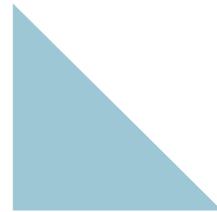


October 2021



RIGHTLANDER

Quarterly Compliance Report



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Staying compliant with Rightlander

Affiliate marketing compliance monitoring is time and resource-intensive. Rightlander helps alleviate these burdens through automated text, link and image monitoring across acquisition channels, identifying potential compliance issues and intellectual property infringements.

Our dedicated team of industry experts is on hand to assist every step of the way. From report setup to data analysis and refinement, we ensure that data outputs are comprehensive, relevant and in line with regulatory guidelines and your company's interpretation of these.

Unlike competitors, Rightlander scans millions, not just thousands of pages each month, ensuring far-reaching coverage. What's more, we don't automatically filter results or make compliance decisions on your behalf - a risky option when your company is the one answering to regulators! So instead, Rightlander presents comprehensive data that puts decision-making in your hands and supports your team through ongoing consultation, education and training.

Contact us to get started today!

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Canada moving towards regulated gambling market

Single event sports betting legalised and gambling operators to apply for licenses - but what does this mean for iGaming?

To date, Canadian's have had limited options in regulated online gambling activities. The choices? Play at provincial government-run gambling sites or turn to regulated off-shore operators in Gibraltar or Malta. But could this be changing?



The passing of the Private Members Bill C-218, An Act to amend the Criminal Code (sports betting - "C-218"), came into force on the 27th of August 2021. This legislation signals the legalisation of single-event sports betting for provincial operators and allows provinces to develop agency/subcontractor relationships.

The new law will effectively enable private companies to operate casinos and sportsbooks, but whether this will apply to online operations is still predominantly a grey area.

The reason for the uncertainty is that under Canada's Criminal Code, all gaming and betting is prohibited unless subject to an exception. One such exception authorises offering gaming and betting products if a

provincial government "conducts and manages" that offering - although the meaning of this definition remains elusive.

British Columbia courts have clarified that the "operating mind" is the entity that is regarded as conducting and managing the activity. Under this interpretation, the operator and not the province would be the operating mind, making operations illegal under the criminal code.

While the federal government and most of the individual provinces have yet to clarify their approach to iGaming under the law, Ontario has already taken a decidedly liberal interpretation of its provincial regulatory authority and is forging ahead with licensing plans.

Canada moving towards a regulated market continued...

Even before the passing of Bill C-218, Ontario established iGaming Ontario, a subsidiary of its provincial gaming regulator, the Alcohol and Gaming Commission of Ontario (the "AGCO").

In September, AGCO released the final sport and event betting standards for iGaming. These have been fully integrated into the [Registrar's Standards for Internet Gaming](#). These standards are expected to come into force when the regulated iGaming market is launched in Ontario and apply to all sports, esports, novelty, betting exchange, and fantasy sports products.

Applications have been open since the 13th of September 2021, and AGCO's roadmap states that the iGaming market will launch in December 2021.

According to the AGCO standards, the following will apply to the marketing and advertising of online gambling in Ontario:

- **Section 1.21:** Operators must ensure that affiliates and independent third parties who engage in direct-to-consumer marketing and promotions, or

player referral services for the operator under contract, in exchange for commissions, or any other form of compensation, may not undertake such activities for unlicensed operators accepting wagers from players in Ontario.

- **Section 2.03:** Advertising, marketing materials and communications shall not target high-risk, underage or self-excluded persons to participate, shall not include underage individuals, and shall not knowingly be communicated or sent to high-risk players.
- **Section 2.04:** Marketing, including advertising and promotions, shall be truthful, shall not mislead players or misrepresent products.
- **Section 2.05:** Advertising and marketing materials that communicate gambling inducements, bonuses and credits are prohibited, except on an operator's gaming site and through direct advertising and marketing, after receiving active player consent.
- **Section 2.06:** Permitted advertising and marketing materials that communicate

Canada moving towards a regulated market continued...

gambling inducements, bonuses, and credits must, at a minimum:

1. **Disclose all material conditions and limitations of the offer** at its first presentation on the gaming site, with all other conditions and limitations no more than one click away.
2. **Not be described as free** unless the inducement, bonus or credit is free. For example, if the player has to risk or lose their own money or if there are conditions attached to their own money, the offer must disclose those terms and may not be described as free.
3. Not be described as risk-free if the player needs to incur any loss

or risk their own money to use or withdraw winnings from the risk-free bet.

- Section 2.13: Individuals shall have the option to take a break in play, in addition to a formal self-exclusion program. Rightlander has seen affiliates promoting ways to circumvent self-exclusion programs. This will be something to watch for here.

Rightlander has recently introduced scanning in Canada and reporting covers the aforementioned regulatory guidelines. Results are reported for both English and French webpages, ensuring coverage across all provinces.

Dutch online gambling regulation initiated after long wait

It's been more of a marathon than a sprint - here's who crossed the finished line and what to expect...

