will inform the Commission in advance to request dispensation for the delay and also to explain the reason for the non compliance. If the licensee, Category 1 or Category 2 associate certificate holder anticipates or detects a problem with the substance of its capital adequacy under the prescribed ratios, the licensee, Category 1 or Category 2 associate certificate holder should discuss the issue with the Commission as a matter of urgency.
- Furthermore, R. 243 requires that the licensee or Category 1 associate certificate holder must provide documentary evidence of how it plans to initially capitalise its business. This might best be presented in an appendix to the ICS. Please note that the Commission will not approve the activation of a licensee or Category 1 associate certificate holder's site until the licensee or Category 1 associate certificate holder has provided the Commission with documentary evidence that it has a satisfactory capitalisation arrangement in place.
- There are three types of capitalisation arrangements that may be acceptable to the Commission. The licensee or Category 1 associate certificate holder should primarily revisit the business plan that it prepared during the application process. This will give the licensee or Category 1 associate certificate holder an indication of the level of capitalisation required.
- The first arrangement that may be acceptable to the Commission comprises of share capital, which can be issued either at par or at a premium. Documentary evidence should consist of a balance sheet extract together with a copy bank statement or electronic bank transfer slip.
- The second arrangement that may be acceptable to the Commission is long-term capital comprising of an evergreen loan. This instrument ensures that the debt is permanently classified as a long term liability in the balance sheet of the licensee or Category 1 associate certificate holder. The Commission can assist the licensee or Category 1 associate certificate holder with the wording of such an instrument. Documentary evidence should consist of a copy of the executed loan agreement, a copy of the board minute from the lender and a copy bank statement or electronic bank transfer slip.
- The third arrangement that may be acceptable to the Commission is a parental guarantee whereby an associated company provides the licensee or Category 1 associate certificate holder with a guarantee whereby it agrees to provide the licensee or Category 1 associate certificate holder with financial support to fully meet its liabilities as they fall due. Documentary evidence should consist of a copy of the executed parental guarantee, a copy board minute from the guarantor and the most recent accounts of the guarantor.

2.5 Budgets

Detail the timetable for the preparation and approval of budgets as well as any subsequent re-forecasting arrangements.

2.6 External Audit

- i) **Specify the licensee, Category 1 or Category 2 associate certificate holder's duly appointed external auditor. Should the external auditor resign or be dismissed, the licensee should advise the Commission in writing within 14 days of the separation, and supply a copy of the statement of circumstances, or a statement that no such circumstances exist. The licensee, Category 1 or Category 2 associate certificate holder should also detail the timetable for the appointment of new auditors.**
- ii) **Specify the licensee, Category 1 or Category 2 associate certificate holder's fiscal year end date.**
- iii) **Record the timescale for the annual audit. Address the provisions of R.245 concerning the Commission's timing requirements.**
- iv) **Address the provision of R.246 and R.247.**

If at any time the licensee, Category 1 or Category 2 associate certificate holder is likely to fail to meet the reporting requirement (including the deadline), the licensee, Category 1 or Category 2 associate certificate holder shall inform the Commission in advance, to explain the reason for the non compliance, and to request written extension of the deadline. The application shall be made no earlier than one month before the expiry of the time in which a copy of the audited financial statements and any auditor's report is due (R.246). *Failure to abide by the Regulatory requirement is grounds for sanction.*

2.7 Accounting Software

Detail the following:

- **the accounting software in use.**
- **the method and frequency of full back-up of the accounting software data, including automated features.**
- **the short and long term storage of such data (both on and off premises) in a secure location.**

2.7.1 Standard Forms

Describe how the licensee, Category 1 or Category 2 associate certificate holder maintains document control for standard forms used in the business. *Document control of standard forms could be facilitated by placing document names/numbers and the revision date at the foot of each document.*

2.7.2 Computer Controls

Detail the computer access controls required for the computerised accounting system. Include a description of super-user or appointing authorities who define, grant, and remove access rights. What frequency are permissions reviewed for relevancy and ongoing purpose?

2.8 Record retention policy

State the corporate policy and methodology for record retention, covering accounting, banking, corporate and customer records. Comply with the greater of local legislation (e.g. data protection, tax authorities, etc.) and R.233 / Ord Sch 4 .

2.9 Bank Accounts

Detail the following:

- i) The authorisation requirements for opening of accounts with financial institutions.**
- ii) The purpose of each financial institution account.**
- iii) Maintenance procedures of financial institution accounts for all banking or similar transactions for licensed operations.**
- iv) The reconciliation timing and approval processes for gambling transactions with the financial institutions.**

2.9.1 Account Signatories

Identify the signatories for all accounts, and who has the power to appoint and remove signatories. Confirm that all instructions issued in relation to the bank account(s) should require the signatures of two authorised bank account signatories. *This control might best be described in an appendix to the ICS, to facilitate amendment.*

2.9.2 Customer Funds

- (i) Segregation of customer funds**

Under R. 230A, Category 1 eGambling licensees and Category 1 associate certificate holders (and their associates who hold funds to the credit of registered customers) are required to segregate funds standing to the credit of registered customers into separate bank accounts which exist solely for that purpose and to make monthly reports to the Commission of the total amount funds they hold, the balance of each bank account and the accounts they are held in. In exceptional circumstances this requirement can be waived where a written guarantee has been provided which is on such terms approved by the Commission.

Address the provisions of R. 230A.

- If customer funds are to be segregated from corporate funds, this is normally achieved by holding customer funds in separate bank accounts from corporate funds, and formally titling such accounts as “client accounts”. **To substantiate precisely how customer funds are held, provide the details of each bank account which holds****

funds to the credit of registered customers (including details of bank accounts held by associates) and a copy of each of your customer bank account statements should be presented as an appendix to the ICS.

- **If a written guarantee is proposed, append a signed copy of this guarantee to the ICS and describe your method for ensuring that the guarantee remains adequate and valid at all times.**

(ii) **I** Method for informing customers of risks associated with their funds

Address the provisions of R. 230A(5).

“The Category 1 eGambling licensee or Category 1 associate certificate holder shall inform each of its customers, via a clear and robust mechanism of the potential risks associated with funds standing to the credit of a registered customer in the event of the insolvency of the Category 1 eGambling licensee or Category 1 associate certificate holder or any of its associates.”

This must include information on where on the Commission’s website these risks have been explained. The medium/s used to inform customers must also be described, e.g. via a link from the main website, from the deposit window, mobile application, etc.

The following topics should also be addressed:

- iii) *Controls over the transfers to and from the company’s accounts.*
- iv) *The regularity at which such transfers are made.*
- v) *Reconciliations between the total of the client’s funds accounts and total of all the individual customer account balances.*
- vi) *Independent review of the operation of the client funds accounts.*
- vii) *Confirmation that no set off arrangements are in place in relation to those accounts, and that they have not otherwise been used as security for any liabilities of the company.*

2.10 Bad Debts

The ICS should contain procedures for reviewing doubtful debts and dealing with bad debts. The procedures should cover debt recovery action and the procedures for writing off a bad debt in the company’s accounts should the debt recovery action fail. Besides credit issued to customers, debts also include customer account credit balances caused by credit or debit card chargebacks. The controls described should include controls over the review of chargebacks and the related customer accounting policies.

2.11 Agency Arrangements

For any relationship with a business associate, describe the receipt, payment, recording and reconciliation of funds.

2.12 Asset Classification and Control

2.12.1 Accountability for Assets

Detail the procedures associated with maintaining an inventory of assets.

2.12.2 Information Classification

Detail the security and protection of the information assets, including customer records, accounting information, statistical information, and history of transactions.

2.13 Jackpot accounting

Describe the accounting controls and audits for jackpot pools and diversion pools. The licensee should perform accounting reconciliation of jackpots at least daily.

- i) Where jackpot contributions are part of the return to player calculations, the contributions should not be assimilated into revenue.
- ii) **I** For non-promotional jackpots, the Interactive Gaming System (“IGS”) should provide adequate reconciliation to ensure that all jackpot increments deducted,
 - a) have been paid to customers as prizes, or
 - b) are displayed as part of prizes, or
 - c) are held in separate accounts

2.14 Registers

The licensee, Category 1 or Category 2 associate certificate holder should maintain registers of essential gambling information. The Commission may request sight of the registers, and on occasion hard copies may have to be provided. *In conjunction with monthly operational reporting requirements, the Commission expects the licensee, Category 1 or Category 2 associate certificate holder will update all registers at least monthly, if they are not maintained in real time. The licensee, Category 1 or Category 2 associate certificate holder may satisfy this requirement by having the ability to generate an automated register on demand. The information required should include the following data:*

- i) *A register of all contracts/agreements, for the purchase or supply of goods or services relating to the operations of the licensee, Category 1 or Category 2 associate certificate holder where the value is GBP 15,000 or greater within a 12 month period.*
- ii) *An accounting of funds donated to charity, broken down by source (minor, seized/forfeited, abandoned, other), for any calendar year.*

SECTION 3: CUSTOMER REGISTRATION, VERIFICATION, BANKING AND MANAGEMENT

In preparing this section of the ICS, licensees and Category 1 associate certificate holders should take note of the provisions of Part V, Chapter V of the Regulations as it pertains to the registration, funds and protection of customers.

Unless otherwise specified, the requirements herein address play for money or reward.

3.1 Terms Governing Customer Accounts

3.1.1 Agreement

1 The registration process shall include the prospective customer's agreement to the terms and conditions of the licensed or certified operation (R.235).

3.1.2 Terms and Conditions

Provide a copy of the licensee or Category 1 associate certificate holder's terms and conditions as an appendix to the ICS. If the licensee or Category 1 associate certificate holder conducts foreign language operations, submit translated versions of the terms and conditions.

The terms and conditions should be clear, concise, and understandable, so that a customer, having accepted the terms and conditions, can be reasonably said to be fully aware of the terms under which they participate. The licensee or Category 1 associate certificate holder should avoid using jargon, technical, or legal terminology. For these reasons, nested (multiple sets of) terms and conditions within the same document are not favoured unless they are structurally organised in a manner that meets the customer's comprehension. The Commission will construe complex or ambiguous terms against the operator on the basis of what is likely to be understood.

The terms and conditions should address all aspects of the operation, including account management, the responsibilities and rights of the parties, and the following concepts:

- i) The name of the party or parties with whom the customer is entering into a contractual relationship, including the licensee or Category 1 associate certificate holder.
- ii) The applicability of the laws of Alderney to the relationship.
- iii) The clear segregation of multiple regulatory authorities and operations ("signposting").

For example, if a customer registered in Alderney is referred to Business Associates under circumstances not regulated by the Commission, the terms and conditions should explicitly advise the customer:

- *that their conduct in that venue or forum will be conducted outside of the jurisdiction of Alderney and is not regulated or monitored in Alderney, nor will the Commission be obliged to act upon any complaints received by the Commission (section 1(3) of the Ordinance),*
- *under what regulatory authority that venue or forum is regulated, and*
- *how to pursue a complaint concerning those operations*

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- iv) The customer's consent to have the licensee or Category 1 associate certificate holder verify the customer's age, identity, and residence;
- v) House rules (rules and obligations applicable to the customer). *Game rules and table stakes may be addressed separately.*
- vi) The full explanation of all fees and charges imposed upon a customer for payments related to gambling transactions. *It should be clear to the customer when a cost is passed on to the customer.*
- vii) Disputes and complaints procedure.
- viii) Privacy policies, including information access.
- ix) The legal age policy.
 - x) Donation of fund balances within abandoned accounts (including accounts frozen for security reasons and pending wagers to charity).
 - xi) The customer's right to set self-imposed limits and to self-exclude.
 - xii) Voiding of all pays and plays in the event of malfunction, with the licensee's definition of what constitutes a malfunction.
- xiii) Terms of credit, as applicable, if they are not addressed separately in a credit application process.
- xiv) Foreign operations and foreign language translations. *If foreign language versions are utilised, the terms and conditions should relate that foreign language versions of all rules, terms, conditions and offers will be governed by the English language version.*
- xv) The consequences for engaging in improper behaviour. *Include minors, fraudsters, and accomplices; account seizure; and investigation practices. The Commission will expect to see forfeited funds directed to victims and charity.*
- xvi) Circumstances in which the licensee or Category 1 associate certificate holder may have recourse to customer funds (in accordance with R.231) or in which the licensee shall remit customer funds,
- xvii) Additions to customer's funds (in accordance with R.232)
- xviii) Any other provision which the particular circumstances would warrant, in the promotion of a fair gambling environment for the customer.

I The customer can only advance to play for consideration or value if they take an action to acknowledge the agreement. This action shall be logged in the system.

Where it is not possible to present the full terms and conditions to the customer at the point of registration, for example, for telephone betting, customers must be provided with easy access to the operator's terms and conditions.

Describe how the licensee or Category 1 associate certificate holder provides notice to customers of any modification of the terms and conditions.

The licensee or Category 1 associate certificate holder must take steps reasonably calculated to notify the customer on notice of a change to the contractual relationship.

3.1.3 Terms and Conditions for Promotional Programmes

To avoid unnecessary disputes and confusion over bonus and promotional programmes,

- The licensee or Category 1 associate certificate holder should accurately describe its bonus programmes to the customers in a fashion similar to that required for the terms and conditions, to ensure the customer understands the terms and conditions for accepting and enjoying bonuses.
- All bonuses and promotions must adhere to current legislation and regulation.
- The rules must be readily-accessible with clear and unambiguous terms and conditions, especially where bonuses or promotions are limited to certain tables or non-tournament play, or when other specific conditions apply.

The licensee or Category 1 associate certificate holder need not submit promotional and bonus programme terms and conditions to the Commission for prior approval (or in the ICS).

3.1.4 Privacy

The licensee, Category 1 or Category 2 associate certificate holder should refer to the data protection requirements under the Data Protection (Bailiwick of Guernsey) Law 2017 as well as, in the case of a Category 1 associate certificate holder, the requirements of the jurisdiction of incorporation. A licensee or Category 1 associate certificate holder's failure to abide by the provisions of this law or the local equivalent legislation will be considered evidence of unsuitable conduct. Additional Guernsey Data Protection information may be located at website address <https://odpa.gg/> (link valid as at publication)).

3.2 Customer Identification and Verification

3.2.1 Customer Due Diligence (CDD)

In this section, the Category 1 eGambling licensee or Category 1 associate certificate holder should describe the CDD measures that it undertakes including -

- **customer risk assessment,**
- **customer registration process,**
- **the identification and verification of a customer,**
- **the establishment of the customer account.**

(i) Risk Assessment

A Category 1 eGambling licensee or Category 1 associate certificate holder, or when applicable, a licensee or Category 1 associate certificate holder's associate, must undertake a risk assessment in respect of a potential customer in order to determine if the relationship is a high risk relationship, or if the customer or any beneficial owner or underlying principal is a politically exposed person. In accordance with R. 227(2), the risk assessment must be undertaken in accordance with the Category 1 eGambling licensee or Category 1 associate certificate holder's ICS.

Please detail the procedures regarding the risk assessment.

The licensee or Category 1 associate certificate holder may tailor the CDD level and the maintenance of a customer's account in conjunction with the level of risk associated with the customer and the risks attending the gambling operation (R.227, R.228).

(ii) Customer Registration

A customer must be registered under R.227 before a Category 1 eGambling licensee or Category 1 associate certificate holder can permit a customer to effect a gambling transaction (R.226).

Detail in the ICS -

- a) how the Category 1 eGambling licensee or Category 1 associate certificate holder ensures that customers cannot effect gambling transactions unless they are registered in accordance with R.227, and**
- b) the details of the application process that a customer has to complete in order to register with the licensee or Category 1 associate certificate holder as per R.227(1).**

Under R.227(3) and R.227(4), before completing customer registration, and as detailed in its approved ICS –

- the licensee or Category 1 associate certificate holder must ensure and have evidence –
 - that the person wishing to register as a customer has attained the legally required age to permit the customer to gamble, and is at least the age of 18 (Ord.1; R.227),
 - the identity of the person has been authenticated, and
 - the person's place of residence has been verified. (R.277, Ord Sch 4 [3](1)(a)), and
- the licensee or Category 1 associate certificate holder must ensure that -
 - the person has confirmed that he is acting as principal and is not restricted in his legal capacity,
 - certain information is sought in the event that the person is not a natural person (R.277(4)), and
 - the necessary customer due diligence measures (as defined in Ord Sch 4) must be undertaken.

Detail the Category 1 eGambling licensee or Category 1 associate certificate holder's procedures and processes required under R.227(3) and R.227(4) including the processes for identifying and verifying the customer's place of residence, age, and identity, including on-line account verification procedures if appropriate.

Recognising the wider spectrum of available verification methods for players in different parts of the world, the Commission will consider favourably a range of risk-mitigating controls as the primary criteria, where electronic player verification data is not available

Describe the independent sources, databases, services or systems used to verify customer registration details.

Independent sources can include documents issued by 3rd parties who are not related to the customer; thus a validly issued passport can constitute an independent source, but an affidavit signed by a customer is not independent.

Category 1 eGambling licensees and Category 1 associate certificate holders should also clarify in the ICS:

- a) **if they accept customers who are not individuals (legal bodies or trusts) and how these are identified and verified and what steps are taken to comply with Ord Sch 4 3, Ord Sch 4 [3](4) and Ord Sch 4 [3](6),**
- b) **if they treat any intermediaries as the customer, if so under what circumstances and what due diligence is conducted on them,**
- c) **any (exceptional) circumstances whereby an employee of a licensee or an associate is permitted to be registered as a customer (as per R.227(5)).**

(iii) Customer Due Diligence Measures

Under R.227 and Ord Sch 4 [3], Category 1 eGambling licensees and Category 1 associate certificate holders are required to undertake “customer due diligence measures” in the following circumstances –

“(a) subject to paragraph 5, before registering a customer in accordance with regulation 227;

(b) immediately after a registered customer, in accordance with regulation 230, makes a deposit —

- (i) of €3,000 or more, or
- (ii) that results in the total value of his deposits in the course of any period of 24 hours reaching or exceeding €3,000;

(c) when it knows or suspects or has reasonable grounds for knowing or suspecting

- (i) that, notwithstanding any exemptions or thresholds pursuant to this Schedule, any party to a customer relationship is engaged in money laundering or terrorist financing, or
- (ii) that it is carrying out a transaction on behalf of a person, including a beneficial owner or underlying principal, who is engaged in money laundering or terrorist financing, and

(d) when it doubts the veracity or adequacy of documents, data or information previously obtained for the purposes of identification or verification of a registered customer.”

“Customer due diligence measures” are defined under the Ordinance as (see Ord Sch 4 [1] and Ord Sch 4 [3](2)) -

“(a) the customer shall be identified and his identity verified using identification data, (b) any person purporting to act on behalf of the customer shall be identified and his identity and his authority to so act shall be verified, (c) the beneficial owner and underlying principal shall be identified and reasonable measures shall be taken, on a risk sensitive basis, to verify such identity using identification data and such measures shall include, in the case of a legal person or legal arrangement, measures to understand the nature of the customer’s business and its ownership and control structure, (d) a determination shall be made as to whether the customer is acting on behalf of another person and, if the customer is so acting, reasonable measures shall be taken to obtain sufficient identification data to identify and verify the identity of that other person, (e) information shall be obtained and understood on the purpose and intended nature of each customer relationship, and (f) a determination shall be made as to whether the customer, beneficial owner and any underlying principal is a person who is or has been entrusted with a prominent function by an international organisation or a politically exposed person, and, if he is a politically exposed person, whether he is a foreign politically exposed person or a domestic politically exposed person.”

Ord Sch 4 requires that where the customer is not physically present, the licensee, Category 1 or Category 2 associate certificate holder must establish and maintain policies and procedures to address any specific risks associated with non-face to face customer relationships and transactions and for Category 1 eGambling licensees and Category 1 associate certificate holders, in particular before registering a customer in accordance with regulation 227.

Please detail the CDD procedures, processes and controls which are undertaken by a Category 1 eGambling licensee or Category 1 associate certificate holder –

- **prior to registration (Ord Sch 4 [3](1)(a));**
- **immediately after certain deposits (Ord Sch 4 [3](1)(b));**
- **when the licensee or Category 1 associate certificate holder knows or suspects or has reasonable grounds for knowing or suspecting ML or FT (Ord Sch 4 [1](c));**
- **where there is a suspicion of ML or TF and to perform CDD might tip off the customer (Ord Sch 4 [3](5)) and**
- **the licensee or Category 1 associate certificate holder doubts the veracity or adequacy of information pertaining to the identity of any customer (Ord Sch 4 [1](d));**

to ensure that the requirements which relate to customer due diligence measures required under Ord Sch 4 [3] are complied with.

Please include –

- a description of the process that is in place for determining the purpose and intended nature of a customer relationship;
- the methods and measures take in relation to CDD in order to manage and mitigate the specific risks of non face to face customer relationships.

Identification data does not have to be in paper form. As well as documentary forms of verification, external electronic databases and other sources such as the internet, information published by government departments and law enforcement authorities, and subscription databases are accessible directly by licensees or Category 1 associate certificate holders. The evidential value of electronic checks should depend on the assessed risk of the business relationship.

Where a licensee or Category 1 associate certificate holder is not familiar with the form of the evidence of identification data, it should take reasonable measures to satisfy itself that the evidence is genuine.

(iv) Timing of Customer Verification

As per Ord Sch 4 [5] to the Regulations –

Timing of identification and verification.

5. Verification of the identity of the customer and of any beneficial owners and underlying principals may be completed following the registration of the customer, provided that to do so would be consistent with the business risk assessment of the business relationship conducted pursuant to paragraph 2(5)(a) and-

- (a) the verification is completed as soon as reasonably practicable thereafter,
- (b) the need to do so is essential not to interrupt the normal conduct of the Category 1 eGambling licensee's or Category 1 associate certificate holder's business, and
- (c) appropriate and effective policies, procedures and controls are set out in the Category 1 eGambling licensee's or Category 1 associate certificate holder's approved internal control system which operate so as to manage money laundering and terrorist financing risks, including, without limitation, a set of measures, such as a limitation of the number, types and/or amount of transactions that can be performed or the monitoring of large or complex transactions being carried outside the expected norms for that customer relationship.

Are there circumstances when the verification of the identity of the customer is completed following the establishment of the customer relationship?

If so, what procedures are in place in accordance with Ord Sch 4 [5](c)?

While it is expected that all CDD will be collected, and the customer is positively identified, before the licensee or Category 1 associate certificate holder allows the customer to deposit funds and commence gambling activity, when managing its AML risk, the licensee or Category 1 associate certificate holder may describe compensating controls which

contemplate the completion of CDD as soon as reasonably practicable thereafter.

Nevertheless, the licensee or Category 1 associate certificate holder is still under the affirmative obligation to have sufficient confidence in knowing the customer's age, residence, and identity before allowing the customer to gamble (R227).

(v) Incomplete or Terminated Relationships

When the Category 1 eGambling licensee or Category 1 associate certificate holder is ultimately unable to complete CDD on a customer, the licensee or Category 1 associate certificate holder must, as per Ord Sch 4 [6](a), not register that person as a customer and, in the case of an existing registered customer the licensee or Category 1 associate certificate holder shall, as per Ord Sch 4 [6](b), terminate that customer relationship. The licensee or Category 1 associate certificate holder should, as per Ord Sch 4 [6](c), also consider whether to file an STR concerning the matter.

Please detail the controls and procedures if a potential or existing customer cannot be verified/CDD measures cannot be complied with, and which ensure that the requirements under Ord Sch 4 [6] are complied with.

(vi) Politically Exposed Persons (PEPs)

The Category 1 eGambling licensee or Category 1 associate certificate holder must secure a range of information, from multiple and independent sources, so that it has a reasonable assurance whether the person is a PEP. A "PEP" is defined under the Ordinance (see Ord Sch 4 [4](3)) as -

(a) a natural person who has, or has had at any time, a prominent public function, or who has been elected or appointed to such a function, including, without limitation –

- (i) heads of state or heads of government,
- (ii) senior politicians and other important officials of political parties,
- (iii) senior government officials,
- (iv) senior members of the judiciary,
- (v) senior military officers, and
- (vi) senior executives of state owned body corporates, (and such a person shall be referred to as a "foreign politically exposed person" unless he holds or has held or has been elected or appointed to the prominent public function in question in respect of the Bailiwick, in which case he shall be referred to as a "domestic politically exposed person"),

(b) a person who is, or who has been at any time, entrusted with a prominent function by an international organisation,

(c) an immediate family member of such a person including, without limitation, a spouse, partner, parent, child, sibling, parent-in-law or grandchild of such a person and in this subparagraph "partner" means a person who is considered by the law of the country or territory in which the relevant public function is held as being equivalent to a spouse, or

(d) a close associate of a person referred to in (a) or (b), including, without limitation –

- (i) a person who is widely known to maintain a close business relationship with such a person, or
- (ii) a person who is in a position to conduct substantial financial transactions on behalf of such a person.

Describe how PEPs are identified. What procedures and controls does your business have in place to identify PEPs?

Describe, as per Ord Sch 4 [4](2), how a Category 1 eGambling licensee or Category 1 associate certificate holder –

(a) ensures senior management approval of the registration of PEPs as customers, or in the case of existing customers, of the continuance of that relationship, and

(b) takes reasonable measures to establish the source of any funds and of the wealth of such customers (and any beneficial owner or underlying principal).

(c) carries out more frequent and more extensive ongoing monitoring, including increasing the number and timing of controls applied and selecting patterns of activity or transactions that need further examination in accordance with Ord Sch 4 [9] in order to meet Ord Sch 4 [13](d).

(d) takes steps appropriate to the customer relationship to obtain additional identification data such as the customer’s occupation, the volume of customer’s assets and publicly available information about the customer, verifying additional aspects of the customer’s identity and obtaining additional information to understand the purpose and intended nature of each customer relationship in order to meet Ord Sch 4 [2](e).

Describe the process for meeting the requirements of Ord Sch 4 [4](4-9) in respect of when a person ceases to be a PEP.

(vii) Customer accounts

Anonymous or fictitious accounts are not allowed (Ord Sch 4 [8](a) and R.228(1)).

Describe the procedures and controls that are in place to prevent anonymous customer accounts or accounts in fictitious names being set up.

Customer accounts must be maintained in a manner which facilitates the meeting of the legislative provisions (including the AML/CFT provisions) (Ord Sch 4 [8](b) and (R.228(2))).

Describe the procedures and controls that are in place to ensure that customer accounts are maintained in a manner so as to ensure compliance with Ord Sch 4 [8](b) and R.228(2).

