



Education and Training Committee

PROPOSED NORM AND STANDARDS FOR GAMBLING REGULATORS AFRICAN FORUM (GRAF)

PREAMBLE

Whereas the members of GRAF are charged with the responsibility of controlling and regulating gambling and all other activities incidental thereto in their respective jurisdictions;

Whereas it is the desire of all GRAF members to fully discharge their responsibilities in a manner that will responsibly advance the economies of their respective countries and eliminate corruptive elements associated with the gambling industry;

Whereas the members of GRAF realize that it is only through cooperation and by joint efforts that they could easily discharge their regulatory duties and achieve their respective national objectives;

Whereas the members of GRAF are aware of each other's particular gambling laws and fully respect the sovereignty of each jurisdiction, nevertheless hereby pledge to work cooperatively hard towards harmonising these gambling legislations;

Whereas members of GRAF agree that it is their considered collective goal to devise a regulatory framework that will enable African countries that have legalized gambling and other related activities incidental thereto to adhere to a common regulatory approach and practice.

Whereas the members of GRAF agree that in order to achieve an orderly cooperation among them and to control and regulate gambling effectively and efficiently in their respective jurisdictions, each accepts and ratifies the Norms and Standards that follow below and endorse as accurate the outlined background that contextualizes them:

Background

1. Gambling is legalized in some parts of Africa. All GRAF members represent some of the jurisdictions where gambling is legalized. By all estimations, the African gambling industry is growing at a high pace.
2. Without exception, in all these countries, gambling and all activities incidental thereto are controlled and regulated by law and associated regulations.
3. However, because each country's gambling laws are informed by the totality of its political, economic and social material conditions, each jurisdiction's sets of gambling laws differ.
4. What might be proper and legal in one country might be improper and illegal in another.
5. Even though the laws may differ from one jurisdiction to the other, ownership of companies that conduct gambling and those that offer activities incidental to gambling are owned and controlled largely by people other than indigenous Africans.
6. There is a present need for the current owners to accelerate the transference of gambling business skills and expertise to those who were historically disadvantaged and to also increase significantly the shares that they own in these gambling companies.
7. It is undisputed that most of the countries that allow gambling have collected significant tax revenue from the industry.
8. In addition, the industry has created meaningful and sustainable jobs for their general citizenry.
9. The focus should now be to responsibly expand the industry so as to increase the economic benefits that these African countries derived from gambling and activities incidental thereto;
10. GRAF members realize plainly that in order to expand the industry, prudent measures must be devised to attract substantial investment.
11. It is common knowledge that investors flock to business environments that offer large returns, stability, certainty and most importantly, a clear business legal framework.

12. It is in consideration of these investment requirements that the members of GRAF opt here to establish a common, stable and clear regulatory framework that would not only attract significant investment but would simultaneously stamp out corruptive elements that are associated with gambling.
13. Because we are dealing with sovereign states, the eventual and desirable legal framework would be drafted based preliminarily on the GRAF Norms and Standards below.
14. Clearly, the practical manner in which the GRAF Norms and Standards will be implemented depends not only on the spirit contained in them, but also on the willingness of the GRAF members' respective countries.
15. Thus it is imperative, as plainly considered below, to carefully select the scope of regulatory cooperation that will present less tension among sovereign countries.

The Purpose of the Norms and Standards

16. The main purpose for adopting these Norms and Standards is for GRAF members to have a binding uniform regulatory approach that will be to each of them conducive to sustainable economic growth.

Scope

17. The suitability of license holders
18. Criteria to be used to assess the suitability of gambling equipment
19. A uniform regulatory enforcement framework.
20. Testing and approving games offered to punters.
21. Oversight of the Norms and Standards
22. The relationship protocol between GRAF and its respective members.
23. Relationship between GRAF and other stakeholders including, foreign regulators, journalist, academicians and civil society organizations.

LIMITATIONS

24. GRAF members readily acknowledge that the Forum is a voluntary association and as such it is without power or authority to compel compliance with its resolutions or agreements, including these Norms and Standards.
25. It is the hope of GRAF therefore that members will in good faith adhere to these Norms and Standards.

