



BETTING RULES OF THE BOARD

(As approved January 2017)



EASTERN CAPE GAMBLING BOARD'S BETTING RULES

Made by the Eastern Cape Gambling Board in terms of section 81 of the Gambling Act, 1997 (Act No. 5 of 1997) (Eastern Cape), as amended ("the Act").

PART A

1. Definitions

PART B - GENERAL RULES

2. Rules made available
3. Dual systems
4. Recording of bets
5. Recognition of representative bodies or associations
6. Persons to accept or process bets
7. Time of acceptance of bets
8. Final Determination of bets
9. Payment of bets
10. Collection or claiming of winning bets
11. Limits and other conditions
12. Notice: "No more bets"
13. South African Responsible Gambling Foundation
14. Suitable methods of operation
15. Grounds for disciplinary or sanctioning action
16. Records made available
17. Records to be made available on cessation of operations, revocation or expiry of licence

PART C - RECORDING OF BETS ON LICENSED PREMISES BY THE HOLDER OF A BOOKMAKERS LICENCE

18. General Provisions
19. Backups and backup procedures
20. Tickets

PART D - RECORDING OF BETS ON LICENSED PREMISES BY THE HOLDER OF A TOTALISATOR LICENCE

21. General Provisions
22. Backups and backup procedures
23. Tickets
24. Commingling Initiatives
25. Aggregate Takeout
26. Payments of betting levy to holder of racecourse licence
27. Duties of holder of racecourse licence regarding betting levy
28. Levy Returns
29. Duty of the Chief Executive Officer



PART E - WAGERING RECORD-KEEPING SOFTWARE

- 30. Approval of betting devices and software development
- 31. Minimum standards for betting devices and computer software programmes
- 32. Change control management and upgrade
- 33. Time of computerised record-keeping systems
- 34. Recording of takeback bets

PART F - COMPUTERISED OR ELECTRONIC RECORD KEEPING SYSTEM

- 35. Accounts or Clients Report

PART G - LICENSING

- 36. Licensing requirements pertaining to websites and mobile applications used for purposes of betting
- 37. Provision for designated areas
- 38. Establishment of new bookmaker or totalisator premises

PART H - OFFENCES, FINES & PENALTIES

- 39. Offences, fines and penalties

PART I - ANNEXURES

- Annexure A.1: Change Control Management Guide
- Annexure A.2: Change request application form
- Annexure A.3: Offences, fines and penalties severity schedule
- Annexure A.4: Minimum Internal Control Standards



PART A - DEFINITIONS

In these rules, unless inconsistent with the context, the words and expressions used have the meanings assigned to them in the Act.

- A. **“approved medium”** means any medium for the recording and/or storage of data approved by the Board, and, without limitation to the generality of the foregoing, may include analogue or digital land-based or cellular telephone lines or other digital storage devices or recorders;
- B. **“betting device”** notwithstanding the definition of gambling device in the Act, means anything electrical, mechanical or otherwise, utilized for betting;
- C. **“bookmaker”** means the holder of a bookmaker licence contemplated in section 53 of the Act;
- D. **“bookmaker’s commitment”** in relation to any bet laid by a bookmaker, means the amount of money, excluding the stake wagered by a player, which a bookmaker stands to forfeit if the player wins such bet;
- E. **“commingling”** means the amalgamation of defined betting pools between an operator and another operator licensed in another South African Provincial or foreign jurisdiction and the declaration of a common dividend between that operator and such other operator;
- F. **“computerized record-keeping system”** means a computerized wagering system referred to in these rules;
- G. **“deposit account bet”** means a bet laid against a deposit previously paid to a bookmaker or holder of a totalisator licence by a punter or bookmaker in respect of future bets;
- H. **“designated gaming areas”** means an area within licensed premises where any betting is available to be conducted, read in conjunction with the National Gambling Act (“the NGB Act”);
- I. **“hardware upgrade”** means - (a) in relation to a server, a version or level change to any hardware that maintains the server serial number or the addition of new hardware to such server, or (b) the implementation of an enhanced hardware function;
- J. **“in-running betting”** means placing a bet on a race or an event after it has started while the odds are updated as the event unfolds.
- K. **“official starting time”**, in relation to horseracing, sporting or other events or contingencies, means the time at which such event or contingency commences; provided that the event or contingency in question thereafter proceeds without interruption until the outcome thereof has become known;
- L. **“regulations”** means the Eastern Cape Gambling Regulations, 1998 (Provincial Notice No. 34 of 1998), as amended;
- M. **“racecourse licence holder”** means the holder of a racecourse licence contemplated in section 56 of the Act;
- N. **“software upgrade”** means any software change to the software utilised in an existing server or device, which may include the implementation of a more recent release of such software, or an addition to or enhancement of the functionality of such software;
- O. **“total stake”** means the sum of the winning and losing stakes accepted by a bookmaker in betting transactions in respect of a given event or contingency;
- P. **“totalisator”** means the holder of a totalisator licence contemplated in section 51 of the Act;
- Q. **“winning stake”** means the progressive total of the winning stakes wagered by players in respect of a given event or contingency, and
- R. **“winning take-out”** means the total progressive take-out in relation to all winning bets in respect of a given event or contingency.



PART B

General Rules

2. Rules made available

- 2.1. Every holder of a bookmaker or totalisator operator licence shall make available to a player where its licensed premises provides physical access to the public for betting purposes, upon request, current rules approved in terms of section 59 or made in terms of section 81 of the Act relevant to its specific bet types and combinations offered.
- 2.2. Every holder of a bookmaker or totalisator operator licence shall, in a prominent position, display a notice advising players of the availability of the rules contemplated in sub-rule 2.1 and any amendments thereto as prescribed by Regulation 85.
- 2.3. Every licence holder contemplated in this Rule shall not conduct betting otherwise than in accordance with the rules contemplated in sub-rule 2.1.

3. Dual Systems

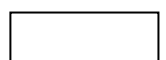
- 3.1. Subject to the provisions of Rule 22, no manual record-keeping system or multiple software wagering systems offering the same contingency that operates independently shall be permitted for the processing of betting transactions on licensed or different licensed bookmaker premises.
- 3.2. The holder of a bookmaker licence must make use of a computerized record-keeping system as provided for in Rule 18 for the processing of betting transactions.

4. Recording of verbal bets

- 4.1. In respect of any bet placed or accepted via a telephone, cellular phone, the internet, or any other electronic media, a clearly audible voice or digital recording shall be made on medium approved by the Board.
- 4.2. The recording referred to in sub-rule 4.1 shall be retained in a secure place of storage on the licensed premises, or on such other premises as may be approved by the Board, for a period of ninety (90) days from the date upon which it was made, or such further period, pending any investigation, as the Board may require.
- 4.3. A licence holder who intends to or make use of the recording contemplated in sub-rule 4.1 shall, by either a way of a pre-recorded message or otherwise, inform all persons utilizing a telephone, cellphone, or telecommunications line for the purpose of placing bets, that all such betting transactions shall be recorded, prior to acceptance of any such bet.

5. Recognition of representative bodies or associations

- 5.1. The Board may recognise a body or association of persons representing a class or category of licence holders provided that such body or association -
 - (a) has been formally mandated by the majority of such class or category of licence holders to represent its interests;
 - (b) is recognised on an ongoing basis by the majority of such class or category of licence holders as continuing validly to represent its interests;
 - (c) comprises persons who in the opinion of the Board are suitable to represent such interests, and



- (d) acts in its representative capacity in terms of a written constitution approved by the Board.
- 5.2. The effect of the recognition of a body or association in terms of sub-rule 5.1 shall be that, subject to compliance with the Act, such body or association shall be -
- (a) consulted in respect of:
- (i) any proposed change in its status as a body or association recognised by the Board;
 - (ii) proposed amendments to the Act affecting the category of licence holder which it represents, and
 - (iii) applications for licensing submitted by persons seeking to be issued licences in the category which it represents; provided that the body or association shall not be entitled to any confidential information submitted by such applicants, and
- (b) notified in respect of:
- (i) any proposed hearing, enquiry or similar disciplinary procedure to be conducted in respect of any of its members, provided that the member concerned shall be entitled to elect whether to enlist the assistance of the body or association for the purposes of the hearing, enquiry or disciplinary procedure, and
 - (ii) the outcome of any hearing, enquiry or disciplinary procedure referred to in paragraph (b)(i).
- 5.3. The effect of recognising a body or association in terms of sub-rule 5.1 shall not limit the rights and privileges of licence holders (licensees) that are not members of such body or association as it relates to sub-rule 5.2 above.

