



The State of Online Gambling in France

France currently lacks one common, cohesive system regarding the laws for games of chance. Instead, the industry is regulated on an individual, case-by-case basis.

By definition, games of chance are banned on French territory, although some exceptions are allowed. Lotteries and sports betting, on the other hand, have been entrusted to the state monopoly: Francais des Jeux (FDJ). Another state monopoly has been entrusted to the Pari Mutuel Urbain (PMU) in the Act of June 2, 1891 for the management of sports betting and horse racing.

Furthermore, in a departure from the Act of July 12, 1983 which prohibits games of chance, it is said that some casinos may be tolerated if they are approved by the Ministry of Interior. Currently, there are 200 casinos operating legally in France today.

Although they have been adhered to for quite some time, these texts are antiquated. Especially with the advent of online gambling, a need for new laws and regulations has emerged.

European Law and Gambling

Regarding European Community law, Article 49 of the Treaty establishing the European Community grants vendors the freedom to provide services across Europe. That is to say that Member States shall not prohibit external vendors from offering their services on the state's territory without valid reason and as per Article 43 of the same Treaty, freedom to set up business. The European Court of Justice (ECJ) decreed that gambling services must abide to this article of law.



In Gambelli 2003, it held that states may restrict cross-border supply of gambling services only if it is determined that the country of origin has a consistent and systematic policy of controlling and eliminating gambling. In this case, the Court held that the state (Italy in this case) was not pursuing a consistent policy aimed at limiting or even eliminating, gaming activities. It was ruled that the country could not prohibit other states from providing such services to its residents.

Considering that the JDF constantly diversifies its offer, we can deduce that France has no such policy. In fact, its monopoly was even extended to online gambling operators. However, due to pressure from the European Union, a decree was submitted to the FDJ, outlining various obligations similar to those of the Gambelli case.

To overcome the outdated law, which ignores the rapid supply of gambling on land and online, the European Commission threatened to take France, to the European Court of Justice if it did not open its market to foreign competition. As a result, a bill opening up France's market to competition and industry regulation of online gambling was presented by Eric Woerth, Minister of Budget, Public Accounts and Public Service on March 25, 2009. It was adopted on first reading by the National Assembly on October 13, 2009.

This project provides an opportunity for France to open itself up to competition while regulating online gambling. To date, there are over 25 000 illegal sites that are accessible by French players.

Besides the two reasons mentioned above, this law is predicted to combat underage gambling and problem gambling, while controlling the turnover of an estimated 3 billion Euros spent on online gambling that escapes the French government.



What will the law change?

An independent administrative authority must be created. The Regulatory Authority of Online Gambling (ARJEL) would assign licenses, monitor operators and participate in the fight against illegal online gambling. The ARJEL may also refer to the Tribunal de Grande Instance, which blocks unlicensed online casinos (<http://www.machine-a-sous.com/casino-critiques>) from French patrons.

The PMU and FDJ will keep their monopoly on distribution networks "material" (tobacconists, bars ... PMU), while legal land-based casinos keep their monopoly for casino games. Thus, liberalization will occur only for online sportsbetting and online poker. Other casino games including roulette and slot machines (<http://www.machine-a-sous.com>) will remain prohibited due to the high risk of addiction.

Additionally, new fees will be established. The state tax rate will be based on players' bets, rather than the gross proceeds of the game, requiring 2% for poker, 8.5% for sports betting and 15.5% for horse racing.

France will grant its own licenses to external operators, and will not acknowledge licenses from other European countries. The licenses issued will require no fee, and will be renewable up to 5 years. In order for an operator to earn one, it must meet certain specifications, including:

- automatic payment of winnings to the player's bank account;
- caps on maximum gaming account deposits and player account balances;
- time indicators, in the form of clocks that inform patrons of their time spent playing;
- in-game loss indicators;
- the option of self-exclusion; and
- application to online gambling of the limitation procedure regarding unlawful gaming.

These criteria were created to improve the fight against underage gambling, maintain the integrity of sport competitions and prevent money laundering.

The ARJEL will also have the means to control supply and the legal authority to impose its will, as it has also required operators to:

- Have separate accounting systems in France;
- Maintain a list of players banks;
- Prohibit anonymous means of payment; and
- Maintain a permanent correspondent in France.

When does the law come into effect?

Most recently, the text has been reviewed by the Senate on February 24, 2010. Operators and the lawmakers would both like the law to be passed before the World Cup football tournament, which is believed to be a very tight deadline. However, if the law is not enacted by June 1, many sports betting operators will forestall the legislation by launching a major advertising campaign about their online betting sites for the event.