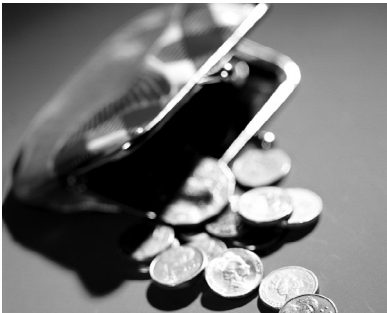


Skill with prize machines A quick guide for licensing officers



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Skill with prize machines (SWPs) are not caught as gaming machines under the Gambling Act 2005 (the Act). They may however be liable for Machine Games Duty and operators should confirm with Her Majesty's Revenue and Customs (HMRC) if they need to be registered.

SWPs do not require permissions to site and do not count towards the machine allowance in an alcohol licensed premises, or a members club. Neither do they count towards machine numbers in licensed adult gaming centres, family entertainment centres or bingo premises for the purpose of determining category B3 gaming machine allowances.

How to identify a genuine SWP

1. SWPs must not have any mechanism that determines the outcome of the game, such as a compensator or other mechanism that makes the outcome dependent upon chance. The game must operate in a consistent manner, and each must be genuinely achievable, providing time and opportunity to win using skill, and not influenced by chance. A game that contains an element of chance (unless it is so slight that it can reasonably be disregarded) is a gaming machine.



2. There are no statutory limits in place regulating stakes and prizes for SWPs. However the Gambling Commission (the Commission) and HMRC are of the view that it is unlikely that a maximum prize greater than £50 would be commercially viable in a genuine skill game. In fact, a voluntary limit had previously been agreed between machine manufacturers and trade bodies, limiting the price of one game to £1 and the maximum prize to £50 (wholesale value).

3. The game must not present itself as a game of chance.

The Commission takes into account the following matters:

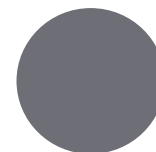
- How the game appears to the player. It must not look like a game of chance, for example; roulette, bingo or game of cards.
- The name of the game and whether it contains language associated with gambling games, for example 'stake' and 'jackpot'.
- The livery of the machine and whether it contains symbols or graphics associated with gambling games, such as bars, bells, lucky 7s or fruits.
- The appearance of the game itself and whether it contains symbols or graphics associated with gambling games, including (but not limited to) the turn of a wheel, the spin of a coin, the roll of a dice, reel bands, or the random selection of numbers.
- Whether the game involves the player in actions associated with gambling games including (but not limited to) placing chips or markers on numbers.
- Any contextual indications such as advertising signage or marketing material.

It is important to note that any one of these factors by itself may not be sufficient to classify a particular machine as a gaming machine.

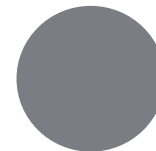
Concerned that a game is not an SWP?

The responsibility of ensuring that a game is skill and is presented as such sits with the operator and the machine supplier.

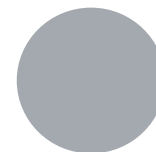
If licensing authorities (LAs) have concerns about a game the following options are suggested:



- Request from the game operator evidence that the game is skill, for example legal advice or a testing certificate from a Commission approved test lab. If the operator is unable to provide evidence themselves or from the supplier or manufacturer then the question is, how can they realistically be confident the game is an SWP? How this process is managed and the evidence assessed is down to the individual LA to determine.



- Contact your compliance manager, who may be able to offer information on the specific game. This will enable valuable intelligence to be added to the Gambling Commission's database. If escalation and enforcement action be required, the Commission will offer advice, guidance and support.



- If a situation escalates the LA may wish to demand removal of the machine by the operator and may wish to remind the operator they may be putting their business at risk by continuing to operate the machine (relevant for alcohol licensed premises or late night refreshment licences etc). Further escalation may include the LA seizing the machine and prosecuting under section 242 of the Act.



Hybrid gaming machines

The Gambling Act 2005 defines a gaming machine as:-

“ ...a machine which is designed or adapted for use by individuals to gamble (whether or not it can also be used for other purposes).”

Hybrid gaming machines are machines with multiple content such as gaming machine software and possibly SWP, bingo and other (non gambling) software, installed on them. The gaming machine software installed on these machines must be compliant with the required technical standards, the machine category requirements, and those who manufacture or supply such devices must hold a Commission operating licence to do so.

Licensing officers should be aware that any machine with gaming machine software installed is a gaming machine, regardless of whatever else it may be used for.



It is recommended that licensing officers are aware of the content on hybrid machines to ensure that the machine category and number of gaming machines are not breaching those allowed by the premises licence or permit.

Further information

- Is a prize machine a gaming machine? - July 2010
- Joint statement between HMRC and the Gambling Commission in relation to amusement machines which offer games designed to look like recognised games of chance - October 2009
- Information regarding Machine Games Duty is available on HMRCs website.

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keeping gambling fair and safe for all