

** Please note that the English language translation of the remote skill gaming rules is provided for information purposes only to facilitate review by non-Italian readers. The English language translation is not meant to be a text officially adopted or otherwise recognised by AAMS and in the event of any discrepancies or inconsistencies between the Italian language original and the English translation, the Italian language original shall govern and prevail.*

THE MINISTRY OF THE ECONOMY AND FINANCE

***Rules governing games of skill played remotely with cash prizes**

Considering legislative decree No. 496 of April 14 1948 and subsequent amendments regarding the rules governing gaming activities;

Considering article 17, paragraph 3, of law No. 400 of August 23 1988, regulating the issuing of the regulations;

Considering article 16, paragraph 1, of law No. 133 of May 13 1999, which, in accordance with article 17, paragraph 3, of law No. 400 of August 23 1988, entrusts the Ministry of the Economy and Finance, in respect of public gaming, with the laying down of regulations governing the terms and conditions of gaming, the payment of premiums, fees and proceeds of whatever nature, including the calculation of the total sum to be collected;

Considering legislative decree No. 300 of July 30 1999 and subsequent amendments relating to the reform of the organisation of the Government;

Considering the regulation issued by Presidential Decree No. 33 of January 24 2002, in implementation of article 12 of law No. 383 of October 18 2001, concerning the entrusting of the sole management of state functions as regards gaming to the State Monopolies Administration;

Considering article 4 of Presidential Decree No. 66 of March 8 2002, which lays down the terms and conditions of settlement, including the terms and conditions of payment of the single tax on competitions involving prediction and betting;

Considering article 4 of legislative decree No. 138 of July 8 2002, converted, with amendments, by law No. 178 of August 8 2002, whereby provisions are laid down concerning the unification of responsibilities in matters concerning gaming;

Considering legislative decree No. 173 of July 3 2003, relating to standards dealing with the reorganisation of the Ministry of the Economy and Finance and the taxation authorities;

Considering Presidential Decree No. 385 of December 15 2003, concerning the regulation of the organisation of the Autonomous State Monopolies Administration;

Considering article 1, paragraphs 290 and 291, of law No. 311 of December 30 2004, which entrusts to the AAMS (Autonomous State Monopolies Administration) the

adoption of the provisions necessary for the definition, distribution and management of specific means of payment for remote gaming;

Considering article 11, section N, of legislative decree No. 203 of September 30 2005, converted, with amendments, by law No. 248 of December 2, 2005, dealing with measures in opposition to the spread of illegal gaming and urgent provisions regarding taxation and finance;

Considering article 38, paragraph 1, letter b), of legislative decree No. 223 of July 4 2006, converted, with amendments, by law No. 248 of August 4 2006, which, with the purpose of opposing the spread of improper and illegal gaming, the avoidance and evasion of taxation in the gaming sector, as well as guaranteeing the protection of the player, has organised the regulation of remote games of skill with cash prizes through the regulations issued by December 31 2006;

Considering article 1, paragraph 93, of law No. 296 of December 27 2006, which incorporates, with reference to games of cards of all kinds, the provision of article 38, paragraph 1, letter b), of the aforementioned legislative decree No. 223 of 2006;

Considering article 38, paragraph 2, of the aforementioned legislative decree No. 223 of 2006, which, in substitution of article 1, paragraph 287, of law No. 311 of December 30 2004, lays down the definition, with the provisions of the Autonomous State Monopolies Administration, of the new terms and conditions of the distribution of gaming relating to horses, including remote games of skill with cash prizes;

Considering article 38, paragraph 4, of the aforementioned legislative decree No. 223 of 2006, which lays down the definition, with the provisions of the Autonomous State Monopolies Administration, of the new terms and conditions of the distribution of gaming relating to horses, including remote games of skill with cash prizes;

Considering the decree of the Director General of the AAMS of March 21 2006, published in the Official Gazette, No. 70, of March 24 2006, dealing with measures for the regulation of the remote collection of bets, bingo and lottery payments;

Considering the decrees of the Director General of the AAMS of August 28 2006, approving agreement outlines for granting concessions in respect of the exercise of public gaming, covered by article 38, paragraphs 2 and 4, of the aforementioned legislative decree No. 223 of 2006;

Having heard the opinion of the Council of State, expressed by the consultative section relating to the instruments of standardisation issued by the Assembly of February 19 2007;

Considering the communication of the President of the Council of Ministers, in accordance with article 17 of law No. 400 of 1998, issued with note No. 3-11848 of July 13 2007;

ADOPTS

the following regulation:

Article 1
Object and definitions

1.

