



Department
for Culture
Media & Sport

Consultation on Prohibiting Third Party Betting on the Outcome of non-UK EuroMillions

March 2017

Contents

Foreword	3
How to Respond	4
Introduction	5
Betting on Lotteries	6
<i>Background</i>	6
Betting on non-UK EuroMillions draws	8
<i>Implementation</i>	9
<i>Impact on Business</i>	10
Consultation Questions	11

Foreword

The gambling sector is diverse, innovative, and constantly evolving - varying from society lotteries used as a charitable fundraising tool, to large commercial operators, which boost our economy. The Gambling Act 2005 set out different regulatory frameworks so that each of these areas can be regulated appropriately. The National Lottery was established in order to support good cause projects across the UK, and therefore occupies a unique status in this sector. It is not regulated as gambling under the Act, and this distinction is further protected by Section 95 of the Gambling Act, which prohibits betting on The National Lottery.



Government has been made aware that some gambling operators are circumventing this restriction by offering bets on the outcome of EuroMillions draws offered abroad. They are able to do so because EuroMillions is a lottery run in partnership between a number of lottery operators in European countries and is, technically, a separate game in each participating country despite being the same draw.

However betting on these EuroMillions draws is clearly contrary to the spirit and intention of section 95, which seeks to preserve a distinction between betting and The National Lottery. Without further action, we run the risk of further customer confusion and of a potential threat to good cause returns to The National Lottery.

This consultation signals Government's intention to extend the ban on betting to all EuroMillions draws, and in doing so, take precautionary action to protect good cause funds raised by The National Lottery.

We invite submissions from across the betting and lottery sectors, and other interested parties, and particularly welcome feedback from operators which may be affected.

I look forward to hearing your views.

How to Respond

This consultation covers the United Kingdom. We welcome comments on these proposals from all stakeholders who may be interested and all responses will be considered.

The consultation will close at **midday** on May 2 2017.

Please send all responses to lotteryconsultation2017@culture.gov.uk. The consultation questions can be found at the end of this document.

Betting on EuroMillions Consultation
Gambling, Licensing and Lottery Team
DCMS
4th floor
100 Parliament Street
London SW1A 2BQ

When responding, please state whether you are doing so as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled.

Information provided in response to this consultation, including personal information, may also be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 ("FOIA") the Data Protection Act 1998 ("DPA") and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, please identify, and provide explanation for, any information that you consider confidential and do not wish to be disclosed.

If we receive a request for disclosure of the information, we will take account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. It would need to be considered appropriate under the relevant legislation. You should note that many fax and email messages carry, as a matter of course, a statement that the contents are for the eyes only of the intended recipient. In the context of this consultation such appended statements will not be construed as being requests for non-disclosure unless accompanied by an additional specific request for confidentiality.

The Department will process your personal data in accordance with the DPA, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Introduction

Recent years have seen an increasing overlap in the betting and lottery industries. Concerns have been raised that the boundaries between the previously distinct sectors of The National Lottery, gambling products and society lotteries are becoming blurred. This consultation looks at betting on lotteries - specifically EuroMillions - an issue raised by both the DCMS Call for Evidence and the Culture, Media and Sport Select Committee Inquiry into society lotteries, which reported in March 2015.

Section 95 of the Gambling Act sets out a clear prohibition on offering bets on National Lottery draws, yet some operators currently offer bets on EuroMillions draws outside the UK. Such products are clearly at odds with the intention and spirit of s.95 of the Act.

In order to preserve the clear boundary between The National Lottery and gambling that s.95 of the Gambling Act seeks to achieve, and prevent a potential negative impact on National Lottery good cause returns, we propose introducing a licence condition to prohibit operators from offering bets on EuroMillions draws outside the UK.

Further detail on the implementation and impact of the proposal is set out below. We welcome your views.