3.2.2 Enhanced Customer Due Diligence (“enhanced CDD”)

As per Ord Sch 4 [4], “enhanced customer due diligence” (“enhanced CDD”) means steps in relation to identification and verification *in addition to customer due diligence measures*, including taking the following steps –

- (a) obtaining senior management approval for establishing a customer relationship,
- (b) obtaining senior management approval for, in the case of an existing customer relationship with a foreign politically exposed person, continuing that relationship,
- (c) taking reasonable measures to establish and understand the source of any funds and of the wealth of –
 - (A) the customer, and
 - (B) the beneficial owner, where the beneficial owner is a politically exposed person,
- (d) carrying out more frequent and more extensive ongoing monitoring, including increasing the number and timing of controls applied and selecting patterns of activity or transactions that need further examination, in accordance with paragraph 9, and
- (e) taking one or more of the following steps as would be appropriate to the particular customer relationship –
 - (i) obtaining additional identification data such as the customer's occupation, the volume of the customer's assets, and publicly available information about the customer,
 - (ii) verifying additional aspects of the customer's identity, and
 - (iii) obtaining additional information to understand the purpose and intended nature of each customer relationship

As per Ord Sch 4 [4](1), where a Category 1 eGambling licensee or Category 1 associate certificate holder is required to carry out CDD in accordance with Ord Sch 4 [3], *it shall also carry out enhanced customer due diligence in relation to the following customer relationships*

- (a) a relationship in which the customer or any beneficial owner or underlying principal is a foreign politically exposed person,
- (b) a relationship where the customer is established or situated in a country or territory –
 - (i) that provides funding or support for terrorist activities, or does not apply (or insufficiently applies) the FATF Recommendations, or
 - (ii) is a country otherwise identified by the FATF Recommendations as a country for which such measures are appropriate,
- (c) a relationship which has been assessed as a high risk relationship pursuant to regulation 227(2) or 229, and
- (d) a relationship which the Category 1 eGambling licensee or Category 1 associate certificate holder considers to be a high risk relationship, taking into account any notices or warnings issued from time to time by the Commission pursuant to regulation 4(1) and having regard to the NRA.

Describe the Category 1 eGambling licensee or Category 1 associate certificate holder's enhanced CDD programme; in so doing detail:

- the customer relationships in which enhanced CDD is carried out as required by Ord Sch 4 [4] ,
- policy and procedure for establishing, or continuing, a relationship with a high risk customer,
- procedures for monitoring and record keeping for high risk relationships and transactions,
- procedures in place for terrorist financing sanctions and proliferation financing sanctions screening without delay upon registration of the customer and on an ongoing basis to ensure that any customer made the subject of a designation is identified within 24 hours of that designation being made,
- the monitoring method(s) used to identify if a customer is subject to terrorist financing or proliferation financing sanctions without delay and within 24 hours of designation and how information regarding these different types of sanctions is disseminated to the staff and Board.
- procedures in place for monitoring those customer relationships involving Politically Exposed Persons (domestic) to identify when Ord Sch 4 [4](5) applies and there is no reason to continue to treat the customer as a PEP on the basis of a risk based approach.
- procedures in place for monitoring those customer relationships involving Politically Exposed Persons (foreign and international organisation) to identify when Ord Sch 4 [4](6) and Ord Sch 4 [4](7) applies and there is no reason to continue to treat the customer as a PEP on the basis of a risk based approach.
- procedures in place for monitoring those customer relationships involving those close associates and family members of Politically Exposed Persons (domestic, foreign and international organisation) to identify when Ord Sch 4 [4](5), Ord Sch 4 [4](6). Ord Sch 4 [4](7) applies and there is no reason to continue to treat the customer as a PEP on the basis of a risk based approach.
- procedures in place to meet the requirements of Ord Sch 4 [4](9) with regards to those customer relationships that will always be higher risk regardless of the passage of time.

3.2.3 Customer Identification and Verification Systems and Third Party Verification Providers

The Category 1 eGambling licensee or Category 1 associate certificate holder's customer identification and verification systems shall, in accordance with Ord Sch 4 [7]:

- | |
|--|
| (a) incorporate robust and effective client identification methods and measures in order to adequately manage and mitigate the specific risks of non face-to-face customer relationships or transactions inherent in the eGambling industry, |
|--|

(b) supplement identification verification software with additional forms of customer due diligence and identity verification procedures in circumstances which are appropriate and effective for the purposes of managing and mitigating the risks referred to in subparagraph (a) and forestalling, preventing and detecting money laundering and terrorist financing, including, without limitation, where a Category 1 eGambling licensee or Category 1 associate certificate holder is required to carry out enhanced customer due diligence under this Schedule,

Examples of additional forms of CDD and identity verification include:

- *requiring additional documents to complement those mentioned above (for example, passport number, driving licence number and National ID card number checks);*
- *development of independent contact with the customer and other third parties responsible for the source of funds;*
- *third party introduction;*
- *payment method checks (e.g. requiring the first payment to be carried out through an account in the customer's name with a bank situated in a FATF-compliant country or territory);*
- *profile and duplicate accounts detection processes;*
- *customer IP address, geographical Mac address and machine ID checks;*
- *credit checks; and*
- *international address item checks and local public database checks.*

Describe the circumstances when identification verification software is supplemented with additional forms of CDD and identity verification procedures.

Describe the procedures and processes that you have in place to ensure that additional verification methods are used in those instances.

Describe what additional forms of CDD and identity verification procedures are utilized to supplement identification verification software.

Describe any additional methods and measures that have been taken in relation to client identification in order to manage and mitigate the specific risks of non face to face customer relationships or transactions inherent in the eGambling industry.

(c) refer only to identification verification software and additional or alternative identification methods that have been approved by the Commission.

Category 1 eGambling licensees and Category 1 associate certificate holders may use third

parties to verify identity, age, location, and place of residence provided that the licensee or Category 1 associate certificate holder has established a formal verification and identification-based relationship with each third party service provider prior to accepting verification advice, and that the identification methods have been approved by the Commission in accordance with Ord Sch 4 [7](c).

The primary purpose of the relationship should be the provision of verification services. While payment processing arrangements do not meet this criterion, the licensee or Category 1 associate certificate holder may use payment processing services to support other verification activity.

Describe the databases that the specific service utilises, and the verification procedures used by the third party.

The verification procedures used by the third party must meet or exceed the standards required in the Guidelines. The Commission may require the licensee or Category 1 associate certificate holder to provide evidence that the selected third party verification service provider has adequate resources to perform the required verification processes to confirm player age, identity and residence.

3.2.4 Jurisdictional / Location Controls over Registration

- i) **Include a description of the languages utilised in the operation, and the controls to ensure similarly situated customers are treated similarly, irrespective of foreign language communications.**
- ii) **Describe the risk assessment of doing business in the global marketplace and doing business with customers who are citizen of or resident in countries which prohibit gambling activities.**

Provide a list of the countries from which the licensee or Category 1 associate certificate holder has prohibited customer access to the licensed or certified operation.

This list may best be presented as an appendix to the ICS. The licensee or Category 1 associate certificate holder may supplement the list with a discussion of its policy in this regard, to enable an undertaking of how the list was derived.

Detail your procedure for making exceptions to your customer take-on policy, if any.

- iii) **Describe how the licensee or Category 1 associate certificate holder monitors whether or not a customer is established in a country or territory that does not apply or insufficiently applies the FATF Recommendations, and any other controls that the licensee or Category 1 associate certificate holder may have in relation to international trade.**

Some countries are deemed to present greater risks than others for ML/FT. These countries typically do not have legislation which meets FATF standards. Licensees and Category 1 associate certificate holders should also focus on money being received from and remitted to such jurisdictions. It may also be harder to verify the identity of a customer under the required CDD procedures in counties where there

are fewer resources available such as credit reference agencies or a lack of creditable databases, e.g. electoral roll information. Licensees and Category 1 associate certificate holders are required to take note of non-compliant countries and territories that are published by the FATF. Enhanced CDD must be carried out in relation to customers who are from such countries.

- iv) **The ICS should describe the procedures in place for terrorist financing or proliferation financing sanctions screening without delay and within 24 hours of designation, the monitoring method(s) used to identify if a customer is subject to terrorist financing or proliferation financing sanctions without delay and within 24 hours of designation and how information regarding these different types of sanctions is disseminated to the staff and Board. This should be set out in section 3.2.2 of the ICS.**

3.2.5 Multiple Customer Accounts

I **If the Category 1 eGambling licensee or Category 1 associate certificate holder intends to allow customers to have more than one active registered account, describe the controls which mitigate the various risks stemming from the practice. The Commission expects that the licensee or Category 1 associate certificate holder will address the following concerns in the analysis:**

- *How the licensee or Category 1 associate certificate holder structures multiple accounts (e.g. master and sub-accounts, separate wallets, linking a group of accounts, etc.).*
- *How the licensee or Category 1 associate certificate holder mitigates the potential for ML/FT by the use of multiple accounts and diverse funding mechanisms.*
- *The customer should not have the ability to play against himself using multiple accounts.*
- *Inactive accounts.*
- *At-risk customers, problem gamblers, excluded customers, and player protection mechanisms are applicable to the customer, not to the account.*
- *The licensee or Category 1 associate certificate holder must not create a new account for a customer if the reason for the deactivation of a previously registered account indicates that the customer should not be permitted to establish another account.*
- *If multiple account controls cannot be automated, the licensee or Category 1 associate certificate holder should define alternative controls within relevant sections of the ICS which ensure the appropriate linkage of the multiple accounts.*

3.2.6 Customer Account Access

I **Successful registration of the customer will result in the creation of a customer account unique to that individual.**

- i) **Describe how, upon successful registration of the customer, the licensee or Category 1 associate certificate holder issues to the customer, in a secure manner, a User ID (viz. a unique customer account identifier) and password.**

ii) **I** Describe how customer accounts are secured against unauthorised access, whether internal or external to the operation.

iii) **I** Describe the secure procedures for allowing a customer direct (unassisted) access to their account, whether online or by other means.

It is expected that a customer will only access the customer's own account directly by the use of at least a User ID and password.

iv) **I** Describe the secure procedures for allowing a customer indirect (assisted) access to their account, whether online or by other means.

It is expected that customer service staff should make use of challenge questions to identify the person making a remote request to access an account for any purpose, or sufficient alternative control to ensure the licensee or Category 1 associate certificate holder has high confidence a customer has been accurately identified as the owner of the account. A challenge question and answer can be determined either through the registration process, or by the staff member asking the customer to confirm details about the account which only the actual registered user would know.

v) **I** Describe the secure procedures for dealing with lost customer User IDs or passwords. If email is a component of this process, detail the control for addressing circumstances where a customer no longer has access to the email address of record, and the security of utilising email as a medium for communicating secure information.

Given that email is not face to face communication, and that email is not a secure means of communication, it is expected that the licensee or Category 1 associate certificate holder will have compensating controls to mitigate these risks which threaten secure customer data.

3.2.7 Change in Details

Describe the secure procedures for changing customer account details, the identity checks required and the authorisations necessary for modifying customer account profile details. *A comprehensive security programme will regularly audit customer account change activity to detect internal theft.*

3.2.8 Ongoing Customer Due Diligence

Customer risk assessments should be regularly reviewed so as to keep it up to date, and where changes are required make those changes, in accordance with the terms of the ICS (R229).

Describe the process for the regular reviews of customer risk assessments.

A Category 1 eGambling licensee or Category 1 associate certificate holder is under an obligation to review its customers identification data to ensure that it is kept up to date (particularly for high risk customers) and carry out ongoing and effective monitoring of its customers.

Describe how the Category 1 eGambling licensee or Category 1 associate certificate

holder ensures CDD remains valid, timely and current.

Describe the process by which the Category 1 eGambling licensee or Category 1 associate certificate holder reviews and validates customer identity and activity after the account has been opened.

As part of its CDD programme, the licensee or Category 1 associate certificate holder must engage in continuing CDD, to ensure that it maintains an accurate understanding of its customers. The licensee or Category 1 associate certificate holder may describe a tiered structure for engaging in this ongoing practice, based upon the risk assessment of the customer. Toward this end, the licensee or Category 1 associate certificate holder should describe how it will engage in regular risk-based assessments of whether CDD should be updated or enhanced, and preserve the assessments for subsequent inspection.

Where the licensee or Category 1 associate certificate holder is unable to complete ongoing CDD on a customer, he must terminate the customer relationship, and consider filing an STR concerning the incident.

3.3 Customer Funds on Account

3.3.1 Currency Selection

Describe which currencies the Category 1 eGambling licensee or Category 1 associate certificate holder will accept, and detailed procedures for the acceptance of currencies other than the base currency of the customer's account, including exchange rate conversion procedures.

3.3.2 Deposits

i) Prohibition on accepting cash

The licensee or associate certificate holder shall not accept cash for any business purposes (R.4, R.6, R.9 and R.60).

Describe the controls and processes which prohibit the acceptance of cash.

ii) Deposit monitoring

The Category 1 eGambling licensee or Category 1 associate certificate holder must undertake CDD measures when a customer deposits €3,000 or more in a single transaction or a series of linked transactions within a period of 24 hours (R.233 / Ord Sch 4 , [3](1)(b)). In this case Ord Sch 4 [13](d) , further stipulates that the Category 1 eGambling licensee or Category 1 associate certificate holder takes reasonable measures on a risk - sensitive basis to compensate for the specific risk arising as a result of the non-face-to-face nature of the deposit when carrying out CDD and carrying out monitoring of the relationship.

Describe the controls and processes in place in relation to the monitoring of deposits so as to ensure compliance with Ord Sch 4 [3](1)(b) and Ord Sch 4 [13](d) to the Regulations.

iii) **Deposit mechanisms**

Pursuant to R.230, describe the manner in which a customer may deposit funds with a Category 1 eGambling licensee or Category 1 associate certificate holder or an associate of the Category 1 eGambling licensee or Category 1 associate certificate holder.

Describe the payment processors the licensee or Category 1 associate certificate holder utilises to allow customers to fund accounts.

While the licensee or Category 1 associate certificate holder will have named these payment processors as business associates, this section will contain details of the payment programmes utilised. The Commission requires that licensees and Category 1 associate certificate holders only accept payments from licensed and regulated credit and other financial institutions which are subject to adequate AML/CFT obligations. For each deposit method available to a customer, identify the method, and describe the entire process, including the situations where additional information is requested from the customer.

The Commission expects the licensee or Category 1 associate certificate holder will include description of the relationship of the deposit mechanism with AML/CFT controls.

iv) **Allowing multiple deposit mechanisms**

If the Category 1 eGambling licensee or Category 1 associate certificate holder intends to allow customers to have more than one active deposit mechanism (whereby the customer can fund an account with deposits from more than one source at a time), describe the controls which mitigate the various risks stemming from the practice.

The use of multiple active deposit mechanisms increases AML/CFT risk. The Commission therefore expects that the licensee or Category 1 associate certificate holder will address the following concerns in the analysis:

- *Demonstrate adequate AML/CFT safeguards; what risks does each mechanism present and what controls and procedures are in place to mitigate any such risks?*
- *Describe compensating controls which link the withdrawal mechanism to the deposit mechanism. See the Withdrawals section for further guidance.*

Recommended Best Practice for offering multiple deposit methods: only allow a customer to have one active payment processor on the customer's account at any time. If a customer wishes to change the active payment processor, the licensee or Category 1 associate certificate holder would first require the customer to withdraw the balance of funds in the account to the last payment processor that funded the account (except for those threshold levels of funds in the account which the licensee or Category 1 associate certificate holder defines to be not cost effective to withdraw). After the customer has withdrawn the funds in the account to below a minimum threshold level, the licensee or Category 1 associate certificate holder should de-activate the payment processor, and then activate a different payment processor for the customer's account. This mitigates risk that funds can be

laundered from one deposit mechanism to another banking facility.

v) **II Crediting Customer Accounts with Customer Funds**

Describe how the Category 1 eGambling licensee or Category 1 associate certificate holder credits customer accounts with deposited funds, and any conditions or limits on those funds related to the payment processor. If the licensee or Category 1 associate certificate holder conditions or limits deposited funds (or the customer’s ability to apply deposited funds), the licensee or Category 1 associate certificate holder should clearly notify the customer of the conditions or limits.

R.231 restricts a Category 1 eGambling licensee or Category 1 associate certificate holder’s recourse to customer funds on deposit. Describe the constraints the licensee or Category 1 associate certificate holder imposes on a customer’s ability to apply deposited funds, and how the customer is advised of these constraints. The Commission does not expect constrained deposits, although the licensee or Category 1 associate certificate holder may decline to award bonuses or promotions which remain unfulfilled by virtue of funds withdrawal prior to securing eligibility for the bonus or promotional award (R.231).

vi) **Unconditional Deposits of Conditioned Funds**

Describe the procedures for managing a customer’s conditioned funds on deposit.

The Commission considers a customer’s deposit to be conditional and “non-guaranteed funds” whether supported by an “authorisation” or otherwise, when a third party payment processor retains the right to chargeback the deposit transaction (e.g. dishonoured cheque, banking card failure at the payment processor stage). In these circumstances, if the licensee or Category 1 associate certificate holder does not limit or condition the deposit in the customer’s account until the payment processor fully releases the funds, the Commission will deem the licensee or Category 1 associate certificate holder to have accepted the credit risk arising from allowing the customer to wager with non-guaranteed funds. Under these circumstances, the licensee or Category 1 associate certificate holder is extending credit to the customer and the licensee or Category 1 associate certificate holder must rely upon the credit (debt) relationship to recover any debt underlying the wager. Credit also bears upon capital adequacy (see below).

3.3.3 Credit Extended to Customers

i) **If the licensee or Category 1 associate certificate holder offers credit, or allows wagers based upon non-guaranteed funds, detail the procedure by which it will grant credit to customers.**

Identify the checks made on the customers who ask for credit, together with the basis on which the individual credit limits are set, and specify the levels of credit which can be granted to any individual customer. The Commission expects to see strict controls and clearly documented processes for credit agreements with customers.

The licensee or Category 1 associate certificate holder’s credit programme will

impact the licensee or Category 1 associate certificate holder's financial ratio and capitalisation requirements (R.243). The Commission expects risk-mitigating controls to be described in the ICS if significant credit is offered.

- ii) **1** Document the procedures which ensure that customers are not allowed to overdraw their accounts or exceed their credit limit, and that ensure that bets are refused and withdrawals are not allowed under circumstances when funds are not available.

Wagers based upon credit are deemed properly made, and may not be voided by virtue of any failure of the credit relationship. The Commission expects that the licensee or Category 1 associate certificate holder would satisfy the debt from any winnings or future deposits.

3.3.4 Account Management

- i) **1** The licensee or Category 1 associate certificate holder must credit the customer's account with the prizes or winnings attributed to a completed game in accordance with the terms and conditions governing the relationship between the Category 1 eGambling licensee or Category 1 associate certificate holder and the customer as contained in the ICS (R.232(2)). Except in circumstances specifically identified in the ICS, there should be no possible circumstances in which the licensee retains unclaimed prizes, winnings, or other pools of customer money.

1 Describe the procedures for the debiting of wagers from the customer's account and the crediting of bonuses, promotions, prizes, or winnings to the customer's account (R.232, R.234).

- ii) Describe the funds accounting process when the customer's funds are transferred to, from, and between associates (R.231, 232, R.234).

- iii) **1** The IGS should maintain all deposit, withdrawal, transfer or adjustment transactions in a system audit log.

- iv) Except in circumstances specifically identified in the ICS, the licensee or Category 1 associate certificate holder does not have recourse to customer funds in a customer's account (R.231, R.232).

- v) Describe how the licensee or Category 1 associate certificate holder accounts to the customer for bonus awards until such time as the bonus terms have been fulfilled by the customer.

- **Transaction Charges and Fees**

R.231 restricts a Category 1 eGambling licensee or Category 1 associate certificate holder's recourse to customer funds on deposit. Describe the business risks supporting constraints the licensee or Category 1 associate certificate holder imposes on a customer's ability to withdraw deposited funds, and how the customer is advised of these constraints.

The Commission does not expect constrained withdrawals beyond reasonable business risk. Time constraints on the withdrawal process implicate principles of problem gambling and player protection, and unreasonable business practices designed to prevent customers from withdrawing funds (R.231).

Customer account management is a normal business practice. If the licensee or Category 1 associate certificate holder's third party financial processor imposes charges, the licensee or Category 1 associate certificate holder may pass on those charges to the customer, but they must be fully disclosed to the customer in advance (e.g. set out within the terms and conditions).

3.3.5 Withdrawals from a Customer's Funds

I The licensee or Category 1 associate certificate holder should obtain positive identification of a customer before a customer may request withdrawal of moneys in the customer's account.

i) **Withdrawal Mechanisms**

Describe the payment processors the licensee or Category 1 associate certificate holder utilises to allow customers to withdraw funds from accounts. *While the licensee or Category 1 associate certificate holder will have named these payment processors as business associates, this section will contain details of the payment programmes utilised for withdrawals.*

For each withdrawal method available to a customer, identify the method, and describe the entire process, including:

- The reasonably expected timing of the withdrawal process from the customer's initiation of the withdrawal request to the customer's receipt of the funds.
- The situations where additional information is requested from the customer.
- How the licensee or Category 1 associate certificate holder ensures that it processes customer withdrawals only to the customer's named account with a financial institution, including withdrawals by cheque or bank transfer.
- Cheques must be non-negotiable (R.231).

The Commission expects the licensee or Category 1 associate certificate holder will include description of the relationship of the deposit mechanism with AML/CFT controls. In particular, if the licensee or Category 1 associate certificate holder proposes to allow customers to activate several withdrawal methods, strict controls should be described, ensuring that withdrawals are processed back to the original deposit mechanisms up to the amount deposited from each one.

ii) **Limits on Withdrawals**

Pursuant to the terms and conditions governing the customer relationship as set out in the ICS, a Category 1 eGambling licensee or Category 1 associate certificate holder shall remit funds standing to the credit of the customer as directed by the customer (R. 231(3)). **Please describe the terms and conditions governing the withdrawal procedures and the remittance of customer funds.**

Commission expects withdrawal procedures will address the following concepts:

- i) *The licensee or Category 1 associate certificate holder should not permit the customer to withdraw funds in excess of the balance in the account.*
- ii) *The licensee or Category 1 associate certificate holder should not instruct or encourage the customer to withdraw funds in multiple transactions*
- iii) *Multiple withdrawal transactions raise the risk of suspicious transactions and ML/FT.*
- iv) *The licensee or Category 1 associate certificate holder may offer the customer the opportunity to donate funds in his account to a charity in lieu of withdrawal, especially under circumstances where the business cost to the licensee or Category 1 associate certificate holder or the customer exceeds the value of the withdrawal.*
- v) *A customer should be able to withdraw funds up to the current balance of his account, net of any credit liability or pending wagers, at any time, in a single transaction.*

iii) **Timing of the withdrawal processes**

Define the amount of time after which a customer may no longer cancel a withdrawal request.

iv) **Player to Player transfers**

I Customer fund transfers implicate two significant risks: the potential for ML/FT and enabling or promoting problem gambling.

Describe the licensee or Category 1 associate certificate holder's programme and controls for player to player transfers and gifts which mitigate these risks.

Describe the terms and conditions which govern player to player transfers.

The Commission expects that the licensee or Category 1 associate certificate holder would apply controls similar to those applied for withdrawals and deposits to mitigate both risks and may also implicate Enhanced CDD procedures. The Commission also expects licensees or Category 1 associate certificate holders to significantly restrict the amounts that can be transferred to other customers and to monitor the behaviour of both accounts after each transfer. Additionally, the licensee or Category 1 associate certificate holder might also integrate bonus fund programming to minimise ML/FT risks.

3.3.6 Rejected Transactions

Detail the procedures for reviewing rejected and confirming requested account transactions (whether deposits, internal activity, or withdrawals) together with details of the action that will be taken to secure full settlement of the transaction, as soon as practicable (R.231, R.232).

Rejected transactions may indicate ML/FT risk and the Commission expects licensees or Category 1 associate certificate holders to describe processes that consider the need for internal suspicion reports to the MLRO. Detail the procedures to reconcile that expected and requested transactions are either fulfilled or rejected, and do not remain pending or unresolved without further inquiry or explanation.

3.3.7 Customer Activity Statement

I Customer activity statements promote player protection. **Describe how the licensee or Category 1 associate certificate holder accounts to the customer for all fund management and gambling transactions.**

The IGS should provide registered customers with on-line account statements displaying details of deposits, withdrawals, bonus activity, wins and losses, aggregate winnings, aggregate losses, credit transactions, and duration of play for each day of the period requested, and totals of these details. Statements should include sufficient information to allow the customer to reconcile the statement against the customer's own records, down to the session level.

Describe the process for advising customers how to access and request a copy of their account statement. The licensee or Category 1 associate certificate holder should offer the customer the opportunity to request that the licensee or Category 1 associate certificate holder generate a customer's account statement and deliver it to the registered customer.

3.4 Closing Accounts

3.4.1 Inactive Accounts

R.231 restricts a Category 1 eGambling licensee or Category 1 associate certificate holder's recourse to customer funds to certain circumstances. One permitted circumstance is in order to debit inactive funds in accordance with the terms and conditions of its approved ICS accepted by the customer prior to the addition of any such funds.

Describe your process for dealing with inactive accounts.

Describe how an account will be designated inactive, whether there is either a credit or debit balance.

The Commission considers an account to be inactive if a customer has not logged in to his account during a defined period of time (no greater than twelve months). The Commission also considers that accounts suspended for investigation of illegal or improper activity, on which investigation activity has not progressed for a defined period of time (no greater than twelve months) would be inactive.

Describe how the licensee or Category 1 associate certificate holder will reasonably attempt to locate inactive customers and return funds to the customer.

The degree of effort expended in contacting inactive customers and returning funds may be reasonably related to the amount of funds in the customer's account. The licensee or Category 1 associate certificate holder may demonstrate a reasonable attempt to contact the customer by returning the customer's funds to the customer. In the event of a deceased customer, include how the rightful recipient of customer funds is identified and located.

In order to ensure adherence with Regulation 231, it is important that the licensee or Category 1 associate certificate holder protects inactive accounts against illicit access or removal. **Describe the procedures which protect customer accounts from illicit access or removal.**

Protection includes regular review and audit of the accounts to detect tampering, illicit access, or removal.

If an account has become inactive, and the licensee or Category 1 associate certificate holder's reasonable attempts to locate the owner of the account have been unsuccessful for an additional 12 months, the customer's funds should normally be donated to charity. In circumstances where the rightful recipient of a customer's account funds cannot be reasonably located, describe the procedures for ultimate dispersal of unclaimed funds to a specified charity within a reasonable time.

Cross reference to section 3.5.6 of these guidelines might prove efficient. Should a customer, whose funds were deemed abandoned and swept to a charity, subsequently contact the licensee or Category 1 associate certificate holder for return of the abandoned funds, the licensee or Category 1 associate certificate holder may fund the customer's claim from the pool of abandoned funds which are pending donation to charity, provided the licensee or Category 1 associate certificate holder is satisfied the claim is legitimate and the customer is appropriately verified as entitled to the funds.

If the Licensee or Category 1 associate certificate holder does not donate abandoned funds to charity as above, subject to clarification and customer agreement in the terms and conditions R. 231 (2)(e) allows licensees or Category 1 associate certificate holders to assimilate inactive accounts subject to certain strict conditions:

- Notification of the policy in player terms and conditions
- Adequate and proportionate efforts to return funds to players
- Clear definition of inactive / dormant accounts
- Commitment to repay assimilated funds to player on demand
- Robust security controls to prevent internal fraud.