6. Persons to accept or process bets

A licensed key employee as prescribed in the Act shall be present at all times during which bets are accepted or processed on totalisator or bookmaker premises.

7. Time of acceptance of bets

7.1. Upon acceptance of bet the holder of a bookmaker or totalisator licence shall:

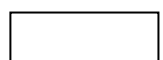
- (a) Issue a ticket to a player in exchange for cash; or
- (b) When a player is not physically present at the licensed premises, inform that the bet has been accepted, processed and provide sufficient information to uniquely identify the relevant bet to the player or punter.

7.2. There shall be no bets to be accepted after the event has started or once the outcome of the event has been known, unless such a bet is an in-running.

8. Final Determination of Bets

8.1. Any bet shall be deemed to be determined when the outcome of the event or contingency to which such bet relates has become known.

8.2. The calculation of betting tax liabilities will be calculated in relation to sub-rule 8.1 above as prescribed by the Act or such alternative method prescribed from time to time by the Chief Executive Officer.



9. Payments of bets

A winning bet in respect of any contingency, whether payable in cash or otherwise, shall be payable only after the official result thereof has been made known in the manner required or approved by the Board and shall be paid immediately upon presentation thereof for payment. Provided that where applicable, Financial Intelligence Centre Act requirements or any other law have been adhered to.

10. Collection or claiming of winning bets

- 10.1. In the case of holder of a bookmaker licence, if any winning amount payable by the relevant holder, in consequence of a cash bet is not collected within ninety (90) days of the date on which the outcome thereof was finally determined, such bet shall accrue to the relevant licence holder, provided that any tax payable in respect of such a bet shall be payable immediately as contemplated in rule 8.
- 10.2. If any winning amount payable by the holder of totalisator licence, in consequence of a cash bet is not collected within ninety (90) days of the date on which the outcome thereof was finally determined, aggregate takeout of such bet shall accrue to the Provincial Revenue Fund, therefore the relevant licence holder must within ninety (90) days of such bet not claimed pay over and provide records thereof to the Board.
- 10.3. Records of uncollected or unclaimed winning bet that have since accrued to the relevant licence holder subsequent to the ninety (90) days lapsing, must be kept until they have been audited and verified by the Board.
- 10.4. The holder of a bookmaker or totalisator licence shall, in a prominent position within its licensed premises where it's licensed premises provides physical access to the public for betting purposes, display a notice informing players that winnings in respect of any cash bet must be claimed within ninety (90) days of the determination of the outcome of such bet.

11. Limits and other conditions

- 11.1. The holder of a bookmaker licence shall submit its limits as well as terms and conditions for approval by the Board.
- 11.2. Wherein the issue is not dealt with by these Rules, the approved terms and conditions shall prevail for as long as they are not in conflict with these Rules.
- 11.3. In respect of open bets, the holder of a bookmaker licence shall clearly display all limits and conditions pertaining to betting units, the payout centre and the manner of payment on a notice board in or on the licensed premises where it's licensed premises provides physical access to the public for betting purposes provided that any limit set in respect of payment of a winning bet -
 - (a) shall specify the maximum amount payable in relation to a single unit, being a R1,00 unit, of any winning combination or bet type;
 - (b) shall not stipulate that any such maximum amount payable will be payable per ticket issued;
 - (c) shall be deemed to specify the maximum amount payable in relation to a single (R1,00) unit of the applicable winning combination or bet type in all cases where the information appearing on the notice board contemplated in this rule is unclear; and
 - (d) shall specify the maximum payout payable to any one person, may not exceed the net pool value, on the totalizator, for that winning bet type regardless of the value staked or the number of winning



combinations.

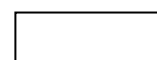
- 11.4. In respect of fixed odds bets, the holder of a bookmaker licence shall clearly display all limits and conditions on a notice board in or on the licensed premises where it's licensed premises provides physical access to the public for betting purposes, provided that any limit set in respect of payment of a winning bet -
- (a) shall specify the maximum amount payable in relation to an accumulation of bets per day relating to any winning combination or bet type; and
 - (b) shall not stipulate that any such maximum amount payable will be payable per ticket issued.
- 11.5. The holder of a bookmaker licence shall submit proposed limits and conditions pertaining to sub-rules 11.1 and 11.2 above to the Board for approval prior to the implementation or any amendment thereof.
- 11.6. The holder of a bookmaker licence shall prior to conducting any betting transactions via telephone, cellular phone or any other electronic media with a player:
- (a) furnish such player with a copy of the applicable limits;
 - (b) ensure that the signature of the player is appended to such copy and to retain such copy on its licensed premises until the account is permanently closed or any extended period as the Board may specify.

12. Notice: "No more bets"

- 12.1 Every holder of a bookmaker and of a totalisator licence shall display in a prominent and visible place on the licensed premises a notice in large legible writing and in permanent ink, stating that: "no bets shall be accepted in respect of a horse race once such horse race has officially started".

13. South African Responsible and Gambling Foundation

- 13.1. In addition to the provisions of the Regulations, the holder of a bookmaker or totalisator licence as well as its respective key employees shall identify and manage problem gambling by:
- (a) opening, and thereafter maintaining a register of all players identified as, or reasonably suspected to be problem or compulsive gamblers;
 - (b) advising and referring players contemplated in subparagraph 13.1(a) above to contact the Problem Gambling Counselling Line at 0800 006 008;
- 13.2. attending, within 12 months of being issued a key employee licence, a training course in the identification and management of problem or compulsive gamblers presented by South African Responsible Gambling Foundation; and
- 13.3. reporting to the Board by no later than the end of the month immediately following a quarter the amount of referrals in respect of sub-paragraphs 13.1(a) and (b) made during the preceding quarter in the format prescribed by the Board.



14. Suitable Methods of operation

- 14.1. The holder of a bookmaker or totalisator licence must conduct betting in a manner that is not harmful to the public health, safety, morals, good order and general welfare of the people of the Province having regard to reasonable standards of custom, respectability and decency, to include but not limited to the following:
- (a) on licensed premises, permitting persons who appear to be visibly intoxicated to participate in any betting activity; and
 - (b) on licensed premises, serving intoxicating beverages to any person participating in any betting activity who appears to be visibly intoxicated.

15. Grounds for disciplinary or sanctioning action

- 15.1. The Board deems any activity on the part of any licence holder, his agents or employees, that is harmful to the public health, safety, morals, good order and general welfare of the people of the Province, or that would reflect or tend to reflect discredit upon the Province or the gambling industry, to be an unsuitable method of operation and shall be grounds for disciplinary or sanctioning action by the Board in accordance with the Act.
- 15.2. Without limiting the generality of the foregoing, the following acts or omissions shall be grounds for disciplinary or sanctioning action:
- (a) Failure to exercise discretion and sound judgement to prevent incidents which might reflect on the repute of the Province and act as a detriment to the development of the industry;
 - (b) permitting persons who appear to be visibly intoxicated to participate in betting activity;
 - (c) serving of intoxication beverages in the gambling area to persons who appear to be visibly intoxicated;
 - (d) possessing or permitting to remain in or upon any licensed premises an cards, dice, mechanical device or any other cheating device whatever, the use of which is prohibited by law;
 - (e) conducting, carrying on, operating or dealing any cheating or thieving game or device on the premises, which may have in any manner been marked, tampered with or otherwise placed in a condition, or operated in a manner, which tends to deceive the public or which might make the game more liable to be won or lost, or which tends to alter the normal Random selection of criteria which determine the results of the game;
 - (f) failure to conduct betting operations in accordance with proper standards of custom, decorum and decency, or permit any type of conduct in the establishment which reflects or tends to reflect on the reputation of the Province or acts to the detriment to the gambling industry; and
 - (g) issuing of credit to a patron to enable the patron to satisfy a debt owed to another licence holder or person, including an affiliate of the licence holder: Provided that this sub-rule shall not prohibit a licence holder from collecting a debt owed to an affiliate of the licence holder.