The much-anticipated regulatory framework for online gambling in the Netherlands has officially started, with 10 licenses being issued by The Kansspelautoriteit (KSA). The list of the successful applicants includes:

1. Bet365
2. Betent
3. Bingoal
4. FPO Netherlands BV
5. GGPoker
6. Holland Casino
7. LiveScore Malta
8. Play North Limited
9. Tombola
10. TOTO Online BV

These operators were permitted to legally start accepting bets from Dutch citizens from the 1st of October 2021.

Noticeable absentees

Although numerous applications were made to obtain a license in the Dutch



market, many were unsuccessful in the first round. This leaves these operators having to drastically scramble to avoid essentially being considered part of the black market in the Netherlands.

For many years, whilst the KSA were deliberating their licensing framework, operators were left to decide if they wanted to take the risk and take bets in a 'grey market' or wait it out and hope that eventually licensing would come into force. Well, that day has finally arrived, and many may now wish they had done the latter.

Dutch online gambling regulation continued...

It is understood that unsuccessful applicants will get future opportunities to gain a Dutch online gambling license. However, the KSA is likely to provide feedback on what operators will need to change about their business practices to achieve this.

Rightlander offers a host of scanning solutions to assist in the process of locating affiliate marketing that may need to be reviewed or removed as part of this process and ongoing compliance monitoring efforts.

Focus on Safer Gambling

René Jansen, chairman of the KSA, revealed that it was a very 'high bar' for entry into the legal online gambling market in the Netherlands. He stipulated that operators needed to prove they were committed to preventing gambling-related harm. This is an area that other regulated countries put a strong emphasis on.

Speaking to reporters before the licensing announcement, Jansen said *"High requirements are imposed on a license, including in the field of addiction prevention and consumer protection, and the KSA tests rigorously."*

Additional Advertising Guidance

Licenses categories carry different advertising compliance requirements. On the 1st of October 2021, the KSA released additional advertising guidance applicable to all license holders. This advises that it is illegal to target vulnerable groups such as minors and young adults. With this in mind:

- The use of professional athletes and sports teams in advertisements is prohibited. Sponsorships are excluded from this provision.
- Role models in advertising may not be under the age of 25 and should not have a 'substantial reach' (i.e. more than 30% of their audience is comprised of minors and young adults).
- License holders are obliged to research the reach of the role model among minors and young adults before collaborating with them. All media channels on which the role model is active should be considered when establishing reach, including social media, TV, radio, lectures, interviews in magazines, etc.

**** NOTE:** When assessing whether an advert targets vulnerable groups content, location and time of the advert are examined above reach.

How can Operators prepare for UK Gambling Act review?

Is your business prepared for expected changes?

Depending on what you read or whom you listen to, the upcoming Gambling Act review could be the most impactful reform to gambling legislation in the UK since the introduction of the Gambling Act in 2005.

To date, there has been a slow drip-feed of legislative changes that we can likely expect to see introduced, with the headline-grabbing announcement that football shirt and pitch-side advertising for gambling companies may become a thing of the past. However, speculating on what may be introduced at this stage is nothing more than – well... speculation.

For operators, preparing themselves for the likely outcomes from the Gambling Act review seems a far more effective strategy in reducing business disruption and avoiding any unnecessary scrutiny. On this front, Rightlander is perfectly positioned to assist with compliance monitoring, covering every area from general web and social media monitoring to video and PPC.

So, for what should UK gambling operators be preparing? The following are hot topic areas:



Focus on Responsible Gambling & Player Protection

The cornerstone of the UK Gambling Act review and, possibly the primary reason for it taking place, is the focus on responsible gambling.

A browse through the most recent fines dished out by the Gambling Commission (UKGC) shows an emerging pattern: the regulator no longer wants to hear of players gambling tens of thousands of pounds in minutes or using criminally sourced funds for gambling.

For operators, it is ensuring that:

- Their self-exclusion scheme is clear and visible, not hidden.
- Stake and deposit limits are in place.

How can Operators prepare for UK Gambling Act review cont...

- Source of wealth checks are being carried out.
- KYC and AML checks are fit for purpose.
- Sessions are monitored and players can set their own limits.

These are now deemed standard business practices for modern operators. It will not go unnoticed if all of the above are missing or are being inadequately administered.

Rethinking the loyalty program

There has been much hype around the curtailment of VIP schemes and changes to bonus rules. It is unclear what will happen here following the Gambling Act Review, but operators would be wise to start thinking ahead about how their loyalty programs are structured.

The sun may have set on VIP schemes that lavish fancy gifts and experiences on big-spending players, but that doesn't mean that a new approach will be harmful to your business. Operators need to think about every customer on their books, not just the big spenders. So maybe it's time to move away from

'rewards for spending' and focus more on the customer experience from start to finish.

Getting the advertising right

Much of the speculation about the Gambling Act review is around advertising of gambling products in the UK. Changes in legislation brought about by the Gambling Act in 2005 have seen a gradual increase in gambling advertising across all broadcast types. This obvious target has proven to be a useful hammer with which to hit the industry. Granted, some operators have, on occasion, allowed their ads to appear in front of children or vulnerable people susceptible to problem gambling.