26. GRAF acknowledges that it is a relatively new gambling forum and it may for a foreseeable future be without sufficient funds and other resources to carry out these Norms and Standards.

Proposed Norms and Standards

30 Cooperation between and among GRAF members

- (a) To the extent permitted by their respective jurisdictional regulatory regimes, GRAF members shall fully cooperate with one another in order to ensure that gambling in Africa is controlled and regulated uniformly.
- (b) GRAF members shall all times endeavour to responsibly create conducive business environments in order to produce real economic opportunities for their respective populations.
- (c) Unless the gambling license applicant is a local indigenous individual or group, GRAF members must ensure that a gambling license is issued only after ascertaining that the applicant has a local historically disadvantaged partner.
- (d) GRAF members should notify each other before issuing requests for proposals for new casinos.
- (e) Every GRAF member shall devise mechanisms and necessary infrastructure through which to detect, report and present for prosecution any person(s) involved in gambling criminal activity.
- (f) GRAF members should, through their respective governments, cooperate fully with other law enforcement entities that combat organized crime.
- (g) GRAF must establish various specialized oversight committees to perform particularized regulatory tasks, including but not limited to, compliance and licensing.
- (h) GRAF members should routinely exchange pertinent information that they know or should know impacts on the control and regulation of gambling and activities incidental thereto in GRAF member territories;
- (i) No GRAF member shall unreasonably withhold or refuse to share information concerning a licensee or an applicant for a license with other members.
- (j) To the extent that GRAF is to establish various oversight committees that will be tasked to perform special regulatory functions, its members shall comply with all reasonable requests made by such committees in the performance of their legitimate duties.

31. Creation of Oversight Committees

- (a) GRAFT must establish oversight committees that will be charged with specialized responsibility.
- (b) Membership of these oversight committees must fairly represent the general members of GRAF;
- (c) The committees must have sufficient quasi-judicial authority to execute their mandate
- (d) Such authority must be clearly spelled out and sanctioned by GRAF
- (e) To the extent permissible under their respective laws, it shall be the obligation of all GRAF members to abide by the decisions of these commissions;
- (f) Furthermore, the compliance and review plan of these committees must be submitted for endorsement to the GRAF Conference each year.

31. Ownership and Control of Gambling Industry

- (a) Unless otherwise prohibited by laws of the states in which GRAF members operate and with the exception of Bookmakers whose GGR is less than R5m per annum, a minimum of 40% of the total shares of any gambling business must be owned and controlled by their respective indigenous citizens of African descent.
- (b) The referenced 40% should be evenly distributed between genders.

32 Relationship between GRAF Members

- (a) Graf members should relate to one another with utter most respect and regard for each other's national imperatives.
- (b) All dealings between GRAF members must be done in good faith.

33 Relations between GRAF and Other Stakeholders

- (a) Any dealings with other stakeholders must be such that the integrity of GRAF and its main objective is never compromised.
- (b) GRAF may invite other stakeholders to attend GRAF activities or participate in its programs in a manner and for purposes that would be determined by GRAF from time to time.

34 Advertising

- (a) No gambling advertisement whatsoever shall be done without the prior written approval of the relevant regulating authority of the territory where such advertisement originates or is to be published;
- (b) GRAF members are to use their best efforts to remove unauthorized advertisements from the public domain;
- (c) No GRAF member shall allow advertisement that is obscene, enticing or ridicules African morality.
- (d) Regulation of gambling advertisement shall seek to strike a responsible balance between the need for gambling advertisements and GRAF's desire to encourage responsible gambling.

35 Permitted Incentives to Potential Investors

- (a) No GRAF member shall suspend the operation of these Norms and Standards in order to attract potential investors.
- (b) Except as it may be permitted or mandated under a GRAF member's respective legislation, no GRAF member should make any kind of offer to relax regulations and these Norms and Standard as an incentive to appeal for any form of gambling investment in the member's country or jurisdiction.

