

# **THE BETTING, LOTTERIES AND GAMING REGULATIONS, 2019**

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DRAFT

**THE BETTING LOTTERIES AND GAMING ACT**  
(Cap. 131)

**IN EXERCISE** of the powers conferred by section 70 of the Betting, Lotteries and Gaming Act Chapter 131 , The Cabinet Secretary for Interior and Co-ordination of National government makes the following Regulations: —

**THE BETTING, LOTTERIES AND GAMING REGULATIONS, 2017**

**PART I- PRELIMINARY**

**1. Citation**

These Regulations may be cited as the Betting, Lotteries and gaming regulations.

**2. Interpretation**

In these Regulations, unless the context otherwise requires-

“Act” means the Betting, Lotteries and Gaming Act;

“Applicant” means a person who has applied for a license issued under this Act;

“Approved internal controls”, in relation to a licensee, means the specified internal controls for the time being approved by the Board for that licensee;

“Beneficiary of a lottery” means the designated recipient of a lottery profits under the Act;

“Gaming premises” means a licensed public gaming premise; licensed under this Act;

“Independent officer”, in relation to a licensee, means an independent officer appointed by that licensee under regulation 54.

“Internal controls” means controls, policies, procedures and processes for the operations of a casino or operations relating to casino marketing arrangements as the case may be;

“Internal controls requirements” in relation to a casino operator, means the internal controls requirements referred to in regulation 55;

“License” means a public gaming or casino license, and licensee means the holder of such a licence;

“Licensee’s operations means” in relation to a casino operator the operations of a casino;

“A specified internal control” has the same meaning as in regulation 58;

“Key employee” means a person whether or not an employee of a gaming operator who is employed or working in a managerial capacity or authorized to make decisions, involving the exercise of discretion that regulate the operations of a licensee;

“Roll-over” means cascading a jackpot when not won to the next possible winning chances.

## **PART II- PUBLIC GAMING**

### **3. Location**

The following locations or places shall be unsuitable for casino business-

- (a) Premises located within the immediate vicinity of churches, mosques, hospitals, residential areas, schools, children’s public playgrounds; or
- (b) Premises located within the immediate vicinity of a military or naval reservation or police camp; or
- (c) Premises difficult to access by the Board officers or police.

### **4. Distance between casinos**

Public gaming premises shall be located within a distance of not less than two kilometers from each other.

## **5. Premises**

The minimum required floor size for a casino shall be six thousand square feet.

## **6. Ownership**

- (i) Where the premises are not wholly owned by the applicant the applicant shall furnish the Board with a copy of the lease agreement in respect of the premises.
- (ii) Every licensee shall furnish the Board with complete information pertaining to any change of ownership of the premises or of any change of any interest in the premises wherein or whereon the licensed gaming is operated at least thirty days before the date of such change.
- (iii) No license shall be issued for use in premises which are incomplete until such premises have been completed and the occupation documents obtained.

## **7. Financial requirements**

- (1) The Board shall not issue any license for use in any establishment until satisfactory evidence is presented that there is adequate financing available to pay all obligations and in addition, to provide adequate working capital to finance opening of the casino.
- (2) The minimum working capital for a public gaming shall be one hundred million.

## **8. Surveillance**

Gambling establishments shall be fitted with Closed Circuit Television cameras in the areas where gaming takes place, including cash office and dealers changing rooms.

## **9. Responsible gaming**

- (a) All gambling operators shall publish policies and procedures for promoting responsible gambling.
- (b) Information about responsible gambling and assistance to problem gamblers must be prominently displayed wherever gambling takes place, as well as in discreet areas such as toilets.
- (c) Casino operators must introduce measures to control continuous and repetitive play, such as designing sites and implementing procedures to encourage breaks in play and making customers aware of the time they have spent gambling.
- (d) Operators must train their staff about problem gambling and about dealing with customers who may be affected.
- (e) Operators must exclude people in cases where there are clear signs of problem gambling.
- (f) Alcohol must not be used as an inducement to encourage people to gamble.
- (g) Casino operators must follow strict procedures to prevent underage gambling including age checks on anyone who appears to be under the age of eighteen.
- (h) Operators will be required to employ trained supervisors to keep anyone underage away from gambling.
- (i) Operators shall be required to contribute to research and education on the risks of gambling, and the treatment of problem gamblers.

## **10. Licensing of key employees**

- (a) All Key employees of a casino including gaming and finance managers shall apply to the Board for a license to operate as such under these regulations.
- (b) All licensed operators shall file a list of all their employees with the Board on a quarterly basis.
- (c) The operator shall also be required to inform the Board once they terminate the services of any licensed person and the reasons for termination.

- (d) It shall be an offence under this Act for an operator to employ an unlicensed person in a gambling enterprise.

## **11. Transaction reporting**

- (i) Operators shall file with the Board any time when they pay out more than one million shillings within a period of twenty four hours.
- (ii) Operators shall submit currency transactions involving more than one million shillings to the Board whether such amounts are paid in by the customers or paid out by the casino within a period of forty eight hours of the transaction.
- (iii) Operators shall make a report on suspicious financial activities as required by the Proceeds of Crime and Anti-Money Laundering Act 2009 or any other relevant law.

