

Commission issues binary option warning

The GB Gambling Commission (GC) issued a warning on 13 April, concerning the risks posed by unlicensed overseas binary options providers, as regulation of the product is transferred from the GC to the Financial Conduct Authority, which has created an opportunity for unlicensed operators to target UK customers.

The GC stated that it is aware of some cases where customers have been invited to pay a sum of money to unlicensed operators in order to participate in binary options betting schemes, that 'there is a risk that such arrangements could be scams' and advised customers to look out for warning signs.

"Generally, other territories that have looked at the issue in recent times have seen fit to place them under the remit of financial services regulators," said Stephen Kettleby, Partner at DLA Piper. "It removes some of the uncertainties that have caused some headaches for operators unsure how they can provide their products throughout Europe, after grappling with inconsistent regulations."

The potential re-classification of binary options is subject to a consultation, which is open for comments until 18 June.

IN THIS ISSUE
KYC Recent UK developments **03**
Harmonisation IAGR technical standards **06**
The Netherlands **08**
Enforcement Moves to target players **09**
Sweden Proposed licensing system **12**
Virtual Currency **13**
Spain Advertising **14**
Italy Draft law **16**

Retrospective tax for online operators posed in Romania

A proposed amendment to Romania's online gambling legislation that would require online gambling operators to pay retrospective tax on pre-regulatory operations, which is included in the Budget Committee's Report and was passed on 21 April, is now up for consideration by the Deputies Chamber on 29 April.

"There are concerns related to this amendment, some relate to the legality of such a retrospective tax in the context of EU compliance concerns raised by the Romanian online gambling legislation between 24 December 2010 and 13 February 2015, while others are simply envisaging the implications on the Romanian online gambling industry if such a retrospective tax is eventually imposed, as it is expected that many international operators would likely be deterred from obtaining a licence in

Romania," said Cristian Radu, Partner at Tuca Zbarcea Asociatii.

The draft law that will approve Emergency Ordinance number 92/2014, which will amend the primary piece of gambling legislation in Romania, is currently being debated in the Romanian Parliament and further changes, such as the retrospective tax introduced by the Budget, Finance and Banks Committee, may be introduced. The draft secondary legislation, which was notified to the European Commission on 9 April, is also to be approved by the Romanian Government and should take into account any amendments to the Emergency Ordinance.

Regarding how the retrospective tax will be calculated, Ana-Maria Baciu, Partner at Nestor Nestor Diculescu Kingston Peterson explains that "for the moment, it seems that the tax

would be calculated as a licence fee (RON 400,000, approx. €90,000 per year until February 2015, respectively a variable fee, depending on turnover, for the period after February 2015) plus a percentage (the current proposal states 20%) of GGR. However, the period for which the retrospective tax will apply has not yet been determined."

The rationale behind the amendment seems to be the desire of the Romanian government to collect some money from online gambling operators that have accepted players from Romania, whilst lacking the proper authorisation from the Romanian authorities do so. "While we think it is highly likely that the amendment will be adopted into the law, the final format under which such an amendment will be approved will come to light only after the vote in the Deputies Chamber," said Baciu.

Pennsylvania edges closer to welcoming i-gaming in the state

The Pennsylvania House of Representatives passed a resolution on 14 April informing the US Congress of its opposition to the Restoration of America's Wire Act (RAWA), and on 16 April the Pennsylvania House Gaming Oversight Committee held a hearing on the subject of online gaming, which featured testimony on the success of i-gaming in other jurisdictions, and on the technical aspects of online gaming.

"Like the resolution, the hearings taking place demonstrate that lawmakers are

serious about getting things moving in order to pass some i-gaming legislation - for them, at this point the question is not 'if we want online gaming, it's 'how' we want it," said Jeff Ifrah, Founding Partner at Ifrah Law.

A third i-gaming bill, House Bill 920, was introduced to the state legislature's Committee on Gaming Oversight on 6 April by Rep. Tina Davis. "The most notable provision is that HB 920 would require potential online gamblers to register for membership, in person, at one of the state's casinos. This is

interesting because the bill basically states that if it were to be passed right now, only licensed casinos would be permitted to operate i-gaming," adds Ifrah. "There is wording that calls for the creation of licensing standards for i-gaming operators, but the deadline ascribed to this clause is early 2017. This essentially shuts out other operators, including some of the biggest and most successful entities in the industry."

A further hearing on i-gaming will be conducted on 6 May by Pennsylvania lawmakers.