

4 - Regulatory Framework

The Gambling Act 2005 ('the Act') and the National Lottery Act 1993

Section 1(a) of [the Act \(opens in a new tab\)](#) places responsibility on all gambling operators to prevent gambling from being a source of, being associated with crime or disorder, or being used to support crime.

The Commission also regulates the National Lottery under the [National Lottery Act 1993 \(opens in a new tab\)](#) which requires that the National Lottery is (including every lottery that forms part of it) run with all due propriety, and the interests of every participant in a lottery that forms part of the National Lottery are protected.

The Proceeds of Crime Act 2002 (POCA)

[The Proceeds of Crime Act 2002 \(POCA\)](#) places a further obligation on all gambling operators to be alerted to attempts by customers to gamble with or launder money acquired unlawfully and to report such activity to the appropriate authorities. This applies to all forms of money laundering including, for example, 'washing' criminal money, attempting to disguise the criminal source of the funds, or simply using criminal proceeds to fund gambling. It applies to all persons, including gambling operators and their staff, and includes specific obligations to report suspected money laundering to the United Kingdom's Financial Intelligence Unit (UKFIU).

The Terrorism Act 2000 (TACT)

The [Terrorism Act 2000 \(TACT\)](#) [\(opens in a new tab\)](#) establishes several offences concerned with engaging in or facilitating terrorism, as well as raising or possessing funds for terrorist purposes. It applies to all persons, including gambling operators and their staff, and includes specific obligations to report suspected terrorist financing to the United Kingdom's Financial Intelligence Unit (UKFIU).

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the Regulations)

The [Regulations \(PDF\)](#) [\(opens in a new tab\)](#) came into effect on 26 June 2017 (which replaced the Money Laundering Regulations 2007).

The Regulations require remote and non-remote casinos to, for example:

- identify the source of funds for customers and source of wealth and funds for Politically Exposed Persons
- undertake Money Laundering (ML) and Terrorist Financing (TF) risk assessments
- conduct customer and enhanced due diligence checks

- establish policies, procedures and controls and provide employee training to mitigate the risks of Money Laundering (ML) and Terrorist Financing (TF).

As part of the regulated sector, casinos licensed by the Commission are placed under an enhanced set of legal duties as set out under [the Regulations \(PDF\)\(opens in a new tab\)](#). The Regulations were amended on 10th January 2020 because of the implementation of the 5th Money Laundering Directive into UK law, through the updated Money Laundering Regulation's [Statutory Instrument \(opens in a new tab\)](#). For further information on casino businesses' legal duties, please refer to our comprehensive [casino guidance](#). Casino businesses are also reminded that they should have already reviewed and accordingly amended their Money Laundering (ML) and Terrorist Financing (TF) risk assessments as well as the associated policies, procedures, and controls because of the 5th Money Laundering Directive's implementation.

The Gambling Commission's Licence Conditions and Codes of Practice (LCCP)

The risk of crime affects all gambling operators, including those not specified in the Regulations, and they too are required to have regard to [Proceeds of Crime Act \(POCA\)](#) and The Terrorism Act 2000 (TACT), and adopt a risk-based approach consistent with the Commission's Licence Conditions and Codes of Practice ([LCCP](#)), guidance and advice.

Licence condition 12.1.1 requires all operating licensees (except for gaming machine technical and gambling software licensees) to assess the risks of their businesses being used for Money Laundering (ML) and Terrorist Financing (TF). Licensees must also ensure they have appropriate policies, procedures, and controls to prevent Money Laundering (ML) and Terrorist Financing (TF), taken into account in their risk assessment. They must ensure that such policies, procedures, and controls are implemented effectively, kept under review, revised appropriately to ensure that they remain effective, and consider any applicable learning or guidelines published by the Commission.

Financial Action Task Force (FATF)

The Commission continues to base its framework for this and previous assessments upon the Financial Action Task Force (FATF)'s risk assessment methodology. The Financial Action Task Force (FATF) published its [Mutual Evaluation Report \(opens in a new tab\)](#) (MER) of the UK's Anti Money Laundering (AML) and CTF framework, which is evaluated every ten years. Their report, which assessed technical compliance with Financial Action Task Force (FATF) standards (the 40 Recommendations) and effectiveness of a country's Anti Money Laundering (AML)/CTF regime (the 11 Immediate Outcomes) rated the Commission positively and identified us as displaying "...a very strong understanding of risks both at a sector and firm-specific level."

The Sanctions and Anti-Money Laundering Act 2018

At the end of the EU Exit transition period, sanctions will continue to be implemented through the new powers as set out in the [Sanctions and Anti-Money Laundering Act 2018](#)

[\(opens in a new tab\)](#) (SAML A). This will be used to fulfil our international obligations under the UN and impose further sanctions domestically. Sanctions and Anti-Money Laundering Act (SAML A) provides the power for the UK to impose sanctions, including against a person involved in gross human rights abuses or anti-corruption violations.

Risk based approach

A risk-based approach focuses effort where it is most needed and will have the most impact. It requires the full commitment and support of senior management and the active co-operation all employees.

A risk-based approach involves several steps to assess the most proportionate way to manage and mitigate the risks faced by an operator:

1. identifying the Money Laundering (ML) and Terrorist Financing (TF) risks relevant to the operator
2. designing and implementing policies, procedures, and controls to manage and mitigate the risks
3. monitoring and improving the effective operation of these controls
4. recording what has been done and why.

For further information regarding the steps gambling operators should take in applying a risk based approach, please see our [guidance for casino operators](#) and [other operators](#).