16. Records made available

- 16.1. All mechanical or electronic records or computerized devices and software kept in or on the licensed premises of a bookmaker or totalisator, which are used, or are capable of being used for the purpose of betting operations, shall be made available to the Board on request.
- 16.2. The holder of an operator licence must submit to the Board copies of its audited annual financial statements and any reports communicating the results of an independent audit, including management letters, within prescribed period as contemplated in sub-regulation 76(3), or any extended period approved by the Board, following the last day of the licensed operator's financial.
- 16.3. The holder of an operator licence must submit to the Board a betting tax return in the manner and format which the Board will determine from time to time as contemplated in Regulation 77.

17. Records to be made available on cessation of operations, revocation or expiry of licence

- 17.1. Where the licensed activities authorized by the holder of a bookmaker licence, bookmaker premises, totalisator operator or totalisator premises licence are obliged to cease, as a result of -
 - (a) a successful application to the Board to cease operations;
 - (b) the revocation of such licence by the Board, or
 - (c) the expiry of such licence, in the event that it is not renewed.
- 17.2. Such licence holder shall, within fourteen (14) working days of such cessation, submit to or provide the Board with an access to, for the purposes of a close-down audit, records kept by it in terms of these Rules in respect of the relevant licensed operations.

PART C

Recording of bets on licensed premises by the holder of a bookmaker licence

18. General provisions

- 18.1. Subject to the provisions of Rule 22, the holder of a bookmaker licence shall only use a computerised record-keeping system approved by the Board and any upgrades, amendments or improvements thereto approved by the Board, for the purpose of recording betting transactions.
- 18.2. The utilisation and operation of an approved computerised record-keeping system as contemplated in sub-rule 18.1, must be performed as prescribed in these Rule to the extent that the requirements and obligations contained therein are or are reasonably considered to be within the licensed operator's control.

19. Computerized Backups and back-up procedures

- 19.1. The holder of a bookmaker licence shall make a daily backup or a single consolidated backup where betting is offered at multiple licensed premises in duplicate of all operational data contained in its approved wagering record keeping system pertaining to all contingencies on which betting of any nature is offered, on compact disc, tape, or such other medium as may be required or approved by the Board.
- 19.2. The holder of a bookmaker licence shall ensure that the computerized backups contemplated in sub-rule



19.1 are compiled in such a manner that -

- (a) All events on which betting was offered shall be closed and recorded as such after the results of the event had been made known and the backup shall reflect the closed state of the event;
- (b) All events on which betting was offered shall contain valid, complete and accurate records of all results for all the different bet types on which betting was offered by the holder of a bookmaker licence;
- (c) The correct names, as advertised, of each venue in respect of which betting was offered shall be recorded;
- (d) Accounts receivable and payable records of betting clients or players must be maintained as prescribed in Rule 35;
- (e) Accounts receivable and payable records of betting must only contain betting transactions between a punter or player concerned and the bookmaker; and
- (f) Accounts receivable and payable records of betting transactions between bookmakers may only relate to betting transactions directly related to the two entities concerned which may not include betting transactions in relation to a third party.

19.3. One copy of the backups contemplated in this Rule shall be retained in a secure place of storage on the licensed premises, or on such other premises as may be approved by the Board, for a period of five (5) years from the date of creation thereof, or such further period, pending any investigation, as the Board may require, and the other copy shall be submitted to the Board once a month, before the 10th day of the month, or wherein other medium other than compact disc or tape is used, access to such back-up be granted to the Board, in respect of the transactions concluded during the preceding month.

19.4. The bookmaker shall record within the computerized backups or personal file as the case may be the personal details of all players and holders of a bookmaker licences with whom the bookmaker has laid bets on deposit account or take-back bets, containing, at a minimum -

- (a) in the case of a legal person:
 - (i) the name of the entity;
 - (ii) the registration number of the entity;
 - (iii) the registered trading address of the entity;
 - (iv) the telephone number at which the entity can be reached; and
 - (v) the code or abbreviation used for the identification of such entity by the bookmaker (where applicable); and
 - (vi) the account number used in respect of such entity.
- (b) in the case of a natural person:
 - (i) the name and surname of the person;
 - (ii) a certified copy of the personal identification document or passport of the person;
 - (iii) the residential address of the person substantiated by supporting documentation;
 - (iv) the telephone number at which the person can be reached;
 - (v) the code or abbreviation used for the identification of such person by the bookmaker (where applicable), and
 - (vi) the account number used in respect of such person.



- 19.5. Restoring or replacing a database is prohibited without a prior written approval from the Board.
- 19.6. A bookmaker must ensure that the Board has an uninterrupted **Read-only** access to the systems all the time.
- 19.7. In the event of a power failure or system failure:-
- (a) Unless an uninterrupted power supply system is maintained, the licence holder must immediately inform the Board of the power or system failure in writing, provided that an approval thereof has been granted; and
 - (b) the licence holder records, in a register kept for such purpose-
 - (i) the exact date and time of the failure;
 - (ii) the nature of the failure, and
 - (iii) the duration of the failure, specifying the exact date and time that reconnection to the system is established.
- 19.8. Notwithstanding the provisions of sub-rule 19.7, the Board may, in respect of power or system failures generally, require on written application by a licensed bookmaker, approve-
- (a) the use of a master-slave system, which shall operate in such a manner that the master and slave components of the system have identical capabilities and may operate independently of one another without in any way compromising any of the system requirements laid down by the Board, or
 - (b) the use of an acceptable alternative source of electrical power generation on the licensed premises.

20. Tickets

20.1 At a minimum, any ticket issued to a player shall contain -

- (a) the ticket number;
- (b) the type of event or contingency;
- (c) the date of the event or contingency;
- (d) the date and time the ticket was issued;
- (e) the name or identifying number of the event or contingency;
- (f) the venue of the event or contingency (where applicable);
- (g) the subject in respect of which the bet is laid;
- (h) the player's stake;
- (i) the bookmaker's commitment;
- (j) the bet type;
- (k) the name of the holder of a bookmaker licence;
- (l) the address of the licensed premises;
- (m) the limits pertaining to the bet; and
- (n) "in-running betting" must be indicated where applicable.



PART D

Recording of bets on licensed premises by the holder of a totalisator licence

21. General Provisions

A totalisator operator shall use only such computerised record-keeping system and upgrades, amendments or improvements thereto as have been approved by the Board for the purpose of recording betting transactions.

22. Computerized back-ups

22.1 A totalisator operator shall make a daily backup or a single consolidated backup where betting is offered at multiple licensed premises of all operational data contained in its approved wagering record keeping system pertaining to all contingencies on which betting is offered, on compact disc, tape, or such other medium as may be prescribed by the Board, which shall be retained in a secure place of storage on the licensed premises, or on such other premises as may be approved by the Board, for a period of at least five (5) years from the date of creation thereof, or such further period, pending any investigation, as the Board may require.

22.2 A totalisator shall, once monthly, before the 10th day of the subsequent month as contemplated in Schedule III of the Act, in respect of the transactions concluded during the preceding quarter, provide the information contemplated in sub-rule 22.1 to the Board in the format prescribed.

22.3 A totalisator operator shall record the personal details of all players with whom it has laid bets on deposit account containing, at a minimum -

(a) in the case of a legal person:

- (i) the name of the entity;
- (ii) the registration number of the entity;
- (iii) the registered trading address of the entity;
- (iv) the telephone number at which the entity can be reached; and
- (v) the code or abbreviation used for the identification of such entity by the totalisator (where applicable); and
- (vi) the account number used in respect of such entity;

(b) in the case of a natural person:

- (i) the name and surname of the person;
- (ii) a copy of the certified personal identification document or passport of the person;
- (iii) the residential address of such person substantiated by supporting documentation;
- (iv) the telephone number at which such person can be reached;
- (v) the code or abbreviation used for the identification of such person by the totalisator (where applicable); and
- (vi) the account number used in respect of such person.