As an operator, it is paramount that every advert is carefully placed. There is a responsibility that comes with advertising gambling products which has a knock-on effect for the whole industry.

Social media, in particular, is a tricky part of the web to navigate. Rightlander is increasingly finding more operators requiring help monitoring social platforms like Facebook and Twitter due to the diverse audiences on these platforms.

How can Operators prepare for UK Gambling Act review cont...

Control the knowns

There is likely to be other legislative measures introduced in the wake of the Gambling Act Review, which could be entirely out of the scope of control for operators.

Rumours of stake limit and game mechanics changes are likely to be unwelcome introductions for any business running casino games.

Whether any of these measures are introduced is entirely out of operators' control, and they would be wise to focus on the 'knowns' - the things they actually can control.

Final thought: Every operator should be using their voice as a UK gambling license holder to encourage more action against black market activity.

This unregulated part of the gambling industry is growing year on year. If it continues to grow, then all the hard work being done on responsible gambling will have been in vain.

The whole point of regulation is about protecting players, but if that regulation merely drives players to unregulated operators, then it will not have achieved its intended purpose.



USA - Regulate or be regulated

As betting explodes across the USA regulators issue stern warnings regarding advertising

In the three short years since the Supreme Court ruling, legal sports betting has quadrupled in the US, and online gambling is taking off. If the projections are anything to go by, this trend looks set to continue in the coming years.

It is estimated that the sports betting market will be worth between \$9.9bn - \$13.2bn in total annual revenue by 2025. In addition, the total revenue from all US online gambling (both online sports betting and iGaming in certain states) looks set to reach \$14.2bn to \$18.9bn in the same time frame.

Along with this explosive growth has come a significant increase in advertising. Millions of dollars are being spent to put wagering opportunities in front of American audiences.

Extensive marketing campaigns include pushes from every angle, including celebrity-filled TV commercials, in-your-face billboards ads, podcasts and sponsorships featuring prominent brands logos' being superimposed in various sports broadcasts. While certain sports events like the NFL are limiting gambling ads - there are still at least six per game.



These promotions have not escaped regulators notice. New Jersey's Department of Gaming Enforcement Director David Rebeck recently cautioned that "*If the industry does not control itself, the government will step in and certainly create standards they may not want.*"

Similarly, in Colorado, where 25 online sports-betting operators are competing for their share of the State's gambling audience, House Speaker Alec Garnett has reportedly fielded complaints from irate viewers.

As a result, he recently stated it might become necessary to impose restrictions on gambling advertising similar to limits on marijuana ads in the State. Garnett echoed Rebeck's statement that if the market didn't solve the problem itself, regulators would need to step in to take action.

USA - Regulate or be regulated cont...

If this action is anything like that taken by regulators in the UK and Europe, US operators will do well to heed the warnings in advance.

Sports betting operators say they are prepared to regulate themselves with a focus on responsible messaging. An industry trade group, the American Gaming Association (AGA), has issued a code of responsible marketing for sports wagering.

Guidelines for advertising across media, including digital media and websites, make provisions for the following:

Respecting the legal age for sports wagering

- Not targeting underage sports fans (this includes the use of imagery, characters or entertainers or music with child-appeal, and avoiding media outlets and mediums with underage followings).
- No sports wagering messages—including logos, trademarks, or brand names—should be used or licensed for use on clothing, toys, games, or game equipment intended primarily for persons below the legal age for sports wagering.

Supporting responsible gaming

- Messages should not promote irresponsible or excessive participation in sports betting.
- Advertising should incorporate a responsible gaming message, along with a toll-free helpline number where practical.
- No message should suggest that social, financial or personal success is guaranteed by engaging in betting activities. Nor should any message imply or suggest any illegal activity of any kind.
- Messages should adhere to contemporary standards of good taste that apply to all commercial messaging.

The code also outlines the monitoring code and review process that operators will be subject to in the event of complaints being received.

For operators moving into the US, Rightlander offers monitoring of the regulated States across web, social, video and PPC. A report of particular interest amongst clients is the identification of affiliates promoting illegal operators alongside licensed brands.

What's happening at Rightlander?

Safer Gambling Week in the UK

In preparation for Safer Gambling Week 2021 (1st - 7th Nov), the team at Rightlander will be taking a look at some of the stats around responsible gambling. Make sure you are following [Rightlander's LinkedIn account](#) to learn more.

Expansion into new GEOs

Rightlander is rapidly expanding its monitoring capabilities in various markets and verticals. We have recently added Australia, Canada, South Africa and the United States to our monitoring coverage, this means that we now do discovery in over 18 countries and counting!

New Rightlander dashboard features

Rightlander prides itself on giving clients what they need to conduct compliance audits with ease. With this in mind we have recently released a few new user interface features including enhanced notes and audit log functions that can be exported to ensure comprehensive records for every action.

Video Monitoring

Rightlander is pleased to announce that we are now able to assist clients monitor streamers, pinpointing the exact time in a video where a brand is featured visually or mentioned.

Contact jonathan.elkin@rightlander.com or your Rightlander account manager to find out how we can help you monitor the above marketing channels and many more.

Email us for more info!

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