

Content

Title :	Sports Lottery Issuance Act <b>Ch</b>
Date :	2011.01.26
Legislative :	<p>1. All 29 articles were formulated and announced in accordance with Presidential 1st Yi Order No. 09800160101 on 1st July 2009; date of coming into force is determined by the Executive Yuan. In accordance with Executive Yuan Taiwan Sports Order No. 0980075190 on 27th November 2009, the Act came into force commencing 1st January 2010.</p> <p>2. In accordance with Presidential 1st Yi Order No. 10000016581 on 26th January 2012 article 21 and 29 were amended and came into force commencing date of amendment.</p>
Content :	<p><b>Article 1</b> The purpose of this Act is to invigorate sports, raise funds to develop, train and nurture sports talents, and to facilitate a balanced issuance, management and utilization of profits from sports lottery.</p> <p><b>Article 2</b> The competent authority referred to in this Act is the central competent authority for sports.</p> <p><b>Article 3</b> Terminologies used in this Act are defined as follows: 1. Sports lottery: Refers to any lottery that predicts the outcome of competitive sports, in the form of a game. 2. Issuer: Refers to an organization that is commissioned by the competent authority to be responsible for the issuance, sales, marketing, games process and results announcement, awards, management of sports lottery and other related affairs. 3. Commissioned organization: Refers to an organization that is commissioned by the issuer and approved by the competent authority to handle the issuance, sales, marketing, games process and results announcement, awards and management of sports lottery. 4. Operator: Refers to an entity that has the distribution license to market sports lottery, through an agreement with the issuer or commissioned organization. 5. Prize winner: Refers to a person who has the right to claim prize money in accordance with the wagering rules of the issuer. 6. Profit: Refers to the remainder of the total revenue from the sale of sports lottery less payable prize money and sports lottery issuer marketing and management fees.</p> <p><b>Article 4</b> The issuance of sports lottery should be handled by professional issuance organization, established by the competent authority or selected through a public selection process. The organizational structure and operational rules of the aforementioned organization, or the selection criteria, are determined by the competent authority.</p> <p><b>Article 5</b> Measures governing the issuance, sales, marketing, games process and results announcement, awards and management of sports lottery are determined by the competent authority.</p> <p><b>Article 6</b> The total prize money from the sale of sports lottery is not allowed to exceed 78% of the total sports lottery revenue. However, operational maintenance plans or accompanying measures proposed by the issuer, after approval by the competent authority, are not restricted by such stipulations.</p>

#### **Article 7**

Marketing and management fees of sports lottery are not allowed to exceed 12% of the total sports lottery revenue. In accordance with article 11 of this Act, when the sale of sports lottery from the telephone, the internet or other telecommunication equipment exceed 50%, the said marketing and management fees are not allowed to exceed 10% of the total revenue. The aforementioned marketing and management fees include commission for the sale of sports lottery, compensation for operator, loss resulting from the sale of sports lottery, liability payout and costs of events pertaining to the issuance of sports lottery.

#### **Article 8**

10% of the profits from the issuance of sports lottery will be injected into the profits of Taiwan Lottery and regulated in accordance with the Public Welfare Lottery Issue Act; the remaining 90% will be handled by the competent authority for the development of sports, and is not allowed to be compensated as government budget for sports. The scope of its use will be announced by the competent authority and publicized on the government gazette. The aforementioned profits appropriated for the development of sports should be handled in the form of a fund or ledger (credits/debits). The said affairs could be handled through the establishment of a sports development fund in accordance with the annual budget procedure. Prior to the establishment of the fund, the profits from sports lottery should be deposited in a public account, and budgeted in the form of credits/debits. After the establishment of the fund, all balance from the public account should be transferred into the fund immediately.

#### **Article 9**

The issuer should create an operation report based on situations arising from the issuance of sports lottery, together with a profit/loss chart, payout of prize money summary, profit distribution chart and details of marketing and management fees. The report should be submitted to the competent authority before the 15th of next month.

