

PROVINCE OF THE WESTERN CAPE

Provincial Gazette Extraordinary

8176

Friday, 15 November 2019

PROVINSIE WES-KAAP

Buitengewone Provinsiale Koerant

8176

Vrydag, 15 November 2019

Registered at the Post Office as a Newspaper

CONTENTS

*(*Reprints are obtainable at Room M21, Provincial Legislature Building, 7 Wale Street, Cape Town 8001.)*

LOCAL AUTHORITY

Western Cape Gambling and Racing Board: Notice in terms of the Western Cape Gambling and Racing Board Act 4 of 1996: Invitation for Public Comments on Proposed Amendments to the Western Cape Gambling and Racing Board Limited Payout Machine ("LPM") Rules	2
---	---

NOTICE 1 OF 2019**NOTICE IN TERMS OF THE WESTERN CAPE GAMBLING AND RACING BOARD ACT 4 OF 1996:****INVITATION FOR PUBLIC COMMENTS ON PROPOSED AMENDMENTS TO THE WESTERN CAPE GAMBLING AND RACING BOARD LIMITED PAYOUT MACHING (“LPM”) RULE**

1. Notice is hereby given to all affected parties that the Western Cape Gambling and Racing Board (the Board) is currently reviewing its Limited Payout Machine (“LPM”) Rules and hereby invite interested parties to furnish comments or any representations they wish to make with regards to the considerations contained in the Annexure to this Notice.
2. Written comments and representations can be forwarded to the following address and contact details:

Mr. Primo Abrahams
The Chief Executive Officer
Western Cape Gambling and Racing Board
100 Fairways Close
Parow
7500

P O Box 8175
Roggebaai, 8012
Tel: (021) 480 7400
Fax No: (021) 422 2603
E-mail: enquiries.compliance@wcgrb.co.za
3. Comments should reach the Office of the Board within 30 (thirty) days from the date of publication in the *Provincial Gazette*. Comments received after the closing date may be disregarded.
4. Persons lodging comments or representations should provide clear contact details and personal particulars, i.e. name, telephone number, facsimile number or email address.
5. For enquiries, please contact:

Mr Andile Tapile
Chief Gaming Auditor: Regulatory Compliance
100 Fairway close
Parow,
7500
Telephone number: (021) 480-7400
E-mail address: andile@wcgrb.co.za

WESTERN CAPE GAMBLING AND RACING BOARD RULES

In terms of section 82 of the Western Cape Gambling and Racing Act, (Act 4 of 1996), as amended, the Western Cape Gambling and Racing Board hereby makes the following Rules –

WESTERN CAPE GAMBLING AND RACING BOARD LIMITED PAYOUT MACHINE (“LPM”) RULES

ARRANGEMENT OF RULES

CHAPTER I: DEFINITIONS

1.1 Definitions

CHAPTER II: ORGANISATIONAL STRUCTURE, JOBS COMPENDIUM AND INTERNAL CONTROL STANDARDS (“ICS”)

2.1 Organisational structure

2.2 Jobs compendium

2.3 Staffing

2.4 LPM site

2.5 Internal audit

2.6 ICS

2.7 LPM sites in close proximity to taxi ranks / other public transport facilities

LPM sites: Proposed policy: Clustering of the sites in certain areas (Nodes)

CHAPTER III: TECHNICAL DEPARTMENT

3.1 LPM and SDL information records

3.2 LPM requirements

3.3 Commissioning, alteration and de-commissioning of LPMs and SDLs

3.4 LPM and communication malfunctions

3.5 Maintenance

3.6 RAM clear

3.7 Additional gambling devices

CHAPTER IV: ADMINISTRATION DEPARTMENT

4.1 Responsibilities

4.2 Journal entries

4.3 LPM accounting

4.4 Controlled stationery

4.5 Monitored keys

CHAPTER V: COMPLIANCE DEPARTMENT

5.1 Investigations

5.2 Audits

5.3 Reporting requirements

5.4 Movement of LPMs

5.5 Non Operations of LPMs at a licensed site

CHAPTER VI: LPM SITE

6.1 ICS

6.2 Minimum requirements for LPM site

6.3 Responsibilities pertaining to LPM site

6.4 Access to LPMs

6.5 Licence and signs to be displayed

6.6 Monitored keys and controlled stationery

6.7 Patron disputes

CHAPTER VII: GENERAL PROVISIONS

7.1 Offices of the Route Operator

7.2 Credit facility

7.3 Game features, stakes and prizes

7.4 Monetary instruments

- 7.5 SDL controls**
- 7.6 Employee cards**
- 7.7 LPM site and employee records**
- 7.8 Change of Ownership**
- 7.9 User access rights**
- 7.10 Employees to be appropriately licensed [or registered]**
- 7.11 Restrictions on advertising**
- 7.12 Dispensation**

CHAPTER VIII: FINANCIAL INTEREST IN LPM SITES

- 8.1 Financial interest held by designated persons**
- 8.2 Maximum number of LPMs operated by natural or legal persons**
- 8.3 Procurement of financial interest in LPM site by Route Operator**

CHAPTER IX: OFFENCES AND PENALTIES

- 9.1 Offences and penalties**

CHAPTER I

DEFINITIONS

1.1 Definitions

Any word or expression used in these Rules which is defined in the Act or the Regulations made in terms thereof shall have the meaning ascribed to it in the Act or Regulations, unless it is otherwise defined in these Rules or the context indicates otherwise. In these Rules, unless the context indicates otherwise –

“**Act**” means the Western Cape Gambling and Racing Act (Act 4 of 1996), as amended.

“**applicable legislation**” -- National Gambling Act, Western Gambling and Racing Board Act, Regulations on LPMs, Route Operator Internal Control Standards, or any other legislative provision finding application in the regulation of LPMs,

“**authorised**” means authorised in terms of the applicable legislation or ICS.

“**bet**” means the amount of credits risked or staked by a player at the commencement or during a gambling game.

“**Board**” means the Western Cape Gambling and Racing Board.

“**cash or cash equivalent**” means a physical coin, note, token, ticket, other thing of value, magnetic or smart card or any other representation of money used directly or indirectly in the gambling environment as approved by the Board.

“**CEMS**” means the central electronic monitoring system contemplated in section 27 of the National Gambling Act.

“**CEMS operator**” means the entity operating the central electronic monitoring system and licensed in terms of section 50 of the Act.

“**credits**” means the number of betting units standing to the credit of a player displayed on the credit meter of an LPM.

“**data collection**” means the successful transfer of LPM soft meter and significant event information from an SDL to the CEMS database.

“**designated area**” means the area within an LPM site where LPMs are authorised to be exposed for play.

“**dispute**” means any unresolved disagreement between a patron and a route operator, the CEMS operator or an LPM site relating to a gambling-related procedure, the outcome of a gambling game or the payment of winnings allegedly due.

“**double-up**” means a gambling option whereby a player may, during a game, risk a previous win, bet or a portion thereof on the selection of a further outcome.

“**employee card**” means a card used by a licensed employee to initiate and terminate gambling on an LPM site by inserting or removing such card.

“**exterior**” bears the wide meaning and shall include anything external to the (immediate outer edifice wall) of the LPM site, excluding all other outer buildings, erections or any other fixture external to the site.

“**fair play**” means the conduct of a gambling or of any gambling-related transaction between an LPM site and a patron where value is exchanged for value, in accordance with all approved procedures and the provisions of these Rules in respect of such gambling or exchange.

“**gambling-related**” means having, in the view of the Board, a direct or indirect influence on gambling tax or fair play.

“**handle**” means the total rand value of all credits bet on an LPM within a specified period.

“**help desk operator or duly authorised representative or department**” means a member of staff employed by a route operator to render support to LPM site employees via a help desk.

“**ICS**” means the approved internal control standards of the holder of an route operator licence containing the gambling-related provisions prescribed by the Act or required by the Board and includes, without limitation, all gambling-related policies, operating, administrative and accounting procedures and standards to be adhered to by the route operator or on licensed site.

“**incompatible function**” means a function which places any employee or department in a position both to commit an error or irregularity or to perpetrate a fraud and to conceal such error, irregularity or fraud. Employees may be considered to have incompatible functions if such employees are members of separate departments that are not supervised independently of one another.

“**journal entry**” means any alteration made to gambling-related computerised records.

“**licensed employee**” means the holder of a key or gambling employee licence contemplated in the Act.

“**LPM**” means a limited payout machine in respect of which the stakes and prizes are limited as prescribed by the National Gambling Act.

“**LPM drop**” means the cash or cash equivalent cleared from an LPM for count purposes.

“**LPM site**” means a licensed site on which LPMs may be exposed for play in terms of section 47 of the Act.

“**LOC**” means a letter of certification issued by the NRCS, certifying that a device or requirement complies with the national norms and standards applicable thereto.

“**logic area**” means a secure cabinet within an LPM that houses the master processing unit and electronic components having the potential to influence the outcome of the game or the communication between the LPM and the CEMS.

“**manufacturer**” means the holder of a licence specified in section 50 of the Act.

“**multi-game software**” means gaming software that offers more than one LPM game on a single LPM.

“**National Gambling Act**” means Act 7 of 2004, as amended.

“**National Gambling Regulations**” means any Regulations in respect of Limited Payout Machines promulgated in terms of the National Gambling Act.

“**NRCS**” means the National Regulator for Compulsory Specifications.

