

## Content

Title :	Sports Lottery Issuance Act <b>Ch</b>
Date :	2014.06.18
Legislative :	<p>1.The 29 articles of the Sports Lottery Issuance Act were stipulated and announced pursuant to Presidential 1st Yi Order No. 09800160101 on July 1, 2009, with the date of implementation determined by the Executive Yuan. In accordance with Executive Yuan Taiwan Sports Order No. 0980075190 of November 27, 2009, the Act was came into effect January 1, 2010.</p> <p>2.Article 21 and 29 were came into effect upon amendment pursuant to Presidential 1st Yi Order No. 10000016581 on January 26, 2012.</p> <p>The Ministry of Education is named "the central competent authority for sports" as per Article 2 of Executive Yuan Taiwan Kui Order No. 1010154558 of December 25, 2012, effective as of January 1, 2013.</p> <p>3.Articles 4, 13, 20, 22, 23, 24, and 25 were amended and Articles 21-1 and 23-1 were adopted pursuant to Presidential 1st Yi Order No.10300093271 of June 18, 2014.</p>
Content :	<p><b>Article 1</b> The Act is entitled for the purpose of prompting sports, raising funds for training, discovering and taking care of sport talents, and facilitating issuance of and management and utilizing profits from the 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 in which the winners are determined based on the outcome of any professional or collegiate sport ing event. 2. Issuer: Refers to any organization that is commissioned by the competent authority to handle the issuance, sales, marketing, games pro cess, results announcement, awards, and management of sports lottery as well and other related affairs. 3. Commissioned organization: Refers to an organization that is commissioned by the issuer and approved by the competent authority to hand le the issuance, sales, marketing, games process and results announcement, awards and management of the sports lottery. 4. Licenced agent: Refers to any person or organization licensed by the issuer or commissioned organization and approved by the competent au thority to conduct sports lottery operations. 5. Prize winner: Refers to any 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 the sports lottery that less payable prize money and sports lottery issuer marketing and management fees.</p> <p><b>Article 4</b> The issuance of sports lottery shall be handled by professional issuance organization, established by the competent authority or selected th rough a public selection process. The organizational structure and operational procedures of the aforementioned organization, or the selection criteria, are determined by the competent authority. During the commissioned period of lottery issuance, the selected issuer shall reach sales target, which is set by the competent authority except proper circumstances that are approved by the competent authority. Difference of profits shall be made up, when failure to meet the sales target.</p> <p><b>Article 5</b> Measures governing the issuance, sales, promotion, games process and</p>

results announcement, awards and management of the sports lottery are determined by the competent authority.

#### **Article 6**

The total prize money from the sale of the sports lottery shall not exceed 78% of the total sports lottery revenue. However, plans for operational or supporting measures proposed by the issuer and approved by the competent authority are not restricted by such stipulations.

#### **Article 7**

Marketing and management fees for the sports lottery shall not exceed 12% of the total sports lottery revenue. When sports lottery sales made via telephone, the Internet or other telecommunication equipment exceed 50%, the said marketing and management expenses shall not exceed 10% of the total revenue as pursuant to Article 11 of this Act. The aforementioned marketing and management fees include commissions for the sale of the sports lottery, compensation for issuers, losses resulting from the sales of the sports lottery, liability reserves and expenses for holding events to issue the sports lottery.

#### **Article 8**

10% of the profits from the issuance of the sports lottery shall be appropriated for the profits of the Taiwan Lottery and regulated in accordance with the Public Welfare Lottery Issue Act; the remaining 90% shall be handled by the competent authority solely for the development of sports and may not be used as a government budget for sports. The scope of use of those profits shall be determined by the competent authority and publicized on the government gazette. The aforementioned profits appropriated for the development of sports shall be handled in the form of a fund or ledger (credits/debits). Said affairs may be handled through the establishment of a sports development fund in accordance with the annual budget procedure. Prior to the establishment of said fund, the profits from sports lottery shall be deposited in an account at a public bank and budgeted in the form of credits/debits. After the establishment of the fund, all balance from the account shall be transferred into the fund immediately.

#### **Article 9**

The issuer shall prepare an operational report based on the issuance of the sports lottery, together with a profit/loss chart, prize money summary, profit distribution chart and details of marketing and management expenses at the end of each month. The report shall be submitted to the competent authority before the 15th of next month.

#### **Article 10**

The selection of licensed agent by the issuer or commissioned organization shall be limited to an licensed agent which possess professional sports knowledge and has passed qualification examinations or an licensed agent with experience in issuance of Sports Special Public Welfare Lottery; the standard of professional sports knowledge shall be determined by the competent authority, and implementation guidelines governing the examination and licensing criteria of an issuer shall be implemented after reporting and filing to the competent authority. For any licensed agent hiring more than four employees, at least one employee shall be a work-capable person with a mental or physical disability or a member of the indigenous population or come from a low-income household. Prior to the implementation of this Act, all primary licensed agent and agents on the waiting list selected pursuant to Article 8 of the Public Welfare Lottery Issue Act may continue to sell the sports lottery within the period of contract. The issuers shall be responsible for the sale of the sports lottery and other operational training; all relevant plans shall be formulated by the issuer and implemented after reporting and filing to the competent authority.