#### **Article 10**

The selection of operator by the issuer or commissioned organization should be limited to licensed operator which possess professional sports knowledge and passed qualification examinations, or operator with experiences in Sports Special Public Welfare Lottery; the standard required with respect to professional sports knowledge is determined by the competent authority; implementation guidelines governing the examination and licensing criteria of issuer will be implemented after reporting and filing to the competent authority. For operator with more than four employees, at least one of the employees should have working disability, is part of the indigenous population or from the low-income households. Prior to the implementation of this Act, all primary and secondary operator selected in accordance with article 8 of the Public Welfare Lottery Issue Act can continue to market sports lottery within the period of contract. The issuer should be responsible for the marketing of sports lottery and other educational training of operator; all relevant plans will be formulated by the issuer and implemented after reporting and filing to the competent authority.

#### **Article 11**

The marketing of sports lottery by the issuer and commissioned organizations can be achieved, in addition to operator, through the telephone, the internet and other telecommunication equipment. The issuer should formulate pertinent operation and management guidelines to be implemented after approval from the competent authority. The aforementioned guidelines should include the following items: 1. Affairs pertaining to the protection of consumers. 2. Protection of confidential information of wagers. 3. Response to disputes. 4. Prevention of money laundering. 5. Prevention of wagering addiction. 6. Operation procedures related to the marketing of sports lottery through the telephone, the internet or other telecommunication equipment. The issuer or commissioned organization should adopt reasonable methods to inform wagers who wager through the telephone, the internet or other telecommunication equipment, the relevant risks and

mental and physical hazards with regard to wagering addiction. There should be identity confirmation system with regard to the marketing of sports lottery through the telephone, the internet or other telecommunication equipment by the issuer or commissioned organization; a secure trading system should be established by a credible professional organization to ensure that all sales information will be kept secure and free from unauthorized tempering.

#### **Article 12**

Target games of the sports lottery should formulated in the form of a plan by the issuer and reported to the competent authority; only after approval can the games serve as targets for wagering.

#### **Article 13**

The issuer, commissioned organization and operator cannot sell or pay out prize money of sports lottery to minors. Employees of sports lottery issuer or commissioned organization cannot purchase or receive sports lottery. Hosting personnel of target games and athletes of related teams cannot purchase sports lottery related to the said games. All sales revenue and amount equivalent to prize money payouts for the issuer, commissioned organization or operator which violate item 1, will be counted as sports lottery profits.

#### **Article 14**

The name, address and other personal information of sports lottery winners should be kept strictly confidential, unless required by other laws that have higher jurisdiction. Any violation of the aforementioned item that results in the loss of rights for prize winners will entitle them to seek reparation from the issuer. The aforementioned condition entitles the issuer to seek reparation from the source of leak.

#### **Article 15**

Winners of sports lottery should, with the exception of those who purchase through the telephone, the internet and other telecommunication equipment that will receive prize money payment directly from the issuer, seek payment from the issuer, commissioned organization or operator with proof of purchase and carry personal identification or documents within three months of prize announcement; payment is nullified once the payment period expires; all unclaimed prize money will be classified as sports lottery profits. The issuer, commissioned organization or operator who violates the aforementioned condition by paying prize money to prize winners beyond the payment period should allocate an amount equivalent to the said prize money as sports lottery profits. Sports lottery prize money below a certain amount as sanctioned by the competent authority will not be bound by the aforementioned criterion pertaining to the proof of purchase and personal identification or documents. Loss or theft of sports lottery is not eligible for nullification of payment and bylaw 1 of article 720, article 725 and 727 of the Civil Code are not applicable to such condition.

#### **Article 16**

All prize money of sports lottery should be in one single payment.

#### **Article 17**

Winning sports lotteries that are difficult to ascertain due to fumigation, soaking, oil stains, dying, damage or other conditions will not be compensated.

#### **Article 18**

Any void wagers will entitle the purchaser to seek refunds from the issuer, commissioned organization or operator; the right to seek refund will be nullified within two years, commencing from the day that the issuer announced the invalidity of the wager. Purchasers of the aforementioned wager through the telephone, the internet or other telecommunication equipment should be refunded directly by the issuer. The void condition as stated in item 1 should be formulated by the issuer and implemented after approval by the competent authority.

#### **Article 19**

Article 19 and article 19-1 of the Consumer Protection Law are not applicable to sports lottery purchased through the telephone, the internet or other telecommunication equipment.

