

**POLICIES FOR PROPER IMPLEMENTATION
OF THE FOURTH ANTI – MONEY
LAUNDERING DIRECTIVE**

I. OVERVIEW AND OBJECTIVES

1. The European Organization for Gaming Law (EOGL), representing the EU-wide licensed online and retail gaming and betting operators, sets out these policies as **the guidance document on the practical transposition** of the Fourth Anti-Money Laundering Directive provisions into Industry's applicable national provisions and operators' internal procedures.
2. Massive growth of gambling products has brought with it a spectrum of opportunities not only for players and operators, but also for criminals to launder the proceeds of their illegal acts. Being a quickly growing one, gambling has evolved into a digitally-driven industry functioning within a much more **complex environment**. Simultaneously, it is facing with constantly growing imperatives of strict regulatory compliance.
3. The aim of this document is to provide the EOGL members, regulatory agencies, gambling operators throughout the EU and other interested parties with **guidance and recommendations** for an effective, safe and sustainable transposition of the provisions contained in the 4th AML Directive into their corresponding internal policies and procedures designed for the Industry.

II. LEGAL CONTEXT

4. **The Fourth EU Anti-Money Laundering Directive (AML Directive)** sets out a framework designed to protect the European financial system against the risks of money laundering and terrorist financing. It requires each EU member state to oblige the financial sector, comprising of credit and financial institutions, but also **gambling operators** to compile procedures and policies enabling them to identify their customers, keep appropriate records, design internal staff trainings and report any indications of money laundering to the competent national and transnational authorities.

5. Pursuant to the provisions of the 4th AML Directive, gambling is no longer to be limited to the definition of land-based casinos but will **include all types of gambling services** providers.

III. OUR APPROACH

6. Keeping financial crime out of gambling is not only our regulatory obligation, it is **crucial part of our overall mission and business strategy**. We are aware of inherent risks related to money laundering and/or terrorist financing in online and retail gambling market, as it is intertwined with immense diversity of offer modalities, customer types, payment options and regulatory modalities.
7. Members of EOGL, by cooperating and exchanging identification, analysis and evaluation tools, constantly improve their level of expertise and the quality of risk assessment tools. By doing so, we remain focused to keeping the gambling market a **hostile place for any criminal** wishing to exploit it, whether through wagering the criminal proceeds or trying to manipulate or take advantage of manipulated sports events by wagering bets.
8. Prior to becoming the EOGL member, each operator will make sure it meets the **mandatory requirements** on alerting any potential customer's attempt to wager the money acquired unlawfully. These requirements relate to the mandatory status of ML/TF risk assessments, customer due diligence checks, control policies, reporting procedures and employee training programs. Such measures are oriented towards minimizing the ML/TF risks, are regularly implemented and updated, in line to any new regulatory guidelines or overall technology developments in the market.

IV. KEY AML / CTF MEASURES TO BE IMPLEMENTED BY EOGL MEMBERS

Risk Assessment Practice

- 9.** Pursuant to the 4th AML Directive and applicable national legislation, each EOGL member will compile and make available **internal acts and rules of procedure** for ML/TF risk assessment. These documents will consist of risk indicators list, breakdown of risk categories and basic criteria for customer risk categorization, along with sanctioned KYC procedures and money value thresholds relating to single-operation or linked-operation transactions exceeding the EUR 2.000 threshold.
- 10.** Upon identifying, understanding and mitigating the risks relating to customers, jurisdictions, products/services and delivery channels, all the members will dully emphasize both the **supranational** and relevant **national risk assessment** guidelines and criteria.

Customer Due Diligence (CDD)

- 11.** All EOGL members are obliged to compile **internal procedures** on initial and subsequent **customer identification and verification**, in cooperation with national registries of natural and legal persons with imposed criminal sanctions. These procedures also consist of enhanced risk-based checks on the customer's source of funds as well as the nature of their earnings / business.
- 12.** The procedures are implemented **each time new business relationship is established** (new customer), upon any transaction amounting to EUR 2.000 or more, when the authenticity of identification documents is in doubt or in case of reasonable doubt on ML/TF attempts relating to new or existing customers.

13. The stated steps are strictly integrated with wagering, deposit and pay-out features, as any customer failing or still pending to provide additional information within the above stated procedures, is **blocked** from further wagering, depositing or pay-out of winnings.

Ongoing Activity Monitoring and Escalation Reporting

14. Each EOGL member will set up procedures for identifying and **reporting** such betting activities and/or other transactions that are deemed or known to be unusual and suspicious, based on deficiently provided information upon customer identification, sudden changes in player betting style, deposit and withdrawal methods and/or bank accounts communicated to shop / customer support employees.

Record Keeping

15. Our members will **keep records** on established business relationship with a customer (registration, identification, history of transactions and performed check-ups) as well as on internal or reports sent to respective national authorities in charge of monitoring the implementation of AML / TF policies (external reporting).

Politically Exposed Persons (PEPs)

16. Prior to initiating business cooperation with a customer, check-up on whether the potential customer is or was entrusted with a **prominent public function** is performed, or whether that customer is close family member or friend of a person with a prominent public function entrusted. In case of a positive feedback, any EOGL member, with obtained written permission of their senior company management, performs intense ongoing activity monitoring and escalation reporting procedures throughout entire business relations with such customers.

Staff Training and Know Your Employee (KYE)

17. Each member will prescribe and implement mandatory number of **training programs** of their employees with the main topic AML / CTF set of policies, making the employees alert of their professional skillset and legal obligation to recognize and prevent suspicious betting behaviour and money transactions. Furthermore, all potential new employees to fill the vacant positions in departments in charge of complying to these rules are subject to **criminal background checks**.

V. CONCLUSION

18. The 4th AMLD represents a crucial EU-wide legal instrument to tackle and prevent money laundering and to establish harmonized rules across the EU Member States. EOGL is of the opinion they are **necessary** for the national legislative framework fall within the most appropriate and functional foundations related to the EU context of AML/CTF policies.

19. It is therefore of utmost importance that EOGL members implement the provisions of the 4th AMLD, as tackling and detecting fraudulent transactions is the **best possible strategic approach** to maintaining the maximum safety, integrity and consumer channelling of the EU online and retail gambling.