22.4 Restoring a database is prohibited without the prior approval from the Office of the Board in the prescribed format.

22.5 A totalisator operator shall ensure that the Board has an uninterrupted **Read-only** access to the system all the time.

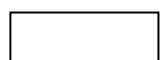


23. Tickets

- 23.1 Any ticket issued by a totalisator operator to a player shall contain, at a minimum -
- (a) the ticket or slip number;
 - (b) the type of event or contingency;
 - (c) the date of the event or contingency;
 - (d) the time the ticket was issued;
 - (e) the name or identifying number of the event or contingency;
 - (f) the venue of the event or contingency;
 - (g) the subject in respect of which the bet is laid;
 - (h) the player's stake;
 - (i) the code number of the licensed totalisator operator; and
 - (j) the code number of the totalisator terminal at which the ticket was issued.

24. Commingling Initiatives

- 24.1 Any commingling agreements with an international operator must be approved by the Board before the implementation thereof by the holder of a totalisator operator licence.
- 24.2 Every application for the approval of a commingling agreement with a foreign totalisator operator must disclose the take-out rates in respect of each bet type to be made available, and include calculations from which it may reasonably be concluded that the implementation of the agreement will not lead to a contravention of sub-regulation 68A of the Regulations.
- 24.3 In respect of commingling agreements with foreign operators -
- (a) unless otherwise stipulated or required by the Board, the Rules in respect of totalisator betting of the host operator in respect of the event in question ("the Host Rules") will apply;
 - (b) the Host Rules must be approved by the Board before the implementation of the agreement;
 - (c) on all occasions that betting is conducted pursuant to such an agreement, the licence holder must have a copy of the Host Rules available for perusal by the public;
 - (d) a notice, in the form required by the Board or its Office, must be given to the public, of such deviations between the Host Rules and the legislation, regulations, rules, policies and/or general practice in force in the Eastern Cape as the Board or its Office may require; and
 - (e) sufficient written confirmation that approval has been obtained from the South African Reserve Bank which must be submitted to the Board.
- 24.4 Players betting on commingled events shall be pertinently notified of the exchange rate operative in respect of such betting transactions, as well as the fact that such rate is fixed on the morning of the event and will not be affected by any exchange rate fluctuations which might occur during the course of the day in question.



25. Aggregate Takeout

- 25.1 Subject to the provisions of regulation 68(A) of the Regulations, a totalisator shall, with the submission monthly betting tax returns as prescribed by the Act, submit to the Board in the format required by it, all average return to player percentages in respect of transactions concluded during the month betting taxes are reported for, on all events to which any commingling agreement with a foreign totalisator operator relates.
- 25.2 All average return to player percentages referred to in sub-rule 25.1 shall be calculated per day over a month period.

26. Payment of betting levy to holder of racecourse licence

Subject to compliance by the holder of the racecourse licence in the province of Eastern Cape with rule 27, the Chief Executive Officer shall, within thirty days of receipt of the betting levy referred to in Schedule III Part B 1(e) (i) of the Act, as the case may be, pay the whole amount so received to such licence holder.

27. Duties of holder of racecourse licence regarding betting levy

- 27.1 The holder of the racecourse licence referred to in rule 26 shall, on a quarterly basis, submit to the Board a return, together with such supporting documentation as may be required by the Board, which shall conclusively prove that the total amount of the betting levy paid over to it during the preceding quarter was exclusively applied to the development of horseracing betting in the Eastern Cape or retained in a separate account used exclusively for such purpose.
- 27.2 Subject to the provisions of sub-rules 27.3 and 27.4, expenditure incurred in respect of -
- (a) stakes payable in respect of horseracing held in the Eastern Cape;
 - (b) the upgrading of existing or the development of new quarantine facilities for horses in the Eastern Cape;
 - (c) the upgrading of existing or the development of new training centre(s) facilities in the Eastern Cape for use by the holder of the racecourse licence;
 - (d) the upgrading of existing racecourse facilities in the Eastern Cape;
 - (e) the upgrading of existing or development of the racecourse licence holder's new facilities in the Eastern Cape, and
 - (f) the expansion of technology betting in the racecourse licence holder's new facilities and on racecourses in the Eastern Cape.
- shall be expenditure incurred for the development of horseracing betting in the Eastern Cape.
- 27.3 No less than twenty-five percent of the total amount paid over to the holder of the racecourse licence pursuant to rule 26 in any year shall be allocated to stakes payable in respect of horseracing in the Eastern Cape; provided that:
- (a) the total amount expended on or allocated to stakes during the first full year in which the levy is paid to the holder of the racecourse licence pursuant to rule 26, shall not be less than the sum of the amount expended on stakes during the twelve months immediately preceding the



commencement of payment of the betting levy to such licence holder and the total portion, being a minimum of twenty-five percent, of the betting levy paid over to such licence holder and expended on or allocated to stakes during such twelve month period; and

(b) the amount expended on or allocated to stakes during each year subsequent to the first full year for which the levy is paid to the holder of the racecourse licence holder pursuant to rule 26, shall not be less than the total amount contemplated in paragraph (a).

27.4 No portion of any sum paid over to the holder of the racecourse licence pursuant to rule 26 shall be allocated to -

(a) the payment of costs ordinarily incurred in the day-to-day administration of its business by such licence holder;

(b) the payment of costs incurred by such licence holder in respect of the Jockey Club of Southern Africa;

(c) the payment of investigation or licensing costs incurred by such licence holder in terms of the Law, or

(d) the refinancing of any part of its business, the business of its management company or the business of any entity with which it is affiliated.

28. Levy returns

28.1 In addition to the quarterly levy return contemplated in sub-rule 27.1 of these rules, a racecourse licence holder shall, by no later than the end of each month, submit to the Board in the format required a supplementary levy return in respect of the transactions concluded during the preceding month, which shall reflect, or include, as the case may be -

(a) the amount expended by the racecourse licence holder on stakes and capital investment respectively and the nature thereof from resources other than the levy paid over by the Board;

(b) the amount expended by the holder of the racecourse licence on stakes and capital investment respectively and the nature thereof from the levy received paid over by Board;

(c) the total levy received, the amount applied during the month and the amount retained by the the racecourse licence holder with respect to the levy paid over by the Board;

(d) totals as contemplated in sub-paragraphs 28(1)(a)-(b) for the corresponding period in the previous year; and

(e) a detailed account statement of the levy account reflecting all transactions for the month in respect of which the return is submitted.

28.2 A separate ledger or control account must be opened and maintained by the the racecourse licence holder in respect of levies paid over to it by the Board, recording and balancing all deposits and receipts by the the racecourse licence holder on a monthly basis.

28.3 Every utilisation of any portion of the levy amount, whether for stakes or capital expenditure, must be clearly allocated to the applicable expense or investment account and properly referenced.

28.4 The expenditure accounted for in terms of this Rule must differentiate between-

(a) capital expenditure, being an upgrade or an expansion,

(b) a new development, or

(c) an expense.



28.5 Expenditure of a capital nature shall be expenditure which:

- (a) entails a modification of an item to materially extend its useful life, including a noteworthy increase in its capacity;
- (b) involves the upgrading of items to achieve a substantial improvement in the quality of output;
- (c) entails the adoption of new processes enabling a substantial reduction in previously assessed operating costs; and
- (d) comprises new developments.

28.6 Each expenditure of levy funds by the racecourse licence holder must be properly authorised by its management and supporting source documentation retained in respect thereof.

29. Duty of Chief Executive Officer regarding betting levy

If the holder of the racecourse licence referred to in rule 26, does not comply with rule 27, the Chief Executive Office shall, immediately cease payment of any betting levy which would otherwise have been payable to such licence holder, and shall immediately pay such levy into the Provincial Revenue Fund.

PART E

Wagering Record-keeping software

30. Approval of betting devices and computer software programmes

30.1 A manufacturer or distributor shall not distribute betting devices or computer software programmes and, subject to Rule 32, any upgrades, amendments or improvements thereto in the Province and the holder of a bookmaker or totalisator operator licence shall not acquire, utilise or expose such for betting unless the betting device or computer software programme and upgrades, amendments or improvements thereto has been certified in the manner contemplated in Rule 31 and approved by the Board.

