



MEMORANDUM 09/30

TO : IFHA/FIAH
FROM : Maurits Bruggink
DATE : October 13, 2009
REF. **Parliament adopts new French law on online gambling**

Today, the French Parliament voted on the government's proposal for a new online gaming law. The proposal was adopted with several amendments. The amended version will now pass to the Senate, which is expected to vote on it end of 2009. The law would enter into force just before the World Cup Soccer in summer 2010.

The text of the law was explained to you in IFHA Memorandum 09/13. A resume of the main points follows below, with some of the important Parliament **changes marked in bold**.

	Lotto	Sports betting	Horseracing	Casinos
Land-based	Remains monopoly	Remains monopoly	Remains monopoly	Remains licensed market
online	Remains monopoly	Opening market: Fixed odds, including in-play, Pari-mutuel, no reference to exchange betting	Opening market: Pari-mutuel only	Opening market: Poker yes, but no slots, roulette
Tax online & land-based		7.5% on volume	7.5% on volume	2% on volume
Levy to sport/racing		1% on volume	8% on volume	-
Maximum return to winning		80-85% of volume	80%-85% of volume	

Other key elements of the law:

- Establishment of a Gaming Commission that will deal with licenses and operating conditions.
- Operators without a French license will be kept out of market through blocking of IP access and bank transfers, **upon court order**.
- The explicit recognition of IP rights of the (sport) event organizer, with a 1% levy on sports betting to return to the sports.
- **Explicit prohibition of exchange and spread betting.**

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The response by French horseracing (thoroughbred and trot) is positive:

- Betting taxes are lowered by over 5%
- No fixed odds on horseracing
- Betting return to racing has been **guaranteed in law**.
- No obligation for national tote (PMU) to commingle bets with private operators.
- No obligation for national tote (PMU) to split online from off-line pool.
- **The French tote is allowed (and expected) to offer fixed-odds sports betting, the benefits of which will flow to racing.**
- Betting is only allowed on horse races that are listed by the domestic racing societies (France Galop, Cheval Français). This also applies to foreign races!

On the other hand.....

Betting on horseracing will face competition from online sports betting. This market is expected to grow from €800 million in 2010 to €1,8 billion in 2012.

Many operators are expected to stay off-shore (i.e. to continue piracy) because of the high level of mandatory take-outs.

French bettors will get used to competition in betting and even fixed-odds betting. Will this ultimately lead to bookmaking on racing and an opening up of the terrestrial market?

The answer to the last question will be given in the review on the functioning off the new law, which will happen in two years time.