This decree regulates the remote playing of games of skill with cash prizes in which the results depends to a large extent, allowing for the element of chance, on the skill of the players.

2.

For the purposes of this decree, the following definitions shall stand:

a) **AAMS** - the Autonomous State Monopolies Administration of the Ministry of the Economy and Finance;

b) **application of the game** – the functions made available to the player, via the game platform, for the pursuance of the play sessions of the individual game of skill;

c) **game circuit** – the virtual environment, produced between several agents by means of the sharing of the game platform, on which the sessions of the game in which the players who have received the participation rights from the agents themselves are playing take place;

d) **malevolent code** – any software programme introduced into a data processing system against the will of the user or unknown to him, capable of infecting the actual system resulting in damage to it, or at least compromising the efficiency thereof;

e) **unambiguous code** – the code granting the right of participation by the centralised system through the act of confirmation, which identifies the agent, the game of skill, together with the formula of the game and the session of the game to which the right or participation refers;

f) **agent** – the individual holding the concession for the exercise of the public games covered in article 38, paragraphs 2 and 4, of legislative decree No. 223 of July 4 2006, converted, with amendments by law No. 248 of August 4 2006, authorised for the exercise of games of skill under the terms of this decree;

g) **right of participation** – the virtual ticket to play, requested by the player, sold by the agent and validated by the central system, which grants the right to participate in a session of the game;

h) **game formula** – any terms and conditions according to which the sessions of the game may be organised, which may provide for the occurrence of a game or a combination of games, together with the participation of one or more players;

i) **player** – any individual who, through electronic means and remote or telephonic connection, takes part in a game session;

l) **game of skill** – any remote game of skill with cash prizes, in accordance with this decree and authorised, with the provision of the AAMS, following the forwarding of the appropriate application by the agent, accompanied by the plan which defines the rules and terms and conditions governing the management and procedure of the game;

m) **secure game** – the terms and conditions of games with cash prizes adopted by the agent, on the basis of the provisions of the AAMS, intended to protect both the interests of the individual player and of the general public;

n) **game platform** – the computerised environment, belonging to the agent's development system, connected thereby to the centralised system and accessible to the player via the internet, interactive television or fixed line or mobile telephone whereby the agent manages and, through the applications of the game, provides the games of skill;

o) **pseudonym** – the fictitious, non-modifiable name chosen by the player and uniquely associated with him or her, which identifies the player in the gaming environment of the individual agent and in the game circuit, obligatorily adopted by the agent to communicate in a confidential way the identity of the player to the other players;

p) **game session** – the process of the game which begins with the request for the right to participate and concludes with allocation of the winnings;

q) **centralised system** – the AAMS data processing system, interconnected with the game platform, for control, validation, the allocation of the unambiguous code and the registration of the rights of participation, as well as the payment of the single tax.

Article 2

Authorisation for the exercise of games of skill

1.

For the purposes of seeking authorisation for the exercise of games of skill, the agent shall forward to the AAMS the appropriate application accompanied by the plan for the game platform.

2. For the purpose of seeking authorisation for the exercise of games of skill via the game circuit, the agents associated therewith shall forward to the AAMS the relevant application, accompanied by the plan for the game platform.

3.

The AAMS shall authorise for the exercise of games of skill those individuals mentioned here in paragraphs 1 and 2 in possession of the requisite items laid down in the AAMS provisions for regulating remote gaming, assuming that compliance verification is successful as listed below:

a) the game platform plan, as laid down in this decree;

b) the systems necessary whereby the agent's development system may communicate with the centralised system in keeping with the communication protocols laid down by the AAMS with the appropriate provisions.

4.

Any modifications to the provisions of the plan, mentioned here in paragraphs 1 and 2, shall be subject to the preventive approval of the AAMS.

Article 3 *Game platform*

1.

The game platform is responsible for:

a) communication in real time with the centralised system and the player;

b) the management of the game formulae and the game sessions;

c) the sale to the player of the rights of participation and the allocation of the winnings and of the relative payments;

d) providing the player with assistance and information, including the offer of game sessions for learning the game free of charge.

2.

The game platform guarantees the correctness, integrity, reliability, security transparency and confidentiality of the activities and functions performed and the correctness and timeliness of the payment of the winnings.

3.

The game platform is responsible for the memorisation and traceability of the data relating to the game sessions taking place for a minimum period of five years and adopts solutions which facilitate access to the information for the exercise of monitoring and inspection actions on the part of the AAMS.

4.