## **12. Operating hours**

Operators shall operate their gaming premises within the hours prescribed by the Board in the license.

## **13. Casino games**

- (i) Licensed public gaming premises shall operate both live table games and slot machines and the games must be authorized by the Board.
- (ii) The rules of games, odds, house edge and average return to the player must all be clearly displayed and operators must have well published complaints handling procedures.

## **14. Change of business name and ownership**

- (i) A licensee shall, within seven days before any change of business name, address, or location to which his license relates, or any change that affects his interest as an owner, director, partner, agent or manager in that business, notify the Board in writing for approval.
- (ii) Any person who acquires interest as an owner, director, partner, manager or consultant in a company holding a public gaming license shall be subjected to investigations as provided for under

the provisions of the Act and the person shall be required to pay the requisite fees.

### **15. Close of business**

- (i) A licensee shall give notice in writing to the Board seven days before the closure of his business and shall surrender his license to the Board.
- (ii) A licensee who, for a period of fourteen days or more, is not engaged in a business to which his license relates shall, at the expiry of the period, immediately so notify the Board in writing, and shall within seven days of recommencement of that business similarly notify the Board of recommencement.
- (iii) Any person who fails to comply with the provisions of these rules commits offence.

## **PART III- CONDUCT OF PUBLIC LOTTERIES**

### **16. Objectives of authorizing public lotteries**

- (i) A public lottery shall be conducted for a specific charitable purpose by a registered institution or organization and for lottery lasting not more than three months the licensed permit shall be issued to the beneficiary of the lottery.
- (ii) At least twenty five percent of the gross proceeds from the lottery shall be devoted to the object of the lottery, where gross proceeds are the total sales before any deductions are made.

### **17. Disbursement and utilization of lottery proceeds**

- (i) The proceeds from a lottery shall be disbursed on monthly basis, and the Board shall guide and coordinate the distribution to ensure equity in terms of good causes to all regions or counties.
- (ii) The Board shall carry out due diligence on all beneficiaries of a proposed lottery before a permit is issued, and shall monitor all projects to be funded with the lottery proceeds for their effective and efficient utilization.

- (iii) The beneficiaries shall be required to file project progress report or submit accounts on the utilization of such funds at such time and duration as the Board deems fit.
- (iv) Any beneficiary who misappropriates funds from a lottery authorized by the Board shall be guilty of an offence and shall be liable to a fine of one and a half times the amount of funds misappropriated or to an imprisonment term not exceeding three years.

## **PART IV- PRIZES**

### **18. Motor vehicle prizes**

Where the prize to be awarded is a vehicle, the applicant shall provide the following to the Board prior to the start of the promotion—

- (a) The log book, engine and chassis number of the vehicle; and
- (b) The photographs of the vehicle showing front, back and side views.

### **19. Land and houses**

- (a) The Board may not allow land or a house to be awarded in a prize competition.
- (b) The Board shall only allow land or a house to be offered as a prize in a public lottery or a prize competition after confirming full ownership of the same from the promoter.

### **20. Ticket or a trip**

- (i) Where the prize is an air Ticket or a trip out of Kenya, the artwork shall indicate the entity or person to be responsible for acquisition of travel documents;
- (ii) Organizers of the lottery shall also provide an alternative prize if the winner is unable to obtain travel documents.

- (iii) The prizes won shall be awarded within fourteen days after the draw and cash prizes of below five thousand shillings the promoters shall make mailing arrangements.
- (iv) In the case of a prize won posthumously the Board shall with the assistance of the Attorney-General, determine the administrator of the deceased's estate, and the proceeds shall be handed over to the same.
- (v) The award of the advertised prizes shall not depend on the successful sale of the lottery tickets, and all unclaimed prizes shall be surrendered to the Board three months after the final draw.

## **21. Method of entry and participation**

- (i) The method of participating in a lottery or a prize competition shall be presented for approval by the Board and shall be the same for a specific lottery or prize competition and there shall be only one method of entry for each.
- (ii) Method of entry and participation must be approved by the Board.
- (iii) Entry to a prize competition shall be free, other than the normal rate of mailing entry coupons where applicable.
- (iv) The competitions shall be required to involve a substantial exercise of skill on the part of the participant.
- (v) Where the mode of participation is questions based on viewership or listenership of radio or television, the number of questions shall be limited to five per day and shall be based on programmes aired.

## **22. Draws**

- (i) In the case of a lottery the draws for which conducted by way of a blower using numbered balls, the following must be done before the draw:-
  - (a) The draw equipment shall be kept in a secure place at all times;
  - (b) The blower shall be tested before the draw; and
  - (c) All the balls shall be weighed and measured to ensure that they are of the same weight size.

- (ii) Balls shall undergo various tests to confirm that every jackpot number is truly random and that each ball has equal chances of being selected. The balls should not vary by more than five percent for each test.
- (iii) For all draws with a jackpot, the jackpot if not won shall not be rolled-over for more than fourteen weeks, but shall be cascaded on the fifteenth week should there be no outright winner.