“**operating hours**” means all hours during which LPMs are exposed for play which should coincide with the trading hours of the primary business.

“**primary business**” means the main activity and service offered at a licensed site, of which the operation of LPMs shall be the secondary business or incidental to the primary business activity.

“**progressive jackpot**” means an amount advertised and payable for a winning combination of numbers, playing cards, symbols, pictures, figures, events or similar representations capable of being generated by an LPM or the CEMS, with a payout that increases automatically over time or as the machine or game is played.

“**public area**” means any area to which the public has unrestricted access.

“**RAM**” means random access memory.

“**RTP %**” means return to player percentage in respect of LPMs, which is calculated by dividing the total win by the total handle.

“**route operator**” means an operator licensed in terms of section 46 of the Act.

“**SABS**” means the South African Bureau of Standards.

“**significant events**” means a set of operational conditions recorded by the CEMS for LPMs during a game, during idle mode or during data interchange with another gaming device.

“**SDL**” means a site data logger.

“**site data logger**” means a device or other intermediate data collector for the CEMS situated on an LPM site that collects, stores and sends data.

“**site owner key employee**” means a natural person, duly authorised to represent the owner of a primary business which has entered into an agreement with a route operator to expose LPMs for play on business premises licensed in terms of section 47 of the Act, and licensed as a key employee by the Board.

“**SKP**” means a smart keypad.

“**smart card**” means an integrated electronic circuit card issued to a patron for use on an LPM site as an instrument by means of which –

- (a) funds are deposited by such a patron to the credit of such card;
- (b) funds standing to the credit of such card are withdrawn or redeemed by such patron, or
- (c) gambling transactions are conducted by such patron against funds standing to the credit of such card.

“**smart keypad**” means an input device located on an LPM site used to convey instructions to the SDL.

“**supplementary prize**” means a payout or award, other than a progressive jackpot, advertised and payable for a winning combination of numbers, playing cards, symbols, pictures, events, figures or any similar representations in a gambling game or such other events, not reflected on the pay table of an LPM, in respect of which the prize is won.

“**trading days or hours**” means the days or hours in which the primary business is allowed to trade by the relevant authority.

“**token**” means a token redeemable for specified cash amount and issued or sold by a licence holder to patrons for use when gambling.

“**win**” means the total rand value of coins, tokens and credits won on an LPM.

CHAPTER II

ORGANISATIONAL STRUCTURE, JOBS COMPENDIUM AND INTERNAL CONTROL STANDARDS (“ICS”)

2.1 Organisational structure

- (1) A route operator shall implement and maintain an organisational structure and shall submit a diagrammatical illustration thereof reflecting -
 - (a) the executive management of the organisation, each of its departments and functions;
 - (b) the segregation of incompatible functions into different departments and functions;
 - (c) the direct and indirect lines of authority within the organisation, departments and functions, including the LPM site, and
 - (d) the titles of each position within the organisation and mandatory departments and functions.
- (2) The holder of a route operator licence shall not commence any gambling or gambling-related activities prior to the approval of its organisational structure by the Board.
- (3) The holder of a route operator licence shall not amend or implement any amendments to its approved organisational structure without the prior written approval of the Board.

2.2 Jobs compendium

- (1) The holder of a route operator licence shall prepare and maintain a jobs compendium that complies with the provisions of this Chapter in respect of all personnel and LPM site employees engaged in gambling and gambling-related activities.
- (2) A jobs compendium shall contain –

- (a) a description of each job, reflected on a separate page, organised by department or function, including –
 - (i) the position title and the department or division under which it falls;
 - (ii) the position titles of the head of the relevant department and the immediate supervisor and subordinates in respect of the relevant job;
 - (iii) the duties, responsibilities, authority and the limitations in respect of the relevant job, and
 - (iv) where licensing is required in respect of the relevant position, the type of licence required to be issued, and
 - (v) where licensing is not a requirement in respect of the relevant position, that registration is required.
- (3) The jobs compendium shall –
 - (a) clearly reflect the segregation of incompatible operational functions –
 - (i) into different departments, and
 - (ii) between the route operator and LPM site, specifying the duties of each such department and function;
 - (b) illustrate by title, the direct and indirect lines of authority within the operation, clearly reflecting a chain of command in terms of which management and supervisory personnel are held accountable for actions or omissions within their areas of responsibility;
 - (c) reflect primary and secondary supervisory positions, where applicable, within the organisational structures and the operational functions contemplated in paragraph (a), so as to ensure the continuous authorisation or supervision of all gambling and gambling-related transactions at all relevant times, and
 - (d) reflect the division of responsibility and accountability so as to ensure that no area of responsibility or accountability is so extensive that it becomes impractical for one employee to monitor or control.
- (4) The holder of a route operator licence shall not commence any gambling or gambling-related activities prior to the approval of its jobs compendium by the Board.
- (5) The holder of a route operator licence shall not amend or implement any amendments to its approved jobs compendium without the prior written approval of the Board.

2.3 Staffing

- (1) A route operator organisational structure and jobs compendium shall provide for the following independent mandatory departments providing for the following categories of staff –
 - (a) in its Technical Department –
 - (i) LPM Technicians, who shall install and maintain LPMs and SDLs and perform such other functions as are prescribed by the Rules and the LPM Route operator's ICS, and
 - (ii) An LPM Technical Manager, who shall –

- (a) supervise and manage the overall operation of the Technical Department, and participate in the appointment and termination of employment of all technical employees, and
 - (b) ensure that the structure and operation of the Technical Department complies with the route operator's ICS and the applicable legislation.
 - (b) in its Administration Department or duly authorised department
 - (i) Administration personnel or duly authorised personnel , who shall –
 - (a) ensure that gambling-related financial information, including the compilation of monthly tax returns, is accurate and reliable, and
 - (b) perform such other functions as are prescribed by the applicable legislation and the route operator's ICS, and
 - (ii) an Administration Manager or duly authorised representative, who shall –
 - (a) supervise and manage the overall operation of the Administration Department or duly authorised department, and participate in the appointment and termination of employment of all administration employees, and
 - (b) ensure that the structure and operation of the Administration Department or duly authorised department complies with the route operator's ICS and the applicable legislation;
 - (c) in its Compliance Department –
 - (i) Compliance Officers, who shall –
 - (aa) monitor, audit and report on compliance with the route operator's ICS and the applicable legislation , and
 - (bb) perform such other functions as are prescribed by the Rules and the route operator's ICS, and
 - (ii) a Compliance Manager, who shall –
 - (aa) supervise and manage the overall operation of the Compliance Department and participate in the appointment and termination of employment of all compliance officers , and
 - (bb) ensure that the structure and operation of the Compliance Department complies with the route operator's ICS and the applicable legislation;
- (2) The Board may approve the combination of certain categories of employees, functions or departments if the route operator is able to demonstrate that there are no incompatible functions and that the proper conduct and effective supervision and control of gambling and gambling-related activities will not be prejudiced thereby.
- (3) A route operator may not outsource any of the functions assigned to its employees by the route operator's ICS or the applicable legislation without prior written approval of the Board.
- (4) The holder of a route operator licence shall at all times maintain its level of staffing in a manner which ensures the proper operation and effective supervision of all gambling and gambling-related activities.

- (5) The Board may order the holder of a route operator licence to utilise higher levels of staffing if, in the opinion of the Board, it is necessary for the proper conduct and effective supervision and control of any gambling-related activity.
- (6) No person shall simultaneously perform incompatible gambling-related functions allocated to more than one position without the prior written approval of the Board.
- (7) The route operator shall ensure that only adequately trained and experienced employees are utilised in the positions reflected in the organisational structure.
- (8) This Rule does not preclude the holder of a route operator licence from utilising additional categories of employees or the Board from ordering a route operator to utilise additional categories of employees where it deems this necessary for the proper conduct and effective supervision and control of any gambling-related activity.

2.4 LPM site

- (1) Licensed employees shall be appointed on each LPM site, who shall during all operating hours –
 - (a) supervise gambling and gambling-related activities;
 - (b) ensure that all gambling and gambling-related activities are conducted in accordance with the applicable legislation and the route operator's ICS;
 - (c) ensure the proper functioning of LPMs, insofar as prescribed by the applicable legislation and the route operator's ICS, and
 - (d) attend to patron disputes.

2.5 Internal audit

- (1) A route operator shall appoint an independent internal auditor to perform the internal audit function prescribed by this Rule.
- (2) The internal audit function shall –
 - (a) On a six-monthly basis –
 - (i) assess the route operator's compliance with its ICS and the applicable legislation;
 - (ii) assess the effectiveness and adequacy of the day-to-day gambling-related operations of the Technical, Administration and Compliance Departments;
 - (iii) compile and review an operational risk profile in respect of the mandatory departments;
 - (iv) determine whether gambling and gambling-related financial and operating information is accurate, current, timeously generated, complete, valid and reliable, including the reconciliation of such information with tax returns submitted to the Board;
 - (v) determine whether all gambling-related taxes are current and accurate;
 - (vi) assess the integrity, adequacy, accuracy and reliability of all gambling-related information and systems, and
 - (vii) to the degree required by the circumstances, assess the route operator's compliance with any operational conditions of the licence imposed by the Board.

