

# LAWYERS BENEFITTING FROM BOOMING SPANISH ONLINE GAMBLING SECTOR

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## Sector revenue grew by one-third last year, but need for online gambling operators to produce guarantees worth up to €4 million sometimes proving a barrier to entry



With the online gambling market growing by nearly a third in Spain last year, lawyers are increasingly in demand as operators seek advice on consumer protection, data protection and anti-money laundering regulations. In 2017, the revenue of the Spanish online gambling market increased 32 per cent to €560 million, up from €438 million the previous year.

As the market develops and becomes more competitive, gambling businesses require greater assistance from specialist law firms. "The main barriers companies now face entering the online gambling market in Spain have arisen, perhaps, as a result of its own success," says Bartolomé Martín, counsel at CMS Albiñana & Suárez de Lezo in Madrid. "Even though there is still room for new players, it is already a mature market." With online gambling no longer just a new trend but now a regular leisure activity, according to Martín, players in this growing market must not only fulfil the technical requirements for gambling systems, but also be compliant with gambling regulations and anti-money laundering and laws governing audio-visual entertainment too. Despite measures taken by the Spanish Government to offer a competitive tax environment to companies seeking an alternative to Gibraltar (which may no longer be part of the European Union after Brexit), convincing operators to base their companies in Spain remains quite a challenge. "Spain is an active market, with a regulator that pays attention to both operators and users, it works to consolidate and expand business opportunities, while simultaneously adopting measures aimed at protecting citizens," says Martín.

He adds that the fact Spain has agreed shared liquidity operations for poker with France and Portugal (which means online poker operators bring together poker players together from multiple jurisdictions that would otherwise be segregated to increase the volume of activity on their platform), while also taking steps to regulate commercial communication in the gambling sector are "good examples of this duality".

Paula Gonzalez de Castejón, counsel at DLA Piper in Madrid says responsible gaming is a major priority for the Spanish Directorate General for the Regulation of Gambling. "They want to provide a safe regulatory environment to players, which means technical certifications used in other EU countries cannot be re-used in Spain," she explains. "With it being mandatory to always have a fully certified technical platform, the technical requirements are quite tough to comply with." According to Gonzalez de Castejón, in order to apply for, and obtain, the relevant licenses, online gambling operators are obliged to have a financial guarantee of between two and four million euros for the payment of players' prizes. "This in certain cases, has proven to be a significant entrance barrier," she adds.

### New players

Consequently, the online gambling market presents significant opportunities for law firms that have

in-depth knowledge of gambling regulations and proven expertise, says Gonzalez de Castejón. "The work involving online gambling operators is quite broad," she explains. "It requires full legal advice that goes beyond regulatory aspects, as once the online gambling offer is launched, ongoing legal support relating to consumer protection, data protection, anti-money laundering, regulations and tax is needed." There are also opportunities for law firms representing operators that are already established and these include advising on matters related to data protection, publicity and consumer protection, says Martin. "In addition, after the opening of the Spanish market again for a one year period [whereby all interested companies can apply for gambling licenses up until 17 December 2018], law firms have an opportunity to partner with new players."