Betting on Lotteries

Background

Betting on the outcome of lotteries other than The National Lottery has been offered for many years, and represents just 2% of the Gross Gambling Yield (GGY) accounted for by the betting sector. For most operators offering bets on lotteries, the product is one element of a wider portfolio, however it forms the primary offer of a small but growing number of operators. Some link with a charity partner and return an agreed percentage to good causes.

In March 2015, the Culture, Media and Sport Select Committee published its report into society lotteries, looking at the regulatory framework under which such lotteries operate, and limits on sales and prizes. In the course of the Select Committee's inquiry, Camelot, the National Lottery operator, raised concerns about the separate but related issue of betting on lotteries. In response, the Select Committee recommended Government look at three measures:

- *prohibiting betting on lotteries either in betting shops or online*
- *re-defining all bets on lotteries as 'pure' lotteries*
- *improving the clarity of marketing to reduce customer confusion*

The Gambling Commission has since taken steps to reduce customer confusion, including issuing a note to industry, and follow-up compliance work. This action has already resulted in changes to marketing practices. Given the relatively small size of the betting on lotteries market, it would be disproportionate to either ban or reclassify these bets, which offer increased customer choice, and may in some cases raise funds for good causes. Furthermore, the DCMS Call for Evidence on the Lottery sector, which ran from December 2014 to March 2015, saw little support voiced for such a proposal beyond Camelot, the World Lottery Association and some beneficiary organisations of the National Lottery.

We do however intend to take forward measures to introduce a prohibition on betting on non-UK EuroMillions games to bring this into line with the existing prohibition on all other elements of the National Lottery.

Betting on non-UK EuroMillions draws

Section 95 of the Gambling Act 2005 prohibits a holder of a betting licence from offering a bet on the outcome of a lottery which forms part of The National Lottery.

This includes the UK EuroMillions. However, some gambling operators currently offer a bet on the outcome of EuroMillions draws offered abroad (for example, a bet on the outcome of the Spanish EuroMillions draw). This is because EuroMillions is a lottery run in partnership between a number of lottery operators in European countries and is, technically, a separate game in each participating country despite being the same draw.

Consumer confusion

We are concerned that these bets are muddying the 'clear blue water' between betting and The National Lottery, and resulting in customer confusion. In research conducted in relation to a EuroMillions betting product, only 14% of respondents understood that it was a betting product while 61% thought it was a way of participating in the EuroMillions Lottery¹.

The risk of confusion is arguably greater than with other lottery bets, given the prominence of the EuroMillions brand and its association with The National Lottery as a game which forms part of The National Lottery portfolio.

Where operators are profiting from bets taken on non-UK EuroMillions, the Commission can at present only require operators to be transparent with consumers about the nature of the product. This includes asking operators to make clear to consumers that they are offering both offering a bet on a non-UK EuroMillions game, and that they are not entering EuroMillions in the same way as they would by buying a ticket from The National Lottery.

The Commission has advised us that in practice they are concerned that the distinctions are subtle or technical and therefore capable of being easily lost on the average consumer, (for example, small changes in wording from 'play' to 'bet'), particularly where the EuroMillions name is used. They are concerned that consumers are at risk of being confused, even if operators are technically compliant with the law and Gambling Commission guidance referred to above.

Returns to Good Causes

Betting operators can offer bets on EuroMillions that capitalise on the 'life-changing' prize levels offered by The National Lottery, without any obligation to return funds to good causes. Some bets are offered at a lower price than the current cost of a EuroMillions ticket.

¹ Para 80, Camelot research noted [CMS Select Committee Report Society Lotteries 2015](#)

The Gambling Commission consider that there is a latent risk that consumer spend may be diverted from true lottery products. Were betting on EuroMillions to expand and become widespread amongst other operators, there is a risk that EuroMillions sales, and consequently National Lottery good cause returns, may decrease. Given the lack of available data on probable impact, we cannot conclude that this would be inevitable, however the Gambling Commission see this as a potential growth market for gambling operators.