## **PART V - THE CONDUCT OF PRIZE COMPETITIONS**

### **23. Objective of prize competition**

Prize competition shall be conducted for promotion of goods or services.

### **24. Application for a permit**

- (1) The applicant or promoter of a prize competition shall submit five copies of the following:-
  - (a) duly completed and signed prize competition form;
  - (b) detailed final artwork signed and approved by the applicant which shall indicate:-
    - (i) all the prizes to be won;
    - (ii) the opening and closing dates of the competition or promotion;
    - (iii) The date of the draw; and
    - (iv) The terms and conditions of the competition or promotion.
  - (c) skill testing questions and their answers;
  - (d) detailed write-up on how members of the public shall participate in the competition or promotion;
  - (e) a detailed breakdown of the advertising and prize budget, which shall clearly state the following:-
    - (i) the media to be used, which shall include—
      - (a) the total number of spots or insertions;

- (b) the space, size of spots or insertions, the time, date of airing or inserting them;
  - (c) the cost of each spot or insertion;
  - (d) the total number of posters, leaflets, wobblers, banners or flayers to be printed and the cost of each;
  - (e) the total number of bill boards to be used for allocation ,the size and the cost of each;
  - (f) the design cost of the promotion material; and
  - (g) the prizes to be won in each draw.
- (2) For all electronic, Short Message Services or Interactive Voice Response based competitions or promotions, the applicant shall submit—
- (a) A certified copy of the value added service provider license issued by the Communications Authority of Kenya which must be valid for a period of not less than six months;
  - (b) the short code, software to be used, and declaration of any other services running on the short code;
  - (c) a copy of the company's memorandum and articles of association;
  - (d) a certified copy of the company's certificate of incorporation;
  - (e) duly filled due diligence forms for each director or shareholder holding five percent or more ownership of or controlling interest in the applicants entity;
  - (f) certificate of good conduct; and
  - (g) Requisite fees.
- (3) Application forms shall be submitted to the Board at least ten days before the date set to start the competition or promotion.
- (4) No applicant or promoter shall be issued with a permit to conduct or promote a new competition or promotion, unless returns from all previous competition conducted by the applicant or promoter have been submitted to the Board and notification issued.

## **25. Duration of competition or promotion**

- (i) The competition or promotion shall be conducted within a period of three months.
- (ii) During the validity of the permit, the Board may vary, suspend or cancel it, if the permit holder fails to conduct the competition or promotion in accordance with these regulations.

## **PART VI - THE SMS LOTTERY REGULATIONS**

### **26. Conditions for licensing**

- (1) In considering whether an individual applicant is suitable to hold a Short Message Service (SMS) lottery license or permit, the Board shall ensure the applicant is of good character, honest and of integrity; and
- (2) Notwithstanding the above provisions, the Board shall consider any other relevant information regarding the applicant which include the following -
  - (a) association with unsuitable persons;
  - (b) criminal and prior convictions;
  - (c) history of civil litigation;
  - (d) credit history or bankruptcies;
  - (e) personal and professional references;
  - (f) education, training and work history.
  - (g) tax compliance and any licensing history.
- (3) Where the applicant is a body corporate, the Board shall ensure the entity-
  - (a) has good business reputation, sound financial background and status ; and
  - (b) posses appropriate resource, skills, technical ability and experience to conduct the lottery.
- (4) Any application shall in addition to satisfying the conditions set out by the Board, be accompanied with a business plan setting out the following -
  - (a) viability and financing of the project;

- (b) financial resources and access thereto;
- (c) experience and expertise in SMS lottery;
- (d) details of the technology and gaming equipment to be used;
- (e) management competence;
- (f) suitability of the source of funding;
- (g) acceptability of key assumptions used in financial projections;
- (h) implementation schedule;
- (i) promotion of responsible gaming;
- (j) revenue benefits from taxes and levies;
- (k) expected employment generations; and

Any other requirement the Board in its discretion shall deem appropriate.

## **27. Ownership and controlling interest**

Each director, shareholder with five percent (5%) or more ownership of or controlling interest in a corporate entity which applies for a license or permit shall undergo due diligence to ensure are suitable to hold a license or permit.

## **28. Characteristics of short message service lottery game**

The Board shall ensure the Lottery game have the following characteristics—

- (a) are chance based games;
- (b) results are randomly selected and unpredictable;
- (c) participants have equal opportunity to win; and
- (d) the award of prize is not manipulatable.

## **29. Imposition of Conditions to a license**

The Board may impose conditions to an SMS Lottery license issued under these Regulations and such conditions shall be in respect of the following—

- (a) technical standards and method of operation of the SMS lottery games;
- (b) technical specification and standards for SMS lottery gaming software and equipment;

- (c) the nature and specifications of internal control systems and procedures and;
- (d) compliance to the requirements of the proceeds of crime and Anti- Money Laundering Act.