3.4.2 Deactivating or Closing Accounts

Describe how the licensee or Category 1 associate certificate holder accounts to the customer for funds in a deactivated account. *The Commission expects funds remaining in a deactivated account would be processed as a withdrawal.*

3.4.3 Seized Accounts

Describe the process for investigating circumstances which the licensee or Category 1 associate certificate holder suspects violates the terms and conditions which govern the customer's account and activity, including:

- investigating the activity;
- suspending the customer's access to the account;
- accounting for the funds in the account;
- notifying the customer of the action taken as a result of the investigation; and
- documenting the investigation

The licensee or Category 1 associate certificate holder may suspend customer accounts in order to investigate suspicious, improper, or illegal activity, but ultimately must direct the funds to legitimate destinations. R.231 restricts the licensee's recourse to funds in a customer's account.

The Commission expects the licensee or Category 1 associate certificate holder would document the closure of all suspended account investigations within one year of suspending the account.

The licensee or Category 1 associate certificate holder may use seized account funds to reimburse other victim-customers directly related to the illegal or improper activity being investigated. Any remaining seized funds should be accounted for separately from inactive accounts, and donated to charity.

3.5 Customers at Risk

3.5.1 Minors

Describe the procedures the licensee or Category 1 associate certificate holder will apply upon determination that a minor has had access to gambling services, whether by registering or using an account. In such cases, the licensee or Category 1 associate certificate holder should immediately suspend the account and investigate the matter (Ord.1; R.227).

The Commission expects that when gambling activity attributable to a minor is discovered, the licensee or Category 1 associate certificate holder will review all transactions, cancel all unfulfilled transactions, and return all deposits. The licensee or Category 1 associate certificate holder may offset previous withdrawals in this analysis. Any surplus of funds remaining in the account shall be paid to an appropriate recognised charity described in the ICS. The licensee or Category 1 associate certificate holder may not hold funds in the account until the minor attains the age of majority.

3.5.2 Problem Gambling

1 Pursuant to R.236, an eGambling licensee or Category 1 associate certificate holder shall establish and maintain procedures under which it can identify and take protection measures for customers who are, or appear to be at risk of becoming, problem or compulsive gamblers. Describe the licensee or Category 1 associate certificate holder's problem gambling awareness and action programme.

Describe:

- i) your methods for proactively identifying customers with potential gambling problems such as chat monitoring, system triggers, automated report reviews, etc.
- ii) what actions are taken when potential problem gambling behaviour is detected (suspend the account; contact the customer; who decides on further action; etc.)
- iii) your processes for recording communications with customers about problem gambling, protocols for documenting communications, as well as using documentation to make decisions on assisting customers
- iv) your procedures for dealing with third party concerns about a customer's gambling
- v) your procedures for responding to distress situations

The Commission takes seriously the issue of problem or compulsive gambling, and is of the view that it is improper to accept or continue business with a problem or compulsive gambler.

The licensee or Category 1 associate certificate holder has an affirmative responsibility in this regard, hence should not simply rely upon a customer notifying the licensee that the customer has a problem. The licensee or Category 1 associate certificate holder must develop proactive methods of identifying players that may have gambling problems or be at risk of developing such problems in the future. There are a variety of solutions available to you, however, examples of the Commission's expectations for compliant operations are:

- *customer-facing staff adequately trained to detect problem gambling attitudes and processes for reporting to their management indications of stress or discomfort raised by customers*
- *procedures for further handling and responding to detected cases of stress and discomfort*
- *software to detect problem gambling behaviour, based on monitoring of customer transactions (financial and wagering)*
- *systems to monitor online chats between customers, whereby designated staff members intervene in the event that there are discussions amongst customers indicative of problem gambling*
- *database to record staff communications with customers about problem gambling, with clear protocols in place for documenting and using existing documentation; data to be accessible to key staff*
- *procedures for accepting, evaluating and processing third party (e.g. a spouse's) concerns about a customer's gambling, with due consideration to applicable Privacy Protection legislation*

Where a licensee or Category 1 associate certificate holder has reasonable notice that a customer is or may be a problem or compulsive gambler, the licensee should take reasonable action, up to and including termination of the customer's account and restriction of continued marketing activities, depending upon the circumstances.

3.5.3 Licensee or Category 1 associate certificate holder Limitation on Customer's Gambling Activity

i) House Limits

Describe the house limits which define the licensee or Category 1 associate certificate holder's business model. These might include customer classification levels or groups, which restrict deposit and wager amounts.

ii) Involuntary Exclusion

1 The IGS should provide a mechanism by which appropriate licensee or Category 1 associate certificate holder staff can exclude a customer from the IGS (R.236, R.237).

- *This mechanism should include a register of reasons for the exclusion. E.g. harassing help-desk staff, harassing other customers, problem gambling, etc.*
- *As soon as the exclusion takes effect, the licensee or Category 1 associate certificate holder must not accept new bets or deposits from that customer, until such time as the exclusion has been revoked.*
- *During the exclusion period, the customer must not be prevented from withdrawing any or all of their account balance (R.231), provided that the system acknowledges that the funds have cleared, and that the reasons for exclusion*

would not prohibit a withdrawal. E.g. investigative hold, suspected ML/FT, suspected cheating, etc.

3.5.4 Customer Self Limitation

- i) **I** The licensee or Category 1 associate certificate holder shall provide customers with easy and obvious mechanisms to self-limit their game play, in accordance with R.237. **Describe the mechanisms the customer may exercise.**

In the situation where the licensee or Category 1 associate certificate holder operates different platforms, each of which may offer diverse player protection functions, describe how the licensee or Category 1 associate certificate holder fulfils regulatory player protection obligations.

Player protections and limits apply to the customer, not to the licensee or Category 1 associate certificate holder. The Commission expects that when a customer places a limitation upon their gambling activity, the customer reasonably expects that limitation to apply to all gambling activity which the licensee or Category 1 associate certificate holder offers the customer.

- ii) **I** Immediately upon receipt of any self-limitation order, the IGS must ensure that all specified limits are correctly implemented in the system. **Describe these controls.**

If the licensee or Category 1 associate certificate holder operates by the application of two or more independent gambling platforms, each with separate customer protection protocols, the licensee or Category 1 associate certificate holder must define controls to ensure that customer protections are unified across all operating platforms as an integrated system.

It is acceptable that self-limitations take effect the next time that the customer logs in to the IGS; however, the customer must be clearly informed that this is the case upon setting the limit.

- a) Self-limitations must not be compromised by external time events, such as leap-years and daylight savings adjustments.
- b) Self-limitations must not be compromised by internal status events, such as self-exclusion orders and self-exclusion revocations (i.e.: it must not be possible for the customer to circumvent self-limitations).
- iii) **I** Once a customer establishes a limit, any relaxation of that limit may only become effective after 24 hours' cooling off period. However, it must be possible for a customer to increase the severity of self-limitations at any time, with no waiting period (R.237).

- iv) **I** In the case of temporary self-exclusion, the IGS should ensure that:
- Immediately upon receipt of the self-exclusion order, no new bets or deposits are accepted from that customer, until such time as the temporary self-exclusion has expired, and
 - During the temporary self-exclusion period, the customer is not prevented from withdrawing any or all of their account balance, provided that the system acknowledges that the funds have cleared.
- v) **I** In the case of indefinite self-exclusion, and immediately upon receipt of the self-exclusion order, no new bets or deposits are accepted from that customer, until such time as the indefinite self-exclusion has been revoked, and the customer must withdraw all funds to clear the account. If the customer opts for permanent self-exclusion they will not have the option to revoke it.

3.5.5 Player Protection Information

R 236 and R.237 require licensees and Category 1 associate certificate holders to provide player protection resources to customers.

I The licensee or Category 1 associate certificate holder should provide the customer with reasonable access to a player protection page which should be readily accessible from any screen where game play or wagering activity may occur. *The gambling portal or interface will largely determine the reasonableness of the proposed solution.*

The player protection page should contain at a minimum:

- i) Advice and information on problem gambling, including one or more links to:
- industry accepted and simple “self-assessment” process to determine risk potential,
 - problem gambling services, and
 - a recognised filtering programme to enable customers to configure their computers with an intent to prevent access by minors, (which programme must have endorsed such a link).
- ii) **I** No game play may occur where the links used to supply information on customer protection or responsible gambling are not displayed or are not operational. Describe how the licensee or Category 1 associate certificate holder maintains the integrity of its problem gambling links. *The licensee or Category 1 associate certificate holder should regularly test all links to problem gambling services provided by third parties. Where the service is no longer available or not available for a significant period of time, the licensee or Category 1 associate certificate holder is to provide an alternative support service.*
- iii) Measures that can be invoked by the customer to limit their play.
- iv) **I** A link to the terms and conditions the customer agreed to upon registration.

- v) An easy and obvious mechanism to advise the customer of the right to lodge a complaint with the Commission after all efforts to resolve the dispute with the licensee or Category 1 associate certificate holder have been exhausted (R.238). This should include a link to the Commission’s web page dealing with customer complaints.
- vi) A link to a current customer account statement. *The licensee or Category 1 associate certificate holder may provide a description of how the customer may access the account statement when a link is not feasible.*
- vii) The licensee or Category 1 associate certificate holder should counsel the customer to keep the customer’s account password and login ID secure and to be aware of what mechanisms exist to detect unauthorised use.
- viii) **I** Confirm that when a customer logs into a system the last time they logged in is displayed. *The purpose of this requirement is to enable the customer to identify if someone else has been using their password and log-in ID to access their account for play (e.g. a family member).*
- ix) **I** All account related functions on a site (including the deposit function) should provide a readily accessible link to the customer protection page.

3.5.6 Promotion of Treatment, Research and Education concerning Problem Gambling

Detail the licensee compliance with R.41 (1)(d).

The Commission has indicated that programmes proposing annual donations of the lesser of either £10,000 or 0.05% of Gross Gambling Yield are likely to be approved.

The amount of the donation can be included within a greater corporate group contribution. If the Alderney licensed operation is part of a larger corporate family or group of companies that make donations to an approved charity, then the group donation, including the Alderney company, may be used to meet the base.

The annual Gross Gambling Yield (GGY) or Gross Yield, GY) is calculated in accordance with the following formula:

$$GY = [A + B] - [C + D]$$

Where, for the relevant period,

- A: is the total of any amounts that will be paid to the licensee by way of stakes in connection with the activities authorised by the licence*
- B: is the total of any amounts (exclusive of value added tax) that will otherwise accrue to the licensee directly in connection with the activities authorised by the licence*
- C: is the total of any amounts that will be deducted by the licensee in respect of the provision of prizes, winnings, and promotions in connection with the activities authorised by the licence*

D: is the total of any royalties paid to third party associates (but not marketing affiliates), usually calculated as a percentage of the gross handle from their share of the operation, in connection with the activities authorised by the licence

If the donation is in the form of financial support, quantification of the donation must not include any abandoned customer funds, abandoned funds, seized funds, or wagers from incomplete games. While these funds are also to be swept to charity, the licensee can't claim credit for them in quantifying the level of its charitable support.

i) **Nominating the Charity**

For each nominated charity, include a brief description of the nominee's credentials as an eligible charity, to establish the appropriateness of the charity to receive the promotional support. For all charitable organisations, provide their registration number with their local jurisdiction, if any.

The charitable programme should relate to the market the licensee serves. If the licensee or its larger group serves more than one market, describe the relevance of the nominee to the markets the licensee serves. The licensee may allocate its donation to the markets it serves.

ii) **Other Charitable Donations**

Abandoned customer funds, abandoned funds, seized funds, or wagers from incomplete games may be donated to any charitable purpose. For each nominated charity, include a brief description of the nominee's credentials as an eligible charity. For all charitable organisations, provide their registration number with their local jurisdiction, if any.

3.6 Accepting Wagers

3.6.1 Real Play

I A licensee or Category 1 associate certificate holder shall not permit a person to participate as a customer in an authorised game or accept a wager from a customer in an authorised game unless:

- i) The customer is identified and verified as a properly registered customer, with an account established in the name of the customer, and has completed all of the necessary customer due diligence measures, in accordance with R.227, and Ord Sch 4.
- ii) There are adequate funds in the account to cover the amount of the wager.

3.6.2 Fun Play

I If the licensee or Category 1 associate certificate holder offers fun play opportunities to the public, describe the manner in which fun play is offered, and the controls in place to ensure customers for fun play are not able to engage in play for consideration (gambling) without full compliance with the regulatory controls identified in the Ordinance, Regulations, and the

ICS.

The Commission's definition of fun play is where customers play a game but there is no prize attached to winning the game, and no penalty for losing the game (i.e. it is not played for money or money's worth). While the Commission does not intend to fully regulate fun play activity, it considers fun play to constitute marketing and advertising activity and it is therefore governed by the Regulations on advertising standards (R.4, R.6, R.9 and R.60). For example, the Commission expects that fun play games will offer the fun player an identical theoretical percentage return to player and gaming experience as the licensee or Category 1 associate certificate holder offers at the same moment to registered customers for gambling.

3.7 Customer Complaints






Describe the procedures for receiving and progressing complaints and gambling disputes (R.238)

The Commission expects that a complaint resolution programme will include the following concepts:

- *How the licensee or Category 1 associate certificate holder affirmatively notifies customers of the right to contact the Commission during the complaint process; and*
- *How the licensee or Category 1 associate certificate holder notifies the customer of its final action upon a complaint.*
- *The licensee or Category 1 associate certificate holder may utilise the services of a third party arbitrator or other dispute resolution service. However, the terms of use must advise the customer that the Commission is the final arbiter of any complaint, and that the customer may escalate the complaint to the Commission at any time.*

3.8 Registers

The licensee, Category 1 or Category 2 associate certificate holder should maintain registers of essential gambling information. The Commission may request sight of the registers, and on occasion hard copies may have to be provided. In conjunction with monthly operational reporting requirements, the Commission expects the licensee, Category 1 or Category 2 associate certificate holder may satisfy this requirement by having the ability to generate an automated register on demand. The information required should include the following data:

- i)  A list of all registrations, complete or incomplete
- ii)  A list of all registered customers and customer account details. Include inactive accounts
- iii)  A list of excluded customers
- iv)  A list of customers' bet limits
- v)  A list of customer accounts closed during the current fiscal year, broken down by reason (customer request, abandoned, fraud/security, other).

SECTION 4: eGAMBLING

4.1 Hosting Premises

1 Identify the approved premises from which the licensee, Category 1 or Category 2 associate certificate holder will effect lawful eGambling transactions.

Section 3 of the Ordinance provides an eGambling licensee, Category 1 or Category 2 associate certificate holder will only conduct lawful gambling if it exercises its eGambling licence or certificate from premises controlled by the holder of a hosting certificate or from other approved premises.

The Commission has approved a number of hosting venues which meet the Commission's minimum standards. These sites are listed on the Commission's website.

If the licensee, Category 1 or Category 2 associate certificate holder is relying entirely upon premises which the Commission has previously certified or approved, the licensee, Category 1 or Category 2 associate certificate holder need only identify the provider and the provider's premises.

If the licensee, Category 1 or Category 2 associate certificate holder proposes to use premises which the Commission has not previously approved, or upon previously approved but subsequently modified premises, the ICS should clearly indicate the premises where the licensee, Category 1 or Category 2 associate certificate holder systems are being hosted and the certification of the premises. Any changes to the hosting arrangement with hosting certificate holders should be reflected in the ICS of the licensee, Category 1 or Category 2 associate certificate holder, setting out the full configuration of the system, indicating where the different components of the system are being hosted.

4.2 Alderney Branding

1 If the IGS shows an Alderney Gambling Control Commission logo, icon, brand or trademark (as provided by the Commission) anywhere within its operation, it should be hyperlinked to the Commission's home page.

4.2.1 Signposting

1 A licensee, Category 1 or Category 2 associate certificate holder shall ensure the customer is notified and warned if

- (i) the proposed gambling is to be conducted outside of the jurisdiction of Alderney;
- (ii) the proposed gambling is to be conducted with an entity whose gambling systems are not regulated or monitored by the Commission.

Describe how this is achieved (Ord.1(3)).

The Commission is not obliged to act upon any complaints received regarding such gambling.

4.3 Random Number Generator (RNG) Requirements

4.3.1 General

Describe the algorithm and / or hardware device(s) selected for the RNG. *The choice of algorithm and hardware device is at the discretion of the licensee, Category 1 or Category 2 associate certificate holder; however, the Commission must approve the implementation of any choice. An RNG includes any pseudo-random number generator or other means of selecting a putative random event.*

4.3.2 RNG Suitability

I The fundamental requirement is that the use of an RNG results in the selection of game symbols or production of game outcomes which are able to be proven to:

- a) Be statistically independent
- b) Be uniformly distributed over their range
- c) Pass various recognised statistical tests
- d) Be unpredictable without the knowledge of the algorithm, its implementation, and the current value of the seed (all of which should be secure).

I Outcomes derived from the RNG are to be distributed within statistically expected bounds, including normal distribution.

4.3.3 Failure

Describe the licensee, Category 1 or Category 2 associate certificate holder's RNG failure monitoring programme, to guard against, and detect, RNG failures.

- i) **I** If a hardware RNG is used, the licensee, Category 1 or Category 2 associate certificate holder shall implement a fail-safe mechanism to disable game play in the event that the device fails.
- ii) **I** If a software RNG is used, the licensee, Category 1 or Category 2 associate certificate holder shall employ dynamic monitoring of the output.

4.3.4 RNG seeding

I Describe the method of seed set generation and the policy for reseeding the RNG. *The method of seed generation should ensure that the "next" game outcome is NOT predictable. The Commission must approve this methodology before it is implemented. Seeding and reseeding should be kept to an absolute minimum. Reseeding should not be a routine or regular practice.*

4.3.5 Mapping and Scaling Algorithms

- i) **I** The range of values produced by the RNG should be adequate to provide sufficient precision and flexibility when setting event outcome probabilities, so as to accurately achieve the desired and expected return to player.

- ii) **I** If a game requires a random number within a range shorter than that provided by the RNG, the method of rescaling (i.e. converting the number to the lower range) is to be designed such that all numbers within the lower range are equally probable.
- iii) **I** The scaled sequence of numbers should pass the same statistical tests as applied to the sequence of numbers produced by the RNG; scaling algorithms should not introduce bias, or result in the production of patterns.
- iv) **I** The licensee, Category 1 or Category 2 associate certificate holder should be able to verify that the results offered by the RNG are the same as held in the IGS after the event.
- v) **I** Any mapping or scaling to convert random numbers into events of chance should be linear and the distribution of the events of chance should be identical to the distribution of the unmapped random number from which they were derived. Exceptions to this criterion are metamorphic random prizes awarded under approved rules but not subject to the outcome of any game in particular.
- vi) **I** Events of chance should demonstrate that they are statistically random when subject to the same statistical tests for randomness that is specified for the base random number generator.
- vii) **I** As events of chance occur (e.g. due to calls to the RNG by the game), they should be immediately used as directed by the rules of the game; they are not to be discarded due to adaptive behaviour by the game.
- viii) **I** Where the rules of the game require a sequence or mapping of entities or events to be set up in advance (e.g. the position of hidden objects within a maze), the entities or events should not be re-sequenced or remapped except as provided for in the rules of the game.
- ix) **I** Except as provided by the rules of the game and for metamorphic games, events of chance within games should be independent of (i.e. not correlated with) any other events within the game or any events within previous games.
- x) **I** Determination of events of chance should not be influenced, affected or controlled by anything other than numerical values derived in an approved manner from the verified RNG in conjunction with the rules of the game. *This does not prohibit metamorphic games or jackpots determined by means other than individual game outcome from being considered on a case-by-case basis.*

4.3.6 Information on Percentage Return to Player

- i) **I** Display on the website or client, preferably in the rules for each game, information on the theoretical percentage return to the customer (theoretical RTP%). This requirement will be adequately met by the display anywhere on the relevant website of a single table that lists as a minimum:

- A series of types or categories of game.
- The lowest theoretical RTP% of any game in that group.

The table must be comprehensive, covering all games that are available on the site, including side games, and jackpots. The table may be accompanied by explanatory text.

The theoretical RTP% for each game should be demonstrated, and revealed to the Commission.

For example:

a. A table may look similar to:

<i>Game type</i>	<i>Min Theoretical RTP%</i>
<i>Slots</i>	<i>XX.XXX%</i>
<i>Table games</i>	<i>XX.XXX%</i>
<i>Side games</i>	<i>XX.XXX%</i>
<i>Jackpots</i>	<i>XX.XXX%</i>

- b. A strategy based game might have a range, with a qualification that the return depends on strategy used.*
- c. A slot type game may have a deviation and expected return after a specified number of games. It may be explained that due to the random nature, some games will win, others will lose, the outcomes are random and the return to a customer is a statistical average.*
- d. For gambling in which the licensee, Category 1 or Category 2 associate certificate holder takes a rake, vigorish, or other percentage of a wager or pool of wagers, the licensee or Category 1 associate certificate holder should clearly display this to the customer.*

This does not prohibit the licensee, Category 1 associate certificate holder from displaying RTP data that is derived from output testing, in addition to the theoretical RTP.

Unless a table as above is displayed then the RTP% of each game should be displayed.

Additionally, the theoretical RTP% for each game should be demonstrated to the Commission.

- ii) **T** Where a progressive prize is offered, it should be implemented such that the base return + seed + increment rate of the progressive ensures that the theoretical minimum return is correctly represented to the customer.

4.4 Customer Game Session

4.4.1 Game Session

T Describe how a customer session is controlled. *For example, licensees and Category 1 associate certificate holders should give a customer an electronic identifier such as a digital certificate or an account description and a password to establish a session.*

4.4.2 Terminating a Customer Game Session

Describe the controls governing how a customer session will terminate.

A session finishes if:

- *The customer notifies the system that the session is finished (e.g. “logs out”)*
- *A customer-inactivity timeout is reached. Define the timeout periods applicable to all aspects of the licensee or Category 1 associate certificate holder’s operation.*
- *The customer configurable session limit is reached*
- *Describe the controls governing how the licensee or Category 1 associate certificate holder will terminate customer sessions. The licensee or Category 1 associate certificate holder may terminate a customer session under approved circumstances (e.g. customer betting outside of limits, misleading information being obtained, end customer device does not have sufficient resources, etc.).*

4.4.3 Transaction Logging

I Describe the arrangements for

- i) Adequate off-site transaction logging (IN CONJUNCTION WITH daily backups of customer accounts) to ensure all customer monies can be recovered in the event of a disaster rendering the site inoperable.
- ii) Adequate off-site transaction logging (IN ADDITION TO daily backups of customer accounts) to ensure all customer monies can be recovered in the event of a disaster rendering the site inoperable.

4.5 Malfunction and Non-Responsive Games

4.5.1 Malfunction

- i) **I** The message “Malfunction Voids All Pays and Play” or its equivalent should be clearly displayed on the rules for each game.
- ii) Confirm that a malfunction of equipment will result in the voiding of the game bets and pays and the return of affected bets.
- iii) Confirm that the licensee, Category 1 or Category 2 associate certificate holder will record all device malfunctions of the IGS (with a reason for malfunction and corresponding solution), including those that require bet and/or pays to be voided, and report these to the Commission in the licensee, Category 1 or Category 2 associate certificate holder’s Monthly Report.
- iv) Describe the control (procedural or otherwise) to ensure the same malfunctions are not repeated.

4.5.2 Non-Responsive Games

T Detail the procedures which describe what will be done in the event of non-responsive or problem games.

4.6 Business Associates (connecting to external gaming systems)

T A licensee, Category 1 or Category 2 associate certificate holder may make use of Associates only as defined and provided in the licensee, Category 1 or Category 2 associate certificate holder's approved ICS. Describe the integration of the Business Associate's system to the Commission approved system, and controls around the integration. *This could be attached as an appendix to the ICS.*

Whilst the systems of the Business Associate may not be Alderney regulated, the Alderney licensee, Category 1 or Category 2 associate certificate holder is ultimately responsible for customer verification, protection, etc. as per the operational guidelines to ensure the integrity of transactions, balances, deposits/refunds, etc. for those customers of the Business Associate, as well its own customers.

It is understood that Customer verification may not be explicitly done by the licensee, Category 1 or Category 2 associate certificate holder for customers from Business Associates, as customer details are well guarded by the Business Associate owning the customer, but nonetheless the licensee is responsible for ensuring compliant procedures are in place with Business Associates to identify, age-verify and protect customers, as well as prevent fraud, collusion and ML/FT. The various game networks are reliant on Business Associates' customer ID checks and stringent customer monitoring to prevent fraud, collusion and charge-backs, in spite of external play by username and alias only.

T If the licensee, Category 1 or Category 2 associate certificate holder connects with Business Associates, the licensee, Category 1 or Category 2 associate certificate holder must ensure that Alderney branding is only present on those segments of the gambling operation which are directly regulated by the Commission. *For example, if the licensee or Category 1 associate certificate holder registers customers and offers sportsbook opportunities to its customers under the Alderney license, it should brand the sportsbook opportunities with the Alderney branding and symbols. However, if the Alderney licensee or Category 1 associate certificate holder refers its customers to play poker with a Business Associate not licensed in Alderney, the poker functionality shall not display any Alderney branding. See the Guideline for Terms and Conditions requirements in this circumstance.*

It is common for the game managers of each Business Associate and the Licensee, Category 1 or Category 2 associate certificate holder to share negative information on suspected fraudulent customers, including those customers found in networked gambling services.

4.7 eGambling requirements

The following provisions apply to all forms of gambling, unless the context renders the provision inapplicable.

4.7.1 Game Fairness

- i) **I** Games should not give the customer a false expectation of better odds by falsely representing any occurrence or event.
- ii) **I** Near-miss games that give the customer the perception that they almost won the top prize or which induce the customer to continue gambling (or similar function) are not permitted.
- iii) **I** Games that give the customer the perception that they have control over the game when they clearly do not (i.e. the game outcome is fully random) are not permitted.
- iv) **I** Each game should have associated rules and instructions of play.
- v) **I** The rules of the game should not be unfair or misleading.
- vi) **I** The rules of the game should be available online to the customer on the customer's media or end user device.
- vii) **GI** Game rules cannot be changed between a customer making a bet and the decision and payment of winnings for the bet. Game rules should not be changed during a customer's gaming session unless the licensee provides effective notification to the customer. Describe how the licensee or Category 1 associate certificate holder addresses the risk of changing game rules while a customer is logged in.
- viii) **I** Games should operate and interact with the customer strictly in accordance with the published rules

4.7.2 Game Play Duration

I The default and minimum value for a game cycle is at least 3 seconds. *Multi-play/auto-play functions should include an element of customer control; e.g. wager limit, etc.*

4.7.3 No Adaptive Behaviour by Games

I A customer who plays a game represented as being based on a random event should have an equally likely chance of obtaining any possible combination every time a game is played. *It is improper for the return to player to be manipulated by the system or manual intervention to maintain a constant return to player.*

4.7.4 No Forced Game Play

- i) **I** The customer should not be forced to play a game just by selecting that game. *The customer should have free access to review the game features, tables, rules, and help topics without being committed to laying a wager on the game.*

- ii) **I** The IGS must detect and reject repeated “play” messages that arise from impatient customers pressing “play” more than once while awaiting a response from the IGS.

4.8 Game Design

4.8.1 General

- i) **I** Game outcome should not be affected by the effective bandwidth, link utilisation, bit error rate or other characteristic of the communications channel between the IGS and the end customer device.
- ii) **I** Customer return for a game should be demonstrable as well as theoretical and should be of a similar return to those games typically found in land-based gambling venues/sites. *Notwithstanding, the Commission reserves the right to withhold game or game package approval if, in its judgment and having regard to all circumstances, the return to player is not considered to be fair and reasonable.*
- iii) **I** For games with a component of skill, the calculated and published customer return should represent a reasonably achievable strategy from an average customer.