- (b) For the second six monthly review of the year, also evaluate the route operator's.
 - (i) ICS in order to determine the effectiveness and adequacy thereof, and
 - (ii) fulfilment of its bid commitments.
- (3) Where a route operator utilises an external auditing company to perform the internal audit function, such company may not also perform the external audit function.
- (4) The head of the internal audit function shall report directly to the board of directors of the route operator or to a committee of the board of directors.
- (5) A route operator must ensure that the persons responsible for the performance of the internal audit function, submit and present an internal audit report to the Board, of each six-monthly audit conducted, by:
 - (a) 28 February each year for the period July to December of the preceding year, which is to include the annual requirements indicated under 2(b) above;
 - (b) 31 August each year for the period January to June of that year.
- (6) The internal audit report contemplated in sub-rule (5) shall address –
 - (a) any contravention of the route operator's ICS or the applicable legislation revealed by the audit;
 - (b) all the areas of responsibilities referred to in sub-rule (2)(a) and (b), and
 - (c) any weaknesses in the route operator's ICS or the applicable legislation revealed by the audit.
- (7) In addition to the provisions of sub-rule (6), additional internal reports shall be submitted to the Board relating to –
 - (a) gambling and gambling-related operations and activities, and
 - (b) instances of possible non-compliance with the provisions of the route operator's ICS or the applicable legislation revealed by an auditwithin 14 days of the compilation of such reports.
- (8) The Board may approve different reporting lines to those prescribed in sub-rule (4) above, upon demonstration by the route operator that no incompatible functions will be occasioned as a result thereof.
- (9) All reports shall be in writing and shall be kept for a period of at least two (2) years for Board inspection.

2.6 ICS

- (1) Every route operator shall develop, implement and maintain ICS to ensure –
 - (a) the integrity of its gambling operation;
 - (b) that adequate controls are in place to effectively manage and minimise gambling-related risks;
 - (c) that gambling-related devices, documents and information are properly controlled and safeguarded;
 - (d) that financial and other gambling-related records are accurate and reliable;
 - (e) that gambling-related transactions are performed with the necessary authorisation;

- (b) For the second six monthly review of the year, also evaluate the route operator's.
 - (i) ICS in order to determine the effectiveness and adequacy thereof, and
 - (ii) fulfilment of its bid commitments.
- (3) Where a route operator utilises an external auditing company to perform the internal audit function, such company may not also perform the external audit function.
- (4) The head of the internal audit function shall report directly to the board of directors of the route operator or to a committee of the board of directors.
- (5) A route operator must ensure that the persons responsible for the performance of the internal audit function, submit and present an internal audit report to the Board, of each six-monthly audit conducted, by:
 - (a) 28 February each year for the period July to December of the preceding year, which is to include the annual requirements indicated under 2(b) above;
 - (b) 31 August each year for the period January to June of that year.
- (6) The internal audit report contemplated in sub-rule (5) shall address –
 - (a) any contravention of the route operator's ICS or the applicable legislation revealed by the audit;
 - (b) all the areas of responsibilities referred to in sub-rule (2)(a) and (b), and
 - (c) any weaknesses in the route operator's ICS or the applicable legislation revealed by the audit.
- (7) In addition to the provisions of sub-rule (6), additional internal reports shall be submitted to the Board relating to –
 - (a) gambling and gambling-related operations and activities, and
 - (b) instances of possible non-compliance with the provisions of the route operator's ICS or the applicable legislation revealed by an auditwithin 14 days of the compilation of such reports.
- (8) The Board may approve different reporting lines to those prescribed in sub-rule (4) above, upon demonstration by the route operator that no incompatible functions will be occasioned as a result thereof.
- (9) All reports shall be in writing and shall be kept for a period of at least two (2) years for Board inspection.

2.6 ICS

- (1) Every route operator shall develop, implement and maintain ICS to ensure –
 - (a) the integrity of its gambling operation;
 - (b) that adequate controls are in place to effectively manage and minimise gambling-related risks;
 - (c) that gambling-related devices, documents and information are properly controlled and safeguarded;
 - (d) that financial and other gambling-related records are accurate and reliable;
 - (e) that gambling-related transactions are performed with the necessary authorisation;

- (m) the recording and correction of RAM clears, meter wraps and LPM soft meter violations;
- (n) the detection and investigation of exceptions and unusual events, including –
 - (i) significant events, and
 - (ii) the integrity of CEMS and LPM meters;
- (o) the clearance and count of LPM drop;
- (p) the investigation of variances between estimated and actual LPM drop and the reporting thereof;
- (q) the detection and investigation of LPM RTP percentages that are below 80%;
- (r) control measures in respect of controlled stationery, including provisions for –
 - (i) the ordering thereof;
 - (ii) the receipt thereof;
 - (iii) the storage thereof;
 - (iv) the issue thereof;
 - (v) the return thereof;
 - (vi) the method of completing entries in controlled stationery registers;
 - (vii) the personnel involved in controlled stationery transactions;
 - (viii) the comparison of a signature listing to signatures on the controlled stationery documents;
 - (ix) the method of checking for completeness and accuracy of controlled stationery registers;
 - (x) the collection of completed controlled stationery registers;
 - (xi) the method of filing of all controlled stationery,
 - (xii) the reconciliation and auditing of controlled stationery registers, and
 - (xiii) the procedure in respect of lost controlled stationery.
- (s) monitored key controls, including provisions for –
 - (i) the ordering thereof;
 - (ii) the receipt thereof;
 - (iii) the storage thereof;
 - (iv) the issue thereof;
 - (v) the return thereof;
 - (vi) the method of completing entries in monitored key registers;
 - (vii) the personnel involved in monitored key transactions;
 - (viii) procedures in respect of duplicate keys;
 - (ix) procedures in respect of lost keys;
 - (x) dual control procedures relating to keys;
 - (xi) the destruction of keys, and
 - (xii) the reconciliation and auditing of monitored key registers;
- (t) journal entries and any adjustments to stored data on the CEMS;
- (u) controls relating to user access levels and rights assigned to persons authorised to access the CEMS;
- (v) the issue, activation and retrieval of employee cards, including password reset;
- (w) the calculation, compilation and verification of the Monthly Gaming Revenue Tax Return, including the verification and reconciliation of computerised reports used to calculate LPM gambling revenue so as to ensure the integrity and accuracy and the collection thereof;
- (x) the documentation, investigation and manner of reporting of all breaches of procedure and illegal activities;

- (y) the training of licensed employees with regard to –
 - (i) LPM site procedures;
 - (ii) the Responsible Gambling Programme, and
 - (iii) the maintenance of LPMs;
- (z) the performance of audits pertaining to –
 - (i) game and communication software installed in LPMs;
 - (ii) software installed in SDLs;
 - (iii) user right access levels to the CEMS and other gambling-related software, including password control;
 - (iv) procedural compliance with the applicable legislation and the route operator's ICS;
 - (v) licensed employees;
 - (vi) monitored keys;
 - (vii) controlled stationery, and
 - (viii) the verification of the accuracy and integrity of information on the CEMS.
- (12) At a minimum a route operator's ICS applicable to a LPM site, shall contain provisions and procedures relating to –
 - (a) its organisational structure;
 - (b) its jobs compendium;
 - (c) measures for the maintenance of designated areas to ensure compliance with the provisions of the applicable legislation;
 - (d) control measures to preclude persons under the age of 18 years from having access to designated areas;
 - (e) the maintenance of site and employee records;
 - (f) access to all LPM areas;
 - (g) the resolution of patron disputes;
 - (h) manual payments, including the recording thereof;
 - (i) the maintenance of LPMs and attendance to LPM error codes;
 - (j) the detection and reporting of LPM, SDL, SKP and CEMS malfunctions;
 - (k) the reporting of exceptions and unusual events, including –
 - (i) significant events, and
 - (ii) the integrity of LPM and CEMS meters;
 - (l) the clearance and count of LPM drop;
 - (m) the detection of variances between estimated and actual LPM drop and the reporting thereof;
 - (n) control measures in respect of controlled stationery, including provisions for –
 - (i) the receipt thereof;
 - (ii) the storage thereof;
 - (iii) the return thereof;
 - (iv) the method of completing entries in controlled stationery registers;
 - (v) the personnel involved in controlled stationery transactions, and
 - (vi) the method of checking for completeness and accuracy of controlled stationery registers;
 - (o) monitored key controls, including provisions for –
 - (i) the receipt thereof;

- (ii) the storage thereof;
 - (iii) the method of completing entries in monitored key registers;
 - (iv) the personnel involved in monitored key transactions;
 - (v) procedures in respect of duplicate keys, and
 - (vi) procedures in respect of lost keys;
- (p) the issue, activation and retrieval of employee cards, including password reset, and
- (q) the reporting of all breaches of procedure and illegal activities.

2.7 LPM sites in close proximity to taxi ranks/other public transport facilities

- (1) Any applications for LPM Sites at any taxi rank or bus terminuses, in lower income/poorer areas/on taxi ranks/bus terminus premises, or immediately next to or within line-of-sight of such premises, shall not be allowed by the Board.
- (2) Any applications for LPM Sites in proximity of less than 100 metres from any taxi rank / bus terminuses in lower income / poorer areas shall be carefully considered on merit, having regard to any existing mitigating factors such as:
 - (a) existing direct-line-of-sight barriers (e.g. walls, or around a corner) between a particular taxi rank and a particular premises;
 - (b) the certainty of the origin of patrons where an already existing local facility, situated in the lower income area, is concerned; and
 - (c) the revenue derived from gambling at such premises that assists the particular local business and provides entertainment to patrons that elect to engage in gambling.
- (3) The 100m radius shall be measured from the Erf boundary of an LPM site or prospective LPM site.