Implementation

We therefore propose introducing a new licence condition, using the power in section 78 of the Gambling Act 2005. The intention is that this condition will mirror s.95 of the Gambling Act 2005 which prohibits betting on the outcome of The National Lottery. This includes EuroMillions UK draws. We intend that this be extended to include betting on all EuroMillions draws including those held in other participating countries. Consistent with s.95 the condition will apply to:

- a general betting operating licence
- a pool betting licence and
- a betting intermediary licence

In drafting the prohibition one option is to adapt the existing wording in article 6 of The National Lottery (Annual Licence Fees) Regulations 2010 (which sets the licence fee in for persons licensed to promote lotteries as part of The National Lottery). This will ensure a consistent approach to defining when lotteries that share a common structure and prizes are to be treated as lotteries promoted as part of The National Lottery.

Impact on Business

The cost of the regulatory proposal to business is assessed at at £0.4m pa to £1.1m pa. Based on advice from the Gambling Commission, our best estimate is £0.4m pa. This includes transition costs of £0.1m in the first year. Further details are available in the accompanying Impact Assessment.

Consultation Questions

How strongly do you agree or disagree with the proposal to prohibit betting on EuroMillions games?

- a) *Strongly agree*
- b) *Agree*
- c) *Neither agree or disagree*
- d) *Disagree*
- e) *Strongly disagree*

Please could you give your reasons why?

If you are responding on behalf of an organisation, please answer the following questions to better inform us of the potential impact on your business.

Thinking about the financial year 2015/16, which category best fits the size of your company?

- a) **Micro** - less than 10 employees and a turnover or under £2 million
- b) **Small** - not more than 50 employees and turnover of not more than £10.2 million
- c) **Medium** - not more than 250 employees and turnover of not more than £36 million
- d) **Large** - more than 250 employees and/or turnover greater than £36 million

Transitional costs

- a) *How much do you estimate that it will **cost** to make the changes to your website*

Below £1000	£1001-£3000	£3001-£5000	£5001+ (please specify)	Don't know

Please provide details on how this cost was calculated.

b) How many **hours** do you estimate that it would take a technical expert to make changes to your website

Less than 1 hour	1 hour or more but less than 5 hours	5 hours or more but less than 10 hours	10 hours or more (please specify)	Don't know

Please provide details on how this time estimation was calculated.

Annual costs

c) the **proportion of your profits** that are due to EuroMillions betting products - (please tick one box):

Less than 5%	5% or more but less than 10%	10% or more but less than 15%	15% or more (please specify)	Don't know

a) Over the **next 5 years** if betting on Euromillions games is **not prohibited**, the proportion of your profits that are due to Euromillions betting products will:

Increase	
Remain the same	
Decrease	
Don't know	

If you ticked **increase** or **decrease**, by what percentage do you estimate your profits will increase?

Less than 3%	3% or more but less than 6%	6% or more but less than 9%	9% or more (please specify)	Don't know

Customer Confusion

Do you consider that there is the potential for customer confusion between betting on EuroMillions products, and the UK National Lottery EuroMillions?

Have you conducted any research into whether there may be customer confusion between betting on EuroMillions products, and the UK National Lottery EuroMillions?

- a) Yes, internal research only*
- b) Yes, externally commissioned research only*
- c) Yes, both internal and externally commissioned research*
- d) No*

Have you taken any steps to reduce potential customer confusion?

Returns to Good Causes

Have you conducted any research into the impact of betting on non-UK EuroMillions on The National Lottery?

If so, what does the research indicate?

- a) There is a **positive impact** on National Lottery sales (please specify)*
- b) **No impact***
- c) There is a **negative impact** on National Lottery sales (please specify)*
- d) Don't know*

Thank you for completing the survey. If you have any research (please include link if available online) or other information that you think would be relevant to this consultation, please send to lotteryconsultation2017@culture.gov.uk