4.8.2 **I** Instructions and Information

- i) Written messages shall be in English, or such language approved by the Commission, and be both grammatically and syntactically sound.
- ii) The following principles should be followed where games are provided in different language versions:
 - a) The base version language shall be English. *The Commission will evaluate each language version of the game based upon the English language rules and instructions for the base game.*
 - b) All game information should be provided to the customer in the language specified for that version; the game instructions should be the same across all language versions so that no one is advantaged or disadvantaged. *While each version should be consistent with the instructions for that language version, it will not be evaluated against the rules and instructions for the language of that version.*
 - c) Each version should provide the same rates of return to the customer.
- iii) Game play and device usage instructions should be stated unambiguously and should not be misleading to the customer.
- iv) Game instructions and rules should be accessible and visible without the need for money to bet on the game.
- v) If random prizes are offered, the maximum value obtainable from the random prize

should be indicated where the customer puts credits at risk.

- vi) If the value of the random prize depends on the amount of money wagered, this should be stated.
- vii) All statements on the artwork should be true.
- viii) The game instructions shall be clearly visible, or the means of displaying such instructions should be readily available at all times.
- ix) The name of the game being played should be clearly visible to the customer.
- x) Logos or copyright messages may be displayed.
- xi) Artwork graphics shall not be in any manner or form indecent, illegal or offensive (e.g. pornographic or offensive to religion or race).
- xii) For non-event based games, a pay scale on the artwork should correspond to the pay scale used in the mathematical treatise.
- xiii) The functions of all buttons represented on a screen should be clearly indicated. *These instructions are most logically located on the button.*
- xiv) All game instructions on the artwork should be easily interpreted, not ambiguous, and sufficient to explain all game rules. *Common sense applies.*

4.8.3 Game Disable

- i) **I** The IGS should provide a mechanism for the licensee, Category 1 or Category 2 associate certificate holder to disable a game.
 - I** The IGS should be able to:
 - a) Disable or enable all gaming on command.
 - b) Disable or enable all gaming associated with a particular jurisdiction (e.g. country or territory within that country) on command.
 - c) Disable or enable individual games on command.
 - d) Disable or enable individual customer sessions on command.
 - I** An entry should be made to the audit log (including the reason for any disable) whenever the function is used.
- ii) **I** When a game is disabled, the customer should be permitted to conclude the game in play.
- iii) **I** When a game is disabled, the game is not to be accessible to a customer once the customer's game has concluded.
- iv) **I** If a valid multi-state game is terminated, the customer should be advised that this

has occurred the next time they log on the system.

- v) **I** The use of game disable or termination functions presents the risk of manipulation of the outcome of a game, and implicates principles of game fairness. Describe the audit programme, whether automated or manual, on the use of any game disable function. *Terminating a game that is in play is a serious matter; it is only to be used where there is known and demonstrable system problem. The licensee, Category 1 or Category 2 associate certificate holder should include the reasons for the game disable event as part of the audit trail.*

If an immediate termination feature is used if a customer has a winning streak that is later proven to be attributable to chance and not malfunction or foul-play, the licensee, Category 1 or Category 2 associate certificate holder may be fully liable for any payout or consequential damage. The termination of a valid game that is in play is permitted in a multi-state game (e.g. Draw Poker) where the customer has ended their session in the middle of a hand or a period of inactivity greater than 30 minutes has elapsed (during which time the licensee, Category 1 or Category 2 associate certificate holder must make all reasonable efforts to advise the customer that their game should be finished).

- vi) **I** The IGS shall terminate any multistage game (e.g. video draw poker) upon the disable of the game. The customer cannot resume or conclude the game once it has been disabled.

4.8.4 Incomplete Games

- i) Incomplete games include:
- Loss of communications between IGS and end customer device.
 - IGS restart.
 - Disabled by licensee or by the IGS.
 - End Customer device restart.
 - Abnormal termination of gambling application on end customer device.
- ii) **I** The IGS should provide a mechanism for a customer to complete an incomplete game before a customer is permitted to participate in any other game. Upon reconnection by the customer, the IGS is to present the customer the incomplete game for completion.
- iii) **I** Bets associated with a partially complete game that can be continued should be held in a separate account until the game completes. Customer accounts should reflect any funds held in the incomplete game account.
- iv) **I** Game rules should specify that unresolved bets placed but remaining undecided in incomplete games will become void after 90 days and will be forfeited to charity.
- v) **I** In the event that a game cannot be continued due to an IGS action, all bets should be returned to the customers of that game.

4.9 Requirements for Games against the House (not P2P)

- i) **I** All critical functions including the generation of the result of any game (and the return to the customer) should be generated by the IGS and independent of the end customer device. *This does not restrict the end customer device and the end customer participating in decision processes contributing to the result of the game and the return-to-customer (e.g. draw/hold decisions in draw poker or blackjack).*
- ii) R.4, R.6, R.9 and R.60 provide that the licensee, Category 1 or Category 2 associate certificate holder's advertising must be truthful and fair. The presentation of different games which appear identical presents the risk that the licensee or Category 1 associate certificate holder has misled the customer about the function of the game. Describe the controls by which the licensee or Category 1 associate certificate holder mitigates the risk of misleading the customer by offering multiple variations (i.e. returns to customer) of the same game simultaneously without clearly distinguishing the games on offer.
- iii) **I** Customer return for a game should be demonstrable as well as theoretical and should be of a similar return to those games typically found in land-based gambling venues/sites. (Notwithstanding, the Commission reserves the right to withhold game or game package approval if, in its judgment and having regard to all circumstances, the return to player is not considered to be fair and reasonable).
- iv) **I** Where a game is represented or implied to be a simulation of a physical device, the behaviour of the simulation should be identical to the expected behaviour of the physical device.
 - a) *The visual representation of the device should correspond to the features of the physical device.*
 - b) *The probability of any event occurring should be as for the actual physical device E.g. the probability of obtaining a "six" on a simulated dice throw should be 1/6.*
 - c) *Where the game simulates multiple physical devices that would be expected to be independent of one another, each simulated device should be independent of the other simulated devices.*
 - d) *Where the game simulates physical devices that have no memory of previous events, the behaviour of the simulations should be independent of and not correlated with their previous behaviour so as to be non-adaptive and unpredictable in practice.*
- v) **I** Games that are not completely independent of customer's history (e.g. metamorphic) should:
 - a) Display clearly to the customer which game rules apply to the current game state.
 - b) Display to the customer sufficient information to indicate the current status towards the triggering of the next metamorphosis of the game *E.g. if the game collects tokens, the number of tokens missing or the total number required to*

trigger the metamorphosis should be indicated along with the number of tokens collected at that point.

- c) Not adjust the likelihood of a metamorphosis occurring based on the history of prizes obtained in previous games; games should not adapt their theoretical return to player based on past payouts. *Exceptions to this control will be considered where precise payouts consistent with the documented RTP% would yield fractions of pence in the payout. In such games integer pence prizes may need to be rounded down and up from time-to-time. Such exceptions need to be justified and will be considered on a case-by-case basis.*
 - d) Not be misleading.
-
- vi) **T** Where hotlinks are used to supply game information, game play should not occur if the hot linked information is not available. The licensee, Category 1 or Category 2 associate certificate holder should check the availability of this information with reasonable frequency.
 - vii) **T** In the event that a game cannot be continued due to an IGS action, all bets should be returned to the customers of that game.
 - viii) **T** The end customer device should not operate if sufficient resources are not available to it.
 - ix) **T** If the IGS extends an invitation to play a particular game, it should accept all legitimate wagers (as defined by rules) for that game.
 - x) **T** The customer should at all times be made aware of which game has been selected for play or is being played.
 - xi) **T** It should generally not be possible to start a new game before the current play is completed and all relevant meters have been updated on the IGS and session balance, or if applicable, customer's total funds balance, has been updated. *Some exceptions may be granted in instances where, for example, the licensee, Category 1 or Category 2 associate certificate holder elects to conduct off-line, manual consideration of large payouts, or if a customer chooses to continue gaming while a large payout is pending. Describe your exceptions in the ICS.*
 - xii) **T** A "replay last game" facility should be provided either as a re-enactment or by description. The replay should clearly indicate that it is a replay of the previous game and provide the following information (as a minimum):
 - a) The date and time the game was played.
 - b) The display associated with the final position of the game, either graphically or via a clear text message.
 - c) Customer total funds applicable at start of play.
 - d) Total number of credits at the end of play.
 - e) Amount bet, including any multipliers. *E.g. number of lines played and credits per line.*
 - f) The total number of credits won associated with the prize resulting from the

- g) last play or the value in the customer's selected denomination for all prizes. Details of any amount transferred to or from the session balance, but before the next play.
- h) Any customer choices involved in play outcome.
- i) Results of intermediate game phases such as gambles or feature games.

4.9.1 Multi-Customer Games

- i) Describe the controls which deter collusive or cheating activities. *Multi-customer games (e.g. Poker) with outcomes that can be affected through an external exchange of information between different customers (e.g. a telephone conversation) will not be permitted unless the licensee or Category 1 associate certificate holder has defined clear rules, compensating controls or technology to deter the prospect of cheating.*
- ii) **T** Warn customers how bots can affect their play. *Multi-customer games with outcomes that can be affected through the use of automated end customer devices or ancillary computer systems (e.g. chess) should have prominent warnings so that customers can make an informed decision whether to participate.*
- iii) **T** The IGS should constantly monitor the effective response time to all end customer devices participating in a particular instance of multi-customer game and adjust response times to individual end customer devices to ensure game fairness if individual customers can benefit from different response times.
- iv) **T** Describe how the IGS manages communications failures with customers. *The IGS should ensure customer fairness in the event of a communication loss to one or more end customer devices during a multi-customer game. The IGS should implement some reasonable form of monitoring customer connection time-outs where a customer's entitlements may be affected by being excluded.*
- v) **T** The IGS should not provide for host initiated exclusions for games of this type. *If a particular customer is the "host" of a multi-customer table or game, then that customer may not have the ability to remove a customer from the table or game. This does not limit the "host's" ability to only allow other customers by invitation only.*
- vi) **T** Game rules should instruct the customer how the IGS processes situations where the IGS loses connectivity with the customer.

4.9.2 Multi-Operator Games

- T** Multi-operator games will be considered on a case-by-case basis.

4.10 Game Artwork (Information Displayed)

- T** Artwork is defined as anything that appears on the information display or computer screen. The combination of all relevant messages appearing anywhere on the artwork should comply with these standards. In addition, insofar as they are relevant and applicable, the Commission regulation for advertising standards will also apply.

4.10.1 Game Display Requirements

I The following information should be displayed to the customer on the location from which the customer places the wager, or readily accessible via a hotlink:

- a) Game name.
- b) Restrictions on play.
- c) Instructions on how to play, including a pay table for all prizes and special features.
- d) Current account balance displayed in currency (as opposed to “credits”).
- e) Unit and total bet.
- f) For multi-customer games, whether the outcome can be affected if another participating end customer device is automated.

4.10.2 **I** Bet Display

- i) The bet denomination (and where applicable, the tokenisation) of the game should be clearly visible or easily deduced.
- ii) If a game uses tokens or tokenisation, the number of credits registered for each monetary unit for the current game should be displayed. *E.g. £1 buys 10 credits.*
- iii) The artwork should either state the maximum bet, the number of credits that can be bet per selected line and the number of possible lines available, or it should be possible to deduce this information from the game rules.
- iv) The minimum bet (if not easily deduced) should be readily available to the customer.

4.10.3 **I** Result Display

- i) The display of the result of a game outcome should not be misleading or deceptive to the customer. *E.g. the game should not improperly indicate a near-miss.*
- ii) The outcome of each game should be displayed for a reasonable length of time.
- iii) The nature of all prizes should be clearly indicated. *If a prize is displayed in currency format whilst another is displayed in credits, this should be stated to avoid confusing the customer.*
- iv) If the artwork contains game instructions specifying a maximum win, then it should be possible to win this amount from a single game (including features or other game options). *E.g. if the artwork states that £10,000 is the maximum prize for a game it should be possible to win £10,000 on that game.*
- v) To the extent that is practicable for the range of games offered, only one method of displaying win amounts may be used on any single game so as to avoid confusion.

4.11 Wheel (Reel) Requirements

4.11.1 **I** Symbol-Prize Relationship

The prizes for the winning patterns of each symbol should be placed in an area that visually belongs to the symbol. *This can be achieved with appropriate boxing or framing. The symbol or group of symbols should not invade the area that visually belongs to some other group of symbols if this could cause ambiguities as to which symbols are displayed on the paying line.*

4.11.2 **I** Number of Symbols required for a Prize

The number of symbols required to appear in the reels display window, in order to trigger each prize, should be indicated. *These numbers should line up with the prizes in order to avoid any ambiguity as to which prize corresponds to which number.*

4.11.3 **I** Shared Pay Scales

If some symbols share the same pay scale then they should be placed in an area that visually belongs to the pay scale. *This can be achieved with appropriate framing or boxing. The words “OF A KIND” or the equivalent should be placed near the number of symbols required to complete a winning pattern.*

4.11.4 **I** Mixed or Grouped Symbols

If prizes can be awarded for mixed or grouped symbols, the artwork should clearly specify the grouping of the symbols. *This can be accomplished either by placing the symbols in an area that clearly belongs to the pay scale and labelled with the term “Mixed” (or the equivalent) or by using a descriptive term that clearly defines the grouping. Care should be taken with such phrases as “Mixed Bars” or “Mixed Fruit” to ensure that there can be no misinterpretation.*

4.11.5 **I** Tabulated Prizes for Multiple Credits Staked

- i) If the prizes for multiple credits staked are tabulated, then the number of credits bet required for each prize should be placed in a location that clearly indicates which prizes apply to which multipliers. *Such numbers should have associated with them the word “credits” or equivalent (i.e. “credits per line” or “total credits bet”). Common tabulations display the number of credits bet as column headings and the number of symbols required as row headings.*
- ii) If partial tabulation exists, the artwork should clearly indicate that the prize for one credit (or other appropriate bet) staked is multiplied by the number of credits bet (per line). *Alternate game instructions should ensure that it is not possible to incorrectly assume that the tabulated prizes are further multiplied by credits bet.*
- iii) Where both multiplier instructions and tabulated prizes are displayed on artwork, there should be no confusion possible as to whether the multiplier applies to the tabulated prizes or not.

4.11.6 **I** Winning Line Pays (Paylines)

In games that permit multiple credits to be wagered on selected indicated lines, the artwork should either clearly state that the win(s) for each selected indicated line will be multiplied by the number of credits wagered on that line or show a tabulation of all possible wagers and their payouts.

4.11.7 **I** Scattered Pays

The artwork should clearly indicate that scattered pays are multiplied by the total number of credits staked. *This may be either via a message or a tabulation of all possible wagers and their payouts. If partial tabulation is used the artwork should clearly indicate that the prize for one credit (or other appropriate bet) staked is multiplied by the total number of credits bet. Alternate game instructions should ensure that it is not possible to incorrectly assume that the tabulated prizes are further multiplied by credits bet.*

4.11.8 **I** Scatters

The scatter symbol should be clearly labelled with the word “scatters” in the game instructions. *Further occurrences of the scatter symbol in the game instructions do not require further labelling.*

4.12 Positioning, Size, Colour and Shape

4.12.1 **I** One Symbol/Prize Instructions

Game instructions that belong to only one symbol/prize or a group of symbols/prizes should be clearly associated with the symbol/prize or group of symbols/prizes. *This may be achieved with appropriate framing or boxing. Additional wording such as “these symbols” could also be used.*

4.12.2 **I** Global Instructions

Game instructions that refer to all symbols/prizes should read “ALL” or equivalent. *If some symbols/prizes are excluded from these instructions, this should be indicated with wording such as “EXCEPT” or equivalent.*

4.12.3 **I** Colour of Messages

Game instructions should be printed in a colour that contrasts with the background colour to ensure that all instructions are clearly readable. *For example black print on dark purple background is not acceptable as it can create confusion.*

4.12.4 **I** Shape of Symbols

Symbols that are not characters or numbers should have the same shape throughout all artwork, except while animation is in progress. *Any symbol that changes shape or colour*

during an animation process should not appear in a way that might misrepresent another symbol in the pay table.

4.12.5 **I** Reference to Symbols

If game instructions refer to a particular symbol and the written name for the symbol may be mistaken for another symbol or may imply other characteristics (e.g. “Pair of Sunglasses” might imply two sunglass symbols) the visual display of the instructions should clearly indicate to which symbol the instruction is referred. *This may be achieved by displaying the actual symbol, or employing a more clearly written description, or both.*

4.13 Substitutes

4.13.1 **I** Substitute Symbols

The artwork should clearly state which symbols may act as a substitute, in which winning patterns, for which symbols and any conditions that may apply. *This may be permitted in the following manner:*

- a) *An indication that the substitute(s) match “ALL” symbols.*
- b) *Provide a list of symbols that the substitute does match.*
- c) *Provide a list, using the term “EXCEPT”, which the substitute does not match.*
- d) *Provide a statement clearly describing groups of symbols that are substituted.*

4.13.2 **I** Substitutes and Coinciding Wins

Where a game’s rules provide for both coinciding wins being paid on a selected lit line and the use of one or more substitute symbols, the game rules should specifically resolve the following circumstances:

- a) If the substitute symbols on their own are awarded a prize and concurrently may substitute for some other symbol (e.g. Sub Sub Sub Queen Queen pays both 3 Subs and 5 Queens). It is not required to state the reverse case where the highest prize only is paid.
- b) If multiple patterns that use substitutes exist on the selected lit line (for example Queen Queen Sub Jack Jack for a game playing Left to Right and Right to Left), and the game only pays one of these combinations. It is not required to state the reverse case where both prizes are paid.
- c) If substitution occurs for patterns where none of the substituted symbols are displayed (e.g. Sub Sub Sub Sub Sub pays for 5 Kings and 5 Queens, etc.).

4.13.3 **I** Substitutes Participating in Scattered Wins

The artwork should contain all rules relative to substitute symbols participating in scattered wins. The following should be addressed:

- a) If applicable, the artwork should specifically state when the term “substitutes for all symbols” is used but the substitute symbol does not participate in scattered wins (e.g. “<sub> substitutes for all symbols except scattered <scatter symbol>”).

- b) The artwork should state payout rules for coinciding wins when there are multiple scattered win symbols and substitute symbols participate, including the situation where one or more scattered symbols may not appear.

4.13.4 **I** Unusual Substitutes

The artwork should specify if there is a feature where a symbol may substitute in a winning pattern when the symbol is not on a pay line.

4.13.5 **I** Change of Substitutes

The artwork should clearly state if the game provides for a change of substitutes, (e.g. during free games) and any special conditions that may apply.

4.13.6 **I** Substitutes and Extra Pays

- i) The artwork should provide a clear explanation if the game provides for extra pays, or multipliers apply when substitutes participate in winning patterns.
- ii) The artwork should display the multiplication factor or a tabulation of all prizes with possible multipliers if the game provides for multipliers to apply when substitutes participate in winning patterns.
- iii) The artwork should explain the handling of winning patterns where multiple substitutes participate, if extra pays or multipliers apply.

4.14 Winning Patterns

4.14.1 **I** Patterns

- i) All winning patterns relevant to the particular point in time of a game should be clearly displayed or accessible on some form of artwork. *All undefined patterns are assumed to be non-winning.*
- ii) Complicated winning patterns should be clearly explained. *Pictorial representations might best accomplish this objective.*

4.14.2 **I** Scatters Patterns

The artwork should display all winning scatter patterns.

4.14.3 **I** Pictorial Winning Patterns

The artwork should clearly communicate generic winning patterns. *Graphical representation of the order/position in which the winning symbols are to appear, without the aid of a written explanation, can be supplemented with numbers to indicate how many correct symbols each pattern corresponds to. Unusual winning patterns, e.g. X_X_x_X_X, should be positioned in proximity to the prize.*

4.14.4 **I** Difficult Patterns

The artwork should clearly explain winning patterns that are not “left to right” or “right to left” or “any.” *Pictorial representations might best accomplish this objective.*

4.14.5 **I** Selected Line Wins

The artwork should appropriately state that all wins occur on selected lines (and if applicable “except scatters”), or equivalent.

4.14.6 **I** Extra Lines

If it is possible to bet on multiple possible lines and it is not clearly obvious which reel positions are part of each of the possible lines, then artwork should clearly display the additional lines and label them appropriately. *The additional lines should either be shown on static artwork, or be available for display on a help or pay table screen, or permanently displayed on all game play screens, in a location separate from the actual reels. This requirement applies to all standard five-reel games where lines greater than five should be schematised on the artwork and appropriately labelled.*

4.14.7 **I** Displaying Pay Lines

Upon a win, the game shall clearly indicate all pay lines. *If it is possible to bet more than 5 lines, then upon a win for video machines, the pay lines should be indicated in a manner such that all pay lines can be clearly identified by the customer.*

4.14.8 **I** Coinciding Winner Rules

The artwork should clearly state the rules for payments of prizes where multiple wins are possible.

The following should be addressed:

- i) A description of what patterns will be paid when a pay line may be interpreted to have more than one individual winning pattern. *Refer also to Substitutes and Coinciding wins, above.*
- ii) Where the game supports multiple pay lines, the artwork should display a message indicating wins on different pay lines are added, or the equivalent.
- iii) Where the game supports scatters, the artwork should display a message indicating that scattered wins are added to pay line wins, or equivalent, if this is the rule of the game.
- iv) The artwork should clearly communicate the treatment of coinciding scattered wins with respect to other possible scattered wins. *For example, the artwork should state whether combinations of scattered symbols pay all possible prizes or only the highest prize.*
- v) Where mixed symbol prizes are paid, the artwork should describe the treatment of prizes that may be interpreted to be both mixed and straight winners.

4.14.9 **I** Miscellaneous Symbols

If a symbol that can form part of a winning combination is not on all reels, the artwork should identify which reels the symbol appears on.

4.15 Features

It is not possible to define standards for all kinds of game features that may be developed over time. The following requirements apply to feature games that are commonly in use in casino machines and may be expected to be used in eGambling. Describe your particular features with these goals in mind, and define compensating controls if your particular feature is not directly addressed herein.

4.15.1 **I** Feature Trigger Patterns

The artwork should specify the trigger pattern(s) and all other conditions that should occur, in order to trigger the feature.

4.15.2 **I** Feature Re-Trigger

The artwork is to describe the action of the game (e.g. further triggers, bonus payout and/or no further trigger) when feature trigger patterns occur during the feature (e.g. free games).

4.15.3 **I** Tokens Accumulation

For games with rules which allow for the accumulation of tokens to qualify for a feature or multiple features to be triggered or game metamorphosis, the artwork should clearly show:

- i) The definition of the event that leads to the accumulation of tokens.
- ii) A description of how many tokens are accumulated with each occurrence of the event.
- iii) A description of how many tokens are required to trigger the feature.
- iv) An indication of how many tokens are currently accumulated.
- v) If sub-tokens accumulate to tokens, a description of the number of sub-tokens needed to accumulate a token, and the number of sub-tokens and tokens currently accumulated.
- vi) If the accumulation of tokens may lead to free games, the number of possible lines and credits per line that are to be wagered during the free games
- vii) Game rules when further tokens are not accumulated during the feature sequence for events which normally would qualify to earn tokens.

4.15.4 **I** Free Games

The artwork should explain all rules and functionality relative to free games. Topics include:

- i) Special rules not addressed elsewhere.
- ii) Additional payouts for non-winners during the free game sequences, including whether this payout is to be multiplied by credits staked per line or total credits staked.

- iii) Any multipliers for prizes, special prizes, substitutes.
- iv) The display of an accumulated win amount during each stage of the free games if the gaming machine does not directly add wins to the credit meter.
- v) If more than one free game is offered, the number of free games that have transpired or the number remaining (or the total number).
- vi) Appropriate game instructions defining the number of possible lines and credits per line that are wagered during the free games.

4.15.5 **I** Re-Spins/Held Reels

The artwork for games where one or more reels are automatically “held” for one or more “re-spins” should address:

- i) Which reels are to be held (e.g. first two reels).
- ii) Whether held reels occur on winning or non-winning patterns.
- iii) The specific line where the trigger combination should occur, if any. *E.g. “ON THE CENTRE LINE”, or “Scattered,” depending upon the actual requirement of the game.*
- iv) If a partial number of reels (e.g. 2, 3 or 4 reels) are held for some criteria, what happens when the criteria forms part of a larger pattern. *E.g. what happens when all 5 reels meet said requirement.*
- v) If the trigger is a winning pattern and the pattern does not pay during re-spins.
- vi) The rules for extensions or termination of the re-spin sequences including additional held reels. *E.g. when there are improvements to the original held combination(s).*
- vii) If more than one re-spin is offered, the display of the number of re-spins that has occurred or the number remaining (or the total number).

4.15.6 **I** Bonus Prizes

This section refers to games where one or more bonus prizes may be paid to the customer during the feature sequence. Generally, bonus prizes are awarded as a result of some second (or subsequent) screen animation.

The artwork should address the following topics:

- i) Criteria for both the initial entry and entry to further bonus features.
- ii) All instructions and customer choices for the bonus feature.
- iii) A display of total amounts won should be available at the end of each stage of the game, including on second screen animations. *This is to include display of bonus prizes won in multiple sequence bonus features.*
- iv) If bonus prizes are multiplied, whether they are multiplied by credits staked per line or total, where appropriate.

4.15.7 **I** Metamorphic Sequences

This section refers to metamorphic games where the customer still “pays” for the sequence game(s).

The artwork should address the following topics:

- i) All instructions for the game, including the differences between the main game and the metamorphic game. *E.g. <character> appearing anywhere in window pays the original prize which started the feature.*
- ii) Whether the number of lines and/or number of credits wagered during the metamorphic sequence may not exceed the wager of the game or games which triggered the feature, according to the rule of the feature.
- iii) Any special prizes, substitutes, multipliers or similar rules during the metamorphic sequence.
- iv) If the metamorphic sequence consists of more than one feature game, the number of games in the metamorphic sequence that has occurred or the number remaining (or the total number).

4.15.8 **I** Held Reel Games

This section refers to spinning reel variations with Draw Poker characteristics where the Customer may hold one or more reels for a second chance to improve the hand.

The artwork should address the following:

- i) Whether the customer is able to hold or release reels.
- ii) Whether the customer is required to wager additional credits to participate in the hold reels phase of the game.
- iii) Identifying or highlighting held and non-held reels, including recommended reels, at all times.
- iv) The method for changing holds.

4.16 Keno and Bingo Artwork Requirements

I This section refers to games such as Keno and Bingo, where balls are drawn from a simulated cage (or the equivalent), and a customer tries to pick in advance which of these balls are selected.

The artwork should address the following topics:

- i) A tabulated display of the scorecard, which shows all winning payouts, when no game is in progress.
- ii) Any special rules, which are outside the standard game of Keno or Bingo.
- iii) The identification of all of the customer's selections.
- iv) The identification of all balls drawn.
- v) Highlighting the balls drawn which match the customer's selections (i.e. "hits").
- vi) The description of special hits, and if any, they are to be highlighted.
- vii) How many spots were selected and how many hits.
- viii) Rules for purchase of additional features of the game, if any.
- ix) How the customer makes or changes to selections, including how:
 - a) Individual numbers are picked.
 - b) Individual numbers are cleared.
 - c) All selections are cleared.