2.8 LPM sites: proposed policy: clustering of sites in certain areas (nodes)

- (1) The Board shall through a clustering policy, regulate the distances between LPM sites, specifically where there is a concentration of LPM sites in close proximity.
- (2) Multiple LPM sites in close proximity shall be identified as a “cluster”, bearing in mind distance between sites (boundaries), the number of sites in close proximity and the surrounding land uses.
- (3) Applications for premises licences within identified “clusters” of LPM sites shall be subject to evaluation in terms of possible over exposure. In this regard applicants (route operators) must provide the Board with evidence to prove that over-exposure will not take place.
- (4) A cluster list, which shall be updated from time to time, will be circulated to the two route operators as and when amendments are effected thereto. Factors considered in declaring areas as clusters includes, amongst others:
 - (a) The size of an area;

- (b) The existing number of LPMs exposed for play;
 - (c) The surrounding land uses;
 - (d) Whether it is part of a central business node zoned for business and/or residential;
 - (e) The average monthly gross gaming revenue (“GGR”) per machine for the relevant area;
 - (f) The distance between current licensed sites; and
 - (g) The socio-economic circumstances of the inhabitants of the surrounding area.
- (5) Where new applications are submitted which are located within 100m (boundary to boundary) from any of the existing “live” sites already classified as a cluster in terms of the cluster schedule, the route operator shall by default submit as part of the application to the Office, a motivation as to why an additional site in that area should be allowed and why it would not constitute over-stimulation.

CHAPTER III

TECHNICAL DEPARTMENT

3.1 LPM and SDL information records

- (1) The Technical Department of a route operator shall record and maintain accurate and current records in the route operator’s inventory in respect of –
- (a) each LPM, reflecting –
 - (i) the date on which the LPM cabinet and game software was received;
 - (ii) the serial number assigned to that LPM cabinet by the manufacturer thereof which shall remain unchanged for the entire duration of the period during which such LPM is owned by or in the possession of the route operator;
 - (iii) the location to which the LPM has been assigned;
 - (iv) the number assigned to the position of the LPM at the LPM site;
 - (v) the name of the licensed manufacturer of the LPM cabinet and game software;
 - (vi) the LPM game software memory device number;
 - (vii) the LPM theoretical and actual return to player percentages;
 - (viii) the LPM denomination;
 - (ix) the method and date of disposal of the LPM cabinet and game software;
 - (x) the total number of LPMs in use at LPM site and in storage.
 - (b) each SDL, reflecting –
 - (i) the date on which the SDL was received;
 - (ii) the serial number assigned to that SDL by the manufacturer thereof;
 - (iii) a unique asset number assigned to that SDL which shall remain unchanged for the entire duration of the period during which such SDL is owned by or in the possession of the route operator;
 - (iv) the site or location to which the SDL has been assigned, and
 - (v) the SDL model number.

3.2 LPM requirements

- (1) Each LPM shall electronically record, store and send to the CEMS the following significant event information –

- (a) authorised and unauthorised LPM cabinet door, drop box door and banknote storage area open and close;
 - (b) authorised and unauthorised access to the LPM logic area while power off;
 - (c) authorised and unauthorised access to the SDL;
 - (d) communication failure with the CEMS, and
 - (e) software validation or signature failure.
- (2) An LPM shall require manual reactivation and shall perform a signature check in the event of –
- (a) unauthorised access to the LPM logic box door;
 - (b) unauthorised access to the SDL, or
 - (c) a signature failure by the LPM and SDL.
- (3) No LPM may automatically pay out an amount in excess of R200,00.
- (4) The Technical Department shall maintain all LPMs and SDLs in a good working condition in accordance with the approved norms and standards for such devices.
- (5) The route operator or LPM site shall not possess, install or make available for play any gambling or gambling-related device which has not been approved by the Board.
- (6) All LPMs that are exposed for play shall be linked to the CEMS at all times.
- (7) A number shall be assigned to each LPM at an LPM site, which shall be clearly visible on the front of the LPM.
- (8) The LPM number referred to in sub-rule (7) shall correspond with the number reflected on the CEMS for that specific LPM.
- (9) A plate shall permanently be affixed to the cabinet of every LPM, reflecting –
- (a) the unique serial number of the LPM, and
 - (b) the name of the manufacturer of such LPM.

3.3 Commissioning, alteration and de-commissioning of LPMs and SDLs

- (1) Whenever an LPM or SDL is commissioned or altered, the Technical Department shall perform tests to ensure that the components of such LPM or SDL have been set up properly in respect of –
- (a) software validation;
 - (b) coin acceptance;
 - (c) bill acceptance;
 - (d) significant events;
 - (e) soft meter increment, and
 - (f) such other components and tests as the Board may specify

prior to any gambling activity taking place on the LPM.

- (2) The Technical Department shall –
 - (a) document the results of the tests conducted in terms of sub-rule (1) in the format determined or approved by the Board and such document shall be signed by a representative from the Technical Department
 - (b) maintain the significant event and meter test documentation, including system reports in respect of the tests contemplated in sub-rule (1) for a period of at least two (2) years for Board inspection.
- (3) The Technical Department or duly authorised department shall ensure that CEMS is updated reflecting any commissioning, alteration or de-commissioning of LPMs at the time of such occurrence.
- (4) The Technical Manager shall approve the commissioning, alteration or de-commissioning of all LPMs.
- (5) The route operator shall ensure that full data collection has been completed by the CEMS prior to de-commissioning an LPM.
- (6) An LPM may not be exposed for play before the tests referred to in sub-rule (1), have been successfully completed and the information on the CEMS has been verified as being correct.
- (7) Any change to an LPMs theoretical RTP percentage shall result in such LPM being treated as a different LPM for purposes of preparing statistical reports.
- (8) In respect of a multi-game LPM, the provisions of this Rule shall apply, with the necessary changes, to each game offered by such LPM.

3.4 LPM and communication malfunctions

- (1) The LPM shall be powered down and may not be available for play if a malfunction has occurred which –
 - (a) has a fair play implication, or
 - (b) affects the integrity of the LPM or CEMS informationand which cannot be repaired immediately.
- (2) An LPM as described in 3.4(1) above shall be removed from the designated area, with the relevant approval in the event that it has been powered down for a period of five consecutive trading days.
- (3) In the event that data collection has not been performed from an LPM site over a continuous 72-hour period, the Technical Department shall implement measures to ensure that such data collection is performed.
- (4) In the event that the communication malfunction cannot be repaired immediately, the Compliance Department shall inform the Board in writing within 24 hours after the expiry of the 72 hour period.

- (5) The Technical Department shall, if requested in writing by the Board to do so, immediately disable an LPM for a period determined by the Board or until such time as the malfunction has been repaired.

3.5 Maintenance

- (1) The Technical Department shall maintain a detailed maintenance register in respect of all malfunctions and maintenance performed on LPMs and SDLs.
- (2) Preventative and routine maintenance on an LPM and SDL must be performed every six months only by –
 - (a) A Technician;
 - (b) an employee of the CEMS operator, or
 - (c) an employee of an LPM manufacturer, licensed in terms of the applicable legislation which must be attested to by the LPM site licensed employee.
- (3) Sub-rule (2) does not preclude a licensed of the LPM site from performing routine maintenance to ensure the proper operation of the LPMs on its site, including attending to coin-in and coin-out errors, bill disputes, hopper fills and cash collections.
- (4) If a specific malfunction on an LPM recurs on a regular basis, the Technical Department shall attend to the problem, and must keep documentary evidence of work or investigations conducted to resolve the problem.

3.6 RAM clear

- (1) Only representatives of the Technical Department and the CEMS operator shall be allowed to perform a RAM clear on an LPM and SDL.
- (2) A RAM clear on an LPM or SDL may be performed only by accessing the logic area of such LPM or secure housing of the SDL.
- (3) Immediately prior to and after performing a RAM clear on an LPM, the LPM Technician or CEMS operator representative shall record the LPM soft meter readings on the prescribed RAM Reset Document and
 - (a) communicate this information to the Administration Department or duly authorised department or Help Desk Operator as the case may be,
 - (b) ensure that the LPM soft meters have been archived on the CEMS.
- (4) Representatives of both the relevant LPM site and the Technical Department shall attest to the accuracy of the information contained in the RAM Reset Document.
- (5) The Help Desk Operator or Administration Department or duly authorised department shall ensure that full data collection has been completed by the CEMS prior to performing a RAM clear on the SDL, as prescribed by the route operator's ICS.

3.7 Additional gambling devices

- (1) The holder of a route operator licence may, at its office or such other premises approved for this purpose by the Board, possess an additional number of gambling devices, which –

- (a) shall not exceed 10% of the total number of gambling devices authorised to be exposed for play in terms of the route operator's licence;
 - (b) may not be utilised to conduct gambling, and
 - (c) shall not be located within any public area.
- (2) The holder of a route operator licence may possess additional LPMs in excess of the number prescribed in sub-rule (1)(a) only upon the prior written approval of the Board.

CHAPTER IV

ADMINISTRATION DEPARTMENT

4.1 Responsibilities

- (1) The Administration Department or duly authorised department of a route operator shall –
- (a) develop, implement and review financial controls;
 - (b) reconcile gambling revenue on a monthly basis;
 - (c) prepare and control financial records and data;
 - (d) capture data, other than the data required to be captured by the Technical Department, on the CEMS;
 - (e) store financial records;
 - (f) authorise the allocation of user access rights;
 - (g) order, receive, secure, issue and be responsible for the storage of all controlled stationery and monitored keys;
 - (h) verify the integrity and validity of all financial information, and
 - (i) prepare all financial reports.