### **30. Conduct of the lottery**

- (1) For the operation of the lottery, the licensee shall submit to the Board any intended SMS lottery scheme or variation for approval.
- (2) The lottery scheme or variation shall at minimum contain the following—
  - (a) total number in the pool or selected numbers;
  - (b) prize configuration;
  - (c) duration of the scheme;
  - (d) ticket price;
  - (e) expected number of tickets purchased;
  - (f) jackpot rollover or roll down incase of no jack pot winner; and
  - (g) game draw details.
- (3) The Board may review the lottery scheme submitted by licensee as may deem appropriate.

### **31. Technical Standards, specifications and guidelines**

- (1) The Board shall establish technical standards, specifications and guidelines in relation to gaming equipment and systems.
- (2) The gaming equipment and systems, whether under the direct control of the licensee or an associate, shall be compliant to technical standards.
- (3) A licensee shall establish and maintain technical standards which comply with the technical standards established under paragraph (1) for the purpose of exercising effective control of its operations.
- (4) The technical standards shall include at a minimum the following—
  - (a) random number generator;

- (b) hardware or software platform;
  - (c) network diagram and topology;
  - (d) application and system user roles and their privileges;
  - (e) monitoring and alerting tools;
  - (f) adequate reporting facility, formats and frequencies;
  - (g) post installation trial run and audit report; and
  - (h) scalability requirement.
- (5) The Board shall ensure before the commencement of a lottery the computer software used —
- (a) is secure, reliable, flexible and scalable to efficiently handle incoming short message service traffic;
  - (b) has a random number generator for assigning numbers to participating tickets;
  - (c) utilize reliable and certified random number generator for the lottery;
  - (d) is protected from hacking attack;
  - (e) is subjected to logging, capturing at least ticket purchase request, start and end of the draw and draw result;
  - (f) Store players' records, draw results, winnings, prize details and disbursement status; and
  - (g) has good reporting capability.
- (6) A licensee shall be required to devise and maintain a regular and reliable back up for data storage.

A licensee who fails to maintain the above or exposes its system to fraud commits an offence.

### **32. Mode of participation**

A player will participate in a lottery through:-

- (1) A short message service lottery ticket procured through a single purchase, multiple or subscription based purchase.
- (2) Every lottery ticket shall be procured by way of sending premium Short Message Service that cost more than the regular message, or lottery account.
- (3) Any other method approved by the Board.

### **33. Age of participants**

A licensee shall take reasonable and effective measures to ensure persons under the age of eighteen years do not participate as players in a lottery game. A licensee who willfully or carelessly allows a minor to participate as a player in an authorized game commits an offence.

### **34. Submission and approval of terms and conditions**

- (1) A licensee shall prepare and submit to the Board for approval terms and conditions in respect of any lottery game intended to be conducted. The terms and conditions shall at a minimum contain the following:-
  - (a) ticketing information;
  - (b) draw related information;
  - (c) prize related information; contact details;
  - (d) participation mechanism;
  - (e) feedback and complaint mechanism; and
  - (f) results and winner verification; and
  - (g) hosting of servers;
- (2) A licensee shall have its primary servers located within or outside Kenya and where a licensee has its primary and mirror servers located outside the Country; its financial system shall be located within Kenya.
- (3) The primary server and financial control system shall at minimum contain all information relevant to players including game history, financial history and current liabilities.

### **35. Payout and winners verification**

- (1) A licensee shall provide information to the Board regarding verification of Payouts which shall be subjected to physical or remote verification.
- (2) The payout report submitted by a promoter of a lottery to the Board shall contain the following information:-

- (a) ticket reference number;
  - (b) player's MSISDN number;
  - (c) lottery game reference number;
  - (d) a copy of the winners identification documents; and
  - (e) payout approval status which shall indicate whether the process had been completed, pending verification or prizes are unclaimed.
- (3) For the purpose of ensuring compliance of this regulation, the Board may conduct any of the following activities—
- (i) checking audit logs for randomly selected period;
  - (ii) Contacting winners for payout status and concerns;
  - (iii) Conduct surprise system Audit;
  - (iv) Random check on quality of Customer Care Services;
  - (v) conduct a Statistical analysis on result numbers and winning phone number.

### **36. Player protection**

A licensee shall take all reasonable measures to ensure interests of players are well protected by ensuring —

- (a) Persons under eighteen years do not participate as players in a lottery game;
- (b) The business does not compromise or misuse players personal information;
- (c) Results are not manipulated;
- (d) Winning tickets are not manipulated;
- (e) Prizes are in fair proportion to the winning probabilities;
- (f) Average payout of lottery business is closer to set benchmark;
- (g) Draws are conducted on the declared and publicized dates;
- (h) Prize disbursement is free from any fraudulent activity.

### **37. Inspection the draws**

All draws shall be supervised by a person nominated by the Director of Gaming to represent the Board in that behalf.