The game platform guarantees the continuity of the service by means of the adoption of high-reliability systems and is developed and maintained according to methodologies and technologies matching the highest standards in the sector.

5.

The game platform is provided with security features capable of guaranteeing the authentication of the platform itself and its protection from unauthorised access and interception and alteration of the exchanged data.

6.
The software components which the agent may possibly require the player to install on his or her own equipment shall not introduce any malevolent code and shall guarantee exclusive connection to the website of the agent himself.

7.
The game platform and the data transmission networks shall guarantee the requisite items laid down in the appropriate provisions of the AAMS.

Article 4 Division of the revenue

1.
The single tax is set, in the terms of article 38, paragraph 1, letter b) of legislative decree No. 223 of 2006, converted, with amendments, by law No. 248 of 2006, at three per cent of the revenue.

2.
The share of the revenue to be returned as jackpots shall amount to at least eighty per cent and is defined, for each game, in the AAMS provisions mentioned here in article 13.

3.
The agent's share, to cover the totality of the costs for the exercise of the game, consists of that which remains of the revenue, to the net of the single tax and jackpots, mentioned here in paragraphs 1 and 2.

Article 5 Prices for the right to participate and winnings

1.
The price for participation rights may be set at figures between multiple sums of €0.50 up to a maximum sum of €100.00.

2.
The value of the winnings, or, in the case in which the same game session allows for multiple winners, at least the value of the highest winnings, shall be greater than the price of the right to participate.

3.
The AAMS may through the appropriate provisions define the obligations to be respected in the definition of the sums of the winnings paid out.

Article 6
Modalities of playing

1.

The following playing modalities are acceptable:

a) solo playing, where a single player participates and where the winnings are allocated on a basis of the results obtained, with regard to levels preset by the agent in such a way as to guarantee the return to the players of the share of the revenue set aside for jackpots, in the terms of article 4, paragraph 2;

b) competition playing, in which two or more players take part and where the winnings are allocated on the basis of the results obtained by each of the players in comparison with those obtained by the other participants.

2.

The follow competition modalities are accepted between the players:

a) indirect, with the allocation of the winnings on the basis of the comparison between the results obtained by the participants in the course of the game, each independent of the other and with no direct interaction;

b) direct, with the allocation of the winnings on the basis of the results obtained by each player in the course of the game, through direct interaction and in relation to the reciprocal conduct of the game.

Article 7
Methods of payment

1.

The provisions which apply to games of skill in respect of payment are those which govern the means of payment for participation in remote games adopted by the AAMS in application of article 1, paragraphs 290 and 291, of law No. 311 of December 30 2004 and article 11, section N, of legislative decree No. 203 of September 30 2005, converted, with amendments, by law No. 248 of December 2 2005.

Article 8
Game procedure

1.

The game procedure comprises:

a) the irrevocable request for the right to participate on the part of the player;

b) the irrevocable request by the agent to the centralised system to validate the right to participate;

c) the validation and allocation of the unambiguous code of the participation right by the centralised system and the transmission of the aforementioned unambiguous code to the agent;

d) the communication to the player of the validation of the participation right and the relative unambiguous code;

e) the allocation of the winnings and the related communication to the player.

2.

The game platform renders the identities of the other players accessible to the player in the form of their pseudonyms.

Article 9

Obligations in respect of information

1.

The agent shall make the following available to any person accessing the website:

a) information regarding the offer of the game, including the share of the revenue set aside for jackpots, the sums required for the right to participate and the rules for determining and allocating the winnings;

b) the instruction for taking part in the game, the rules for the procedure of the game and the management procedures in place for malfunctions in the transmission systems and networks;

c) the opening hours of the game;

d) the method of payment of the winnings;

e) the information regarding the minimum requisites in respect of the players equipment for participation in the game;

f) this decree and any other provisions laid down by the AAMS concerning games of skill;

g) information regarding the security of the game, plus any communications issued by the AAMS;

h) the agency agreement;

i) the name, legal status, tax code number, VAT number and registered address;

l) the direct link to the AAMS website, or, if the game is offered through remote or telephonic channels, the address of the AAMS website;

m) the help service for the player.

Article 10
Protection of the player

1.
The agent shall promote responsible gaming behaviour and shall encourage the adoption thereof on the part of the players and shall prevent minors from participating.
2.
The agent shall exclude from participation in the game the staff of his own organisation or those associated with it through collaborative connections.
3.
The AAMS shall provide, on its own website, a list of authorised agents and games of skill.