4.2 Journal entries

- (1) In the event of incorrect information being reflected on the CEMS, the Administration Department or duly authorised department shall make printouts prior to and subsequent to changes being effected thereto, reflecting an audit trail of the amendments made and the reason for such amendments.
- (2) The Administration Department or duly authorised department shall request the CEMS operator, in writing on the prescribed Journal Entry Register, to effect the necessary adjustments.
- (2A) No person may request and authorise a Journal Entry in respect of the same transaction.
- (3) All journal entries shall be authorised and signed by the Administration Manager, his or her authorised representative or such other person authorised in the route operator's ICS.
- (4) The route operator shall request a written approval from the Board prior to the authorised representative contemplated in sub-rule (3) above performing such delegated function, if there is no provision for such delegation in the route operator's ICS.

4.3 LPM accounting

- (1) The Administration Department or duly authorised department shall, on a monthly basis, review the CEMS reports used for calculating taxable revenue to verify the accuracy thereof.
- (2) The Administration Department or duly authorised department shall verify that the data contemplated in Rule 3.2(1) and (2) has been collected in respect of all LPMs within 24 hours of the period allowed for the collection thereof.
- (3) The Administration Department or duly authorised department shall immediately inform the Technical Department if the data collection contemplated in sub-rule (2) has been unsuccessful, and the Technical Department shall accordingly investigate.
- (4) A monthly reconciliation shall be prepared by the Administration Department or duly authorised department in respect of the taxable revenue pertaining to all LPMs exposed for play by the route operator.
- (5) All LPM reconciliation procedures and any follow-up actions performed in respect thereof, shall be documented and retained for Board inspection.
- (6) The monthly tax return shall be signed by the Administration Manager, his or her authorised representative or such other person authorised in the route operator's ICS.

4.4 Controlled stationery

- (1) The Administration Department or duly authorised department shall be responsible for ordering, receiving, storing and issuing the following controlled stationery –
 - (a) Malfunction and Maintenance Register, to be used and retained by the route operator to document all malfunctions of and maintenance performed on LPMs and SDLs, reflecting the relevant –
 - (i) LPM site;
 - (ii) LPM or SDL number;
 - (iii) date and time of the malfunction;
 - (iv) date and time of the maintenance;
 - (v) description of the malfunction and the action taken to repair it, and
 - (vi) signatures and licence numbers of the LPM Technician and licensed LPM site employee performing or witnessing the maintenance;
 - (b) RAM Reset Documentation to be used and retained by the route operator in the event of a RAM clear, reflecting the relevant –
 - (i) Site name
 - (ii) date and time;
 - (iii) LPM or SDL number;
 - (iv) soft meter readings prior to the RAM clear;
 - (v) soft meter readings subsequent to the RAM clear;
 - (vi) the reason for the RAM clear, and
 - (vii) signatures and licence numbers of the LPM Technician or CEMS operator representative and licensed LPM site employee performing or witnessing the RAM clear;

- (c) Payout Register, to be used and retained at an LPM site to document all prescribed payouts made by the LPM site to patrons, reflecting the relevant –
- (i) Site name;
 - (ii) LPM number;
 - (iii) date and time of payment;
 - (iv) value of the payment;
 - (v) patron's name, surname and signature, and
 - (vi) signature and licence number of the licensed LPM site employee who made the payout;
- (d) Dispute Register, to be used and retained at an LPM site to document all patron disputes, including resolved disputes, reflecting the relevant –
- (i) date and time of the dispute;
 - (ii) nature of the dispute;
 - (iii) the relevant LPM number, where applicable;
 - (iv) the patron's name, telephone number, address and signature;
 - (v) remedial steps taken to resolve the dispute,
 - (vi) details regarding the resolution or referral of the dispute, as the case may be, and
 - (vii) signature and licence number of the licensed LPM site employee to whom the dispute was reported;
- (e) Journal Entry Register, to be used and retained by the route operator to record the detail of all adjustments made to stored data on the CEMS, reflecting the relevant –
- (i) date and time of the entry;
 - (ii) LPM number, where applicable;
 - (iii) LPM site name;
 - (iv) reason for the adjustment;
 - (v) description of the adjustment made, and
 - (vi) signatures and licence numbers of the Administration Department or duly authorised department employee requesting the adjustment and the Administration Manager, his or her authorised representative or such other person as may be designated for this purpose in the route operator's ICS.
- (f) CEMS Operator's Access Application Form, to be used and retained by the route operator for the application of user access rights on the CEMS, reflecting the relevant –
- (i) date of application;
 - (ii) applicant's name and surname;
 - (iii) position or job function of the applicant;
 - (iv) Board licence number;
 - (v) Route operator's name;
 - (vi) LPM site name, where applicable;
 - (vii) user access rights to be allocated to the applicant, and
 - (viii) signature and licence number of the Administration Department or duly authorised department employee authorising the application;

- (g) Stationery Registers, to be used and retained by the route operator documenting controlled stationery in stock as well as all controlled stationery issued, reflecting the relevant –
- (i) number of stationery books received;
 - (ii) range of stationery received;
 - (iii) signature and name or licence number of the employee receiving the stationery;
 - (iv) LPM site at which the stationery is used, where applicable;
 - (v) date and time issued;
 - (vi) date of receipt;
 - (vii) current stock level, and
 - (viii) signatures and licence numbers of the employees receiving and issuing the controlled stationery;
- (h) Monitored Key Control Registers, to be used and retained by the route operator documenting each time monitored keys or combinations thereof are issued, returned, duplicated or destroyed, reflecting the relevant –
- (i) type of key or combination of keys;
 - (ii) number of keys made, returned, duplicated or destroyed;
 - (iii) signatures of all persons involved in the creation, duplication or destruction of such keys;
 - (iv) date and time issued;
 - (v) relevant LPM site, where applicable;
 - (vi) signature and licence number of the employee issuing the keys;
 - (vii) signature and licence number of the employee receiving the keys, and
 - (viii) date and time returned by the custodian of the monitored key.
- (j) Site Incident Register to be used and retained at a LPM site to document all non-compliance issues or relevant information detected at the site, reflecting the following -
- (i) date and time the incident was detected;
 - (ii) brief description of the incident detected;
 - (iii) whether the route operator was informed of the incident;
 - (iv) date and time the route operator was informed of the incident;
 - (v) date and time the incident was resolved;
 - (vi) signature and licence number of the employee who registered the incident; and
 - (vii) signature and licence number of the route operator representative who attended to and / or resolved the incident reported and registered.
- (k) Employee Card Register to be used and retained by the route operator documenting all employee cards printed, issued, received and destroyed in respect of the site, reflecting the relevant –
- (i) date and number of employee cards printed;
 - (ii) date and number of cards issued to the site;
 - (iii) licence number and signature of the employee issuing the cards;
 - (iv) date and number of cards received in respect of resignations and damaged cards;
 - (v) licence number and signature of the employee receiving the cards;

- (vi) date and number of employee cards destructed;
 - (vii) licence number and signature of employee doing the destruction;
 - (viii) number of employee cards in stock.
- (1) Site Information Register to be used and retained at an LPM site to document all site related information, reflecting the relevant
- (i) Name, surname, licence number and signature specimens of the employees licensed at the site;
 - (ii) Date employee cards are delivered or fetched from the site;
 - (iii) Reason for the movement of the employee card, that is, new appointment, resignation, dismissal or damaged card;
 - (iv) Licence number and signature of the route operator employee delivering or fetching the cards;
 - (v) Licence number and signature of the site employee receiving the employee cards from or despatching the cards to the route operator employee;
- (2) All the unused and completed registers contemplated in sub-rule (1) shall be kept in a secure area controlled by the Administration Department or duly authorised department.
- (3) The issue and receipt of all controlled stationery shall be registered in stationery registers.
- (4) Information required to be reflected on controlled stationery shall be recorded in ink or such other permanent medium as the Board may require or approve.
- (5) Corrections to information recorded on controlled stationery shall be made by drawing a single line through the error and entering the correct detail whereupon at least one employee involved in the transaction shall append his or her initials alongside the changes, specifying his or her licence number. .
- (6) All the completed registers contemplated in sub-rule (1) shall be retained for Board inspection -
- (a) on the relevant LPM site, for a period of at least three months from the date of the last entry therein, and
 - (b) at its registered office, by the route operator for a period of at least two years from the date of the last entry therein.
- (7) Notwithstanding the provisions of this rule, where a route operator utilises a computerised system and electronic signature identification, the Board may approve different requirements and provisions in respect of controlled stationery, upon demonstration by the route operator to the satisfaction of the Board that there are sufficient controls in place to ensure the integrity and validity of the computerised system and the reports generated.
- (8) The route operator may combine certain of the registers specified in this Rule with computer-generated reports, provided that the route operator is able to prove to the Board—
- (a) the validity and correctness of the information contained in the registers and reports, and
 - (b) that the integrity of the documentation is not prejudiced by such combination.