### **38. Advertising**

- (1) It shall be an offence for any person to advertise or cause to be advertised short message service lottery operations unless that person holds a valid lottery license.
- (2) Notwithstanding the provisions of paragraph (1) no licensee shall advertise or cause to advertise a lottery game in a manner that-
  - (a) Is false, deceptive or misleading;
  - (b) Intended to appeal specifically to minors;
  - (c) Implies that the lottery promotes or is required for Social acceptance, personal or financial success;
  - (d) Other resolution of any economic, social or personal problems;
  - (e) Contains endorsements by well-known personalities that suggest lottery gaming contributed to their success;
- (3) A licensee who advertises or causes to advertise an authorized game shall ensure it is not indecent, pornographic, offensive, false, or misleading;
- (4) The Board shall, on its own or pursuant to a complaint make a determination on whether an advertisement contravenes any of the requirements contemplated under these regulations.
- (5) Where the Board determines that an advert contravenes any of the requirements under these regulations, it shall direct a licensee to take appropriate steps to stop the advert from being published, aired or have it changed.
- (6) The directive above shall be in writing stating the grounds, how to change and the period to comply and a statement informing the licensee the right to apply for a review of the directive by the board as provided for under the Act.

## **PART VII - CONDUCT OF GAMING**

### **39. When chips may be issued or redeemed**

Chips may only be issued and redeemed during the hours of operation of a casino.

### **40. Payment of chips**

A casino operator shall not issue, or cause or permit to be issued, any chips for gaming, other than complimentary chips to any patron unless the chips are paid for to the value of the chips by one or more of the following method of payment:

- (a) In cash;
- (b) In exchange for chip purchase voucher issued by the casino operator;
- (c) By charging to the patrons credit card, where a transaction involving a credit card is permitted under the act or any regulations made thereunder;
- (d) By direct debit from the amount standing to the credit of the patron's deposit account or cheque cashing account with the casino operator;
- (e) By an amount debited against the patron's credit account with the casino operator;
- (f) By such other mode of payment as the Board may approve.

### **41. Cage transactions**

The following transactions must be done by a casino operator only at the cage:

- (a) The issuance of chips paid for in local or foreign currency;
- (b) Redemption of its chips or chip purchases from a patron, in exchange for the equivalent of any one of the following to the value of the chips or the amount shown on the chip purchase voucher, as the case may be:-
  - (i) cash;
  - (ii) a cheque issued by the casino operator payable to the patron;

- (iii) an amount transmitted by telegraphic or electronic funds transfer from the casino operator's account to an account of the patron's choice; or
- (iv) an amount credited, in accordance with the patron's instructions, into the patron's deposit account with the operator.

#### **42. Chips to be used only for playing of games or tips in casino**

- (1) Chips issued by a casino operator may be used by a patron only for—
  - (a) the playing of games within the casino premises of the casino operator; or
  - (b) the giving of tips or gratuities to any person employed within the casino premises for any service provided by such person in the ordinary course of his duties.
- (2) Any person who uses chips for any other purpose other than the purposes allowed under paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding one hundred thousand shillings or to imprisonment for a term of one or to both.

#### **43. Dealing and shuffling of playing cards**

- (1) The playing of cards used by a casino operator for playing the games in its casino shall prior to each use, be shuffled using an electronic shuffler or manually and be dealt from a card shoe or other device or equipment approved by the Board.
- (2) The Board may on the application of a casino operator waive any or all of the requirements in paragraph (1) for any segment of casino patrons, designated gaming area or approved game, subject to such conditions as the Board may impose.

#### **44. Placing of wagers**

- (1) A wager on an approved game must be made by placing chips and, if applicable, one or more match play coupons on the appropriate wagering areas of a gaming table.

- (2) A casino operator must not accept any wager on an approved game-
- (a) Placed on behalf of a patron who is not present in person at the gaming table by another person, or placed by a patron who is not so present using any communication device or equipment;
  - (b) Placed otherwise than by means of chips issued by the casino operator; or
  - (c) Made without placing any chips on the gaming tables, unless otherwise provided in the approved game rules.

#### **45. Refusal of wagers**

- (1) A dealer while conducting an approved game must refuse a wager from a patron if —
- (a) A patron is incapable of making a decision in relation to a wager by reason of his state of intoxication, or has reasonable doubts as to the patron's ability to do so; or
  - (b) The wager is placed otherwise than in accordance with the approved game rules of the game;
  - (c) The dealer suspects the patron is committing or has committed an offence under the act or any other written law in relation to playing of that game.
- (2) A refusal of a wager under above must be done prior to the closing of bets as determined by the approved game rules of the approved game.
- (3) Upon any refusal of a wager under paragraph (1) and (2) the casino employee must remove the wager from the gaming table and return it to the patron.
- (4) A gaming inspector shall have power to direct a casino operator to decline to accept any bet otherwise placed against the approved game rules of the game and where a bet is declined the wager shall be removed from the gaming table and returned to the patron.
- (5) Any patron aggrieved from the decision of either a casino operator or a gaming inspector shall appeal to the Board under the Act.

#### **46. Winnings to be paid in chips**

Winnings on an approved game must be paid to a patron only in chips, unless otherwise provided in the approved game rules of the game.

#### **47. Payment of winnings in full**

A casino operator must pay every patron who wins a wager on any game played at a gaming table or on a gaming machine within its casino premises his winnings in full without deduction of any commission, fee or other considerations, unless otherwise provided in the rules of the game.