Article 11
Resolving disputes

1.
The resolution of disputes, excluding those of a fiscal nature, relating to the interpretation and execution of this decree and the exercise of the games of skill regulated thereby, shall be the responsibility of the Committee named in article 2, paragraph 4, letter b) of Presidential Decree No. 385 of December 15 2003.
2.
Claims in writing shall be forwarded, via the AAMS, to the Committee named in paragraph 1, by registered letter with acknowledgement of receipt, within thirty days of the conclusion of the game session which is the subject of the claim.
3.
This shall take place assuming the feasibility of legal action before the relevant authority.

Article 12
Financial movements

1.
The centralised system shall charge tax on a daily basis and shall keep the agent informed thereof.
2.
The agent shall make the payment of the sum owing, as laid down in paragraph 1, according to the terms and conditions laid down in article 4 of Presidential Decree No. 66 of March 8 2002.

Article 13
Authorisation of games of skill

1.

In order to seek authorisation for a single game of skill, the agent shall forward to the AAMS the appropriate application accompanied by the plan for the game of skill.

2.

The agent shall attach to the plan for the game of skill the declarations covering:

a) the compliance of the application of the game with the provisions laid down in the game plan, those of this decree and the appropriate provisions laid down by the AAMS;

b) the compliance of the plan and the application of the game with the standards in force respecting author's, brand and patent rights.

3.

Following the satisfactory verification of compliance, set down here in paragraph 2, and as long as there be no reasons of any kind for the unsuitability of the plan in existence, the AAMS shall issue the statement of authorisation of the game of skill, which shall include the plan itself.

4.

Any changes to that which is laid down in the plan, as stated here in paragraph 1, shall be subject to the preventive approval of the AAMS.

Article 14
Plan of the game of skill

1. The plan of the game of skill shall contain the following elements:

a) the name of the game of skill;

b) the portion of the revenue set aside for jackpots;

c) the specific formulae of the game for which adoption is sought;

d) the value of the participation right provided for each game formula;

e) the way the game is played, including the time occupied, the ways in which the players interact with the game platform and the rules for determining the results;

f) the rules for determining and allocating the winnings;

g) the rules which regulate the participation of players in competitions, in relation to the level of skill, and those regulating solo playing, defining the levels for judging the winnings;

h) the information made available to the player in respect of the individual sessions of play undertaken;

i) the systems provided for managing transmission system and network malfunctions.

2.

The following shall be attached to the plan:

a) a copy of the graphics adopted;

b) a complete simulation of the game of skill on ICT support;

c) the information relating to the game of skill and the instructions regarding the methods and mechanisms of the game made available to the player on the agent's website, including the specific safety measures protecting the player of the actual game;

d) the documentation relating to any patents which may have been registered or certifications issued.

Article 15

Surveillance, checking and inspection

1.

AAMS shall exercise powers of surveillance over the agent, including by means of checks and inspections, with rights of access, decided unilaterally and undertaken without notice, to the agent's actual premises, including, in respect of data processing systems, to those of possible third parties, with specific reference to the execution of all the activities and functions involved in the exercise of games of skill.

2.

The agent shall make available, for the exclusive use of AAMS, remote access to the data of the game sessions undertaken and in progress.

Article 16

Termination and cancellation

1.

Notwithstanding the provisions of the agreements for awarding agencies in the exercise of public games, as covered in article 38, paragraphs 2 and 4 of legislative decree No. 223 of 2006, converted, with modifications, by law No. 248 of 2006, the authorisations covered here in articles 2 and 13 shall be subject to termination or cancellation:

a) in the case of the loss of the items required for authorisation, as laid down in this decree;

b) when, in the pursuance of the activity, serious breaches of the provisions laid down in this decree, the AAMS provisions regulating remote games or the taxation standards are committed.

2.

In particularly serious cases punishable by the termination or cancellation of the authorisations, covered here in articles 2 and 13, and when time is required for the ascertaining of the facts or for the protection of the interested parties and the rights of the AAMS and the players, the AAMS may invoke the cautionary suspension of the authorisations, with suitably reasoned provisions, until the completion of the administrative procedures and the issue of the final decision regarding the adoption of the expiry or cancellation provision. Suspension shall take effect from the date of the communication thereto to the agent. No repayment, compensation, or indemnity shall be payable to the agent, even should it occur that no termination or cancellation provision be adopted.

This decree, with the seal of the State affixed, shall be included in the Official Record of Instruments of Standard of the Italian Republic. All persons to whom it applies shall be required to observe it and to see that it is observed.

Rome, September 17, 2007

Tommaso Padoa Schioppa