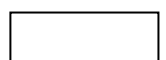
30.2 An application for approval of new betting devices and computer software programmes shall include a complete, comprehensive, and technically accurate description and explanation, in both technical and lay language, of the manner in which the betting device or computer software operates.

30.3 Where an application as contemplated in sub-rules 30.1 and 30.2 above, is received from an internationally based manufacturer, then provision must be made for the availability of all operational data on the licensed premises to enable compliance with the Act.

31. Minimum standards for betting devices and computer software programmes

31.1 No betting device or computer software programme shall be approved by the Board unless it has been tested and certified as meeting the requirements of SANS 1718, Part IV, as amended, with reference to local legislation.

31.2 A manufacturer shall at all times ensure that a betting device or computer software programme as contemplated in sub-rule 31.1 above shall accurately calculate betting transactions in accordance with these Rules and relevant norms and standards and it shall be the responsibility of the Manufacturer to investigate and rectify at its own cost any non-compliance identified with these Rules and the relevant



norms and standards subsequent the approval of wagering software, an upgrade or amendment thereto.

- 31.3 A manufacturer must ensure that the wagering software is capable of exporting or producing the minimum required reports as provided for in the SANS-1718 Part4 - Wagering Recordkeeping Systems.
- 31.4 All costs involved in the auditing, testing, certification and approval of betting devices and computer software programs shall be borne by the person or organisation submitting the betting devices or computer software programs for certification and approval.
- 31.5 The Board's approval of a betting device or computer software program shall not constitute a guarantee of its performance nor its safety.
- 31.6 The betting device(s) or software system(s) approved by the Board is for mere record-keeping purposes and does not usurp the functions of the Board in terms of auditing licensed operators' financial information for tax purposes.
- 31.7 The Board is not bound to incorrect calculations generated by an error or mal-performance in the software approved by the Board. The Chief Executive Officer assumes the primary role of administering that the correct taxes are paid in accordance with the applicable provisions in the Act, Regulations and the Betting Rules of the Board.

32. Duty of Change Control Management

- 32.1 All software media submitted to the Board shall be clearly labeled, and shall contain sufficient information to identify the version and modification level.
- 32.2 The identifying information utilized shall strictly follow the supplier's identification system, as detailed in its software configuration control procedures.
- 32.3 Each software revision must be drafted in accordance with the criteria set forth in Annexure A.1 and submitted on the prescribed form as per Annexure A.2 and be implemented accordingly.
- 32.4 The supplier shall ensure that new versions of software submitted are cross-referenced back to previous certified releases, adhere to the conditions set forth therein where approval is granted and shall make use of Annexure A.2 for this purpose.
- 32.5 The Board may from time to time issue guidance notes with respect to the interpretation and completion of Annexures A.1 and A.2 as the need arises.

33. Time of computerized record-keeping systems

- 33.1 The holder of a bookmaker or totalisator operator licence which uses a computerized record-keeping system to process bets and issue tickets shall, on a daily basis, ensure that the time on the internal clock of the file server in use does not differ from the standard South African time as determined from time to time by Department of National Metrology Laboratory of the Council for Scientific and Industrial Research CSIR by more than ten seconds provided that if at any stage the time difference exceeds the prescribed norm, such licence holder shall adjust the time on the clock of the file server accordingly.
- 33.2 It shall be the responsibility of every licence holder contemplated in sub-rule 33.1 to ensure that,



before a race meeting or sport event starts, the time on the file server corresponds with the Standard South African time.

PART F

34. Records of take-back bets

34.1 Every holder of a bookmaker licence which places a take-back bet on any subject in order to cover the commitment or expected commitment reflected in -

(a) a field sheet in respect of such subject, shall record such bet, where such commitment exists or is anticipated in respect of fixed odds bets, by entering the following:

(i) a figure arrived at by deducting from the progressive take-out in respect of such subject at the time of taking such bet:

(aa) the sum of the commitment of the bookmaker laying such bet and the amount staked by the bookmaker placing such bet; or

(bb) the amount paid by the holder of a totalisator operator licence, as the case may be;

(ii) the commitment of the bookmaker laying such bet, or a figure arrived at by deducting from the amount paid by the holder of a totalisator operator licence the amount staked by the licensed bookmaker placing such bet, as the case may be, which figure shall be clearly marked;

(iii) the amount staked by the bookmaker placing such bet, which figure shall be clearly marked;

(iv) a figure arrived at by deducting from the progressive total of players' stakes on such subject the amount staked by the bookmaker placing such bet; and

(v) the number of the ticket, or the number of the betting slip, where such bet is a totalisator bet, and

(b) a field sheet in respect of such subject, shall record such bet, where such commitment exists or is anticipated in respect of open bets, by entering the following from relating to open bets:

(i) a figure arrived at by deducting the following from the progressive takeout in respect of open bets:

(aa) the payout by the bookmaker laying such bet; or

(bb) the amount paid by the holder of a totalisator operator licence, as the case may be;

(ii) the payout by the bookmaker laying such bet, or a figure arrived at by deducting from the amount paid by the holder of a totalisator operator licence the amount staked by the bookmaker placing such bet, as the case may be, which pay-out or figure shall be circled in ink;

(iii) the amount staked by the bookmaker placing such bet, which amount shall be clearly marked;

(iv) a figure arrived at by deducting from the progressive total of players' stakes on such open bets the amount staked by the bookmaker placing such bets; and

(v) the number of the betting ticket, or the number of the slip, where such bet is a totalisator bet; Provided that where any such bet is lost by the bookmaker placing it, it shall not be necessary to make the entries contemplated in subparagraphs (i) and (ii).

34.2 when the holder of a bookmaker licence places a take-back bet in respect of an expected commitment and -

(i) the commitment does not materialize, the take-back bet shall be considered a bet and shall



not be deductible for betting tax purposes; or

(ii) the commitment only materialises partially, the bookmaker shall only deduct so much of the take-back bet as pertains to the commitment in so far as it so materialises, the rest being considered a bet, which shall not be deductible for betting tax purposes.

34.3 The recording of a fixed odds bet in respect of two or more subjects taking part in the same event or contingency shall be deemed to be a bet on one subject and shall be recorded in a separate column in the field book in the same manner as fixed odds bets in respect of one subject; provided that a consolidated entry may be made in respect of two or more such bets.

34.4 Open bets laid or deemed to have been laid in or on licensed premises, which have been finally determined during any one week, shall be recorded in the field sheet as if they were open bets laid in respect of a single subject in a single event or contingency which took place during that week.

34.5 A license licensed bookmaker shall, when making an entry representing a negative quantity in a field sheet in respect of -

(a) the take-out;

(b) the progressive total of players' stakes on a particular subject; or

(c) the progressive total of players' stakes on all subjects in an event or a contingency, must mark such entry.

35. Accounts or Clients Report

35.1 An Accounts report must contain an address book in the following format:

(a) An address form shall record the prescribed personal details of all players in respect of whom the bookmaker has laid deposit account bets, and shall contain the following minimum information:

(i) In the case of a legal person:

(aa) the name of the entity;

(bb) the registration number of the entity;

(cc) the registered trading address of the entity;

(dd) the telephone number at which the entity can be reached;

(ee) the code or abbreviation used for the identification of such entity by the bookmaker (where applicable); and

(ff) the account number used in respect of such entity.

(ii) In the case of a natural person:

(aa) the name and surname of the person;

(bb) a copy of the personal identification document, drivers licence or passport of the person;

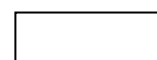
(cc) the residential address of the person substantiated by supporting documentation;

(dd) the telephone number at which the person can be reached;

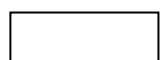
(ee) the code or abbreviation used for the identification of such person by the bookmaker (where applicable); and

(ff) the account number used in respect of such person.

(b) An address form shall have an alphabetical index.