4.17 Card Game Artwork Requirements

T This section refers to games which involve the simulated dealing of cards from one or more decks.

- i) Card faces are to clearly display the card value. *E.g. it should be obvious which is a Jack and which is Queen.*
- ii) Card faces are to clearly indicate the suit. Hearts and Diamonds should be red; Clubs and Spades should be black.
- iii) Jokers are to be distinguishable from all other cards.
- iv) Whether more than one deck of cards is used in the game.
- v) How often the deck is to be shuffled, if the rules of the game do not shuffle the deck after every game. *In this instance, the artwork should indicate when shuffles actually do occur.*
- vi) A pay-table, which shows all winning hands and their payouts, when no game is in progress.

4.18 Gamble Option Artwork Standards

T The following specifications apply to artwork for all games which offer a gamble option. *The most common use is for “Double-up,” where a multiplier of two (2) is sought, but also may apply to other multipliers (e.g. Triple-up) or a selection of multipliers.* The artwork should address the following topics:

4.18.1 **T** Limits

The gamble prize limit (if applicable) for a particular game and the maximum number of gambles available. *If wording indicating the maximum prize that can be won exists, then it should be possible to win this prize. The customer should not be offered an option to gamble when the prize may exceed the prize limit.*

4.18.2 **T** Automatic Exit

The rules governing when the gamble exit option is executed automatically before reaching the maximum number of gambles available.

4.18.3 **T** References

All references to gamble should use words such as “gamble” or “double up” which cannot be misinterpreted to indicate some other feature.

4.18.4 **T** Conditions

Conditions in which the gamble option cannot be accessed.

4.18.5 **T** Choices of Multipliers

- i) The range of choices/payouts if a gamble game offers a choice of multipliers.
- ii) The display of the multiplier once the customer has selected a multiplier.

4.19 **Roulette**

T If standard Roulette is simulated, the following artwork standards apply. Variations will be considered on a case by case basis:

- i) Each “Zero” used should be uniquely labelled (e.g. “0”, “00”, “000”).
- ii) The simulated Roulette wheel should be in the identical format as a standard casino wheel (including colours of landing locations and position of numbers) with the exception of the position of “Zeroes,” if more than one exists, in which case the “Zeroes” may be placed arbitrarily.
- iii) A pay table or description of all available wagers and their payouts should be accessible while not in game play.
- iv) The method of selecting individual wagers.
- v) The display of all wagers selected by the Customer.
- vi) The simulated ball spin should result in a location that unambiguously determines the winning number.

4.20 **Dice Games**

T This section refers to standard Dice games; the following artwork standards apply. Variations will be considered on a case-by-case basis.

- i) Each face should show the number of spots.
- ii) Simulated die should be of the same layout as standard physical die. *The 1 and 6, 2 and 5, 3 and 4 respectively should be on opposite faces.*
- iii) It should be obvious which is the up face on each die after the dice are thrown.
- iv) Display of the result of each die.
- v) Each wagering option available, and its meaning. *For example, the artwork should explain craps wagers “Field” and “Hardway.”*
- vi) The display of all possible wagering options available and obtainable at any point in time.
- vii) A pay table or description of all available wagers and their payouts should be accessible while not in game play.

4.21 **Simulated Wagering**

T This section refers to simulated racing games; the following artwork standards apply:

- i) All participants in the race should have characteristics that make it unique in appearance (e.g. number, jockey colours).
- ii) The result of the race should be obvious and not open to misinterpretation.
- iii) If prizes are to be paid for combinations involving runners other than just the first place finisher, the display of the order of the place getters that can be involved with these prizes. *E.g. Result 8-4-7.*

- iv) Each meaningful result position should be available for display in all last game replays.
- v) The rules for alternative wagering options (e.g. quinella), and the expected payouts.
- vi) A pay table or description of all available wagers and their payouts should be accessible while not in game play.

4.22 Scratch Ticket

T This section refers to games which simulate a lottery scratch tickets or similar games. The following artwork standards apply:

- i) A precise definition of which customer options should be taken to complete the game.
- ii) Details of how payouts are won and their amounts. *E.g. three matching scratched symbols win that prize.*
- iii) All rules for symbols that may substitute in winning patterns.
- iv) A pay table or description of all available wagers and their payouts should be accessible while not in game play.

4.23 Video Poker

T The artwork should address the following topics:

- i) Provide clear indication if Stud Poker rules apply. *Common Draw Poker is assumed, if nothing is stated.*
- ii) The definition of winning combinations outside the scope of standard Poker. *E.g. Royal Flush without Wild Cards, Four of a kind "Jacks or better", 4 Deuces (when Deuces are wild), etc.*
- iii) All special rules and customer options outside the scope of common Poker.
- iv) Wild card rules *E.g. Jokers Wild or Deuces Wild.*
- v) The display of Held and non-held cards, including recommended holds (if implemented), in Draw Poker or the equivalents, and the method for changing Holds.
- vi) Winning hands win category (e.g. "Full House").

4.24 Blackjack

T The artwork should address the following topics:

- i) Whether the game is not the standard variation, and if so, which rules apply. *Standard variation blackjack is assumed, if nothing is stated.*
- ii) Insurance rules, if Insurance is available.
- iii) Pair Split rules, including:

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- a) Split aces have only one card dealt to each ace, if this is the game rule.
- b) Further splits, if available.
- c) Double-down after splits, if available.
- iv) Double-down rules, including limitations of which totals may allow a double down to be played.
- v) The display of the current total of all hands, including the Dealer's total, during and for a reasonable time at the end of the game. *The term "Bust" or the equivalent may be used to indicate a hand whose total has exceeded 21.*
- vi) Dealer play rules, including special treatment of a soft 17 count, if any.
- vii) Any limits on the number of cards that may be drawn by Customer and/or Dealer, including winners declared (if any) when the limit is reached. *E.g. Five Under wins.*
- viii) Surrender Rules, if any.
- ix) Whether the customer loses on "Dealer Push."
- x) Winning hands win category. *E.g. "Natural," "Blackjack," "Six Under," or "Push."*
- xi) If Pair Splits have occurred, the display for each hand (total points, resultant win or loss category, amount won, amount wagered).
- xii) Special rules, if any.
- xiii) The display of all customer options that are available at any point in time.

4.25 Live Gambling Studio Control Guidelines and Standards

4.25.1 Live Gambling Equipment (LGE)

- i) LGE includes:
 - a) Physical gaming equipment (tables, cards, shoes, wheels, balls, etc.), and
 - b) Electronic gaming hardware (EGH)(including scanners, cameras, sound, computers, servers, monitors, and related components, etc.). *Software is addressed in the Guidelines as 'Gambling Equipment,' as is the interface of LGE with the licensee's Gambling Equipment.*
- ii) For each type of LGE used in the studio, detail the following procedures or elements:
 - a) Count.
 - b) Specifications.
 - c) Installation standards.
 - d) Maintenance frequency, cleaning procedures, and logs of maintenance.
 - e) Inspection frequency, grading standards, and determination of obsolescence or damage, and logs of inspection.
 - f) Storage location(s).
 - g) Identify which logs record activity related to the LGE.

- iii) LGE Inventory and location
 - a) Provide a floor plan, showing:
 - i) Discrete studio areas, by type or function (*e.g. blackjack station, pit boss station, etc.*).
 - ii) Storage locations. For each type of studio area, including the pit boss station, identify all LGE (EGH or physical) used or stored, including the physical game interface with EGH equipment, and the location of the LGE in the studio area described. *A floor plan of the studio area might complement the textual description. Ensure all LGE is identified and located; identify and locate other studio related equipment, including video streaming equipment. Identify all other LGE used (EGH or physical), and its location in the gaming studio.*
- iv) Describe how all the LGE integrates into the whole live gambling service. *A diagram might complement any textual descriptions.*
 - b) Destruction of LGE. Describe the procedures for destroying each type of LGE (EGH or physical). *Destruction should ensure the device, and any data in the device, cannot be used.*
- v) Forms. Describe the procedures for tracking inventory of LGE (EGH or physical), from receipt through storage, installation, use, retirement, and destruction.

4.25.2 Cards

- i) Storage
 - a) Stored Deck Control sheet. Describe the procedures for tracking inventory of stored decks, from receipt to disbursement into active use.
 - b) Live Deck Control sheet. Describe the procedures for tracking inventory of decks in active use, from disbursement to retirement, including single replaced cards.
 - c) Requesting deck replacements. Describe the procedures for replacing one or more cards in use.
 - d) Inspection sheet. Describe the procedures for inspecting cards in use, from disbursement to retirement, and noting / logging inspection results.
 - e) Inventory audits. *It is expected the licensee will reconcile card inventory logs against each other and against the inventory to ensure cradle to grave tracking of all LGE (EGH or physical). Include inventory audit frequency.*
- ii) Counting, to ensure all cards in active use are accounted for.
- iii) Presentation (the display of faces and backs of cards to customers prior to use).
- iv) Shuffling (including techniques and when they are used).
- v) Describe the form of card pickup during card games. *Consistent card pickup practices facilitate game reconstruction when researching or resolving errors and irregularities.*
- vi) Describe procedures for responding to incidents of dropped or missing cards.

4.25.3 Card Games

For each game, describe the following concepts. *If the games were submitted to a laboratory for independent testing and approval, the documentation supporting the laboratory submission could be copied and attached as an appendix, but please ensure you address all the following concepts in the ICS (as a whole).*

- i) The object of the game
- ii) Game definitions and rules; include provision for
 - a) Custom game sets for clients
 - b) Game modifications
 - c) Promotional events or play
 - d) Multi-hand play within a single game by a customer
- iii) Course and manner of play (including burn of cards and all stages of the game as it is played to conclusion),
- iv) Wagers and resolution of wagers,
- v) Dealer / croupier behaviour, including
 - a) Hand signals, if any are to be used, and
 - b) Vocalizing
- vi) Posting of game rules for customers
- vii) Delays in action
- viii) Irregularities and errors, including resolution procedures
- ix) Statistical report review, by dealer and table, to monitor game performance, monitor expected hold, and to detect irregularities and variances. *Define the threshold levels whereby variances are deemed material, and investigation undertaken to explain the variance.*

4.25.4 Roulette

For each variant offered, describe:

- i) The object of the game
- ii) Game definitions and rules, include provision for
 - a) Custom game sets for clients
 - b) Game modifications
 - c) Promotional events or play
 - d) Multiple plays within a single game by a customer
- iii) Course and manner of play (including all stages of the game as it is played to conclusion)

- iv) Direction and speed of wheel spin
- v) Direction and speed of ball spin
- vi) Wagers and resolution of wagers
- vii) Dealer / croupier behaviour, including
 - a) Hand Signals
 - b) Vocalising
- viii) Posting of game rules for customers
- ix) Delays in action
- x) Irregularities and errors, including resolution procedures.
- xi) Statistical report review, by dealer and table, to monitor game performance, monitor expected hold, and to detect irregularities and variances. *Define the threshold levels whereby variances are deemed material, and investigation undertaken to explain the variance.*

4.25.5 Other Live Game Definitions and Rules

For each game offered, describe:

- i) The object of the game
- ii) Game definitions and rules, include provision for
 - a) Custom game sets for clients
 - b) Game modifications
 - c) Promotional events or play
 - d) Multiple plays within a single game by a customer
- iii) Course and manner of play (including all stages of the game as it is played to conclusion)
- iv) Wagers and resolution of wagers
- v) Dealer / croupier behaviour, including
 - a) Hand signals
 - b) Vocalising
- vi) Posting of games rules for customers
- vii) Delays in action
- viii) Irregularities and errors, including resolution procedures
- ix) Statistical report review, by dealer and table, to monitor game performance, monitor expected hold, and to detect irregularities and variances. *Define the threshold levels*

whereby variances are deemed material, and investigation undertaken to explain the variance.

4.25.6 Customer Interface

- i) Describe the procedures for total and partial customer disconnection, for all games.
- ii) Describe the procedures for video, voice, or data stream malfunctions during all games.
- iii) Define the dispute resolution process, while respecting those processes of clients, including the ultimate source of authority for historical records.
- iv) Describe the procedures for use of proposition players. *Guidance may be observed in the main body of the ICS on this topic, in the section relating to P2P games.*
- v) Chat. Describe the chat features available to the customers, and how the licensee or Category 1 associate certificate holder integrates chat into the live gambling environment.

4.25.7 Surveillance and Security System Environment

Describe the scope of use and application of surveillance and security systems in the studio environment. *It is expected that the licensee or Category 1 or Category 2 associate certificate holder will incorporate security and surveillance systems to supplement pit boss observations; in LGE (including card) inspection, presentation, and count protocols; for LGE storage (including card) security; and for monitoring security of installed LGE (EGH or physical).* Address the following aspects:

- i) Access to the surveillance and security systems
- ii) Data and image retention
- iii) Synchronization of system time with real time
- iv) Employee privacy and local privacy laws
- v) Describe internal security rules and restrictions

4.25.8 Reports and Records

- i) Describe the nature of all reports used in the operation and their contextual use in the operation. *Identify all reports, including ones already been identified in the ICS; for these reports, no additional summary is necessary. This section should therefore consist of a compendium of all reports. It is expected that the licensee, Category 1 or Category 2 associate certificate holder will incorporate the following subjects as topics for discrete reports:*
 - *Pit Boss reports*
 - *Shift reports*
 - *Procedure Violation report*

- *Incident report*
 - *Verbal reports*
 - *Reports of irregularities and errors*
- ii) Describe the licensee, Category 1 or Category 2 associate certificate holder's general record retention policy
- iii) Describe the procedures for detecting, recognizing, handling, and preserving records of:
- a) Irregularities and errors
 - b) Suspicious, irregular, fraudulent, or collusive behaviour.

4.25.9 Studio and Pit Controls

Describe the following controls for the studio:

- i) Prohibited acts:
- a) Studio rules. *Instead of prohibiting items in the studio, authorize only certain items in the studio, and prohibit removal of items from the studio except under controlled conditions.*
 - b) Collusion.
 - c) Assistance to customers, including disclosing cards.
- ii) Dealer shifts, rotation / change, and break procedures. *Include out of order changes.*
- iii) Dealer specific controls. *What general rules and controls apply to the dealers that have not already been discussed in game play, etc.?*
- iv) Pit station specific controls, including access to pit and gaming systems, including degrees of access rights by staff classification. *What general rules and controls apply to the pit bosses that have not already been discussed in game play, etc.?*
- v) Storage of controlled LGE inventories in the studio. *Describe how you manage these inventories of controlled equipment that you store in the studio for quick access.*
- vi) Inspection of studio, including the pit. *Describe the procedures and timing for conducting and documenting studio inspections by pit bosses and managers.*
- vii) Studio access log for visitors and non-employees, including contractors, trades, and service workers.
- a) Visitor activity log.
 - b) Record retention.

4.26 Event Based Wagering

Event Based Wagering (hereafter referred to as EBW). arises where the outcome of any particular wager is determined by an event which is external to the licensee, Category 1 or Category 2 associate certificate holder's operation and control, and which is documented and controlled by a third party. EBW covers a wide range of formats, such as sports betting, bet exchanges, custom betting markets, etc., and wagering opportunities (such as fixed-odds,

spread betting, etc.) The licensee, Category 1 or Category 2 associate certificate holder should document its entire assessment of business risks attending the EBW programme(s), and describe how it mitigates those risks. *The licensee, Category 1 or Category 2 associate certificate holder should be mindful of meeting the objective of completely defining the EBW operation, and ensuring that it defines and implements controls (both electronic and procedural) to adequately mitigate the risks presented to the operation. The breadth of potential Event Based Wagering offerings is such that formulation of a standard guideline will likely mislead the licensee, Category 1 or Category 2 associate certificate holder into failing to document effective controls structured for its particular EBW operation. Accordingly, the following list presents concepts of risk presumed generally applicable to all EBW programmes, but the licensee, Category 1 or Category 2 associate certificate holder should not constrain its description of controls to the list exclusively. The licensee, Category 1 or Category 2 associate certificate holder need not duplicate information presented elsewhere in the ICS if the topic has been addressed in context in another location within the ICS, and may cross reference where necessary to afford a complete understanding of the synergy of the licensee, Category 1 or Category 2 associate certificate holder's control environment.*

- 4.26.1** Detail any specific technology utilised to administer EBW. *What channels are offered (online, mobile, telephone, etc.)? How does the EBW software interface with other elements of the licensee, Category 1 or Category 2 associate certificate holder's operation, including external service providers, business associates, etc.? How do you ensure your system has adequate capacity?*
- 4.26.2** Describe the security risks specifically associated with the EBW offering, and how the licensee, Category 1 or Category 2 associate certificate holder mitigates those risks. *Certain risks implicate AML concerns. To the extent EBW functions present risk of AML activity, include the EBW AML specific controls, including reporting of suspicious transactions (which need not be related to actual gain being realized, i.e. unsuccessful attempts).*
- 4.26.3** List the products and services that will be offered (e.g. fixed-odds sports betting, spread betting, totalisators, bet exchange, other).
- 4.26.4** List the main events that will be offered for wagering (horse racing, greyhound racing, football, tennis, golf, NFL, NBA, etc.). *Who decides what events will be offered?*
- i) Provide the event-specific rules shown to customers, and describe how the customer is made aware of the rules. *How do you ensure customers are aware of what exact result their wager is for (handicaps, 90 minutes play, 60 minutes play, overtime, etc.)? What rules apply to cancelled, postponed or interrupted events? The rules might best be presented in an appendix to the ICS, as this information tends to change over time.*
 - ii) Provide your internal event-specific rules that staff should follow. *Who selects the events? Who sets the event-specific exposure limits? Who obtains the results for local events and non-sporting events? The rules might best be presented in an appendix to the ICS, as this information tends to change over time.*
- 4.26.5** EBW typically involves the licensee or Category 1 associate certificate holder assuming elements of financial risk, unlike risks normally associated with software generated random events. Describe your internal risk management processes if applicable. *Who sets the odds?*

How do traders monitor the ongoing risks for each event? Is the EBW system connected to any external, separate EBW markets? What controls govern hedging practices? What process is in place for changing odds at all customer access points? What policy is in place for closing events prior to event commencement (e.g. when the licensee or Category 1 associate certificate holder's exposure becomes too high)? How does the EBW system address exposure risks for multiples / accumulators?

4.26.6 Describe the licensee, Category 1 or Category 2 associate certificate holder's commission structure if applicable. *How does the licensee or Category 1 associate certificate holder ensure that customers have a clear appreciation for the commission for each event? What is the policy for cancelled, postponed and interrupted events? What controls are in place to ensure exact calculation and distribution of the commission?*

4.26.7 Describe in-running betting processes, if applicable, including selection of events, information offered to customers in advance, dedicated technology, etc. *What dedicated technology is in place? How does the licensee or Category 1 associate certificate holder detect automated software and bots placing bets? How are customers informed of potential live feed delays? What specific rules / Terms and Conditions are in place and how do customers know about them?*

- i) In-running wagering brings a greater risk of problem gambling. How does the licensee or Category 1 associate certificate holder implement greater problem gambling scrutiny for in-running wagering?
- ii) In-running wagering brings a greater risk of insider manipulation. How does the licensee or Category 1 associate certificate holder implement greater scrutiny to detect employee / player collusion?
- iii) In-running wagering introduces risks related to timing. How does the licensee or Category 1 associate certificate holder address problems and risks related to timing, including delays in communication, posting of results, broadcast, etc.?

4.26.8 Describe the processes for detecting event-based fraud attempts, such as rigged events, and detail what process is followed if suspicion arises. *Does the licensee or Category 1 associate certificate holder have a direct relationship with any other authorities who regulate the events themselves, to ensure swift communication of suspicions and concerns, and other exchange of relevant information?*

4.26.9 Describe how the licensee or Category 1 associate certificate holder obtains and publishes reliable official results for the wagering events.

4.26.10 Describe the process for settling the wagers. *How and when are the results entered into the system? What is the process for changing the results, after the official result is published, both before and after entered into the system? What is the process for verifying winnings before they are paid into customers' accounts?*

4.26.11 EBW can contemplate corporate clients (not natural persons) participating in the EBW programme, e.g. to aggregate wagers or to hedge risk. Describe the licensee or Category 1 associate certificate holder's registration, verification, banking, and account management programme to ensure the licensee or Category 1 associate certificate holder complies with all

elements of section 3 of the Guidelines when dealing with corporate clients. *The licensee or Category 1 associate certificate holder may cross reference to other relevant sections of the ICS if the topic is addressed completely in context. All corporate clients should also be disclosed as associates, in ICS section 1.*

4.26.12 Describe any other risks attendant to the licensee or Category 1 associate certificate holder's EBW offering, and how the licensee or Category 1 associate certificate holder mitigates those risks. *The Commission may develop a more particularised list of additional concerns over time, and will provide them to the licensee or Category 1 associate certificate holder upon request, in order to facilitate the development of a complete control environment uniquely suited to EBW offerings.*

4.27 Other Games

It is not possible to define standards for all kinds of game styles that may be developed over time, the following specifications will apply. The following requirements apply to games that are commonly in use in casino machines and may be expected to be used in eGambling. Describe the features of all particular games on offer with these goals in mind, and define compensating controls if any particular game style is not directly addressed herein. Describe other games that do not fall into any of the categories previously addressed in the ICS. The licensee, Category 1 or Category 2 associate certificate holder should describe controls which meet the goals set forth in this section. Other games will be considered on a case-by-case basis.

- i) Describe initial customer selection options. *E.g. selection of a runner in a horse race should identify name, number and expected payout.*
- ii) The display of customer selection options, once the game has commenced.
- iii) The display of the winning amount for each separate wager and total winning amount.

4.28 Peer to Peer (P2P) Games

i) **P2P Game Rooms**

P2P game rooms are those environments which offer customers the opportunity to gamble with and against each other. *In these environments, the licensee or Category 1 associate certificate holder usually does not engage in the gambling event as a party (e.g. house banked gaming), but usually provides the gambling service or environment for use by its customers, and takes a rake, vigourish, fee, or percentage for the service.*

Describe each form of P2P gambling the licensee or Category 1 associate certificate holder offers, in discrete sections by game type, following as closely as possible the outline set forth in this section. *This might best be accomplished by creating a sub-ICS, as an appendix, for each form of gambling offered.*

ii) **Jurisdictional Configurations**

Based on trends in multi-jurisdictional systems and networked gaming systems, etc., the following table indicates typical configuration combinations for customer registration, networked game server and networked game operator locations:

Conf	Customer	Peer to Peer Room	P2P Games Server	Comment
1	Registered with Alderney licensee/Category 1 associate certificate holder	Operated by Alderney licensee/Category 1 associate certificate holder	Located in Alderney/ Guernsey	Peer to peer game is seen as additional game to the rest of the casino offering.
2	Registered with Alderney licensee/Category 1 associate certificate holder	Operated by business associate of Alderney licensee/Category 1 associate certificate holder	Located in alternative jurisdiction	Customer has to be aware that he is leaving the regulated area of the website, when entering the room. Customer money can be transferred temporarily to business associate.
3	Registered with Business Associate	Operated by Alderney licensee/Category 2 associate certificate holder	Located in Alderney/ Guernsey	The Business Associate must meet due diligence standards as provided by the terms of this document.

- **Configuration 1:**
All Internal Controls System Guidelines for eGambling are applicable.
- **Configuration 2:**
In this arrangement the eGambling system hardware and software for the poker room are not regulated by the Commission. However, the operational guidelines for the licensee or Category 1 associate certificate holder still apply, such as customer identity verification, anti-money-laundering, customer protection, security of deposits, privacy/information security, etc.
- **Configuration 3:**
As is in configuration 1, all Internal Controls System Guidelines apply for the operation of the poker room on Commission licensed or certified eGambling hardware and software.

iii) **P2P Room Management**

Detail all processes and procedures concerning the P2P room management. *The management of the room should be restricted to the P2P room manager and members of his/her team.*

Describe how the licensee, Category 1 or Category 2 associate certificate holder guards against staff collusion. *Collusion between customers and gaming operation staff is a major concern, so security procedures must be in place to ensure communication between staff and customers is carefully monitored and controlled. We suggest regular reviews of logs, exception reports, and other tools to complement*

this goal.

Describe the security controls, including permissions, for access to the administrative areas of the P2P systems. *Access to the administrative areas of the system should be strictly controlled and monitored, to maintain an internal check on employees.*

iv) **P2P Game Rules**

Provide a copy of the specific house rules applicable to each P2P game environment.

They should address the following topics:

- a) Differences between the licensee or Category 1 associate certificate holder's Terms and Conditions used for registering an account
- b) The customer is not allowed to play against himself where the customer has an ability to influence the outcome of the game. *Thus, while a customer should not engage in a game of poker with himself, the customer may be tolerated to purchase multiple cards in a single bingo game, because the customer has no effective ability to affect the outcome of the game.*
- c) Inform customers of the licensee, Category 1 or Category 2 associate certificate holder's collusion policy, including possible sanction. *It is illegal for the licensee, Category 1 or Category 2 associate certificate holder to handle the proceeds of crime, and all fraud attempts must be considered as suspicious activities.*
- d) The use of bots, or other forms of automated playing, is not allowed. Detail the specific consequences to relevant customers (perpetrators and victims) if bots are suspected and if they are found to have been used.
- e) Provide prominent warnings about how bots can affect play, so that customers can make an informed decision whether to participate.

v) **Customer Management**

T The licensee, Category 1 or Category 2 associate certificate holder shall not allow a customer to play against himself under circumstances where the customer can affect the outcome of the game.

T Describe how the IGS addresses customer disconnections during gaming sessions. *It is possible, for many reasons, for the customer to become disconnected from the networked server during a game (e.g. internet connection outage, PC crash, etc.). This scenario should not disadvantage the customer unnecessarily. For example, with poker, if the client software has lost contact, it is common practice for operator systems to have the customer go 'all-in' if required to 'call.'*

vi) **Table and Game Management**

Describe all processes used for the management of tables and games:

- Table creation
- Tournaments
- Tournament series

vii) **Rake and Fees**

Describe your rake, vigorish, or percentage, and other gambling service fees (“rake”), and how this description is provided to the customer.