#### **Article 20**

The competent authority should send agents or commission professional organizations to inspect the issuer, commissioned organization or operator; or command the issuer to send agents to inspect the sales and financial matters of the commissioned organization and operator. The issuer, commissioned organization and operator are not allowed to avoid, impede or reject the aforementioned inspections, and should comply by providing all pertinent information.

#### **Article 21**

Perpetrators of fairness of games relating to wagering targets through means of violence, coercion, swindle or other illegal ways will be subjected to imprisonment of one to seven years and a concurrent capital fine of NTD 10 million to NTD 30 million. A syndicate of more than three persons which violate the aforementioned condition will be subjected to imprisonment of three to ten years and a concurrent capital fine of NTD 20 million to NTD 50 million. Attempted perpetrators will also be penalized. Legal persons, associations or their corresponding representatives, managers and accompanying personnel of sports teams should collaborate with prosecutors' office and police agencies to investigate the aforementioned behaviors in items 1 and 2. Any attempts to hide or oppose, after verification, will be subjected to a capital fine of NTD 2 million to NTD 10 million.

#### **Article 22**

The issuer will be subjected to a capital fine of NTD 50,000 to NTD 250,000 if any of the following situations occurs: 1. Prize money payout ratio exceeds the rate stipulated in article 6. 2. Marketing and management fees violate the condition stipulated in article 7.

#### **Article 23**

The following conditions render a capital fine of NTD 30,000 to NTD 150,000, and will be penalized on a case-by-case basis: 1. Violation of item 4 of article 11 by the issuer or commissioned organization by failing to establish a identity verification system or secure technological system for trading certified by professional organizations. 2. Violation of item 1 of article 14 by failing to maintain strict confidentiality by any person familiar with the personal information of sports lottery winners through job responsibility or affairs. 3. Violation of item 1 of article 15 by failing to categorize expired prize money as sports lottery profits by the issuer, commissioned organization or operator.

#### **Article 24**

The following conditions render a capital fine of NTD 30,000 to NTD 150,000, and will be penalized on a case-by-case basis, unless improved within the specified period: 1. Violation of article 5 by the issuer pertaining to the issuance, marketing, promotion, exchange or management stipulations. 2. Violation of article 9 by the issuer by failing to produce the necessary report. 3. Violation of item 2 of article 10 by operator that hire more than four employees by failing to hire at least one person with working disability, is part of the indigenous population or from the low-income households. 4. Violation of items 1, 2 and 3 of article 13 by the issuer, commissioned organization or its employees, operator, hosting personnel of wagering games or games related team personnel and athletes by failing to observe stipulations regarding the marketing, prize money payout, purchase or receiving of sports lottery. 5. Violation of item 2 of article 20 by the issuer, commissioned organization or operator by avoiding, impeding or rejecting inspections or failing to provide pertinent information.

**Article 25**

The issuer or commissioned organization that had been penalized based on the aforementioned penalties will be subjected to the following punishment, based on the severity of the violations or at least had been punished three times: 1. Restrictions on the period, marketing volume or number of operator of the issuer. 2. Terminate the issuance or marketing of sports lottery for the commissioned organization.

**Article 26**

If any of the application documents, affidavit or other guarantee pledges provided by the issuer during the selection process is found to be invalid, the competent authority can revoke the issuance of sports lottery of the issuer. After the issuance of sports lottery, if the issuer undergoes disposal through guardianship, custodianship, or halting of business by the central financial competent authority, the competent authority can terminate the issuance of sports lottery of the issuer.

**Article 27**

After the commencement of issuance, if any one of the following conditions occurs, any issuance will be immediately halted after approval from the Executive Yuan: 1. Important matters pertaining to the disturbance of social peace or acceptable practices. 2. Amendments in law.

**Article 28**

The issuer of sports special public welfare lottery as defined by item 2 of article 4 of the Public Welfare Lottery Issue Act of the Ministry of Finance will, after the coming into force of this Act, continue to function until 31st December 2013. The appropriation of the aforementioned sports special public welfare lottery will be in accordance with item 1 of article 8.

**Article 29**

The coming into force for this Act is determined by the Executive Yuan. Amendments to this Act will come into force as of the date of announcement.