#### **48. Refund of wagers and recovery of winnings when game declared void**

- (1) A casino operator must declare a game void if there is any malfunction or fault in, or interruption in the operation of, any part of any machine or gaming equipment that affects the outcome of that game.
- (2) Without prejudice to paragraph (1), a casino operator may declare a game void if —
  - (a) There is an extraordinary event or circumstance out of control that disrupts that game;
  - (b) The casino operator knows or reasonably suspects that a patron is committing or has committed an offence under the act or any other written law in such a manner as may affect the outcome of that game; or
  - (c) The approved game rules of the game provide for other circumstances under which the game may be declared void and the declaration is done under those circumstances.
- (3) If a game being played at a gaming table or on a gaming machine is declared void under paragraph (1) and (2), the casino operator must —
  - (a) Clearly notify every patron playing that game that the game has been declared void ;

- (b) Refund all wagers made on that game;
- (c) Recover the winnings of any or all patrons from that game if there is clear information provided to the players of the game or displayed prominently in the casino concerning the circumstances under which, and the means by which, winnings will be recovered when the game is declared void; and
- (d) Make a report to the Board on the action.

#### **49. Patrons to be notified of closure of gaming table or gaming machine**

- (1) Subject to paragraph (3), a casino operator must ensure that reasonable notice is given to patrons before the closure of any gaming table or gaming machine.
- (2) Without limiting the generality of paragraph (1), reasonable notice may be given by —
  - (a) Displaying a notice of the impending closure of a gaming machine on the screen of the gaming machine; or
  - (b) Notifying patrons (orally or otherwise) at a gaming table prior to the commencement of the last round of play before the closure of the gaming table.
- (3) A casino operator may close a gaming table or gaming machine without notice where it has reasonable cause to believe that such closure is necessary —
  - (a) In the interests of public or private safety;
  - (b) To ensure that gaming is conducted honestly; or
  - (c) To maintain, repair or otherwise deal immediately with any gaming table, gaming equipment or gaming machine to ensure game security and integrity.
- (4) In this regulation, “closure”, in relation to a gaming table or a gaming machine, does not include a momentary stoppage of play from which the play can be resumed at the stage it was stopped.

## **50. Gaming by intoxicated persons prohibited**

A casino operator must not permit a person who is in a state of intoxication to participate in any gaming activity within its casino premises.

## **51. Duties of licensed casino employees in relation to conduct of gaming on casino premises**

- (1) A casino employee licensed under regulation 15B of the principal regulations must not —
  - (a) advise a patron how to play a game ,except to explain the rules of the game or to ensure the patron's compliance with the relevant approved game rules;
  - (b) by himself or in conjunction with any other person, corruptly solicit or receive, or agree to receive, any tip gratuity, consideration or other benefit for himself or for any other person as an inducement to or a reward for improperly influencing the outcome of a game;
  - (c) accept chips for any purpose other than for playing games or as a tip; or
  - (d) permit a patron to participate in any gaming activity if the patron is in a state of intoxication.
- (2) Every licensed casino employee authorized to issue, exchange or redeem chips must do so only in accordance with these regulations.
- (3) Every licensed casino employee authorized to conduct games must —
  - (a) Deal and shuffle playing cards only in accordance with regulation 44;
  - (b) Accept ,refuse or refund wagers only in accordance with regulations 45,46,and 49(3);
  - (c) Pay or recover winnings only in accordance with regulations 47,48 and 49(3);
  - (d) Declare a game void only in accordance with regulation 49 (1) and (2) ;and
  - (e) Give notice of the closure of a gaming table or gaming machine in accordance with regulation 50(1) and (2) where necessary.

- (4) It shall be a condition of a licensed employee to comply with— paragraph (1) in every case; and (2) and (3).
- (5) A licensed employee who contravenes a condition of a license applicable to him under this regulation shall be liable to disciplinary action.
- (6) A disciplinary action in relation to a license ,means one or more of the following:-
  - (a) The service of a written notice on the licensee censuring him for any action specified in the notice;
  - (b) A variation of the license;
  - (c) Suspension of the employees license for a specified period;
  - (d) Cancellation of the employee license;
  - (e) Cancellation of an employee license and disqualification from applying for a special employee license for a specified period;
  - (f) The imposition of a financial penalty not exceeding ten thousand shillings for each ground of disciplinary action.

## **52. Duties of casino operator**

Any casino operator who—

- (a) issues , exchanges or redeems chips other than in accordance with regulation 40 to 45;
- (b) allows the use of chips other than in accordance with regulation 46;
- (c) uses or allows the use of playing cards other than in accordance with regulation 47;
- (d) accepts ,refuses or refunds wagers other than in accordance with regulations48,49,and 52(3);
- (e) pays or recovers winnings other than in accordance with regulations 50,51and 52;
- (f) declares a game void other than in accordance with regulation 49(1) and (2);or
- (g) Contravenes regulation 50 and 51 shall be guilty under section 46 of the Act.