I The licensee or Category 1 associate certificate holder shall clearly display and explain to the customer the amount of the rake taken by the licensee. *Any variation in the rake amount based on the table, limit amount, number of customers, or pot-amount should be clearly displayed, as well as any additional fees (tournament fees, special entry fees, etc.).*

4.28.1 P2P Security

Describe the licensee or Category 1 associate certificate holder’s customer monitoring programme, to ensure customers are properly playing in a safe and fair environment, free of collusion and fraud at all times. *The licensee or Category 1 associate certificate holder should rigorously monitor customer activity at all times, to detect misconduct, including abuse of customer disconnect features, chip dumping, collusion, ML/FT (in the context of the P2P environment), and fraud. The room manager’s team should have at their disposal automated and sophisticated tools to detect errant customer behaviour patterns over a period of time and multiple games / tables / tournaments.*

Procedures for monitoring and dealing with customer behaviour should include:

- a) *any automated tools used to detect errant customer behaviour patterns.*
- b) *customer review over a period of time and many games.*
- c) *review of recent activity when evaluating withdrawal requests. Chip dumping technology should consider or include customer group analysis to match winner and loser pairings, common locations, statistical tracking to establish unlikely winner and loser hands, as well as pairings with collaborators.*
- d) *examining both deposit and withdrawal patterns, against age of account. Peer to peer games rooms allow customers to manipulate the flow of money; therefore the potential for fraud and ML/FT exists. Fraud techniques are forever evolving to evade detection; therefore any automated tools should ideally be built to be as flexible as possible.*
- e) *As customers will inevitably monitor each other, the licensee should implement a process to deal with their complaints and feedback, and investigate accordingly.*
- f) *access to customer complaints data and chat logs, and/or to exception reports from these sources, in close-to-real time.*

Collusion can be detected by observing the customers’ behaviours and associations, not only during the game in question but also over a period of time. Associations can be ascertained by tracking customers by table / time / date to establish contemporary pairings.

One tool that aids colluding customers is the chat facility. The licensee or Category 1 associate certificate holder should monitor (live) and review (historical) customer chat logs as required.

As customer support representatives (CSR) may have access to the hand history for all customers (which can give an unfair advantage if relayed to certain customers) it is vital that

there are security procedures in place to ensure communication between CSRs and customers is carefully monitored. For example, senior representatives with access to the hand history of customers should not have access to personal contact details of customers, and conversely, CSRs with contact with customers should not have access to the hand history of other customers.

Ensure that hands or games in progress (whether active or suspended) are not available to any staff within the licensed or certified operation until they are fully finished, due to the risk of affecting the hand outcomes.

4.28.2 Proposition Players

Proposition players are allowed in a controlled environment. Describe the licensee or Category 1 associate certificate holder's controls to ensure the customer is not disadvantaged by proposition player's action. *The Commission would expect to see the following risks mitigated:*

- *The conflict between the role of the proposition player and the role of the employee who has access to the operational environment (both physically and virtually) so as to be able to manipulate the games or have information not available to all the other customers, and be able to take advantage of it.*
- *The licensee or Category 1 associate certificate holder should not profit from the play (beyond rake).*
- *If the proposition player's stake is funded by the licensee or Category 1 associate certificate holder, neither the licensee, Category 1 associate certificate holder or the proposition player may profit from the play; the funds may not be withdrawn, and so must ultimately be lost/played.*
- *The risk that the proposition player has motivation to protect personal stakes beyond the assignment of stimulating play. If the proposition player risks private stakes, then the proposition player must absolutely not have any knowledge of software or other customer data (the proposition player is a bona fide independent contractor with no prior relationship with the licensee or Category 1 associate certificate holder).*

Describe the audits and controls in place to detect and prevent abusive, collusive, and fraudulent behaviours, and to supervise and monitor proposition player action, beyond those normally employed and applied to the population of regular registered customers.

4.28.3 Bots and Other Automation

Detail the licensee, Category 1 or Category 2 associate certificate holder's procedures and processes of dealing with bot software, including any means of detection used and specific behaviour pattern/signatures that signal their use.

Bot software may be detected with the same IP-address being registered against multiple games. With IP geo-location services, bots can be highlighted where multiple usage patterns arise from same geographic street address and city/town. IP Geo-Location should be used to track poker bots, hackers, access from invalid jurisdictions, etc.

4.28.4 Specific Forms of P2P Gambling

In addition to the general controls presented above, the following additional controls are required for particular forms of gambling:

- i) **P2P Books, Pari-Mutuel Pools, or Bet Exchanges**
Licensees or Category 1 associate certificate holders planning to offer fixed-odds sportsbook services should describe risk control mechanisms. *For Event Based Wagering (EBW), see previous sections.*
- ii) **Poker**
Randomization of table assignments. *In order to avoid collusion by customers sitting at both ends of the table or in some other supportive seating arrangement, random table allocation is vital in both sit'n'go and multi-table tournaments. However, random table allocation may be problematic to enforce on ring tables, as customers prefer to choose their playing partners. Describe how the licensee or Category 1 associate certificate holder will resolve these risks.*

4.29 Jackpots and Promotional Jackpots

Jackpots are normally funded by a portion of each wager made on a game or games. Promotional jackpots are funded by other means. The provisions of this control govern/apply to all manner of jackpots, except where specified.

4.29.1 Jackpot Fairness

- i) Describe the jackpot funding mechanism(s).
- ii) **1** If a cap is established on any jackpot, all additional contributions once that cap is reached are to be credited to a Diversion Pool (discussed further below).
- iii) **1** The minimum return represented to the customer should be met regardless of the number of betting units calculated.
- iv) **1** If a minimum bet amount exists in order for a customer to win a linked jackpot, then the base game (excluding the jackpot) should meet the minimum customer return.
- v) **1** All customers contributing to the prize should be eligible to win the jackpot whilst they are playing that game.
- vi) **1** The probability of winning the jackpot should be linearly proportional to the contribution.

4.29.2 Jackpot Wins

Describe the policy for administering the jackpot pool, including

- i) positive or negative jackpot pool balances,

- ii) awarding of jackpot prizes,
- iii) unplanned jackpot termination.
- iv) the possibility of a jackpot being won (or appearing to be won) by one or more customers at approximately the same time (multiple or simultaneous wins).

4.29.3 Notification of the Jackpot Amount

- i) **I** The current jackpot amount should be displayed on all end customer devices participating in the Jackpot. This display should be updated on all participating end customer devices at least every 30 seconds.
It is accepted that, depending upon the medium, communication delays are variable and beyond the knowledge or control of the licensee or Category 1 associate certificate holder. Server-to-client delays will vary from customer to customer and from message to message. Consequently the period necessary to broadcast to all registered customers, the current state of any given jackpot should be a consideration. For example, the greater the window, the greater the potential for “simultaneous” wins before a jackpot is reset (multi-state games introduce another level of complexity).
- ii) **I** A winning customer should be notified of a jackpot win by the end of game play.
- iii) **I** Whenever a jackpot is won, the notification of the jackpot being won should be delivered to all active end user devices and the jackpot amount should be displayed on all end customer devices participating in the jackpot at the time of the jackpot win.

4.29.4 Jackpot Game Rules

I The rules of the jackpot game should:

- i) inform all jackpot game customers how they can be eligible to win the jackpot.
- ii) describe how the jackpot is funded and determined, and clearly specify how the contributions to the jackpot pool are made (based on turnover, net balance of each licensee contributing to a multi-operator pool, etc.).
- iii) inform the customers of the imperfections of the communications medium for the game, and how this affects them.
- iv) inform the customers of how the licensee will address and resolve apparent simultaneous and multiple wins.
- v) inform the customer how the licensee or Category 1 associate certificate holder can discontinue or terminate a game. *Include planned terminations, such as jackpots offered for a specific period of time, and promotional jackpots.*

4.29.5 Jackpot Parameter Changes

Once put into play, jackpots should not be altered. Describe the controls which safeguard jackpot pools from alteration. *The licensee or Category 1 associate certificate holder should*

request and receive written prior approval from the Commission, if a jackpot pool is to be discontinued, converted, or combined into another jackpot pool. The licensee or Category 1 associate certificate holder will have to ultimately resolve how to distribute unawarded jackpot pool funds. The primary consideration will be that customers should have an equal or better chance of winning the jackpot funds in the new scheme for distribution.

I Once a Jackpot has commenced, parameter changes should not take effect immediately, rather they should be saved to apply after that Jackpot is next won. *These are 'pending' parameters.*

4.29.6 Promotional Jackpots

These may be modified at the licensee or Category 1 associate certificate holder's discretion, without the Commission's prior approval, consistent with the rules of the jackpot, and this must be explained in the Terms and Conditions or the rules of the game or jackpot.

4.29.7 Partial Jackpot Redirection

I Diversion Pool schemes, where a portion of the jackpot contributions are redirected to another pool so that when the jackpot is won, the Diversion Pool is added to the seed of the next jackpot, are acceptable. The following requirements apply to such schemes:

- i) A jackpot redirection scheme should not have a mathematical expectation of the diversion pool of infinity. *This means that the percentage that goes to any diversion pool is dealt with correctly in the mathematics of the jackpot.*
- ii) Where a Diversion Pool is used to fund a "minimum or start-up level" the minimum jackpot amount is deemed to be zero for the purposes of calculations of expected customer return; i.e. in calculating customer return the start-up prize can only be counted once.
- iii) Diversion pools should not be capped.

4.29.8 Jackpot Financial Liability Documentation

I The IGS should store and maintain the following software meters as a minimum:

- i) Total amount played for jackpots.
- ii) Total amount of jackpots won.
- iii) Total jackpot contributions made (includes any diverted amounts).
- iv) Total jackpot contributions won.
- v) Current amount for each jackpot. and
- vi) Current value of jackpot contributions diverted.

I If a jackpot is determined by increments of individual customers' wagers, the receipt and processing of increments from all end customer devices, whether configured as a single controller or a system of master and slave controllers, should be fair and accurate.

4.29.9 Jackpot Shutdown

I There are instances where a jackpot should be “shut down.” A jackpot shut down requires the following actions:

- i) Clear indication should be given to customers that the jackpot is not operating (e.g. by displaying “Jackpot Closed” on end customer devices).
- ii) It should not be possible for the jackpot to be won while in the shut down state.
- iii) If the jackpot operates in conjunction with another game (e.g. base game), and the customer return requirement is only met when jackpot contributions are included, the base game may only be offered when the jackpot is available.

Re-activation of the jackpot from the shutdown state should return the jackpot with the identical parameters, including jackpot value, and hidden win amount for mystery jackpots, as existed immediately before the shutdown.

4.29.10 Jackpot Recovery

I To enable recovery of the current value of the jackpot amount in the case of an IGS failure, either:

- i) The current value of the progressive amount should be stored in at least two physically separate devices, or
- ii) The licensee, Category 1 or Category 2 associate certificate holder should be able to accurately calculate the current value of the progressive amount from other available metering information that is not stored in the same system as the progressive amount.

4.29.11 Multi-Operator Jackpots

Multi-operator jackpots will be considered on a case-by-case basis. Describe how the multi-operator jackpot scheme meets the same or similar goals as defined for jackpots.

4.29.12 Jackpot Controller

I The jackpot controller is deemed to be part of the IGS even if it is a physically separate controller.

The jackpot controller shall:

- i) **I** Register that a jackpot has been won,
- ii) **I** Announce the win on the displays of all participating and customer devices, and
- iii) **I** Reset the progressive meters upon a win event.

I The jackpot controller should ensure that hits registered within a defined minimum time increment are considered as simultaneous wins.

I The minimum time increment (jackpot reset period) is not less than the longest time taken to:

- i) Register that the jackpot has been won;
- ii) Announce the win on all participating end customer devices; and
- iii) Reset the progressive meter or meters.

I Where a “master controller” employs “slave controllers” to control a jackpot (e.g. multi-operator jackpot) the following requirements apply:

- i) All slave controllers are to be time synchronised with the master controller.
- ii) The master controller is to be time synchronised with the IGS.
- iii) Game result jackpot win events should be time stamped.

4.30 Registers

The licensee, Category 1 or Category 2 associate certificate holder should maintain registers of essential gambling information. The Commission may request sight of the registers, and on occasion hard copies may have to be provided. *In conjunction with monthly operational reporting requirements, the Commission expects the licensee, Category 1 or Category 2 associate certificate holder will update all registers at least monthly, if they are not maintained in real time. The licensee, Category 1 or Category 2 associate certificate holder may satisfy this requirement by having the ability to generate an automated register on demand. The information required should include the following data:*

- i) *A list of authorised games, including approved variations of those games, game packages, and all wagering arrangements upon which bets will be accepted.*

SECTION 5: COMPUTER CONTROLS

5.1 System Operations

Describe the following elements of the operation:

- i) Each class of account required to operate the IGS in a production environment. *E.g. System Administrator, operator, Hotline, Network support.*
- ii) The configured access control list. *E.g. for each job function such as Customer Service Representative, Casino Manager, Finance Manager, etc.*
- iii) The physical location of each component of the central IGS, including the location of staff.
- iv) **T** Provide a schematic of all servers used in the gaming process, including customer services, development servers, databases, credit-card and banking gateways, SANs, NAS, mirrored devices and backups etc., together with a description of their function. *This might best be accomplished as an appendix to the ICS.*
- v) **T** Provide a network diagram and IP addressing information showing all relevant interconnected locations, with details of equipment at each site. *E.g. routers, switches, firewalls, intrusion detection, load balancers, network monitoring, mobile WAP/SMS gateways, etc. This might best be accomplished as an appendix to the ICS.*
- vi) Recurrent IT procedures, including:
 - a) Shift change procedures
 - b) End of Day procedures
 - c) Weekly procedures
 - d) Monthly procedures which should include compiling the monthly status report to the Commission (R.242). *The format for the monthly report, including the subjects to report, is contained in the regulations, and the licensee, Category 1 or Category 2 associate certificate holder should ensure it incorporates the latest version of the report into its monthly procedures.*
 - e) Annual procedures. *Identify those specific procedures which should be conducted at end and beginning of the financial year.*

5.2 Security

- 5.2.1** Attach, as an appendix, a policy document in relation to information security. *Identify the frequency of periodic management review, to ensure it remains applicable to the licensee, Category 1 or Category 2 associate certificate holder's operation. Include any function which is outsourced, and describe any security controls related to the outsourced relationship.*

5.2.2 Data Destruction

Describe the licensee, Category 1 or Category 2 associate certificate holder's data destruction policy. *When decommissioning equipment, the licensee, Category 1 or Category 2 associate certificate holder should ensure all customer information is completely erased (i.e. not just deleted) from hard disks, magnetic tapes, solid state memory and other devices before the device is decommissioned. If erasure is not possible, the storage device should be destroyed. This "sanitation" procedure should be documented.*

5.2.3 Information Security Infrastructure

The security of the licensee, Category 1 or Category 2 associate certificate holder's information systems and assets is a primary risk to be controlled. Detail the structure in place for controlling information security and in particular, identify the decision making process in this regard.

The following items give an indication of key high-level requirements, but for completeness reference should be made to all the eGambling operations requirements contained in the ICS.

i) Network and Communication Security

- Gambling Servers shall be housed in a data centre approved by the Commission.
- Firewalls with stringent and granular security rules at all entry points should be implemented.
- Intrusion Detection Systems and anti-Distributed Denial of Service (DDoS) protection should be strategically placed within the network.
- Verbose logging must be enabled on all security devices and servers that facilitate Bank and Credit Card data. Analysis of the logs and system statistics should be conducted regularly.
- Utilise timely build/patch processes; change control procedures and incident response policies built on industry best practices.
- Malicious Software Control. All systems should utilize anti-virus software.

ii) Security and System Processes

- Routinely test internal security systems and processes.
- Regularly review and analyse system logs and system statistics.
- Access should conform to a standard password policy.
- All remote and administrative access must be over a secure channel (e.g. encrypted VPN link, dedicated private circuit, etc.)
- Assign employee access to data on a need-to-know basis
- Assign a unique ID to each person with computer access to data
- Maintain the ability to track employee access to data through the use of unique IDs.
- Change employee Passwords regularly.
- Ensure employee security policy is understood by all your employees.
- It is strongly suggested that two-person control is used to access encrypted data, e.g. whereby no one person holds all the keys or passwords necessary to open up access to data, particularly in respect of off-site backups and logs.

5.2.4 Security of Remote Access

If remote access to the licensee, Category 1 or Category 2 associate certificate holder's gaming systems is available, detailed the controls, including maintenance of a list of all those with remote access. *Identify relevant terms of employment, service, or other contracts and security checks for non-employees.*

5.2.5 Outsourcing

Identify the security requirements in relation to outsourcing of any function related to the gambling operation. *Identify relevant terms of employment, service, or other contracts and security checks for non-employees.*

5.2.6 Personnel Security

- i) **Security and Job Definition**
Detail the staff roles and responsibility for information security, including access rights.
- ii) **User Training**
Detail the training given to employees in relation to computer controls and security issues.

5.2.7 Responding to Security Incidents and Malfunctions

Detail the licensee, Category 1 or Category 2 associate certificate holder's arrangements for dealing with all security incidents, both in terms of monitoring the appropriate controls and in following these up. *Include automatic logging procedures and monitoring of them.*

5.2.8 Equipment Security

- i) Detail the nature and operation of the internet firewall and IDS (intrusion detection) systems which are in place to protect the licensee's systems. *This should include the location of the firewall specifically under circumstances where servers are located away from the premises which the licensee exclusively controls, detailing protection provided for all the licensee's systems. Details should be provided on firewall and IDS backup capability, recovery procedures (from bare-metal restore to minor remedies) and any standby hardware in the event of a security equipment failure.*
- ii) Identify where information is stored, and the security controls for each location. *When information is stored on servers located on premises which the licensee does not exclusively control, provide details of the security arrangements of the hosting service.*
- iii) Detail penetration testing / perimeter security programme.

5.2.9 System Maintenance Controls (including Software)

- i) How security control requirements are identified and included at the same time as upgrades are proposed.
- ii) Authorisation and validity checks which are incorporated within the system.
- iii) Use of data encryption and other cryptographic controls.
- iv) Secure maintenance of all files, including the source files.
- v) Maintenance and support arrangements for the gaming software.
- vi) Arrangements and security requirements with third parties. *Connections to third party organisations should not use the same secured network path (e.g. internet connection) as customer connections.*

- vii) Protection against malicious software. *Include details of the anti-virus protection and the regularity with which the systems are updated.*
- viii) Audit controls, and the effects on the operation of the system.
- ix) The time period for which the licensee keeps copies of transaction records as well as the detail of these records. *Include amendments, additions and deletions to the transaction records.*

5.2.10 Access Controls

- i) Password and other access controls.
- ii) Granting different levels and rights of access.
- iii) User obligations in relation to their own access rights.
- iv) Network access controls. *Include off-site and diagnostic access.*
- v) Preventing unauthorised access. *Include authentication tests, and address both internal and customer access.*
- vi) Access to individual parts of the system. *Include access to different parts of the interactive facilities and customer accounts.*

5.2.11 Operating System Security

The following sections require the licensee, Category 1 or Category 2 associate certificate holder to define the security of its operating system and operating environment. *Operating system security should meet the standard of best industry practices. For example:*

Access control should be applied at the operating system level

Minimisation and hardening principles should be applied

A validation tool should be employed with which it is able to validate that no unauthorised modification, addition or removal of operating system files has occurred.

5.2.12 Architectural/Physical Security

- i) All computer systems should physically reside in a data centre which has a level of security commensurate with the risk. Describe the physical premises (or cross reference to other ICS sections where the premises are already described), describe the security risks presented by those particular circumstances, and describe the controls designed to mitigate those risks. *The actual gaming system will be housed in an approved hosting facility, and that facility should be simply described here. Describe also the facility or facilities where any systems that are ancillary to the gaming system are secured (servers related to customer service where sensitive data may be stored, for example).*
- ii) Logical and physical access to the primary DNS server should be restricted to authorised personnel.
- iii) The test environment should be physically isolated from the production system.

5.2.13 Application Level Firewalls

- i) Justify the design of the firewall systems by means of a formal risk analysis. *Include all connections to trusted IGS hosts or components that may have a trust relationship*

with an IGS host. The firewall systems should be consistent with defence-in-depth principles. It is anticipated that all connections will be made through at least one approved application-level firewall, another method is unless justified. This includes connections to and from any non-IGS hosts used by the licensee. E.g. MIS computer systems. The term “connections” is used in its broadest sense, and includes UDP and TCP data transfers. Networks on the secure side of the firewall should consider the use of RFC1918 private network numbers. These numbers should be translated into public network numbers for transmission over the Internet.

- ii) **T** A device in the same broadcast domain as the IGS hosts should not have a facility that allows an alternate network path to be established that bypasses the firewall.

Examples of prohibited facilities are:

- a) *An operator PC equipped with a modem.*
 - b) *An operator PC with a connection to the IGS Virtual local area network (VLAN) and a connection to the corporate VLAN.*
- iii) **T** The firewall computer should be a separate computer system with the following characteristics:
 - a) Only firewall-related applications may reside on the firewall computer.
 - b) Only a limited number of accounts may be present on the firewall. *E.g. system administrators only.*
 - iv) **T** The firewall should reject all data packets addressed to the firewall if they arrive on interfaces to networks that are outside the baseline envelope. *This is to restrict access to the firewall to authorised workstations inside the baseline envelope.*
 - v) **T** The firewall should reject all connections except those that have been specifically approved.
 - vi) **T** The firewall should maintain an audit log of all changes to parameters that affect what connections are permitted through the firewall.
 - vii) **T** The firewall should maintain an audit log of all successful and unsuccessful connection attempts to or through itself.
 - viii) **T** The firewall should disable all communications if the audit log becomes full.

5.2.14 **T** Self Monitoring

IGSs should implement self-monitoring of critical components. *E.g. central hosts, network devices, firewalls, links to third parties. Mechanisms should include network and host intrusion detection and logs, operating system logs, firewall logs, etc. The intrusion detection system shall not be accessible on the network except from its console.*

5.2.15 Network Encryption

- i) Where data is being passed over communication lines (including network cables between clustered machines), the data should be protected commensurate with the sensitivity of that data. Justify the adequacy of all protection mechanisms in relation to all data and the communications media by means of a formal risk analysis.
- ii) *Data that is not required to be hidden but should be authenticated should use some form of message authentication technique.*
- iii) *Sensitive data should be encrypted on an end-to-end basis (i.e. the data should never appear on a LAN or WAN in an unencrypted form). This includes sensitive data transmitted between computer systems within a licensee's premises.*

Examples of sensitive data that require consideration in a risk analysis and quite possibly encrypted transmission and/or storage are:

- a) *Encrypted keys.*
- b) *PINs or passwords.*
- c) *Account numbers and details.*
- d) *Money transfers to or from customer accounts.*
- e) *Jackpot commands and parameters.*
- f) *Account balances.*
- g) *Wagers.*
- h) *Results.*
- i) *Credit and Debit card details.*
- j) *Reports to the Commission.*
- k) *Customer complaints forwarded to the Commission.*

5.2.16 Encryption Key Handling

Encryption keys represent the core of encryption security.

- i) Describe the secure controls for changing the current encryption key set. *It is not acceptable to only use the current key set to "encrypt" the next set. An example of an acceptable method of exchanging keys is the use of public key encryption techniques to transfer new key sets.*
- ii) Describe the secure controls for storage of any encryption keys *Encryption keys should not be stored without being encrypted themselves.*
- iii) Describe the encryption key length. *A minimum 128 bit encryption key length is required unless a lesser amount can be demonstrated to be adequate.*
- iv) Describe the encryption algorithms. *Encryption algorithms are to be theoretically and demonstrably secure against cryptanalytic attacks.*
- v) Describe the procedures for following up reports of weaknesses in encryption algorithms. *The licensee should implement changes to encryption algorithms to*

correct weaknesses. If no such changes are available, the licensee should replace the algorithm.

5.3 Software Development, Testing, Maintenance and Approval

5.3.1 Source Code

- i) Describe the software version control system.
- ii) **I** The software versions should be stated in the source code control system.
- iii) **I** *In accordance with good industry practice, the following software identification should appear in all source code modules (or be available in the source control software) altered or created and submitted for evaluation/approval. Failure to comply may lead to increased testing costs.*
 - a) *Module name,*
 - b) *Version number,*
 - c) *Revision number,*
 - d) *Brief description of functions performed,*
 - e) *Edit history, who, why and when (of changes made after this date).*
- iv) **I** The licensee, Category 1 or Category 2 associate certificate holder should take a snapshot / hash of the system (including database structure) after supervised installation of all software, in order to facilitate subsequent system identification and auditing.
- v) All software programmes should be well structured and have explanatory comments in the software code with supporting documentation to explain functionality, design, structure and operation.
- vi) The independent evaluator during the course of a compliance evaluation will examine programme source for IGSs. Accordingly, all source programs are to be provided in machine-readable format suitable to the independent evaluator (which will provide the appropriate non-disclosure agreements). Subsequent releases (after the initial) are also to have source code provided in this way.
- vii) The source code applied in the production environment shall be compiled, linked and translated exactly in the manner as was the source code which the Commission approved for use. Source code shall not generally reside on IGS machines; exceptions should be justified by a formal risk analysis.

5.3.2 Development Environment

Describe the licensee, Category 1 or Category 2 associate certificate holder's procedures for:

- i) Controlling the security of the development environment.
- ii) Proposing, planning, and making changes to the gambling equipment.

It is expected that the licensee, Category 1 or Category 2 associate certificate holder will implement version control, and that testing schedules and proofs will be prepared from each version adopted. This should include reference to the reasons for changes being incorporated.

- iii) The procedures ensuring the maintenance of the user manual supporting the system, to take account of such changes, to ensure it remains valid and current.

5.3.3 System Testing and Validation

Describe the procedures which control the security of the testing environment:

- i) How and by whom the system will be tested.
- ii) How system validation will be performed.

5.3.4 Fault Reporting

Describe procedures for fault reporting. Address the complete process, including internal and external escalation, emergency contact numbers, the role of customer care staff, availability of telephone and email support, security breach shutdown, and customer support provided by the developer.

5.3.5 Problem Reporting and Management Procedures

Describe the procedures for problem reporting. Address the complete process, including internal and external escalation, emergency contact numbers, the role of customer care staff, availability of telephone and e-mail support, security breach shutdown and customer support provided by the developer, including:

- i) The correct and secure operation of all software. *Include procedures for problem reporting to management and segregation of duties.*
- ii) System planning and acceptance.
- iii) Housekeeping, including procedures to ensure:
 - a) information integrity.
 - b) confidentiality of information.
 - c) creation and storage of back-ups of the system on a regular basis.
 - d) testing of the back-up systems.
 - e) maintenance of operation access logs.
 - f) an adequate retention period for all logs, data storage, and backups.
- iv) Details of any formal or informal agreements for the exchange of information and software, together with the controls over that exchange. The following details should be provided:
 - a) All interactive systems utilised.

- b) Records of online interaction with customers, including all e-mails sent and received.
- c) Recording of telephone calls, or otherwise noting the content of such calls.
- d) Back-up, recovery and archiving procedures.

5.3.6 Approval of Gambling Equipment

The Commission must approve all gambling equipment, including software, for use in production. Changes to the equipment, including software, are subject to the same approval. Document how the licensee, Category 1 or Category 2 associate certificate holder controls its gambling equipment release process, including securing the Commission's approval pursuant to the Commission's current approval process. See Appendix E, New GE Testing Process Using Oscar – Advice for Licensees & Certificate Holders. *It is an offence to allow gambling transactions to occur on unapproved equipment (Ord.15; R.200, et seq.).*

5.4 Equipment

5.4.1 Location and use of Cloud Computing

I All equipment associated with eGambling should:

- i) Be dedicated so that it stands alone from the Licensee, Category 1 or Category 2 associate certificate holder's other equipment, such as administrative and accounting systems and
- ii) Remain under full control of the licensee, Category 1 or Category 2 associate certificate holder at all times, subject to iii)
- iii) Virtualisation of servers within a group or common array provided within an approved Hosting facility by a Hosting Certificate holder who has gained AGCC approval for their "Cloud" offering, as documented in AGCC published "Standards and Guidelines for eGambling Cloud", is allowed, provided the use of such virtualisation is described in the ICS. Additionally:
 - a. Such common virtual servers, when no longer required should be removed and all associated storage erased so that all data that had been stored upon and/or upon any storage system or array associated with them may not be restored or accessed by any means.
 - b. Virtual servers that are used by the Licensee, Category 1 or Category 2 associate certificate holder are to be logically separated from any other virtual servers which are under the control of a third party which may exist within the same physical infrastructure, so that no data flow can occur between them.