- (c) An address form shall be written up on the same day on which the bookmaker has laid or placed a deposit account bet with a new player.
- 35.2 An Accounts report must contain player statements of all transactions which shall be in the following format:
- (a) The name of the holder of a bookmaker licence, the physical address of the licensed premises and the statement date shall be recorded on each statement.
 - (b) The statement shall reflect -
 - (i) the name of the player with whom bets were laid and/or placed;
 - (ii) the ticket number or transaction reference;
 - (iii) the amount won or lost;
 - (iv) the transaction date;
 - (v) details of the transaction with respect to journal entries; and
 - (vi) the amount payable to or due by the bookmaker.
 - (c) A statement shall reflect the transaction details of only one player and shall be in respect of a specified tax period.
 - (d) The net amount won or lost by the player in respect of a tax period shall be calculated at the bottom of the statement.
 - (e) The statement of account shall be supplied to a player on request.
 - (f) The Accounts Report shall contain the following information:
 - (i) the net amount of all deposit account bets laid, calculated in respect of a tax week in respect of each individual player;
 - (ii) the total of all take-back bets placed by the bookmaker during the tax week specified in respect of each individual bookmaker with which such bets were laid;
 - (iii) all winning payouts or refunds to players;
 - (iv) all winning payouts received from bookmakers;
 - (v) all payments of accounts to or by players or bookmakers; and
 - (vi) any balance due to or due by a bookmaker.
 - (g) Accounts report of betting must only contain betting transactions between a client or player concerned and the operator of a bookmaker licence.
 - (h) Accounts report of betting transactions between operators of a bookmaker licence may only relate to betting transactions directly related to the two entities concerned which may not include betting transactions in relation to a third party.



PART G

Licensing

36. Websites and mobile applications

36.1 The holder of a bookmaker or totalisator operator licence shall ensure that, where betting is conducted, from a website, mobile applications or any device utilised for such purpose, the prior approval of the Board is obtained in respect of such website, mobile applications or device utilised for such purpose, which at a minimum, shall display on the home or login page links to-

- (a) Contact details in respect of the licensed operator:-
 - (i) mobile, office and after-hours telephone numbers at which key employees may be contacted;
 - (ii) the physical and postal address of the operator; and
 - (iii) the e-mail address of the operator.
- (b) Mandatory notices
 - (i) In respect of a licensed operator where applicable:-
 - (aa) notices as provided for in sub-rules 2.2, and 12.1, as provided for in the General Rules of the Board, irrespective of whether its licensed premises provides physical access to its clients or not; and
 - (bb) such further notices the Board may from time to time prescribe.
- (c) the home pages of the websites in respect of:
 - (i) the Eastern Cape Gambling Board;
 - (ii) the South African Responsible Gambling Foundation;
 - (iii) the National Gambling Board;
 - (iv) the Financial Intelligence Centre; and
 - (v) current copies of:
 - (aa) Betting Rules;
 - (bb) Bookmakers Operational Rules; and
 - (cc) Totalisator Operational Rules.
- (d) "Terms and Conditions" which shall contain specific reference to, but not limited to:
 - (i) Financial Intelligence Centre Act Requirements;
 - (ii) Procedures pertaining to the opening of deposit accounts;
 - (iii) Dispute resolution procedures; and
 - (iv) The manner in which payment/settling is to be managed.

36.2 The following Information must be prominently displayed with respect to Responsible Gambling on all pages of an operator's website at all times:

- (a) the name of the licensed operator;
- (b) the registration number of licensed operator;
- (c) written confirmation that the operator is licensed by the Board;
- (d) a warning that no persons under 18 are legally permitted to gamble;
- (e) the slogan as may be in use by the South African Responsible Gambling Foundation, and
- (f) a reference to the National Responsible Gambling Programme, and its counselling line (0800-



006 008).

36.3 Details of any advertising or promotions may be displayed on a website, mobile application or any device utilised for such purpose provided that such advertising shall comply with Rule 3 of the General Rules and has been submitted to the Office of the Board for prior approval in terms of the Act.

37. Provision for designated gaming areas on licensed premises

37.1 Persons under the age of 18 years may be permitted on a licensed premises where a licence holder has provided for a designated gaming area approved by the Board.

37.2 A licensed operator shall where access to a licensed premises is granted in terms of sub-rule 37.1 above, ensure that persons under the age of 18 years are precluded from entering or otherwise gaining access to designated gaming areas.

37.3 The Office of the Board may upon application approve the utilisation of designated gaming areas on a licensed premises. Approval may be granted after inspection of the proposed designated areas which must comply with the minimum criteria and guidelines in respect of designated areas which the Board will issue from time to time.

38. Establishment of new bookmaker or totalisator premises

38.1 Applications for the grant of a premises licence shall be submitted under cover of the prescribed application form, and shall contain, together with such other information as the Board may require from time to time, the following attachments:

- (a) A copy of the lease agreement in respect of the premises;
 - (i) in the case of leased premises, a letter from the landlord furnishing its express consent for the establishment of the business of a bookmaker or totalisator;
 - (ii) a noting sheet obtainable from the Surveyor-General's office, clearly indicating physical address and erf numbers in respect of the premises;
 - (iii) a floor plan of the premises, clearly indicating areas to be utilised for the purpose of betting or where applicable, designated gaming areas to be utilised for the purpose of betting;
 - (iv) a letter from the local municipality or sub-structure, confirming its consent for the establishment of the business of a bookmaker or Totalisator; and
 - (v) a detailed explanation of the intended operation of the business in relation to:
 - (aa) proposed cash, credit or account facilities;
 - (bb) the proposed number of terminals;
 - (cc) additional businesses and/or services offered or to be offered on the premises, with specific reference to other gambling-related businesses already situated or intended to be located on the premises;



- (b) where the sale of liquor is proposed in respect of the premises, an indication as to whether a licence has been applied for or issued by the appropriate authority;
- (c) the date on which trading is proposed to commence, and
- (d) whether the proposed operation will be linked to a Wide Area Network, and if so, full details in respect thereof.

38.2 In considering the establishment of new bookmaker or totalisator premises in terms of the Act, the Board will have specific regard to educational facilities, places of worship, taxi ranks, bus terminuses in lower income or poorer areas, pension pay-out points including mobile or non-permanent pension pay-out points and tenants or neighbours within a pre-determined meter radius of the premises.

PART H

39. Offences, fines and penalties

- 39.1 Failure to comply with any of the requirements of Rules 2(1), 7, 19(6), and 24(2) shall be punishable with a maximum fine of R10 000 or such penalty as the Board may impose, or both such fine and penalty.
- 39.2 Failure to comply with any of the requirements of Rules 2(2), 2 (3), 6, 8, 10, 11(1), 12, 13, 15, 16 (3), 19(3), 20, 22(2), 23, and 25(1), shall be punishable with a maximum fine of R20 000 or such penalty as the Board may impose, or both such fine and penalty.
- 39.3 Failure to comply with any of the requirements of Rules 14, 16(1), 16(2), 24(1), 24(3), 24(4), 28(1), 28(3), 28(4), 28(6), 33(1) and 34(1), shall be punishable with a maximum fine of R50 000 or such penalty as the Board may impose, or both such fine and penalty.
- 39.4 Failure to comply with any of the requirements of Rules 3(2), 4, 17(1), 19(1), 19(2), 22(1), 28(2), 32(4), 35, and 36(3), shall be punishable with a maximum fine of R75 000 or such penalty as the Board may impose, or both such fine and penalty.
- 39.5 Failure to comply with any of the requirements of Rules 19(4), 22(3), 31, 36 and 37(2), shall be punishable with a maximum fine of R100 000 or such penalty as the Board may impose, or both such fine and penalty.
- 39.6 Failure to comply with any of the requirements of Rules 3(1), 18, 19 (5), 21, 22(4) and 30(1), shall be punishable with a maximum fine of R150 000 or such penalty as the Board may impose, or both such fine and penalty.
- 39.7 Where these Rules make provision for the imposition of fines, the amount of such fines may be doubled in the event of a second or subsequent contravention by any licence holder.



Date of commencement

These rules shall come into operation on the date of publication thereof in the Government Gazette.

