

# Stakeholders react as German states agree on historic online gambling reform

During last Thursday's prime ministers' meeting in Berlin, the sixteen federal German states have adopted a new State Gambling Treaty that will fully regulate the country's online gambling market from July 1, 2021.

Although the reforms will not be as far-reaching as some stakeholders hoped, the agreed regulatory changes will nonetheless be very consequential for the global remote gaming industry, as Germany is potentially Europe's largest online gambling market.

h4. No major changes compared to draft version

Leading German gaming lawyer Dr Jörg Hofmann of \*Melchers Law\* commented:

bq. "As expected, the version of the State Treaty adopted by the prime ministers does not contain any significant changes compared to the draft version. The industry now knows what to expect. Rather than a "grand deal," the treaty is a messy compromise between all 16 German states that have very different views on the regulation of gambling.

bq. While the treaty does offer new opportunities – for example, in the field of virtual slot machines – its over-regulation will mean that many players will be enticed to move to unregulated, black market operators. If the aim is to channel players toward regulated operators, the current approach is completely misguided. Perhaps a future evaluation of the State Treaty will provide the necessary insights for taking a more fruitful approach."

Dr Bastian Scholz, Chief Policy Officer at the \*Deutscher Sportwettenverband (DSWV)\* added:

bq. “Last week’s signing of the State Treaty was completely overshadowed by the coronavirus issue. In the run up to the conference, some very minor details of the state treaty were amended based on the input of the industry and other stakeholders. Having said that, our „earlier comments“:<https://dswv.de/deutscher-sportwettenverband-empfehl-t-nachbesserungen-am-staatsvertragsentwurf/> on the new State Treaty are still valid.”

Dr Dirk Quermann, President of the \*Deutscher Online Casinoverband\*, noted that under the new proposals the number of operators of virtual bankholder games (i.e. online roulette, blackjack, etc.) would be „severely limited“:<https://www.gamingingermany.com/newsletter-21-feb/> to (in most cases) only a single license holder per state.

This restriction in particular could, however, still be subject to future review. Dr Quermann:

bq. “The states will now start the EU notification procedure. We will see if there will be some detailed comments from other member states, for example from Malta. In addition, the states have agreed to evaluate the new treaty before the end of 2023.”

The prime ministers also decided that the state of Sachsen-Anhalt will be responsible for the overall regulatory supervision of Germany’s online gambling market.

A \*comprehensive overview\* of the proposed changes is available „here“:<https://www.gamingingermany.com/newsletter-21-feb/>.

#### h4. Next steps

First, notification of the amended State Treaty will have to

be sent to the European Commission. This will take three months. This standstill period could then be extended by an additional month if another EU member state (e.g. Malta) submits a detailed opinion to the notifying state.

Next, the new State Treaty will be sent to all sixteen state parliaments for ratification. This will likely occur in the second half of 2020.

In order for the new State Treaty to come into force on July 1, 2021, at least thirteen states must have ratified the treaty by March 31, 2021.

#### h4. Gaming in Germany Conference rescheduled to May 28

Due to concerns over the ongoing coronavirus outbreak, the „Gaming in Germany Conference“: <https://www.gaminginGermany.com/>, originally scheduled for March 24-25, has been postponed until \*May 27-28\*.

The conference agenda is available „here“: <https://www.gaminginGermany.com/newsletter-4-march/>.

#### h4. Stay informed of the latest developments with free webinar and country report!

Even as the COVID-19 outbreak has made it more difficult to discuss and exchange views in a face-to-face setting, the topic of German gambling reform remains of paramount importance to the remote gaming industry.

Thus, we will organize at least one webinar before the rescheduled Gaming in Germany Conference takes place on May 27-28.

The first webinar – with input from Dr Jörg Hoffman of Melchers Law and VIXIO GamblingCompliance – has already been scheduled for \*March 25\* at 15:00 CET. Save the date!

Furthermore, we aim to publish a \*hardcopy country report\* next month, containing an overview of the new regulations, as well as relevant stakeholder reactions.

In this way, we aim to be the #1 resource for corporate decision makers, policy officers, and third-party professionals whose work will be impacted by the full regulation of online gambling in Germany.

Stay tuned for more!