4.5 Monitored keys

- (1) The Administration Department or duly authorised department shall maintain detailed records in respect of each monitored key that is made, duplicated or destroyed.
- (2) The Administration Department or duly authorised department or Help Desk Operator shall receive, secure, issue, control and dispose of the following monitored keys –
 - (a) LPM cabinet door keys;
 - (b) logic area door keys;
 - (c) SDL keys;
 - (d) such other keys that are required to be monitored or controlled in terms of the applicable legislation and ICS, and
 - (e) each duplicate key to the keys contemplated in paragraphs (a) to (d) above.
- (3) All monitored keys shall be kept in a secured area, in such a manner as to prevent unauthorised access thereto.
- (4) Access to the secure area referred to in sub-rule (3) shall be limited to representatives of the Administration Department or duly authorised department or the Help Desk Operator.
- (5) All key transactions shall be recorded in key control registers.
- (6) Monitored keys shall at all times remain under the control of the custodian of such keys or secured in a manner approved by the Board.
- (7) In addition to the provisions of this rule, the following provisions shall apply with regard to the control of –
 - (a) Logic area keys –
 - (i) Shall be accessible only to authorised representatives of the Technical Department and,
 - (ii) May be kept at a site if in the ICS, the route operator demonstrates adequate control to ensure that the keys are not accessible by the site employees.
 - (b) SDL keys –
 - (i) Shall be issued only to an LPM Technician or a representative of the CEMS operator;
 - (c) LPM cabinet door keys may be issued only to a licensed employee of the LPM site or a representative of the Technical Department.

CHAPTER V

COMPLIANCE DEPARTMENT

5.1 Investigations

- (1) The Compliance Department of the route operator shall, on a weekly basis, review the CEMS meter readings and significant events in order to detect exceptions and unusual events, including –
 - (a) unauthorised access to secured areas of the LPM and SDL;
 - (b) configuration changes to LPM and SDL software;
 - (c) LPM and SDL software validation or signature failure;
 - (d) meter violations, meter wraps and RAM clears, and
 - (e) variances in excess of R100-00 or 20% per gaming day between actual and metered LPM drop, in the event that the actual LPM drop counted exceeds the metered drop.
- (2) The Compliance Department shall, on a weekly basis, ensure that the exceptions and unusual events referred to in sub-rule (1) are investigated.
- (3) The Compliance Department shall inform the Technical Department in writing of any unresolved exceptions and unusual events referred to in sub-rule (1).
- (4) The Compliance Department shall inform the Administration Department or duly authorised department regarding the outcome of the investigation of the variances contemplated in sub-rules (1)(d) and (e).
- (5) The results of the investigations referred to in this Rule and the actions taken to prevent a recurrence thereof, shall be documented.
- (6) All reports contemplated in this Rule shall be in writing and kept for a period of at least two (2) years from the date of completion thereof, for Board inspection.

5.2 Audits

- (1) The Compliance Department shall be responsible for the performance of quarterly audits –
 - (a) to verify that only approved game and communication software is installed in LPMs;
 - (b) to ensure that access to the CEMS has been allocated to authorised personnel only;
 - (c) to verify that all employees performing gambling-related functions are correctly licensed;
 - (d) on the LPM RTP percentages which are below 80% over a continuous 12-month period;
 - (e) on monitored key registers for accuracy;
 - (f) on controlled stationery registers for accuracy and stock levels, and
 - (g) to verify the accuracy and integrity of information on the CEMS.
- (2) Any discrepancies found during the audits referred to in sub-rule (1) shall be investigated and the results and actions taken to prevent a recurrence thereof shall be documented.
- (3) This quarterly compliance audit report is to be submitted to the Board within 30 days of the end of each quarter as per calendar year.

- (4) The Compliance Department shall, on an annual basis, compile or review a risk analysis in respect of the day-to-day gambling and gambling-related activities conducted by the route operator and on LPM site.
- (5) Such report is to be submitted to the Board on or before 31 January of each year.

5.3 Reporting requirements

- (1) The Compliance Manager shall report directly to at least the General Manager or Managing Director of the route operator.
- (2) The Board may approve different reporting lines to those prescribed in sub-rule (1) above, upon demonstration by the route operator that there are no incompatible functions.
- (3) The Compliance Department shall, on a monthly basis, provide the Board with a report reflecting, in respect of the period reviewed –
 - (a) any contraventions of the route operator's ICS or the applicable legislation;
 - (b) any discrepancies detected during the prescribed audits and investigations;
 - (c) detail of all journal entries;
 - (d) a summary of all patron disputes arising;
 - (e) any cheating activities detected;
 - (f) a summary of all bannings effected;
 - (g) confirmation that only approved software is installed in SDLs;
 - (h) details of all machine movements and game changes;
 - (i) site closures and openings;
 - (j) theft or robberies at sites and,
 - (k) such other detail as may be required by the Board.
- (4) The monthly reports referred to in sub-rule (3), shall be submitted within five working days after the conclusion of every month.
- (5) In addition to the provisions of sub-rule (3), the Compliance Department shall submit additional reports to the Board relating to –
 - (a) gambling-related activities and procedures;
 - (b) [any material weaknesses identified in the route operator's ICS,] and
 - (c) instances of possible non-compliance with the provisions of the route operator's ICS or the applicable legislationwithin 14 days from the time the anomaly has been identified.
- (6) All reports contemplated in this rule shall be in writing and kept for a period of at least two years for Board inspection.
- (7) The Compliance Department shall ensure that all matters of non-compliance in respect of the route operator and the sites are reported to the Board within 24 hours of becoming aware thereof and such report shall set out:
 - (a) The reason for the non-compliance.
 - (b) Why the relevant controls were not adequate to prevent such non-compliance.
 - (c) The corrective action taken by either the route operator or the site key employee to prevent a re-occurrence of such non-compliance.

- (d) Whether such non-compliance has the potential to occur at other licensed sites, and if so, whether such sites will be advised accordingly.

5.4 Movement of LPMs

- (1) The Compliance Department shall ensure the following in respect of LPMs -
 - (a) Written approval is obtained from the Board prior to an LPM being moved anywhere in the province, and
 - (b) Written approval is obtained from the Board for an increase in the number of machines at the site as well as the activation thereof.
- (2) The Compliance Department shall ensure that no LPM is moved to a site more than 5 days of the scheduled date of activation of the LPM.
- (3) Notwithstanding the provisions of rule (2) above, where a site is scheduled to be opened in the regions indicated below, LPMs may be moved to that site:
 - (a) 10 days prior to the scheduled opening if the site is located in the Southern Cape region, and
 - (b) 8 days prior to the scheduled opening of the site is located in either, Overberg, Breede River or the West Coast regions.
- (4) No LPM shall remain in the designated area if such LPM has been unoperational for a period of five consecutive trading days.
- (5) The Compliance Department shall ensure within 5 days from the date of approval of the closure that –
 - (a) All LPMs and the gambling related equipment are removed from the site;
 - (b) All keys, stationery and employee cards are returned to the route operator, and
 - (c) The original licence certificates are returned to the Office of the Board.

5.5 Non-Operation of LPMs at a licensed site.

- (a) The Compliance Department will ensure that whenever LPMs are to cease operating at a site, that the relevant approval is obtained from the Board.
- (b) If a licensed site is to cease operations permanently in respect of the LPMs, the Compliance Department shall submit the following to the Board:
 - (i) Written reasons why operations are to cease;
 - (ii) Written request to remove the LPMs from the licensed site.
- (c) Within 24 hours of the gambling equipment being removed from the site, the Compliance Department shall provide confirmation to the Board that all licensed employees associated with that site, have been resigned from CEMS.
- (d) In the case of a temporary discontinuation of operations in respect of the LPMs, the Compliance Department shall request approval prior to such operations being discontinued.

- (e) The Compliance Department shall report all sites to the Board, where the LPMs have remained non-operational for five consecutive days, within 24 hours of becoming aware of that.

CHAPTER VI

LPM SITE

6.1 ICS

- (1) The provisions and procedures prescribed in a route operator's ICS, including its organisational structure and jobs compendium shall be complied with on all licensed LPM site on which it exposes LPMs for play.
- (2) No gambling or gambling-related activities shall be conducted on an LPM site prior to the approval of the relevant route operator's ICS by the Board.
- (3) All operations on an LPM site shall be conducted in terms of the relevant route operator's ICS.
- (4) A copy of these Rules and the relevant route operator's ICS shall, at all times be retained on an LPM site.
- (5) If any provision or procedure of the route operator's ICS is contravened on an LPM site, such contravention shall be deemed to be a contravention of these Rules, and the route operator shall be liable for the penalties prescribed in respect thereof in these Rules, or such penalties together with such other sanction as the Board may impose in terms of the applicable legislation; provided that –
 - (a) where the holder of the route operator licence to which an LPM site relates does not exercise control over the site for the purposes of the contravention, the Board may require the site owner key employee to pay the penalties stipulated in these Rules in respect of such contravention, and
 - (b) where a penalty is imposed pursuant to paragraph (a), the Board may exempt the holder of the relevant route operator licence to which the site relates from paying the penalty specified if it is satisfied that that the holder of the relevant route operator licence could not reasonably have prevented the contravention.
- (6) For the purposes of sub-rule (5)(b), a route operator may not be regarded as having been unable reasonably to prevent a contravention where –
 - (a) the route operator has previously been alerted to the commission of a similar contravention on the relevant LPM site;
 - (b) the route operator has undertaken to take steps to prevent a repetition of similar contraventions on the relevant LPM site, and has not taken sufficient steps to do so, or
 - (c) the same or similar contraventions take place on the relevant LPM site on a regular basis.
- (7) If any provision of these Rules is contravened on an LPM site, the provisions of sub-rules (5) and (6) shall apply *mutatis mutandis* in respect of the imposition of penalties regarding such contravention.