PART I

Annexure A.1

Change Control Management Guide (Rule 32)

Upgrade Terminology

The terms patch, service pack, upgrade and hot fix are used interchangeably to mean changes to software after its release. The process for deploying is the same in each case. However, each term has the following more specific meaning:

Service Packs

Service packs keep the product current, correct known problems, and may also extend the functionality of a computer network. It includes tools, drivers, and updates, including enhancements developed after the product is released.

Service packs are product specific, therefore there must be separate service packs for each product. However, the same service pack may generally be used for different versions of the same product. Service packs are also cumulative. Each new service pack contains all of the fixes in previous service packs, as well as any new fixes and system modifications that have been recommended since. It should not be necessary to install a previous service pack before installing the latest one.

Hot fixes or Critical Modifications

Hot fixes or emergency modifications are provided to a group or individually when critical problems are experienced for which no feasible workaround is available. Hot fixes do not undergo extensive regression testing and is issue specific. Groups of hot fixes are periodically incorporated into service packs, at which time they undergo more rigorous testing and are made available.

Security Patches

Security patches are designed to eliminate security vulnerabilities. The software may be exposed to hostile manipulation via malicious code, malevolent operators or attackers wanting to break into computers who can exploit these vulnerabilities. These patches are analogous to hot fixes but are deemed mandatory, if the circumstances require, it must be deployed quickly. Many security patches are for client-side (often browser) issues. It may or may not be relevant to a server installation. It is also referred to as a Critical Patch Updates commonly known as a collection of patches for multiple security vulnerabilities. It may include a number of non-security fixes that are required (because of interdependencies) by those security patches.

Upgrade

Upgrade's extends the product's functionality and value. It keeps the product current with emerging trends, the needs of the IT environment, players or regulators.

Managing the Process

A good change control procedure has an identified owner, a path for player input, an audit trail to account for all changes, a clear announcement and review period, testing procedures, and a well understood rollback plan.

➤ **Categorising Patches**

As each new patch becomes available, the importance to the environment should be determined. Understanding its importance will help determine how soon one will need to deploy it and how much testing is required. The impact levels are shown in the following table.



Vulnerability Ratings

Critical	<p>These risks are devastating and include:</p> <ul style="list-style-type: none"> a) Loss of confidentiality, integrity and availability is likely to have a catastrophic adverse effect on the organization or individuals associated with the organisation (e.g., regulators, players); b) There is a total compromise of system & database integrity; c) There is a total shutdown of the affected resource; d) There is a complete loss of system protection that may result in catastrophic physical or property damage and loss; e) There may be a catastrophic loss of revenue or productivity; f) Significant web site defacement, denial-of-service, or full control is denied; g) Elevation of privilege, data disclosure, or modification that results in the above mentioned risks; and h) Arbitrary code is active without user action; remote escalation of privilege that results in the above mentioned risks. <p>Countermeasures recommended to mitigate these risks should be implemented immediately without prior approval of the Board. However, a request for the modification must be submitted to the Board in the prescribed form within 5 days.</p>
High	<p>These risks are significant and include:</p> <ul style="list-style-type: none"> a) Loss of confidentiality, integrity and availability is likely to have a serious adverse effect on the organization or individuals associated with the organisation (e.g., regulators, players); b) There is a compromise of system & database integrity; c) There is loss of system protection that may result in material physical or property damage or loss; d) Partial web site defacement, denial-of-service, or full control is compromised; and e) There may be a significant loss of revenue or productivity. There is reduced performance or interruptions in resource availability. <p>Countermeasures recommended to mitigate these risks should be implemented as a matter of urgency without the approval of the Board provided that a notification prior to applying the changes has been submitted to the Office of the Board. However, a request for the modification must be submitted to the Board in the prescribed form within 10 days.</p>
Moderate	<p>These risks are less significant. Risks include but are not limited to:</p> <ul style="list-style-type: none"> a) Loss of confidentiality, integrity and availability is likely to have an adverse effect on the organization or individuals associated with the organisation (e.g., regulators, players); b) Compliance to provincial legislation is severely compromised; c) Difficult to exploit, unusual configuration, or transient effect Auditable data disclosure, modification; d) A moderate loss of revenue or productivity to the organization; and e) There is unconfirmed source or possibly multiple conflicting reports. There is little confidence in the validity of the reports. <p>Countermeasures recommended to mitigate these risks should be implemented upon prior approval of the Board in the prescribed form.</p>
Low	<p>These risks are low. Risks include but are not limited to:</p> <ul style="list-style-type: none"> a) Loss of confidentiality, integrity and availability is likely to have only a limited adverse effect on the organization or individuals associated with the organization; b) Limited impact such as disclosure of scripts. Untargeted or fragmentary data theft or modification, limited denial-of-service; c) Compliance to provincial legislation less significant; and d) There is no potential for loss or damage to physical assets, productivity, revenue or taxes. <p>Countermeasures recommended to mitigate these risks should be implemented during routine maintenance upgrades upon prior approval of the Board in the prescribed form.</p>

The rating system categorises vulnerabilities, according to their potential impact if the vulnerability is exploited and the likelihood of that happening. Patches must be categorised based on an individual environment.

Reviewing of Patches

Software changes and any patches which are going to be installed in an environment must be thoroughly tested. How much testing is appropriate will depend on how it has been categorised.

At a minimum, each change control procedure must consist of the following steps:

- a) **Identifying the patch owner** - For all patches, it should have an identified owner who is responsible for the evaluation of the patch;
- b) **Reviewing all documentation** - Before applying any service pack, hot fix, or security patch, all relevant documentation should be read and peer reviewed. The peer review process is critical as it mitigates the risk of a single person missing critical and relevant points when evaluating the update;
- c) **Verifying the patch category** - After further assessment of the patch, it may need to change its category;
- d) **Server Operations** - After the patch is installed correctly, ensure that the server continues to work properly. Review the Event Log and System Monitor for any unexpected results. Test all of the server functions and verify that everything operates as it should;
- e) **Application Operations** - As part of the testing procedure, test the patch with any applications that coexist on the servers and make sure to identify any issues with dependencies. After installing the patch, verify that all applications continue to work as before;
- f) **Uninstall** - It is possible that despite the testing, after installing the patch it will run into problems, which will require an uninstall action. It is important, therefore, to test that the uninstall works. After uninstalling, verify that the server continues to run as expected and continue to watch the Event Log and System Monitor counters; and
- g) **Creating a Rollback Plan** - Even if testing proceeds entirely without incident, it is still possible that a problem may occur in deploying the patch throughout. Provision must be made for a plan of action to restore the computer to its original state before the patch was deployed.



Change Request Application Form

LICENSED OPERATOR: _____

CHANGE REQUEST No. _____

Section of STANDARD effected _____

Date _____

Submitted to _____

for approval

for information

Certified by testing laboratory _____

Y / N

Approval date _____

Proposed change effects

(at least one should be marked with an X)

Software

Hardware

Network

Source/
Product _____

Previous Version No. _____

New Version No. _____

Work item

Nature of Upgrade/Patch

Category

(one category
and one impact
should be marked.)

Category	Effect/Impact	Critical
A Service Pack		
B Hotfix/Emergency modification		High
C Security Patch		Moderate
D Upgrade		Low
E Editorial modification		

Reason & summary for change

Consequences if not approved

Components or Modules Affected

List File names & new CRC's

Other comments

*CRC No.
CRC No.
CRC No.
CRC No.
CRC No.

*Critical Redundancy Check (CRC) or critical component's unique identification number.

