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# The Czech Republic: auxiliary legislation and guidelines released

The Czech Ministry of Finance has recently published auxiliary legislation and guidelines following the coming into effect of the Czech Gambling Bill at the start of this year. The legislation includes a Decree in respect of specifics for gambling equipment, while the guidelines attempt to clarify a few matters not fully dealt with by the Gambling Bill, namely maximum hourly losses and the provision of bonuses, as Zdenek Beranek of Peterka & Partners explains.

After several months of delay, the Czech Ministry of Finance has finally published some auxiliary legislation and guidelines related to the Czech Gambling Bill which entered into effect on 1 January 2017.

Among the new regulations, the most important is the Decree specifying the scope of technical parameters for gambling equipment and on gaming and financial data protection. The Decree also concerns gaming software, and requests that the server on which the gambling software is operated is located in dedicated premises for this purpose (a data centrum) and that the operator undertakes measures to protect access to the data centrum and uses certain specific measures for the 'physical' protection of servers.

The equipment for the operation of lotteries, bingo, technical, live and online games during which the win and loss is decided, fully or partially, by random, shall contain a random number generator. The Decree specifies some technical features of such generator.

Also, the operator must ensure that gambling and financial data are stored on the server and further backed up at another place sufficiently far away from the main server. Last but not least, an addendum to the Decree specifies minimum requirements for cryptographic algorithms. A large part of the Decree is dedicated to requirements related to the terminals located in the 'gambling' premises (identification, internal and external security, data connection, and printers etc.).

Besides the Decree, the Ministry also issued two guidelines in response to specific questions which were unclear

under the new Bill. The first guideline relates to the maximum hourly loss. The Gambling Bill contains a notion of highest hourly loss defined as the amount of funds that players may lose in one game position within one hour. It is calculated as the product of the highest possible bet in one game, the highest possible number of games in one hour and a hundredth of a difference of one hundred and the set winning share. The operator shall make the highest hourly loss readable and accessible to the bettor.

The notion of highest hourly loss relates exclusively to the so called technical games, i.e., a game operated through a technical facility directly handled by the bettor (in particular, slot machines, electromechanical roulettes and electromechanical dice). The technical games can be operated as online games. The guidelines specify in detail how the maximum hourly loss is calculated and how the time spent on gambling is taken into account in various situations that may occur during gaming (the bettor changes the type of game within the specified time limit, etc.).

The second set of guidelines deal with the legal nature of the individual transactions provided in and in connection with the operation of gambling. These guidelines clarify which bonuses might be accorded by the operator to the bettor.

As an example, a bonus which is allowed under the Bill may consist of providing financial means without any specific purpose (i.e., the bettor may freely withdraw the provided means without necessarily spending it on betting). The same applies to 'bonuses' consisting of providing bettors whose bets exceed

certain limits with better odds or in providing a specific premium in case of successful bets (for instance by providing that all successful bettors will share some specified bonus on top of their winnings).

On the other hand, the bonus cannot have the form of an amount (credit) dedicated for gaming (the withdrawal of which is conditioned for instance on a certain number of 'uses' in betting). Such a bonus would be considered by the Ministry as a 'non-monetary' bet, which is prohibited by the Bill.

More details about this guideline will be presented in an article to be published in a forthcoming issue of *Online Gambling Lawyer*.

As to the factual approach of the Ministry and its plans for the future, a Deputy of the Ministry declared in a recent interview that the new Gambling Bill has led to a substantial decrease in foreign online gambling operators targeting Czech bettors. The Ministry allegedly fined five operators (with the total amount rising to about €6 million) and two webpages have already been put on a blacklist held by the Ministry. As per the Gambling Bill, the internet service providers operating on the Czech territory are obliged to block access to such webpages and payment service providers must not engage in payment transactions related to the blacklisted accounts.

The Ministry has however not yet finalised the public procurement for the provider of the new register of persons excluded from participation in gambling. A new tender shall be launched in the coming weeks.