6.2 Minimum requirements for an LPM site

- (1) The operation of LPMs on the LPM site shall constitute the secondary form of business provided on such site.
- (2) The operation of LPMs may further occur only if the primary business is open for trading.
- (3) All business conducted on the LPM site shall be lawful and registered for tax purposes.
- (4) The Board shall approve the floor plan of the LPM site prior to any gambling activity being conducted on such site.
- (5) The site floor layout must be exactly the same as the latest approved floor plan of the site.
- (6) The approved floor plan in respect of an LPM site may not be altered without the prior written approval of the Board.
- (7) The route operator or any other person may not, on an LPM site, expose for play LPMs in excess of the maximum number authorised for such site by the Board.
- (8) The designated area of an LPM site shall be constructed in such a manner as to ensure restricted access thereto.
- (9) The designated area of an LPM site shall be constructed as to prevent visibility of LPMs to minors in sites where persons under the age of 18 years are allowed.
- (10) The designated area of an LPM site shall not be less than three (3) square meters per LPM, unless otherwise approved by the Board.
- (11) The wiring to and from the LPM, SDL and SKP shall be installed in a manner as to prevent tampering therewith.
- (12) The LPMs shall not be visible to the general public from outside the LPM site.
- (13) No cash dispensing machine may be placed or operated within 5 metres of any point of unobstructed public access to a designated area or anywhere in or on such designated area.
- (14) No cash dispensing machine may be visible to the patrons from the designated area.
- (15) No direction signs to cash dispensing machines may be placed anywhere in or on the designated area.
- (16) Advertising of gambling on the exterior of an LPM site is prohibited, other than the display of the corporate logo of the route operator, as approved by the Board.
- (17) The adoption or use of a name or signage in respect of an LPM site which promotes or incorporates a reference to gambling is prohibited.
- (18) No additional gambling related advertising or signage, including the corporate logo of the route operator, other than that which was approved during pre-opening testing at site, may be displayed without having obtained approval from the Board.

- (19) All LPMs shall be placed and remain within the designated areas approved by the Board, unless otherwise prescribed by these Rules.
- (20) All SDLs and SKPs shall be placed and remain in the area approved by the Board for this purpose.
- (21) The route operator or any other person on an LPM site shall not expose an LPM for play outside the approved designated area.
- (22) The licensed employee of the LPM site shall document on the Site Incident Register all non-compliance issues or relevant information detected at the site, reflecting the following –
 - (i) date and time the incident was detected;
 - (ii) brief description of the incident detected;
 - (iii) whether the route operator was informed of the incident;
 - (iv) date and time the route operator was informed of the incident;
 - (v) date and time the incident was resolved;
 - (vi) signature and licence number of the employee who registered the incident, and
 - (vii) signature and licence number of the route operator representative who attended to and/or resolved the incident reported and registered.

6.3 Responsibilities pertaining to LPM site

- (1) In the event of an LPM or CEMS malfunction that cannot be repaired within one hour, the licensed employee on the LPM site shall as soon as possible inform the route operator.
- (2) LPMs that are not exposed for play for 5 consecutive days shall not be stored in a designated or public area without the prior written approval of the Board.
- (3) Once the 5 day period has lapsed, the said LPM may not be stored on an LPM site for a period longer than one month without the prior written approval of the Board.
- (4) A licensed employee on an LPM site shall perform a count of all the LPM drop proceeds at least once every week and record the value of the drop proceeds on the SKP.
- (5) All manual payments made by the LPM site, shall be recorded in the prescribed Payout Register which shall reflect --
 - (i) the date of payment;
 - (ii) the time of payment;
 - (iii) the LPM number;
 - (iv) the value of the payment;
 - (v) the patron's name, surname and signature, and
 - (vi) the signature and licence number of the licensed LPM site employee who made the payout;
- (6) All LPMs within the LPM site shall be monitored, observed and supervised by a licensed employee during operating hours in order to –
 - (a) ensure that no person under the age of 18 years –
 - (i) enters or remains in any designated area with LPMs;
 - (ii) takes part in an LPM game, or

- (iii) operates an LPM;
- (b) effectively monitor and control the designated area and areas in which the SDL and SKP are placed, and
- (c) ensure that all LPMs and the SDL, and their wiring, are not –
 - (i) tampered with or damaged;
 - (ii) altered in any way, or
 - (iii) accessed by unauthorised persons.

6.4 Access to LPMs

- (1) Only an authorised licensed employee of the route operator, a licensed employee on an LPM site and a licensed manufacturer may access an LPM.
- (2) The employee card of the licensed employee of the relevant LPM site, shall be inserted in the SKP each time an LPM is accessed.
- (3) No licensed employee shall use another person's employee card to access the LPMs, or to conduct gambling-related activities at an LPM site.
- (4) The licensed employee on an LPM site shall ensure that all doors of the LPMs and SDL are secured at all times.

6.5 Licence and signs to be displayed

- (1) The following shall be prominently displayed within or at the entrance to the designated area of each LPM site –
 - (a) a valid copy of the current licence issued to the LPM site;
 - (b) a valid copy of the route operator's licence, and
 - (c) signage –
 - (i) stating that no persons under the age of 18 are allowed to enter or remain in the designated area;
 - (ii) that Responsible Gambling Brochures are available on the LPM site, and
 - (iii) providing the information required by the General Rules of the Board with regard to the National Responsible Gambling Programme.
 - (d) information signs outside any entrance that leads inside the site through to the designated gaming area which shall at a minimum, carry a warning that gambling activities take place through such entrance.
- (2) The signage referred to in this Rule shall be in the format determined by the Board.
- (3) Responsible Gambling Brochures shall be available at an LPM site at all times.
- (4) Each LPM shall display Responsible Gambling stickers required or prescribed by the Board located in a place visible to patrons.
- (5) The procedure pertaining to the resolution of patron disputes must be conspicuously displayed in the LPM site's designated area, specifying –

- (a) that all disputes should be immediately reported on the LPM site;
- (b) the procedure in respect of the completion of the Dispute Register;
- (c) the helpline number of the route operator, and
- (d) contact details in respect of the Board.

6.6 Monitored keys and controlled stationery

- (1) All monitored keys and controlled stationery must be kept in a secure area on the LPM site or in the possession of a licensed employee to prevent unauthorised access thereto.

6.7 Patron disputes

- (1) A licensed employee at an LPM site shall record all patron disputes in a Dispute Register reflecting the relevant –
 - (i) Date and time of the dispute;
 - (ii) Nature of the dispute;
 - (iii) The relevant LPM number, where applicable;
 - (iv) The patron's name, telephone number, address and signature;
 - (v) Remedial steps taken to resolve the dispute;
 - (vi) Details regarding the resolution or referral of the dispute, as the case may be, and
 - (vii) Signature and name or licence number of the licensed site employee to whom the dispute was reported.

and immediately perform such investigations as may be required to resolve the dispute.

- (2) If the investigation contemplated in sub-rule (1) reveals that credits are legally owed to a patron, such credits shall immediately be paid out at the relevant LPM site.
- (3) The LPM site shall, within 24 hours inform the route operator of any patron dispute arising at such site.
- (4) The route operator shall make available a helpline number for the purpose of registering patron disputes.
- (5) The route operator shall perform follow-ups in respect of all patron disputes to ensure the resolution thereof.
- (6) The route operator shall document the information in respect of the follow-ups performed and retain such documentation for a period of at least two (2) years for Board inspection.

CHAPTER VII

GENERAL PROVISIONS

7.1 Offices of the route operator

- (1) The offices of the holder of a route operator licence, at which its administrative and accounting functions are conducted, shall be based within the borders of the Western Cape.

- (2) The Board may decide which administrative functions should be performed within the borders of the Western Cape.

7.2 Credit facility

- (1) The LPM site, route operator or any other person shall not, directly or indirectly, extend credit, in any form whatsoever, to any person, for the purpose of playing on, or operating, an LPM.
- (2) For the purposes of this Rule, credit extension includes the advancement of cash by an LPM site, route operator or any other person against a person's credit card, cheque, travellers cheque, money order or any other negotiable instrument whatsoever.

7.3 Game features, stakes and prizes

- (1) No bets in respect of which the stake exceeds the maximum amount being R5.00 may be offered or accepted on an LPM site.
- (2) The LPM site, route operator or any other person may not, in their own name or on behalf of any third party, offer any prize in excess of or in addition to the maximum prize being R500.00, prescribed in terms of the National Regulations.
- (3) Progressive jackpots and double-up features are not permitted in respect of LPMs.
- (4) All prizes shall be paid in cash or a cash equivalent approved by the Board.

7.4 Monetary instruments

- (1) Betting on LPMs may only take place by means of cash or a cash equivalent approved by the Board.
- (2) Any cash equivalent used by an LPM site for betting is evidence of a debt which that LPM site owes to the person legally in possession of such cash equivalent.
- (3) The LPM site shall immediately redeem its monetary instrument used for betting, including credits registered on the LPM, for cash or a cash equivalent upon request of a patron, unless the monetary instrument was obtained or is being used unlawfully.