## **PART VIII - INTERNAL CONTROLS**

### **53. Approval of internal controls**

- (1) Every licensee or applicant shall submit for approval to the Board an internal control to guide its gaming operations;
- (2) No casino operation that shall be conducted or permitted without a written approval of the Board has been obtained in writing for all of the specified internal controls relating to those operations.
- (3) A licensee in operation at the time of formulation of this regulations shall be required to submit its application for internal control at the time of renewal or at such other time as stipulated by the Board;
- (4) Operations conducted without an approved internal control shall be deemed unlicensed gaming and an offence under the Act.

### **54. Appointment of independent officer**

Every licensee or applicant for a license shall appoint from among its key licensed employees an internal auditor or a compliance officer who is not involved in the establishment or implementation of any of its internal controls to be an independent officer for the purposes of these Regulations.

### **55. Internal controls requirements for casino operator**

- (1) For the purposes of section 46 (3) of the Act, the internal controls requirements applicable to a casino operator shall be the Internal Controls Code for Casino Operators issued by the Board to all casino operators, as amended from time to time, subject to such modification or waiver as may be made or allowed by the Board under paragraph (2).
- (2) The Board may, on the application of a casino operator or an applicant for a casino license, modify or waive any provision of the Internal Controls Code for Casino operators as it applies to that casino operator or applicant, subject to such conditions as the Board may impose.

- (3) The Board shall ensure the internal controls approved are as uniform as possible.

## **56. Specified internal controls to be approved by the Board**

The Board may, by notice in writing, require a licensee or an applicant for a licence to submit for approval of such part or parts of the licensee's or applicants system of internal controls as it may specify in the notice.

## **57. Approval of specified internal controls**

- (1) A submission to the Board for approval of the specified internal controls may be made by a licensee or by an applicant for a licence, and shall comprise of the following documents:
  - (a) A description of the specified internal controls in the form prescribed by the Internal Controls Code for Casino Operators form as the case may be;
  - (b) A statement by the Board of directors of the licensee or the applicant that the specified internal controls of the licensee or the applicant, as the case may be, satisfy the internal controls requirements applicable to the licensee or the applicant if a licence is issued thereto;
  - (c) A statement by ~~an independent officer of the~~ licensee or the applicant that —
    - (i) The specified internal controls of the licensee or the applicant, as the case may be, satisfy the internal controls requirements applicable to the licensee or the applicant if a licence is issued thereto ;and
    - (ii) The licensee or the applicant has adequate systems and processes in place to implement the specified internal controls, and
  - (d) Such other documents as the Board may require in that particular case to determine whether the specified internal controls satisfy the internal controls requirements applicable to the licensee or the applicant.

- (2) The Board may, on the application of a licensee or an applicant for a licence, modify or waive the requirements under paragraph (1) in any particular case but in so doing it shall be guided by the provisions of regulation 56(3).
- (3) The Board shall not approve any specified internal controls submitted by a licensee or an applicant unless it is of the opinion that the specified internal controls satisfy or will satisfy all the internal controls requirements applicable to the licensee or the applicant.
- (4) The Board may—
  - (a) Approve all or part of the specified internal controls submitted by a licensee or an applicant subject to such conditions as the Board may impose; or
  - (b) Reject all or part of the specified internal controls submitted by a licensee or an applicant if any of the specified internal controls do not satisfy any of the internal controls requirements applicable to the licensee or applicant.
- (5) A licensee shall ensure that all approved internal controls are implemented in accordance with the approval of the board and such conditions as may be imposed under paragraph 56(1).

## **58. Change of approved internal controls**

- (1) A licensee who intends to change any approved internal controls (other than a change required by the Board under regulation 60) must apply to the Board for approval of the proposed change at least 30 days before the effective date of the proposed change ,or within such shorter period as the Board may allow in any particular case.
- (2) A submission to the Board for approval of a proposed change to the approved internal controls shall comprise the following documents:

- (a) A description of the proposed change to the approved internal controls in the form prescribed by the internal controls code for casino operators;
  - (b) a statement by the Board of Directors of the licensee that the proposed change to the approved internal controls satisfies the internal controls requirements applicable to the licensee;
  - (c) A statement by an independent officer of the licensee that—
    - (i) the proposed change to the approved internal controls satisfies the internal controls requirements applicable to the licensee; and
    - (ii) the licensee has adequate systems and processes in place to implement the proposed change; and
  - (d) Such other documents as the Board may require in that particular case to determine whether the proposed change to the approved internal controls satisfies the internal controls requirements applicable to the licensee.
- (3) The Board may, on the application of a licensee, modify or waive the requirements under paragraph (2) in any particular case.
- (4) The Board shall not approve the change to the approved internal controls proposed by a licensee under this regulation unless it is of the opinion that the proposed change satisfies or will satisfy the internal controls requirements applicable to the licensee.
- (5) The Board may —
  - (a) Approve the change to the approved internal controls proposed by a licensee under this regulation subject to such conditions as it may impose; or
  - (b) Reject all or part of the change to the approved internal controls proposed by a licensee under this regulation if the proposed change does not satisfy any of the internal controls requirements applicable to the licensee.
- (6) The approved internal controls of a licensee shall be amended or substituted to the extent that a submission under this regulation

including the accompanying documents and any revised internal controls is approved by the Board.