The AGCC Document "Standards and Guidelines for eGambling Cloud" describes AGCC definitions of "cloud systems", regardless, all gaming transactions are to occur within the approved hosting facility (R 4k), and be able to be shown to be safe & secure (R 205(b))

- iv) Use of an external publicly available cloud, provided from outside the AGCC approval process, may be used for simple web servers, displaying informative Web pages, landing pages, resource delivery etc. *However*, where any part of regulated game play, financial or registration process where personal, financial, or game transaction information may be handled within those external systems, such activities must be performed only where it is considered by AGCC to be safe and secure under Regulation 205(b). For such an operation to be considered safe and secure, the Cloud provider will have to comply with, and be approved against the standards documented in AGCC published “Standards and Guidelines for eGambling Cloud”.

The licensee, Category 1 or Category 2 associate certificate holder must allow the Commission unrestricted access to monitor its operations. (R371)

1 If the licensee, Category 1 or Category 2 associate certificate holder offers gambling based on a live event, that event need not be conducted in the Bailiwick of Guernsey. However, the licensee, a Category 1 or Category 2 associate certificate holder must demonstrate that the event is properly regulated or controlled in the jurisdiction of origin, and the wagers are processed on electronic gambling equipment in approved premises under the Commission’s jurisdiction.

5.4.2 Hardware Reliability

The hardware platform should be demonstrably reliable, secure and stable. **1** Describe the licensee, Category 1 or Category 2 associate certificate holder’s hardware failure diagnosis and remedy programme. *If a critical component fails self-monitoring tests, and cannot be corrected within defined parameters, it should be immediately taken out of service. The component should not be returned to service until there is reasonable evidence that the fault has been rectified.*

- i) Describe the licensee, Category 1 or Category 2 associate certificate holder’s scheduled hardware replacement programme.
- ii) Describe the licensee, Category 1 or Category 2 associate certificate holder’s production hardware rotation programme. *It is recommended that hot standby components be rotated regularly into production use to ensure they are up to date and in working order.*

5.4.3 Operating System Reliability

The operating system should be demonstrably reliable, secure and stable.

- i) Describe the licensee, Category 1 or Category 2 associate certificate holder’s standards for assessing the ongoing reliability of the operating system. *Operating system reliability will be measured in terms of re-boots not due to non-redundant system faults and the time taken for restoration. System re-boots that occur due to the failure of a redundant component will be counted as operating system failures. A reliable*

operating system is one that re-boots less than once per week and requires less than 10 minutes to return to service.

- ii) **I** Operating system reliability will be tested during evaluation.

5.5 Network

5.5.1 Network power supply

I Uninterruptible Power Supply (UPS) equipment should support hotline terminal, operator consoles and all intermediate equipment which connect devices to the IGS. *E.g. routers, bridges, firewalls, Terminal Servers, Terminal Adaptors, Modems, Microwave radio equipment, etc.*

I The IGS should be able to perform an orderly shutdown in the event of a power-failure and not restart automatically on power up.

5.5.2 Self Monitoring

I The system should be able to recover from unexpected restarts of its central computers or any of its other critical components.

5.5.3 Accounting of Master Resets

I The IGS should be able to identify and properly handle the situation where master resets have occurred on other computer systems that affect game outcome, win amount or metering, with no loss of transaction information, or system corruption.

5.6 Domain Name System (DNS) Requirements

- i) Describe the licensee, Category 1 or Category 2 associate certificate holder's DNS registrations. *The licensee, Category 1 or Category 2 associate certificate holder should register a recognisable name (e.g. company.com) in the Internet Domain Name System (DNS). The IGS itself should be registered in the DNS.*
- ii) The licensee, Category 1 or Category 2 associate certificate holder shall control the primary server used to resolve DNS queries (e.g. forward and reverse lookups) used in association with the IGS. This server should be located in the approved hosting facility. *This is to ensure that the risks of DNS poisoning attacks, and similar attempts at hijacking traffic, are addressed.*
- iii) There should be at least one secondary server that is able to resolve DNS queries (e.g. forward and reverse lookups). The secondary servers should be located at a separate premise to the primary server.
- iv) Describe the frequency of zone transfers between the primary DNS and secondary DNS servers. *Zone transfers between the primary server and the secondary servers*

should occur at least once every 24 hours.

5.7 Communication

5.7.1 Repeat Play

I The communications protocol should detect and reject repeated “play” messages that arise from communications errors.

5.7.2 Message Authentication

I Message authentication should be used with critical message types, such as jackpot wins and PIN transmissions, in order to verify the correct receipt of the message by the game server, client, host or related equipment.

5.7.3 High Level Protocol

- i) **I** All protocols should use communication techniques that employ widely accepted error detection and / or recovery mechanisms.
- ii) **I** The high level protocol should employ techniques (e.g. end to end acknowledgement) such that it will not lose messages, or packets, even when one end or the other restarts.
- iii) **I** The higher-level protocol should employ techniques (e.g. transmission numbers) such that repeated messages are identified and discarded, even when one end or the other restarts.
- iv) **I** These requirements do not apply to unsecured messages such as broadcast messages.
- v) All functions of the protocol should be clearly specified in its associated documentation. *The high level protocol must not have any undocumented “features”, and all functions are to be clearly documented.*

5.7.4 Time Stamps

- i) **I** The high level protocol should include a provision for the transmitting system (e.g. IGS or end customer device) to insert a local timestamp in every message it sends. *This timestamp will assist in claims of equipment malfunction involving run away hardware or software.*
- ii) **I** The high level protocol should include a provision for the transmitting system (e.g. IGS or end customer device) to insert a local timestamp taken at the time the last valid high-level message was received.
- iii) **I** All time stamping should be in a single time. If not Universal Time (UT) then the

difference to UT should be apparent.

5.7.5 High Level Interface with Lower Level Protocols

T System applications should be able to parse all messages in accordance with design to ensure messages are communicated in a planned, approved, reliable and secure manner.

5.7.6 User Inactivity Timeout

- i) **T** Describe the connectivity / inactivity functions of the system. *If the system is not capable of polling to confirm connection, it should implement inactivity timeouts.*
- ii) **T** If a session is terminated or is broken, the end customer device should notify the customer of session termination. *No further game play is permitted until the IGS and the end customer device establish a new session.*

5.7.7 Requirement for Authentication

T The IGS should authenticate all people (e.g. customers, computer operators, maintenance service providers, Commission officers and representatives) and computer systems (e.g. jackpot controllers, financial gateway systems, certification authority systems) that connect to the IGS. *People who connect to the IGS for purposes other than gambling do not need to be authenticated.*

- i) **T** The IGS should authenticate itself to all people and computer systems that establish a connection.
- ii) **T** All transactions involving third party organisations should be logged to an appropriate audit file.

5.8 Database and Information

5.8.1 Data Recovery

T In the event of a failure, the IGS should be able to recover all critical information from the time of the last backup to the point in time at which the system failure occurred (no time limit is specified).

T When two or more computer systems are linked, the restart/recovery of either computer system should not adversely affect the process of all wagering activities between the two systems. *E.g. wagering transactions are not to be lost or duplicated because of recovery of one system or the other.*

T The IGS shall treat all transactions involving monies as vital information to be recovered in the event of a failure.

I The IGS shall treat records of any game that fails to complete and the reason why the game failed to complete as vital information to be recovered by the IGS in the event of a failure.

5.8.2 Recordable Events

I The IGS should keep records of events, including but not limited to:

- i. Customer registration or customer's account creation and deactivation.
- ii. Changes to customer's registration (e.g. address) or account details (e.g. balance, customer configurable parameters).
- iii. Changes made to game parameters.
- iv. Changes made to jackpot parameters.
- v. New jackpot created.
- vi. Jackpot retired.
- vii. Large wins.
- viii. Jackpot wins.
- ix. Any large transfer of funds.
- x. Loss of communication with an end customer device, as signified by no response to successive polls (intra-net gambling) or a time out.
- xi. Customer exclusion (including exclusion, requests to lift exclusion, and actual lifting of exclusion).

5.8.3 Significant Events

I The IGS should be able to receive and store all significant events from external computer systems that affect game outcome or win amounts.

- i) **I** External computer systems that affect game outcome or win amounts should maintain a log of date and time stamped significant events if they are not transferred immediately to the IGS.
- ii) **I** The IGS should be able to provide a means to view significant events including the ability to search for particular event types.
- iii) **I** The IGS should be able to prioritise events (log, alarm or disable).

5.8.4 Information to be Maintained

I The IGS should retain information sufficient to continue a partially complete game for a defined period. Define the period and detail the risk assessment supporting it. The IGS shall treat this information as vital information to be recovered by the IGS in the event of a failure. *The information required to complete an incomplete game is different from the circumstantial information about the incomplete game and how it was resolved.*

- i) The licensee, Category 1 or Category 2 associate certificate holder should retain gambling information (either archived or on-line as determined by the licensee, Category 1 or Category 2 associate certificate holder) for a period of six years.

- ii) **T** Information to be maintained by the IGS for each customer should include:
 - 1. Customer details (including verification method).
 - 2. Account details and balance.
 - 3. Maximum bet levels and exclusion status.
 - 4. Previous accounts and reason for deactivation.
 - 5. Session information.

- iii) **T** Session information to be maintained by the IGS should include:
 - i. Customer ID.
 - ii. Session start and end time.
 - iii. Customer device details.
 - iv. Total monies wagered for session.
 - v. Total monies won for session.
 - vi. Funds added to account for session (time stamped).
 - vii. Funds withdrawn from account for session (time stamped).
 - viii. Time of last successful poll for session.
 - ix. Reason for session termination.
 - x. Game information for session.

- iv) **T** Game information to be maintained by the IGS should include:
 - i. Customer ID.
 - ii. Game identifier and version.
 - iii. Game play information for all games played.

- v) **T** Game play information to be maintained by the IGS should include:
 - i. Customer ID.
 - ii. Game start time according to IGS, account balance at start of game.
 - iii. Wager for game (time stamped).
 - iv. Contributions to Jackpot pools.
 - v. Game status (in progress, complete, etc.).
 - vi. Game result (time stamped).
 - vii. Jackpot win (if applicable).
 - viii. Game end time according to IGS.
 - ix. Amount won.
 - x. Account balance at end of game.
 - xi. Any game that fails to complete and the reason why the game failed to complete.

- vi) **T** Significant event information to be maintained by the IGS should include:
 - i. Large wins (configurable threshold parameter).
 - ii. Large transfers of funds (single and aggregate over defined time period).
 - iii. Changes made to game parameters.

- iv. Changes made to jackpot parameters.
 - v. New jackpot created.
 - vi. Participant added to or deleted from jackpot participation.
 - vii. Jackpot win occurs.
 - viii. Jackpot retired.
 - ix. Customer exclusion (including exclusion, requests to lift exclusion, and actual lifting of exclusion).
- vii) **T** The customer registration information, banking and payment processing should be maintained on a secure part of the system.
- viii) **T** A customer verification flag should be available to the on-line gaming application. *This flag attached to the customer's record in the database.*
- ix) **T** Details of the customer verification shall be maintained. (If on-line, demonstrate that sensitive customer data is secured.)
- x) **T** The system is to report for each account, for a period of time, upon request:
- i. Deposits.
 - ii. Wagers.
 - iii. Wins.
 - iv. Withdrawn.
 - v. Money sitting in an account for a period of over 90 days.

5.8.5 System and Offsite Logging

i) **Encrypted Audit Logger**

Some licensees, Category 1 or Category 2 associate certificate holders may desire to have unrestricted access to, and make changes to critical parts of the gambling system prior to notification or approval of the Commission. Such submissions will be considered. However, the licensee, Category 1 or Category 2 associate certificate holder must implement compensating procedural and technical controls to enable risk-based audits under such an approval. The compensating controls may involve the monitoring of all root-level activity and direction of audit files to an encrypted government logger. You may contact the Commission for more information.

ii) **Off-Site Data Logger**

Describe the system architecture for off-site logger systems. *The following matters should be addressed when implementing an off-site logger:*

- *Physical security of all off-site loggers.*
- *Maintenance of data at off-site logger. E.g. backup, recovery, etc.*
- *Access control.*
- *Impact on the IGS performance, in case of failure of off-site logger.*
- *Procedures to address general failure of off-site logger.*

5.9 External Wagering Systems

5.9.1 Interface with External Wagering Systems

This section refers to guidelines for event types where wagers placed through the IGS are forwarded to an external wagering system which controls the wagering, processes results, and determines winning wagers. *An example might be the IGS interfacing to a totalisator system. Communications with an external wagering system should meet the guidelines of this section.*

5.9.2 Wagering Process

- i) The external wagering system should communicate acceptance, partial acceptance (and details), or rejection of all wagers placed on the IGS.
- ii) If the external wagering system determines the cost of the wager, there should be a positive confirmation sequence in place to enable:
 - a) the customer to accept the bet cost and
 - b) the IGS to determine that there are enough funds in the customer's account to meet the wager cost.

The IGS shall perform this activity prior to making an offer to an external wagering system.

- iii) The IGS shall debit the customer's account balance of the amount equalling the offer (and cost) to the external wagering system. The IGS shall retain the funds as a pending transaction, and shall log details of the offer to the external wagering system (in accordance with transaction logging guidelines).
- iv) On receipt of acknowledgement of the wager from the external wagering system, the IGS shall log the acknowledgement, and shall make appropriate adjustments to the "pending" account and the customer account (*e.g. if a refund is required due to partial acceptance or rejection of offer*).
- v) The external wagering system shall communicate acknowledgement of acceptance or rejection of cancellation requests from the IGS.
- vi) The IGS shall not credit a customer's account balance until it has received final confirmation from the external wagering system, including the amount of the cancel.

5.9.3 Winner Update

- i) When results are entered and confirmed on the external wagering system, the external wagering system shall transfer each winning wager placed from the IGS system back to the IGS with the amount of the win.
- ii) Upon receiving the external wagering system's win confirmation, the IGS shall update the customer's account with the winning amount.

5.9.4 **1** Wagering Information

- i) If the external wagering system provides jackpot facilities for the IGS, it should periodically pass the current jackpot amounts to the IGS. *Cautionary notes should accompany such projections (especially if cancellations are permitted).*
- ii) If the external wagering system provides fixed price wagering facilities for the IGS where the odds/prize table can be dynamically changed, it should pass the current odds to the IGS whenever any odds are changed.
- iii) The external wagering system should pass change of event status information to the IGS whenever any change occurs including:
 - 1. Withdrawn/reinstated selections.
 - 2. Altered event starting time.
 - 3. Event closed/open.
 - 4. Results entered/modified.
 - 5. Results confirmed.
 - 6. Event abandoned

5.10 Registers

The licensee should maintain registers of essential gambling information. The Commission may request sight of the registers, and on occasion hard copies may have to be provided. *In conjunction with monthly operational reporting requirements, the Commission expects the licensee, Category 1 or Category 2 associate certificate holder will update all registers at least monthly, if they are not maintained in real time. The licensee, Category 1 or Category 2 associate certificate holder may satisfy this requirement by having the ability to generate an automated register on demand. The information required should include the following data:*

- i) *A list of gambling equipment maintained by the licensee, Category 1 or Category 2 associate certificate holder. Games are included within the registry requirement of another ICS section.*

APPENDIX A: INTERNAL CONTROL SYSTEM: COVER PAGE

ALDERNEY GAMBLING CONTROL COMMISSION

INTERNAL CONTROL SYSTEM - COVER PAGE
SECTION 14 OF THE ALDERNEY eGAMBLING ORDINANCE, 2009

The applicant agrees that, by making this submission to the Alderney Gambling Control Commission for evaluation, the applicant indemnifies the Alderney Gambling Control Commission, its duly appointed agents, the Government of the Jurisdiction and the Crown of any claim whatsoever that may arise due to any part for breach of copyright, trademark, or registered name or design which may arise from the distribution of literature (such as rules of play) or the operation of approved gambling equipment. This indemnity relates to any claim from the applicant, the applicant's manufacturer or the applicant's supplier.

SIGNED ON BEHALF OF THE APPLICANT

(Signature)

(Print Name)

Date

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APPENDIX C: BUSINESS ASSOCIATE ('BA')

Overview of Due Diligence Conducted for [insert BA name here]

[insert date here]

The due diligence performed on BAs by [licensee, Category 1 or Category 2 associate certificate holder] may vary from company to company but overall the following areas are expected to be covered in the Company's due diligence checks: The differences may vary depending on if the company is publicly traded, privately held, a government controlled agency or currently licensed in a highly regulated gaming jurisdiction.

The due diligence summary for BA is split into two sections 1) Overview of Company history and financial results [if not an Alderney licensee, Category 1 or Category 2 associate certificate holder] and 2) Overview of [BA]'s Compliance with AML/CFT provisions (including Customer Registration, Identification and Verification Provisions).

1. Overview of [BA]

- **General Company Information**
- **Jurisdiction of Incorporation**
- **Income Statement and Balance sheet**
- **Corporate Structure**
- **Share ownership**
- **Officers and Directors of the Company + Biographies**
- **Subsidiaries and Affiliates**
- **Business Locations**
- **Web sites**
- **Gaming Licenses**
- **Areas of Concern**

Please include outline as to relationship between business associate and the licensee, Category 1 or Category 2 associate certificate holder. *For example if a Category 2 eGambling licensee is effecting transactions on behalf of a business associate, then it would be helpful to have the following information:*

[Licensee or Category 2 associate certificate holder]’s games will be offered through [BA] using the following URLs -

- *[insert list of URLs and other access channels here]*

2. Overview of [BA]’s Compliance with AML/CFT provisions (including Customer Registration, Identification and Verification Provisions)

The following sections outline [BA]’s control process as they pertain to certain sections of [licensee or Category 1 associate certificate holder]’s ICS [this template only contains a sampling of the sections and the suggested format for the data]:

Section From [licensee or Category 1 associate certificate holder] ICS	Process Conducted by [BA]	Process Conducted by [licensee or Category 1 associate certificate holder]
Section 1.8 – Money Laundering and Terrorist Financing	<i>State which jurisdiction’s AML regime BA adheres to, and confirm that licensee or Category 1 associate certificate holder’s due diligence review has established BA’s AML controls as compliant with Alderney requirements in Schedule 4 of the eGambling Ordinance, 2009</i>	<i>Add reference to licensee or Category 1 associate certificate holder’s AML controls in the ICS</i>
3.1.2 – Terms and Conditions	<i>Confirm that licensee or Category 1 associate certificate holder’s due diligence review has established fair BA Terms & Conditions, and add reference to where they can be found</i>	<i>If applicable, confirm that BA Terms & Conditions are complemented by licensee or Category 1 associate certificate holder Terms & Conditions and add reference to licensee T&Cs in the ICS</i>
Section 3.2.1 - Customer Due Diligence	<i>Describe the BA processes for verification of new players and ongoing due diligence</i>	<i>If applicable, describe the licensee or Category 1 associate certificate holder’s additional controls for customer due diligence</i>

Section 3.5 - Customers at Risk / Responsible Gambling

Describe the BA's controls for detecting and preventing problem gambling

Describe the licensee or Category 1 associate certificate holder's additional controls for detecting and preventing problem gambling

APPENDIX D: NOT USED

APPENDIX E: GE Testing Process Using Oscar

Advice for licensees & Certificate Holders DOCUMENT V1.01

- What is this document:** A simple description of how to deal with the testing of new gambling equipment (GE)
- When is it needed:** When there is any doubt about what happens next.
- Who needs to read it:** Change Control Officers, Compliance Managers, Operations Managers, and Release Managers.
- Summary:** For new equipment, the flow is: Application via Oscar -> Testing scope & quotes -> Testing -> Reports -> Approval -> Deploy.

All new Gambling Equipment (GE) needs to be validated as compliant to the satisfaction of the AGCC *prior* to deployment. This is often achieved by third party testing of the hardware setup and the software. It is important that the correct procedure be followed to allow due consideration by the AGCC. The AGCC has a web base submission system for changes called Oscar. Fees are applicable for the submission of new games and changes, either through Oscar or manually.

Note that a similar process is followed prior to deployment of changes to the GE.

It is not possible to guarantee a timeframe for this process; however the AGCC will always endeavour to proceed in a timely manner. The AGCC is driven by the need to ensure game fairness and player protection, and not by projected release dates.

When new GE is proposed, then the following general steps need to be followed:

- 1) **Send** the “Approval of Gambling Equipment” form (“in Principal” form for certificate holders) via the RSA secured portal into Oscar that is provided for your Licence.
- 2) **Attach** A simple functional specification of the change, or game etc. that would give the AGCC an indication of what is being done to the form in Oscar. Also include any and all documents that you believe would be relevant.
- 3) A **Testing Scope of work** will be created by the AGCC, and it put out a request for quote (RFQ) to a number of testing houses, who hold a Non Disclosure Agreement with the AGCC – This often involves allowing the testing houses to discuss the system with the licensee, Category 1 or Category 2 associate certificate holder to facilitate a proper quote. In other words, the testing houses are put in contact with the licensee or certificate holder.
- 4) A **Deposit** is to be lodged with the AGCC to cover the costs. A typical Initial deposit is £5000, but this may vary. This can be discussed with the AGCC, as funds may already be available.
- 5) **Choose a quote** from those supplied by the Testing Houses, and are acceptable to the AGCC.
- 6) **The AGCC** then approves the scope of work & signs a contract with the testing house to allow the work to begin. The scope cannot be changed, except by consultation with the AGCC.

- 7) **Reports** from the testing house go to the AGCC and the licensee, Category 1 or Category 2 associate certificate holder – any progress payments are made by the AGCC from the deposits held on your behalf by the AGCC (note that more funds for the testing deposit may be requested from time to time during testing) Changes may be required to be made to the systems under test to ensure it passes compliance testing.
- 8) A **final report** is tendered at the conclusion of contracted testing by the testing house, which will include a recommendation to the AGCC – this report will also be sent to the licensee or certificate holder.
- 9) **Consideration** is given to the report by the AGCC, with a view to allowing it to be deployed.
- 10) **Authorisation** will be given in the form of a letter, if the changes are deemed to be acceptable. This letter serves as authorisation to deploy the eGambling Equipment. A formal certificate will follow. An initial approval will be sent automatically from Oscar.

Note: If the licensee, Category 1 or Category 2 associate certificate holder has a preferred external & independent testing house that they would like to use, the licensee or certificate holder may inform the AGCC. If they are acceptable to the AGCC then steps 3 & 4 above may be able to be streamlined.



Alderney Gambling Control Commission

AML/CFT Questionnaire

<Name of regulated Alderney entity>

<Date>

Index

A. Guidance on documenting your AML/CFT program

B. Corporate Governance

C. Policies, Procedures, Controls and Effectiveness

1. Standard Risk Relationships

2. High Risk Relationships

D. MLRO

E. Employee Screening and Training

A. Guidance on completing this AML/CFT Questionnaire

The purpose of this AML/CFT Questionnaire is to set out the key elements of your business' AML/CFT infrastructure in one document, and to enable the Commission's Inspection Team to familiarize themselves with the AML/CFT infrastructure of your business in advance of the visit.

Please note that the completion of this AML/CFT Questionnaire is required in paragraph 1.8 of the ICS Guidelines and it must form part of, and be documented in, each licensee's internal control system.

References to the "**Regulations**" in this Questionnaire relate to the Alderney eGambling Regulations 2009, as amended.

References to the "**AML/CFT Requirements**" relates to the ML/FT requirements set out in Schedule 4 of the Alderney eGambling Ordinance, 2009 and the associated regulations of the Alderney eGambling Regulations 2009, as amended.

For definitions of the terms used within this Questionnaire, reference should be made to Schedule 4 of the Alderney eGambling Ordinance, 2009.

1. This Questionnaire is to be completed by the Board and where relevant the Money Laundering Reporting Officer and added to the licensee or Category 1 associate certificate holder's internal control system document. In addition, it is to be updated and returned to the Commission by the date specified in the inspection letter. References in this Questionnaire to the Board include any equivalent body, i.e. Partners or Principals of the business.
2. Please provide responses to all questions. If the question is not relevant to the business, please state 'not applicable' in the 'Response' column.
3. Please cross-reference the response in the 'Response' column to the corresponding document(s) and the relevant section and page of the document(s) provided in the internal control system document or in the document(s) provided in support of the inspection letter response.

Should an electronic copy of this Questionnaire, or any further guidance in its completion be required, please contact the Commission either by email to your Relationship Manager or by telephone on 01481 825500.

B. Corporate Governance

In addition to the information requested within the questions below, please provide the following items:

- Latest final or draft internal and external audit reports that include AML/CFT controls, where applicable
- Business Risk Assessment (Paragraph 2, Schedule 4 to the Ordinance and ICS guidelines 1.8.3) together with evidence of the Board’s approval of the Business Risk Assessment
- Outsourcing Policy & Procedures, where applicable
- Organogram; a drawing or plan that gives the names and job titles of all the staff in an organisation or department, showing how they are connected to each other

Please ensure that the items provided are the most current versions.

Item	Question	Response (or cross-reference to ICS section)	Relevant section and page of the supporting documentation
	<i>Associates, Branch offices or Subsidiaries (Paragraph 14 of Ord Sch 4)</i>		
1 a.	Does the business have any associates, branch offices or subsidiaries outside of Alderney?		
b.	If so, please describe how the business ensures that such associates, branch offices or subsidiaries demonstrate compliance with the AML/CFT Requirements and the relevant Bailiwick and Alderney AML/CFT legislation in accordance with paragraph 14 of Ord Sch 4?		
c.	Describe the procedure for retrieving records held outside the Bailiwick and describe how the business tests that the records are readily retrievable.		