7.5 SDL controls

- (1) The SDL shall be designed and constructed in a manner to reveal any attempt at tampering therewith.
- (2) Access to the SDL shall be limited to representatives of the route operator's Technical Department and the CEMS operator representative.

7.6 Employee cards

- (1) Employee cards shall be issued to and used only by authorised licensed employees.
- (2) Prior to accessing an LPM or SDL, a licensed employee shall insert his or her employee card in the SKP.

- (3) Employee cards issued to licensed employees at an LPM site shall be valid only in respect of the specific LPM site.
- (4) Employee cards issued to licensed employees of a route operator shall be valid only in respect of the specific LPM site linked to such route operator.
- (5) An employee card may be used only by the employee to whom it has been issued.
- (6) An employee shall insert a password prior to performing any function or maintenance on an LPM or SDL.
- (7) Employee cards shall not be left unattended in the SKP.
- (8) An employee card shall immediately be deactivated in the event that it is lost or when the employee to whom it relates has resigned.
- (9) Employee cards shall contain the following printed information –
 - (a) a photograph of the relevant employee;
 - (b) the name of the employee to whom the card relates;
 - (c) the name of the licensed LPM site to which the card relates;
 - (d) the name of the relevant route operator;
 - (e) the job description of the route operator employee to whom the card relates, where applicable, and
 - (f) the licence number assigned to the relevant employee by the Board.

7.7 LPM site and employee records

- (1) The holder of a route operator licence shall, in respect of each site at which it has been authorised to expose LPMs for play, maintain current and accurate LPM site records reflecting –
 - (a) the business name of the site;
 - (b) the physical address of the site;
 - (c) the postal address of the site;
 - (d) all other available contact details in respect of the site, and
 - (e) details of each licensed employee at the site, including the employee's –
 - (i) name and surname;
 - (ii) type of licence, and
 - (iii) Board licence number.
- (2) A route operator shall, within five working days after the conclusion of every month, submit an LPM site and employee movement report to the Board specifying, in respect of the preceding month, the details of –
 - (a) all newly appointed gambling-related employees;
 - (b) all new LPM licensed (LPM) sites;
 - (c) list of all sites whose trading names have changed;
 - (d) list of all sites undergoing change of ownership, either pending or approved;
 - (e) all licence renewals in respect of gambling-related employees and LPM sites;
 - (f) details of all LPM site licences whose contracts were terminated or expired;
 - (g) all gambling-related employees who left the employment of the route operator or ceased employment on an LPM site;

- (h) all promotions or demotions in respect of gambling-related employees of the route operator or persons licensed to be employed on an LPM site, and
 - (i) Proof that either an application to the CEMS operator has been submitted to have access rights revoked of resigned employees, or confirmation that such access rights have been revoked.
- (3) The holder of a site owner key employee licence shall within 24 hours inform the route operator of any employee resignations.

7.8 Change of Ownership

- (1) Where there is a change in ownership at a licensed site, the relevant licensing procedure required by the Board must be complied with prior to such change of ownership taking effect.
- (2) Where there has been a change in ownership at a licensed site, the LPMs at a site shall be disabled when the change of ownership result in:
- (a) No employee being licensed as a key employee of that site, or
 - (b) No licensed employees available to supervise the LPMs.

7.9 User access rights

- (1) All application forms for access to any gambling-related software, including amendments thereto, shall be signed by a representative of the Administration Department or duly authorised department.
- (2) The User Access Rights Application Form shall clearly indicate the user access rights for which the applicant has applied.
- (3) The route operator shall ensure that user access rights on the CEMS are requested to be allocated to authorised licensed employees only.
- (4) The user access rights matrix shall indicate all types of user groups registered on the CEMS and all the user rights allocated to such users.
- (5) Any amendments to the pre-approved user access rights matrix shall be signed by the persons contemplated in sub-rule (1).
- (6) The Administration Department or duly authorised department shall request the CEMS operator, in writing, to allocate on employee's user rights in terms of the pre-approved user access rights matrix by supplying the following information –
- (a) the employee's name and surname;
 - (b) the user access rights to be allocated;
 - (c) the route operator name;
 - (d) the LPM site name, where applicable, and
 - (e) the Board licence number.
- (7) User access rights on the CEMS shall be allocated to appropriately licensed employees in accordance with the user access rights matrix.
- (8) A route operator shall within 24 hours of being advised of the resignation of an employee inform the CEMS operator, whereupon the relevant employee's user access rights shall be immediately disabled on the CEMS.

7.10 Employees to be appropriately licensed

- (1) Only appropriately licensed persons may perform gambling-related functions on behalf of a route operator, CEMS operator or on an LPM site.
- (2) An application for licensing as an LPM employee shall –
 - (a) be submitted to the Board within such time;
 - (b) be in such format and contain such information, and
 - (c) be accompanied by such licensing feeas the Board may from time to time determine.
- (3) Any person who has the authority to –
 - (a) perform journal entries;
 - (b) allocate user access rights on the CEMS, and
 - (c) perform maintenance or change the functionality of the CEMSshall be licensed as a key employee in terms of the applicable legislation.

7.11 Restrictions on advertising

- (1) The holder of any licence issued in respect of an LPM site shall not conduct any interview with or provide any information or any opportunity to create or reproduce any photographic image to any section or representative of the media, or permit any member of staff of its business or any other person to conduct such interview or provide such information or opportunity, in relation to -
 - (a) any details of the contractual arrangement entered into between the primary business conducted on such site or such licence holder and the holder of the relevant route operator licence;
 - (b) any proposed report, photographic image, article or communication which is intended, or can reasonably be expected to -
 - (i) attract members of the public to the licensed site, or
 - (ii) place the particular licensed site to be named, reflected or referred to in any such proposed report, photographic image, article or communication at any advantage, whether real or perceived, over any other licensed LPM site in the Province or elsewhere.
- (2) The provisions of this sub-rule shall not preclude the holder of a route operator licence from implementing such advertising in respect of LPM operations or any licensed LPM site, as may be approved by the Board.

7.12 Dispensation

- (1) The Board may approve alternative criteria or procedures other than those prescribed in these Rules, if the route operator is able to prove to the Board that, notwithstanding such criteria or procedures, there are sufficient controls in place to ensure the integrity of the operation.

CHAPTER VIII

FINANCIAL INTEREST IN LPM SITES

8.1 Financial interests held by designated persons

- (1) BBBEE ownership shall be held by an owner directly in a site and shall not be channelled into multiple sites through holding companies. Each application shall be evaluated on a case-by-case basis, and vetted thoroughly during the probity phase to ensure real ownership as opposed to tokenism or fronting.

8.2 Maximum number of LPMs operated by natural or legal persons

- (1) No single business or natural person shall operate more than 5% of the limited payout machines allocated by the Board, unless authorised to do so by the Board upon application by such business, entity or natural person.

8.3 Procurement of financial interest by route operator in LPM sites

- (1) Neither a Route Operator nor its holding company or any ultimate holding company thereof or employee or director of these entities shall be permitted to hold a direct or indirect financial interest (as defined in the Western Cape Gambling and Racing Act) in a LPM site, unless such entity or person is authorised by the Board to hold such interest, upon application by such Route Operator, company or person.
- (2) These restrictions shall not be applicable to the holding company or a company separately listed on a registered securities exchange.

CHAPTER IX

OFFENCES AND PENALTIES

9.1 Offences and penalties

- (1) A route operator and a site owner key employee, where applicable, shall be guilty of an offence and be liable to –
 - (a) a penalty of R10 000,00 per offence if –
 - (i) it fails to comply with the provisions of these rules or its ICS relating to its organisational structure and jobs compendium or to implement the organisational structure and jobs compendium approved by the Board;
 - (ii) it fails to comply with the provisions of these rules or its ICS relating to the keeping or maintaining of any book, account, record, register, ledger, inventory or other document required to be kept or maintained in terms of these rules or its ICS or if such books, accounts, records, registers, ledgers, inventories or other documents are not up to date or in the correct format, or
 - (iii) it fails to comply with the provisions of these rules or its ICS relating to any procedure to be followed;

- (b) a penalty of R20 000,00 per offence if –
 - (i) notwithstanding the provisions of sub-rule (1)(a), it fails to comply with the provisions of these Rules or its ICS relating to –
 - (aa) minors found in designated areas;
 - (bb) resolution of patron disputes;
 - (cc) signs and information to be displayed at the LPM site;
 - (dd) credit extension;
 - (ee) maximum stakes and prizes;
 - (ff) investigations and audits to be performed, and
 - (gg) journal entries;
 - (c) a penalty of R50 000,00 per offence if –
 - (i) it fails to maintain LPMs and the CEMS in accordance with the provisions of the rules, and
 - (ii) it fails to maintain or produce financial records utilised for the purpose of calculating taxable revenue.
- (2) In the event of –
- (a) a second offence, the penalty referred to in sub-rule (1) shall double, and
 - (b) a third offence, the penalty referred to in sub-rule (1) shall treble.
- (3) For the purposes of this rule a route operator’s ICS shall be limited to those provisions of its ICS that are required to be incorporated into its ICS in terms of the applicable legislation.
- (4) The imposition of any penalty in terms of this rule shall not preclude the Board from instituting any further or alternative disciplinary action against a route operator or other licence holder.
- (5) Any penalty imposed in terms of this Rule shall be payable within thirty days of the imposition of such penalty.
- (6) The Chief Executive Officer of the Board shall have the competency to impose any penalty in terms of these rules.

-----00000◆00000-----