- (7) A licensee shall ensure that any change to its approved internal controls is implemented in accordance with the approval by the Board under this regulation, and any conditions imposed thereon.

#### **59. Amendment of internal control requirements**

- (1) Subject to regulation 58, where the Board amends any internal controls a licensee shall, within 30 days after the date it is notified of the amendment, or such longer period as it may allow in any particular case, incorporate such proposed changes to its approved internal controls applicable to the licensee.
- (2) The Board shall not approve any proposed changes to the approved internal controls of a licensee unless it is of the opinion that the proposed changes satisfy or will satisfy controls so amended and applicable to the licensee.
- (3) The Board may—
  - (a) approve all or part of the changes to the approved internal controls proposed by the licensee subject to such conditions as it may impose;
  - (b) reject all or part of the changes to the approved controls proposed by the licensee if the proposed changes thereto do not satisfy the control requirements amended and applicable to the licensee.
- (4) The approved internal controls of a licensee shall be amended or substituted to the extent that a submission under this regulation including any accompanying document and revised controls is approved.
- (5) A licensee shall ensure that the proposed changes to its approved internal controls are implemented in accordance with the approval under this regulation.
- (6) Notwithstanding paragraph (1), where a licensee considers that the amendment by the Board to the internal controls requirements applicable to the licensee requires no change to its

approved controls, the licensee shall, unless a modification or waiver under paragraph (7) is obtained, submit the following documents to the Board:

- (a) A statement by the Board of Directors of the licensee that the approved internal controls of the licensee, without any change, satisfy the internal controls requirements amended by the Board and applicable to the licensee;
  - (b) A statement by an independent officer of the licensee that-
    - (i) the approved internal controls of the licensee, without any change, satisfy the internal controls requirements amended by the Board and applicable to the licensee;
    - (ii) the licensee has adequate systems and processes in place to implement its approved internal controls ;and
    - (iii) Such other documents or information as the license may consider necessary to explain why no changes are required to its approved controls in any particular case, notwithstanding the amendment by the Board to those applicable to the licensee.
- (7) The Board may on the application of a licensee, modify or waive the requirement to submit any document or other information referred to in paragraph (6)(a),(b) and (c) in any particular case.
- (8) The Board may, on the basis of the documents or other information provided by the licensee under paragraph (6), allow the licensee to dispense with the submission under paragraph (1).

#### **60. Duties of licensed employee in relation to internal controls**

- (1) A licensed employee of a casino operator shall not—
  - (a) do anything to cause the internal controls of the casino operator to fail to satisfy the internal controls requirements applicable to it;
  - (b) make any change to any approved internal controls of the casino operator without the authorization of the casino operator; or

- (c) Make, authorize or permit any change to any approved internal controls of the casino operator unless the approval of the Board has first been obtained for the change.
- (2) Any licensed employee who contravenes paragraph (1) shall be liable to disciplinary action under the Act and these regulations.

#### **61. Power of gaming inspector to stop game or licensee's operations until corrective action taken**

Where an inspector knows or reasonably suspects that —

- (a) Any internal controls of a licensee do not satisfy the internal controls requirements applicable to that licensee; or
- (b) Any specified internal controls of licensee are not implemented in accordance with the approved internal controls of that licensee, the inspector may stop any game or any part of the licensee's operations, which in the inspectors opinion has been ,or may be, compromised or adversely affected by the deficiency until the inspector is satisfied that the necessary corrective action with respect to the licensee's internal controls has been taken.

#### **62. Power to give directions and take disciplinary action**

- (1) If the Board is of the opinion that any licensee—
  - (a) Has implemented its specified internal controls other than in accordance with its approved internal controls;
  - (b) Has made any change to its approved internal controls without first obtaining the approval of the board for the change in accordance with these regulations; or
  - (c) Is required to take specific action in order to satisfy any internal controls requirement applicable to the licensee,

The Board may give the licensee such written directions concerning the licensee's internal controls as it thinks fit, including—

- (i) In a case where the specified internal controls as implemented nevertheless satisfy the internal controls requirements applicable to the licensee, a direction to apply for approval of the change to the

licensees approved internal controls under regulation 59 without delay;

- (ii) In a case where the specified internal controls as implemented fail to satisfy the internal controls requirements applicable to the licensee, a direction to restore the approved internal controls without delay; or
  - (iii) A direction specifying the action or actions required to be taken to satisfy the internal controls requirements applicable to the licensee.
- (2) Without prejudice to the right of the Board to give directions under paragraph (1), any licensee which—
- (a) Contravenes these regulations 54.....; or
  - (b) Fails to comply with a direction given by the Board under paragraph(1),

Shall be liable to disciplinary action under provisions of the Act.

Dated the -----2017

CABINET SECRETARY FOR  
THE MINISTRY OF INTERIOR AND CO-  
ORDINATION OF NATIONAL GOVERNMENT