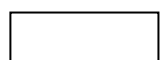
For Official Use only

Approved/ Not Approved	Version No.	*CRC No.
Condition(s) of approval		
Signed	Date	

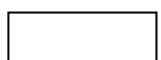


Schedule for offences, fines and penalties' severity (Rule 39)

CONTRAVENTION				PENALTY	
Rating	Code	Rule	Severity Description	First Offence %	Maximum
CRITICAL		3.1	These risks may be devastating and may include:	100%	150,000.00
		18	a) Loss and manipulation of data, thus likely to have a catastrophic adverse effect on the industry and or public;		
		19(5)	b) There may be a total compromise of system, data & database integrity;		
		21	c) There may be a complete lack of public protection that may result in litigations, etc; and		
		22(4)	d) There may be a catastrophic loss of revenue.		
		30(1)	The Board in this instance will levy a maximum penalty or double the amount.		
HIGH		19(4)	These risks may be less critical as a result of no direct loss of revenue, however very high, may include:	75%	100,000.00
		22(3)	a) Possible litigation; and		
		31	b) Exposure of vulnerable groups or persons to gambling or betting.		
		36	The Board on first offence, may levy a maximum penalty or lesser, but not less than 75% of the maximum penalty.		
		37(2)	Recurrence may result to maximum penalty or double the first offence penalty.	50%	75,000.00
		3(2)	These risks may be less critical as a result of no direct loss of revenue, however are high, may include:		
		4	a) Loss of critical evidence or records of historical transactions;		
		17(1)	b) Possible litigation; and		
		19(1)	c) Partly or total loss of punter or player records.		
		19(2)	The Board on first offence, may levy a maximum penalty or lesser, but not less than 50% of the maximum penalty.		
		22(1)	Recurrence may result to maximum penalty or double the first offence penalty.		
		28(2)			
32(4)					
35					
36(3)					



MODERATE	14	<p>These risks may be moderate, however are fundamental and may include:</p> <p>a) Exposure of the public into unsuitable facilities, thus risking their lives or property;</p> <p>b) Loss of historical financial and or operational records;</p> <p>c) Possible disputes on contractual agreements, thus placing the going concern of the licensee as well as public interest at risk;</p> <p>d) Minimal or lack of accountability on levy paid over to holders of the racecourse licence;</p> <p>e) Inaccurate recording and reporting</p> <p>The Board on first offence, may levy a maximum penalty or lesser, but not less than 50% of the maximum penalty.</p> <p>Recurrence may result to maximum penalty or double the first offence penalty.</p>	50%	50,000.00
	16(1)			
	16(2)			
	24(1)			
	24(3)			
	24(4)			
	28(1)			
	28(3)			
	28(4)			
	28(6)			
	33(1)			
	34(1)			
	2(2)			
	2(3)			
	6			
	8			
	10			
	11(1)			
	12			
	13			
	15			
	16(3)			
	19(3)			
	20			
	22(2)			
	23			
25(1)				



Low		2(1)	These risks may be low, however are still fundamental and may include:	25%	10,000.00
		7	a) Engaging and committing on betting by the public without knowledge of applicable rules;		
		19(6)	b) Possible limitation of scope for audit purposes; and c) Agreement entered into without prior written approval of the Board.		
		24(2)	The Board on first offence, may levy a maximum penalty or lesser, but not less than 25% of the maximum penalty. Recurrence may result to maximum penalty or double the first offence penalty.		



Minimum Internal Control Standards

A.4 Organisational structure

A.4.1 General

1. all bookmaker and totalisator licence holders shall develop and implement an organisational structure which shall provide for:
 - a. a chain of command that permits management and supervisory personnel to be held accountable for actions or omissions within their areas of responsibility;
 - b. the segregation of incompatible functions so that no employee is in a position both to commit an error or to perpetrate a fraud and to conceal the error or fraud in the normal course of his or her duties;
 - c. supervisory positions, which permit the authorisation or supervision of necessary transactions at all relevant times; and
 - d. areas of responsibility which are not so extensive as to be impractical for one person to monitor.

2. Where a licence holder operates multiple premise, a central office supervised by a person referred to as Regional or General Manager responsible for all the licensed premises.

3. Subject to the provisions of A.4.1.1, each licence holder's organisational structure and system of internal controls, at licence holder's or group level, where applicable, shall include, at least, the following departments and supervisory positions, each of which shall co-operate with, yet perform independently of, all other departments and supervisors.
 - a. An internal audit department or function, supervised by a person referred to herein as an internal audit manager, who shall report directly to the audit committee of the Board of directors of the licence holder or, in the absence of an audit committee, an independent member of the Board of directors of the licence holder, which department shall be responsible for, without limitation, the following:
 - i. The review and evaluation of the adequacy of the licence holder's system of internal controls;
 - ii. Monitoring the licence holder's compliance with the minimum internal control standards as provided for in the Act, Regulations and these Rules;
 - iii. Reporting to the Board of directors of the licence holder or the audit committee thereof, the executive management of the licence holder and the Board of instances of non-compliance with the minimum internal control standards provided for in the Act, Regulations and these Rules;
 - iv. Reporting to the Board of directors of the licence holder or the audit committee thereof, executive management of the licence holder and the Board, of any material weaknesses in the system of internal control; and
 - v. Recommending to the management of the licence holder procedures to eliminate any material weakness in the licence holder's system of internal control: Provided that unless a licence holder has more than one premises, it is not required to have multiple internal audit departments.

- b. An information technology (IT) department or function either at licence holder or group level, supervised by a person referred to herein as the IT Manager, which department shall be responsible for the quality, reliability and accuracy of all computer systems used by the licence holder including, without limitation, specifications of appropriate computer software, hardware and procedures for security, physical integrity, audit and maintenance of:
- i. Access codes and other data related security controls used to ensure appropriately limited access to computers and the reliability of data;
 - ii. Computer tapes, disks or other electronic storage media containing data relevant to licence holder's operations;
 - iii. Computer hardware, communications equipment and software used in the conduct of all licence holder's operations; and
 - iv. Adequate backup and recovery procedures, and if applicable shall include the following and which shall apply *mutatis mutandis*:
 1. Daily backup of data files;
 2. Backup of all programs;
 3. Secured off-site storage of all backup data file and programs, or other adequate protection; and
 4. Data recovery procedures shall be tested at least quarterly.
- c. A security department or function, supervised by a person referred to herein as the security manager, which department (*if a separate security manager does not exist, the Branch Manager must fulfil the responsibilities of the Security Manager*) shall be responsible for the overall security of the establishment, including, without limitation, the following:
- i. Enforcement of the law;
 - ii. Surveillance;
 - iii. The physical safety of patrons in the establishment;
 - iv. The physical safety of personnel employed by the establishment;
 - v. The protection of patrons and the establishment's property from any illegal activity;
 - vi. The identification and removal of any person who is required to be excluded or who may be excluded or rejected or of any person who is prohibited from entering the premises; and
 - vii. All other functions assigned to it by the licence holder and approved by the Board.
- d. A licence holder's betting operations department, supervised by a person referred to herein as the Regional/Branch Manager, which shall be responsible for the operation of the offering acceptance of betting at the licensed premises, including the cashiers section that must only have people that have been issued with key or gambling licence as provided for in the Act.
- e. A licence holder accounting department or function, which shall be independent of the Betting operations department, supervised by a person referred to herein as the Accounts Supervisor, reporting to the Branch Manager, which shall be responsible, without limitation, for the following:
- i. Daily verification of the reconciliation by the cash, in accordance with the reconciliation procedures approved by the Board;
 - ii. The control over cash floats as well as money at hand;

- iii. The day-to-day accounting functions with regard to the operation of the betting operations department, including the cashiers section;
- iv. The periodic audit of the cashiers section by Internal Audit, after which all variances must be reported to the Accounts or Branch Manager and or Regional Manager; and
- v. The Branch/Regional Manager will authorise all journal entries and ensure that revenue, expenses, assets and liabilities are reconciled to the general ledger on a monthly basis.

A.4.2 Accounts department or function procedures

1. Procedures for the reconciliation of betting cash floats and money by the accounts department or function shall be submitted to the Board for approval, prior to implementation of such procedures.
2. Any amendment to the approved procedures shall be submitted to the Board for approval, prior to implementation of such amendment.

A.4.3 Internal audit

1. In addition to the responsibilities provided for in Rule A.4.1, but subject to the reporting requirements contained in the said Rule, the internal audit department shall conduct a full audit of the betting operations of every licensed premises, at least once every 3 months.
2. The results of every audit shall be reported to the audit committee of the Board of directors of the licence holder or, in the absence of an audit committee, an independent member of the Board of directors of the licence holder and copies of these reports shall be submitted to the Board.
3. Every licence holder shall submit an internal audit charter and or plan to the Board for approval prior to commencement of operation and as and when it is amended.