36 Who should be Licensed

- (a) Without exception, no person who has been convicted of a crime that involves moral turpitude must be licensed to conduct gambling or to hold a license to engage in activities that are incidental to gambling or horse racing and betting.
- (b) No person whose wealth or financial backing cannot be rationalized using modern acceptable accounting methods and other forensic ways of tracing the origin of legitimate wealth or financing should hold a gambling license.
- (c) Only those individuals who at the time of their application are found to be financially sound to carry on gambling business will be licensed.
- (d) Any person who become insolvent during the cause of a financial year and remains insolvent at the time designated for the renewal of his license shall not be allowed to continue holding a gambling license.

- (e) Subject to the satisfaction of the laws of the GRAF members' respective countries, any person who has been subjected to probity performed under the auspices of the Licensing Oversight Committee may be permitted to apply for and be approved to hold a special continental license that allows him/her/it to conduct gambling or engage in the gambling business in all the territories regulated by GRAF members.
- (f) From time to time GRAF shall determine the minimum license fees for all applicants in order to reasonably ensure that its aims and objectives are achieved.

37 Suitability of Gambling Equipment

- (a) GRAF shall approve gambling laboratories whose responsibility it will be to certify games, software and gambling equipment that operators may from time to time wish to use when conducting gambling.
- (b) GRAF members shall ensure that holders of gambling licenses in their jurisdiction use gambling equipment, including machines that are approved by a properly GRAF sanctioned gambling test laboratory.

38 On-Line Gambling and Internet Betting

- (a) GRAF members may permit on-line gambling including Internet Gambling.
- (b) GRAF shall set out a responsible tax framework by which to ensure that the on-line or Internet operators duly pay taxes that are due any GRAF member.
- (c) GRAF shall determine which, if any, interactive virtual event(s) may be offered for betting.

39 LPMs

- (a) Where LPM gaming is offered, a non-gambling business should be the primary business.
- (b) At no time must the revenue derived from LPMs be more than 49% of the revenue derived from the primary business.
- (c) All LPMs shall be allotted to Route Operators and not the site owners.
- (d) LPM distribution shall comport with the GRAF aim of promoting responsible gambling and the need to have LPMs owned and operated by historically disadvantaged individuals or entities.
- (e) Each machine should be tested periodically to determine whether it complies with best standards;

- (f) No machine should dispense more than an equivalent of R1, 000 at once.
- (g) Each GRAF member should pledge to limit the licensing of LPMs such that proliferation and overstimulation that may lead to problem gambling is reasonably curbed.
- (h) The LPM industry should be controlled and regulated in such a manner that indigenous people dominates control and ownership of the sector.

40 Bingo/Electronic Bingo

- (a) Bingo, whether electronically conducted or not, should not be permitted in casinos and LPM premises.

41 Horse racing and Betting

- (a) For purposes of these Norms and Standard, there shall be no difference between the horse racing and betting and any other form of gambling.
- (b) These Norms and Standards therefore are applicable to licensing and compliance issues that face the gambling industry in the GRAF jurisdictions.
- (c) Additionally, each operator who conducts or offers bets based on horse racing must be compelled to pay a reasonable portion of his/her/its GGR that is derived from horse racing to the sport.

(d) Resolution of Patron Disputes

- (a) The resolution of punter disputes shall be in accordance with the laws and regulations of the jurisdiction where the dispute arose.
- (b) GRAF shall have no tribunal where such disputes are entertained.

42 Establishment of African Gambling Data Bases

- (a) GRAF shall establish, develop and maintain databases that contain among other things, members' tax statistics, maximum fines imposed, gambling equipment registry, list of names of gambling entities, shareholders and directors and names of prohibited individuals and entities determined to be unsuitable to hold licenses.

43 Credit to Punters

- (a) Each GRAF member must determine guidelines that must be followed before gambling operator advances credit to a punter.
- (b) Focus must be placed on compliance with jurisdictional law when such loans are collected.

44 Preparation and Submission by Members of Compliance Reports to GRAF

- (a) At each GRAF Conference, the Compliance Oversight Committee must submit a comprehensive report citing therein all of its activities, particularly the challenges that the Committee faced.

45 Review/Amendment of these proposed Norms and Standards

- (a) These Norms and Standards shall be reviewed at each GRAF Conference and when appropriate the same shall be amended by a two-thirds majority of GRAF members present at the Conference provided such Conference achieves a quorum.