	<i>Outsourcing</i>		
2 a.	Does the business outsource any AML/CFT functions?		
b.	If so, please describe the assessment and monitoring of the outsourced AML/CFT function including compliance with Bailiwick and Alderney legislation.		
	<i>Record Keeping (Paragraph 12 of Ord Sch 4)</i>		
3.	How long does the business keep account of AML/CFT records required under paragraph 12 of Ord Sch 4 ?		
4.	Where the business is required, in accordance with the Regulations, to provide a transaction document or any CDD information, does the business maintain a register of information provided (together with a copy of the documentation provided)?		
5.	In what manner or form are the business AML/CFT records maintained?		
6.	What procedures and controls do you have in place to ensure that records are prepared and maintained correctly (i.e. for the correct length of time and in a readily retrievable form)?		
7.	Please describe how the business ensures that documents are made available on a timely basis in accordance with paragraph 12(5) of Ord Sch 4 ?		
	<i>Business Risk Assessments (Paragraphs 2 and 12 of Ord Sch 4)</i>		
8 a.	Who is responsible for carrying out the Business Risk Assessment (BRA)?		
b.	When was the BRA last reviewed by the Board?		

c.	How often is the BRA reviewed by the Board?		
d.	Has the Board approved the current BRA?		
e.	Does the business keep records of the reviews? If so, for how long are such records kept?		
<i>Board Review of AML/CFT Requirements(Paragraph 13(e) and 13(f) of Ord Sch 4)</i>			
9 a.	Paragraph 13(e) of Ord Sch 4 to the Regulations states that the Board must establish and maintain an effective policy for reviewing compliance with the AML/CFT Requirements under the Regulations. Describe the measures taken by the Board to achieve this and ensure its policy remains effective and appropriate for the business		
b.	When was the last review undertaken?		
c.	Upon what frequency is a review performed?		
10 a.	Describe the process by which the Board are informed of any non-compliance or deficiencies		
b.	Have any deficiencies been reported during the last 12 months?		
c.	Provide documentary evidence of how the issues were reported and corrected		
<i>Testing/Audit of AML/CFT Policies & Procedures (Paragraph 14(e) of Ord Sch 4)</i>			

11.	Describe how the business's AML/CFT policies, procedures and controls are monitored and tested and what frequency they are tested		
12 a.	Describe how the business meets the requirement to maintain an adequately resourced and independent audit function to test compliance with the AML/CFT Requirements.		
b.	Please include information on the independent audit function and how it is resourced.		
13 a.	Have there been any internal and external audit recommendations made in relation to the AML/CFT controls in the last two years?		
b.	If so, please provide a copy of those audit recommendations		
14 a.	Does the business keep records of any minutes or other documents prepared in relation to the Board review of its compliance with AML/CFT Policies & Procedures and the independent audit?		
b.	If so, how long are such documents kept for?		
	<i>Resources</i>		
15 a.	Does the business consider that it has sufficient resources in place to ensure its responsibilities under the Regulations are complied with?		
b.	If so how is this demonstrated?		
	<i>Communication of Policies and Procedures</i>		
16.	Describe how the Board ensures that employees are aware of the AML/CFT policies and procedures.		

C. Policies, Procedures, Controls and Effectiveness

In addition to the information requested within the questions below, please provide the following items:

- Board minutes from the last 12 months demonstrating consideration of the AML/CFT policies, procedures and controls.
- The latest AML/CFT procedures and any customer take-on/due diligence checklists
- PEP Policy / Procedures, if applicable
- PEP Register, if applicable

Please ensure that the items provided are the most current versions.

Item	Question	Response (or cross-reference to ICS section)	Relevant section and page of the supporting documentation
	<i>Internal Policies, Procedures and Controls (Regulation 175, Paragraphs 12(4), 13(b), 13(c) of Ord Sch 4)</i>		
17.	Date of current AML/CFT policies, procedures and controls.		
18 a.	Does the business have internal policies, procedures and controls contained within the internal control system which are appropriate and effective for the purposes of forestalling, preventing and detecting ML/TF?		
b.	Do they include the policies, procedures and controls set out in regulation 175(3) of the Regulations?		
19.	Has the business established policies and procedures to address the specific risks associated with non face to face customer relationships or transactions inherent in the eGambling industry?		

20.	Describe how the business takes appropriate measures to keep abreast of and guard against the use of technological developments and new methodologies in ML/TF schemes?		
21.	Does the business keep records of its policies, procedures and controls required under the Regulations (including previous iterations of its internal control system)? If so, how long does it keep such records for?		
	<i>Customer relationships</i>		
22 a.	How many customer relationships do you have?		
b.	Within the Alderney eGambling regime customer relationships and gambling transactions are classified as either standard risk or high risk; the concept of low risk does not exist. What number and percentage of customer relationships and gambling transactions have been identified as (i) standard risk; (ii) high risk?		
c.	What number and percentage of your total customer relationships have been taken on in the past 12 months?		
	<i>Customer risk assessments (Regulations 227 and 229)</i>		
23 a.	Describe how the assessment of risk for each customer relationship is reached i.e. high or standard?		
b.	How is this demonstrated and how does it differ between risk categories?		

c.	Has a risk assessment (in accordance with regulation 227) been carried out on all existing customers?		
d.	Where you are not being successful in obtaining information to evaluate risk level of a customer what action are you taking?		
e.	What is documented on the results of the risk assessments undertaken?		
24.	On what basis and frequency is on-going re-assessment of customer risk ratings undertaken?		
	<i>Customer Due Diligence ("CDD") (Paragraph 3 of Ord Sch 4)</i>		
25.	When does the business undertake CDD measures?		
26 a.	Has CDD been conducted on all customer relationships?		
b.	Has your business carried out a review to ensure that all of the necessary CDD information is in place?		
	<i>Timing of identification and verification (Paragraph 5 of Ord Sch 4)</i>		
27.	Are there circumstances when the verification of the identity of the customer is completed following the establishment of the customer relationship? If so, what procedures are in place in accordance with Ord Sch 4 5(c)?		
	<i>Customer Due Diligence Measures: Identification and Verification (Regulations 227 and 228, Paragraphs 3, 4 of Ord Sch 4)</i>		
28.	Describe how customers are identified and verified.		

29.	If the customer is not an individual (i.e. legal body such as a company or trust), please describe how the above identification and verification procedures vary.		
30.	Describe the process that is in place for determining the purpose and intended nature of a customer relationship.		
31.	Do you verify the ID of signatories to an account (including POAs, 3rd party mandate-holders etc)?		
32.	Do you have any customers who are not individuals? (e.g. legal bodies such as companies or partnerships?)		
33 a.	Are there any exceptions to customer take-on policies?		
b.	If so, provide details of this exception policy		
	<i>Customer Identification and Verification Systems (Paragraph 7 and 13 of Ord Sch 4)</i>		
34 a.	Describe when identification verification software is supplemented with additional forms of CDD and identity verification procedures?		
b.	Describe the procedures and processes that you have in place to ensure that additional verification methods are used in those instances.		
c.	Describe what additional forms of CDD and identity verification procedures are utilized.		
35.	Describe any additional methods and measures that have been taken in relation to client identification in order to manage and mitigate the specific risks of non face to face customer relationships or transactions inherent in the eGambling industry.		

	<i>Non Compliance with Customer Due Diligence Measures (Paragraph 6 of Ord Sch 4)</i>		
36.	Describe the process that is undertaken if a (potential) customer cannot be verified /CDD measures cannot be complied with?		
	<i>Anonymous Accounts/Accounts in Fictitious Names (Regulation 228)</i>		
37.	Has the business set up any anonymous customer accounts or accounts in fictitious names?		
	<i>Cash</i>		
38.	Does the business accept cash or make cash available to customers?		
	<i>Monitoring - Standard and High Risk (Paragraph 9 and 12 of Ord Sch 4)</i>		
39.	Are transactions and customers monitored for suspicious transactions?		
40.	How does the business record information, including the background and purpose of any unusually large or complex transactions, unusual pattern of transactions, or transactions arising from a country that doesn't or insufficiently applies the FATF Recommendations, so the business can monitor the customer relationship on an ongoing basis?		
41.	How does the business record and store identification data so that it facilitates the ongoing monitoring of customer relationships?		
42.	How does the business ensure that a transaction or activity is consistent with the business' understanding of the customer, and their risk profile?		

43.	Does the business record any findings made when performing its ongoing and effective monitoring? How long are these records kept for?		
44.	How do you determine activity triggers and thresholds to measure risk in the areas of deposits, withdrawals and gambling transactions?		
45.	Describe what methods and measures have been taken in relation to ongoing monitoring in order to manage and mitigate the specific risks of non face to face customer relationships or transactions inherent in the eGambling industry.		
46.	Describe the processes that are in place to ensure ongoing and effective monitoring of gambling transactions takes place when the business' customers effect gambling transactions on a platform operated by a Category 2 eGambling licensee or Category 2 associate certificate holder?		
47.	In accordance with Ord Sch 4 9(5) , where the business' customers effect gambling transactions on a platform operated by a Category 2 eGambling licensee or Category 2 associate certificate holder, does the Category 2 eGambling licensee or Category 2 associate certificate holder communicate its written findings to your MLRO?		
	<i>AGCC Notices, Instructions, Guidance (Paragraph 13 of Ord Sch 4)</i>		
48 a.	Describe the procedure for dealing and complying with notices, guidance, instructions or counter measures received from or published by the Commission.		

b.	How is this information disseminated to the Board and staff when appropriate?		
	<i>Intermediaries</i>		
49 a.	Do you treat any intermediaries as the customer?		
b.	What due diligence is conducted on intermediaries?		
c.	If so, describe in what circumstances.		

C.1 Standard Risk Relationships

Item	Question	Response (or cross-reference to ICS section)	Relevant section and page of the supporting documentation
	<i>Monitoring (Paragraph 9 o Ord Sch 4)</i>		
50.	Describe what monitoring is performed on standard risk relationships		
51.	Describe the procedure for monitoring transactions and customers.		
52.	How often/when does monitoring occur in standard risk relationships?		
53.	How is monitoring undertaken either manual procedures or computerised systems? Are exception reports used?		
54.	What ongoing CDD requirements do you have in place? Do you use trigger events as part of the ongoing monitoring?		

C.2 High Risk Relationships

	Question	Response (or cross-reference to ICS section)	Relevant section and page of the supporting documentation
55.	Describe the procedures to assess, control and monitor high risk relationships.		
	<i>Enhanced customer Due diligence (Paragraph 4 of Ord Sch 4)</i>		
56.	In relation to which customer relationships does the business carry out enhanced CDD?		
57.	Describe the enhanced CDD procedure for establishing, or continuing, a relationship with high risk customers.		
	<i>Politically Exposed Persons (PEPs) (Paragraph 4(3) of Ord Sch 4)</i>		
58.	A PEP is defined in Ord Sch 4 . What number of high risk relationships have been identified as including one or more PEPs? Please state the number of: a. Foreign PEPs b. Domestic PEPs c. Members of International Organisations with a prominent function		
59.	What procedures and controls does your business have in place to identify PEPs? a. Foreign PEPs b. Domestic PEPs c. Members of International Organisations with a prominent function		

60.	Describe the approval and sign-off procedures for the acceptance of PEPs.		
60 a.	PEPs are no longer to be treated as PEPs for the length of their customer relationship with your business. Describe the controls in place to determine whether a customer who is a PEP will no longer be treated as such.		
<i>High risk jurisdictions and products/services</i>			

61.	From which jurisdictions do the high risk relationships normally emanate?		
62 a.	Which products and/or services offered by the business are perceived to hold the greatest AML/CFT risks and why?		
b.	Describe what controls are in place to mitigate these risks		
	<i>Monitoring (Paragraph 9 of Ord Sch 4)</i>		
63.	Describe what monitoring is performed on high risk relationships.		
64.	How often/when does monitoring occur in high risk relationships?		
65.	Where any one aspect of the customer relationship is considered to carry a high risk is that relationship always categorised as high risk?		
	<i>Third Party Payments</i>		
66 a.	Is there a policy for remitting third party payments?		
b.	If so, describe the policy and how it mitigates the associated risks		
	<i>Record Keeping (Paragraph 12 of Ord Sch 4)</i>		
67.	Describe the policy and procedure for record keeping for high risk customer relationships and for transactions		
	<i>UN and EU Sanctions – Targeted financial sanctions and proliferation financing</i>		

68 a.	<p>Terrorist financing/Targeted financial sanctions</p> <p>How does the business check that it is meeting the requirements of the Sanctions (Bailiwick of Guernsey) Law, 2018 and any Regulations made under it and the Sanctions (Implementation of UK Regimes) (Bailiwick of Guernsey)(Brexit) Regulations, 2020, regarding not transacting with persons on the asset freeze target lists?</p>		
b.	Describe the procedure for sanctions screening.		
c.	Describe the monitoring method(s) used to identify if a customer is subject to sanctions within 24 hours of designation		
d.	How is information regarding sanctions disseminated to the staff and Board?		
e.	<p>Proliferation financing</p> <p>How does the business check that it is meeting the requirements of the Sanctions (Bailiwick of Guernsey) Law, 2018 (“the Sanctions Law”) regarding not transacting with persons on the asset freeze target lists in respect of proliferation financing?</p>		
f.	Describe the procedure for proliferation sanctions screening.		
g.	Describe the monitoring method(s) used to identify if a customer is subject to proliferation financing sanctions within 24 hours of designation		
h.	How is information regarding proliferation financing sanctions disseminated to the staff and Board?		

D. MLRO

In addition to the information requested within the questions below, please provide the following items:

- MLRO Reports made to the Board within the last 12 months

Please ensure that the items provided are the most current versions.

Item	Question	Response (or cross-reference to ICS section)	Relevant section and page of the supporting documentation
	<i>Appointment of MLCO (Paragraph 13(a) Ord Sch 4)</i>		
69(i)	Who has been appointed MLCO?		
69(ii)	Describe the how the MLCO performs their role and resources available for such performance.		
69(iii)	Does the MLCO have any other role? If so, describe how the business manages any conflict of interest and how the roles are managed to ensure that they can be carried out adequately.		
69(iv)	How does the business meet the requirement of the Regulations regarding notification of MLCO appointments to the Commission and the Financial Intelligence Service?		
	<i>Appointment of MLRO/Nominated Officer (Paragraph 10 of Ord Sch 4)</i>		
69 a.	Who has been appointed as the MLRO?		
b.	Who has been appointed as the nominated officer (NO) to receive disclosures in the MLRO's absence?		
70.	Describe the resources available for the MLRO to adequately perform their duties.		

71.	Describe how employees are made aware of the name of the MLRO and nominated officer.		
72.	How does the business meet the requirement of the Regulations regarding notification of MLRO and NO appointments to the Commission and the Financial Intelligence Service?		
	<i>Suspicious: Processes and Reporting (Paragraph 10 of Ord Sch 4)</i>		
73.	What is the process for staff when they form a suspicion?		
74.	Is an internal suspicion reporting form available for staff to document their suspicion?		
75.	Is the register of internal disclosures (reports from staff to MLRO) reviewed and updated periodically to reflect the current position of each disclosure and of the business relationship?		
76 a.	Do the procedures contain reference to the provisions of the Disclosure Law and the Terrorism Law?		
b.	Are appropriate and effective procedures and controls in place to ensure compliance with the requirements to make disclosures under the Disclosure Law and Terrorism Law?		
77.	Is there a policy requiring the MLRO to report suspicions to the parent or group, if applicable?		
78 a.	Has the business declined to register any customers or terminated any customer relationships due to suspicion of ML/TF?		
b.	Has the business ever reported declined customers to the Financial Intelligence Service?		

79.	Are the STRs made to the Financial Intelligence Service in the correct format required under the Commission's guidance?		
80.	Which staff members have authorization to access the Financial Intelligence Service's Themis system?		
81.	Is there a documented rationale for the MLRO's decision to make/not make an STR?		
82.	What procedures are in place to ensure that the MLRO is given prompt access to information which may be of assistance in considering an internal report?		
83 a.	How many internal suspicion reports have been submitted to the MLRO during the past 12 months?		
b.	How many disclosures of suspicion have been made by the MLRO to the Financial Intelligence Service and the Commission during the past 12 months?		
	<i>Monitoring</i>		
84.	Describe the process in place to ensure that the MLRO monitors the business relationship where disclosures have been made to the Financial Intelligence Service and the Commission.		
85 a.	Describe the measures you have in place to monitor the outcome of STRs		
b.	Describe the measures in place to ensure that senior management are aware of issues arising from such reports		
	<i>Recording (Paragraph 12 of Ord Sch 4)</i>		
86 a.	Describe how decisions to report suspicions to the Financial Intelligence Service and the Commission are documented		

b.	Describe how decisions not to report suspicions to the Financial Intelligence Service and the Commission are documented?		
87 a.	Is there a register of (a) internal suspicion reports submitted by staff to MLRO and (b) STRs submitted by MLRO to the Financial Intelligence Service and the Commission?		
b.	How long are the reports kept for?		
	<i>Corporate Governance</i>		
88 a.	To whom does the MLRO Report?		
b.	Are there any conflicts of interest in your organogram?		
c.	Describe how the MLRO maintains regular and direct access to the Board		
	<i>Training</i>		
89.	Describe how the MLRO maintains an awareness of AML/CFT legislation and/or global developments in the sector		

E. Employee Screening and Training

In addition to the information requested within the questions below, please provide the following items:

- The latest AML/CFT training log

Please ensure that the items provided are the most current versions.

Item	Question	Response (or cross-reference to ICS section)	Relevant section and page of the supporting documentation
	<i>Screening (Paragraph 11 of Ord Sch 4)</i>		
90 a.	Describe screening requirements for new employees		
b.	Are Police Checks considered?		
c.	Are any references taken?		
	<i>Training (Paragraphs 11 of Ord Sch 4)</i>		
91 a.	Describe what the standard AML/CFT training program consists of		
b.	Are the AML offences and potential criminal liability of employees detailed in AML/CFT training?		
c.	How does the business ensure that staff are aware of AML/CFT legislation?		
d.	Is training given in relation to PEPs?		
e.	Are employees trained on the detection of unusual or suspicious transactions, and the internal reporting of such transactions to the MLRO?		
f.	Are employees trained on the current ML/TF techniques, trends and typologies? If so, describe how the AML/CFT training provided takes account of local regulatory requirements and the		

	latest technological developments in ML/TF		
g.	Are employees trained on the CDD requirements?		
92 a.	Confirm that all of your employees are required to complete the AML/CFT training program.		
b.	Describe the process for ensuring that relevant employees undertake additional AML/CFT training(i.e. "relevant employees" under the Regulations) (Ord Sch 4 [11](1)(c)).		
93 a.	Describe if/how the training varies depending on the nature of the employees' role or responsibilities.		
b.	Do the Board and senior management receive additional training (specific to their responsibilities)? If yes, what additional training is received?		
c.	Does the MLRO/nominated officer receive additional training (specific to their responsibilities)? If yes, what additional training is received? Do MLROs/nominated officers receive training on making disclosures (i.e. STRs) under the Disclosure and Terrorism Law?		
d.	How do you ensure that staff training is adequate and relevant to those being trained?		
94.	Who is responsible for AML/CFT training?		
95 a.	How often is AML/CFT training provided?		
b.	Within what timeframe are new employees required to have completed their AML/CFT training?		
96.	How is effectiveness of AML/CFT training assessed?		

97.	If there is an outsourcing agreement in place do you have controls in place to check the effectiveness of the procedures of the third party in ensuring employee competence and probity?		
	Records (<i>Paragraphs 12 of Ord Sch 4</i>)		
98.	What AML/CFT training record does the business keep and for how long?		

GLOSSARY

Words used in these guidelines have the meanings attributed to them in the Ordinance and the Regulations.

Term or Abbreviation	Description
ADML (Access Dynamic Mark-Up Language)	This is an extension to HTML, which enables the inclusion of Dynamic Data and control statements in HTML files. These files are processed by the WPS, to produce standard HTML files for delivery to client browsers.
Alderney Gambling Control Commission	Responsible for the awarding and supervision of eGambling Licences in Alderney.
Applicant	An applicant for a Licence or associate certificate. See also Operator
Approval	The legal act of approving gambling equipment or system
Autoplay	A feature whereby the customer can nominate to play games without having to manually activate each game play.
Back-end	The computer(s) that the customer's computer communicates with over a network to navigate the site and play games. The Gaming Operator manages it.
Baseline	An administrative method in taking a snapshot of an evolving system (and in some cases defining what portions of the system can be changed without approval).
Broadcast domain	The set of computer systems that is able to communicate with one another using network level broadcast packets. An example of a broadcast domain is an IP subnet.
Business Associate	<p>A business associate who is not Certified or Licensed by the Commission. It most often is a separate entity (irrespective of whether the Commission has previously licensed, certified or recognized it) that operates an IGS separate from the licensee, including those operated outside the jurisdiction of the Commission whereby:</p> <ul style="list-style-type: none"> • The Business Associate allows its customers to access the licensee's IGS for gambling purposes, or • The licensee or Category 1 associate certificate holder allows its customers to access the Business Associate's IGS for gambling purposes, including multi-customer games.

Term or Abbreviation	Description
CDD	Customer Due Diligence
Collusion	Refers to the practice of two or more customers and/or gaming operation staff working together to attempt to determine or affect the outcome of a P2P game.
Commission	Alderney Gambling Control Commission.
Contributions	The financial method by which jackpot pools are funded.
Critical Component	Any sub-system whose failure or compromise can lead to loss of customer entitlements or unauthorised access to data used for generating reports.
Croupier	A set of modules that generate the game result(s). The modules reside in the Back-end, and generate the result(s) when called to do so by the game/Front-end. The croupier uses an external Random Number Generator to generate the game results.
Digital Certificate	A set of data, which can be used to verify the identity of an entity by reference to a trusted third party (the Certification Authority). Digital certificates are often used to authenticate messages for nonrepudiation purposes. One of the attributes of a digital certificate is that it cannot be modified without compromising its internal consistency. X.509 certificates are an example of a digital certificate.
DNS (Domain Name System)	The globally distributed Internet database which, amongst other things, maps machine names to IP numbers and vice-versa.
Effective bandwidth	The amount of data that actually can be transferred across a network per unit of time. The effective bandwidth through the Internet is usually considerably lower than the bandwidth of any of the constituent links.
Enhanced CDD	Enhanced Customer Due Diligence
e-Gambling	A term used to encapsulate all forms of communication-based gambling. The most common usage being Internet.
Front-end	The customer's computer. The customer's browser and the game software run on the Front-end.
Game	A game is a set of rules that a gaming machine or system follows major constituents of a game are rules, artwork (virtual or static and inclusive of game symbols and payable), winning combinations and game symbol distribution

Term or Abbreviation	Description
Game Symbols	The variable information that is displayed to the customer, which determines the winning or losing of a play and the amount won. Examples are spinning reel symbols, cards, balls, dice etc.
GFIS	Guernsey Financial Intelligence Service
Hotlink	A word or graphic on an HTML page which, if clicked, causes a Different HTML page to be displayed.
HTML	HyperText Markup Language. The coding language used to create Hypertext documents for use on the World Wide Web. HTML files are meant to be viewed using a World Wide Web Client Programme, such as Netscape or Mosaic.
HTTP (Hyper-Text Transfer Protocol)	Simple protocol that allows web pages to be transferred from the Web Server to a client.
IGS	Internet Gaming System.
Increment Rate	The portion of the jackpot contributions that are incrementing the jackpot sign (as compared to funding the start up value).
Internal Control System	Documented internal controls and procedures of how the business operates and minimizes business risk.
Internet Gambling	A term used to encapsulate the activity of gambling performed using the Internet as the communications media. See also, e-Gambling.
IP	Internet Protocol.
LAN	Local Area Network. A computer network limited to the immediate area, usually the same building or floor of a building.
Last Play	The Last play is the most recently completed play.
Licensee	An applicant who has obtained a Licence. See also, Operator.
Link Utilisation	The percentage time that a communications link is engaged in transmitting data.
Metamorphic Game	A game entered into from another game (where generally a higher RTP exists or an accumulated bonus prize results), which the customer should risk money on in order to play.
MIS	Management Information System.
ML	Money laundering
Multi-state game	A game that may have more than one player-initiated step between its start and its end (e.g., Blackjack, in which each card drawn is a separate step and is represented as a separate state).
Operator	A term used to refer to the intending or actual operator of an eGambling system. The Operator may be an Applicant, a licensee, Category 1 or Category 2 associate certificate holder. A Licensed or Certified Operator is not permitted to provide eGambling services unless all Compliance Testing and Evaluation has been undertaken to the satisfaction of the Commission.

Term or Abbreviation	Description
Pay line	A term used to describe a line in a spinning reel game that has been bet on by a customer and it has come up with a winning combination and a prize is awarded to the customer.
Pay table	A set of rules, descriptions or graphical instructions relating to the prize(s) payable for winning combinations.
PIN	Personal Identify Number.
Play	A sequence of actions and states in the gaming machine/system initiated by a customer through a wagering of credits and terminated when all credits wagered have been lost or all winnings have been transferred to the gaming machine/system's total wins meter and the customer's credit meter. A game that triggers a feature (e.g. free games) and any subsequent features (including Gamble) is considered to be part of one play unless all winning credits are transferred to the credit meter before the feature is commenced.
Player	Also, Customer. A person who uses the system over the Internet to play games.
Pool	An accumulated reservoir of jackpot monitory contributions.
Possible Lines	A term used to describe a line of symbols in a reel game that it is possible to bet on.
Protocol	Used to refer to the hardware interface, line discipline and message formats of the communications.
RAM	Random Access Memory.
Revision Number	A term used in Configuration Management Control. A revision number defines a baseline configuration of a system.
RFC	Request For Comments. The name of the result and the process for creating a standard on the Internet. New standards are proposed and published on line, as a Request For Comments. The Internet Engineering Task Force is a consensus-building body that facilitates discussion, and eventually a new standard is established, but the reference number/name for the standard retains the acronym RFC, e.g. the official standard for e-mail is RFC 822.
Risk Assessment	Risk assessment involves comparing the level of risk found during the risk analysis process with established risk criteria, and deciding which risks can be accepted. The output of the risk assessment is a prioritised list of risks for further action
RNG	Random Number Generator, an RNG includes any pseudo-random number generator or other means of selecting a putative random event.
RTP (Return To Player)	The ratio of total wins (including progressives and other features) to the total turnover in a game cycle.
Scatters	Scattered symbols are those which can appear in any visible position on a reel (or reels) and when so, awards the customer a prize.
Start-up	The initial value of the pool at the time the jackpot is started or restarted.

Term or Abbreviation	Description
Substitute	A substitute symbol acts like a wild card.
TA	A Testing Agency accredited by the Commission to perform testing, audits, forensic technical investigations and consulting on behalf of the Commission.
TF	Terrorist Financing
TCP	Transmission Control Protocol
TCP/IP	Transmission Control Protocol/Internet Protocol. This is the suite of protocols that defines the Internet. Originally designed for the UNIX operating system, TCP/IP software is now available for every major kind of computer operating system.
Timestamp	A record of the current value of the system date and time, which is added to a message at the time, the message is created.
Totalisator System	A system which allows pari-mutuel (pooled) betting on racing and sporting events.
UDP	User Datagram Protocol. One of the protocols for data transfer that is part of the TCP/IP suite of protocols. UDP is a "stateless" protocol in that UDP makes no provision for acknowledgement of packets received.
UPS	Un-interrupted Power Supply.
UT	Universal Time.
Version Control	The method by which an evolving approved system is verified to be operating in an approved state.
Virus	"Virus" is the name given to code inserted in a legitimate piece of software where the virus code is written to reproduce by copying itself into other legitimate software. Viruses invariably contain logic bombs, some benign but most definitely malign.
VLAN	Virtual Local Area Network.
VPN	Virtual Private Network. Usually refers to a network in which some of the parts are connected using the public Internet, but the data sent across the Internet is encrypted, so the entire network is "virtually" private.
WAN	Wide Area Network. Any internet or network that covers an area larger than a single building or campus.
Winning Combination	A game result in which one or more winning patterns appear.
Winning Pattern	A pattern which results in a prize being awarded
WPS (Web Presentation Server)	The WPS dynamically generates HTML pages to satisfy requests from clients, making calls to the Online Gaming Systems Back-end as required. The individual pages are created from 'boiler plates' written in ADML.