#### **Article 11**

The sports lottery may be sold by the issuer and commissioned organizations

through licensed agent and over the telephone, the Internet or other telecommunication equipment. The issuer shall formulate pertinent management guidelines, which will be implemented pending approval from the competent authority. The aforementioned guidelines shall include the following items: 1. Affairs pertaining to the protection of consumers. 2. The protection of confidential information of wagers. 3. Responding to disputes. 4. Preventing money laundering. 5. Preventing of wagering addiction. 6. Operational procedures related to the sale of the sports lottery over the telephone, the Internet or other telecommunication equipment. The issuer or commissioned organization shall adopt appropriate methods to inform those who wager over the telephone, the Internet or other telecommunication equipment about the relevant risks, mental and physical hazards with regard to addiction. Identity verification systems with regard to the sale of sports lottery over the telephone, the Internet and other telecommunication equipment shall be implemented by the issuer or commissioned organization, and a secure transaction system shall be established by a credible professional organization to ensure that all transaction records will be kept secure and free from unauthorized tampering.

#### **Article 12**

The games to be wagered on in the sports lottery shall be organized into a proposal 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 licensed agent is prohibited from selling the sports lottery or paying out prize money to minors. Employees of the sports lottery issuer or commissioned organization cannot purchase, receive or redeem the sports lottery. Personnel of the game organizer and athletes of involved teams cannot purchase, receive or redeem the sports lottery related to relevant games. All sales revenue and an amount equivalent to awarded prize money by any issuer, commissioned organization or licensed agent which violates Item 1 of this Article shall be considered sports lottery profits. The issuer and commissioned organization shall establish internal control and auditing systems and implement them appropriately; measures governing relevant matters shall be determined by the competent authority.

#### **Article 14**

Other personal information of sports lottery winners such as their names and addresses shall be kept strictly confidential unless required by other laws that have higher jurisdiction. Any violation of the aforementioned Item that infringes on the rights of prize winner(s) entitles the winner(s) to seek reparations from the issuer. The aforementioned condition also entitles the issuer to seek reparation from the party responsible for leaking the information.

#### **Article 15**

With the exception of those who purchase over the telephone, the Internet or other telecommunication equipment, who shall receive a prize money payout directly from the issuer, all other winners of the sports lottery shall seek payment from the issuer, commissioned organization or licensed agent with proof of purchase and with personal identification or relevant documents within three months of the prize announcement; payment is voided once the payment period expires, and all unclaimed prize money will be considered sports lottery profits. Any issuer, commissioned organization or licensed agent who violates the aforementioned regulation by paying prize money to winners after the payment period has expired shall allocate an equivalent amount as sports lottery profits. Sports lottery prize money under a specific amount defined by the competent authority will not be bounded by the aforementioned criterion pertaining to the proof of purchase and personal identification or documents. Loss or theft of a sports lottery ticket is not a valid reason for voiding payment; Bylaw 1 of Articles 720, 725 and 727 of the Civil Code are not applicable to such a condition.

**Article 16**

Each sports lottery prize shall be paid out in one single payment.

**Article 17**

Winning sports lottery tickets that cannot be identified due to being burnt, immersed in water, stained, dyed, damaged or other reasons may not be claimed.

**Article 18**

Any voided wagers entitle the purchaser to seek refunds from the issuer, commissioned organization or licensed agent; the right to seek refunds will be nullified after a period of two years commencing from the day that the issuer announces the wager void. Purchasers of the aforementioned wager over the telephone, the Internet or other telecommunication equipment shall be refunded directly by the issuer. The conditions for voiding as stated in Item 1 of the Article shall be formulated by the issuer and implemented after approval by the competent authority.

**Article 19**

Articles 19 and 19-1 of the Consumer Protection Law are not applicable to sports lottery wagers placed over the telephone, the Internet or other telecommunication equipment.

**Article 20**

The competent authority shall send agents or commissioned professional institutes to make inspections of the issuer, commissioned organization and licensed agent; or instruct the issuer to send agents to inspect the sales, financial and other pertinent matters of the commissioned organization and licensed agent; or require the issuer, commissioned organization and licensed agent to submit financial statements, transaction information or other related documents for a specified period of time. The issuer, commissioned organization and licensed agent may not evade, impede or reject the aforementioned inspections or instructions and shall comply by providing all pertinent documents. Should the issuer or commissioned organization find abnormalities in sales or finances or should employees be found to have violated Items 1, 2 or 3 of Article 21, they shall report to the competent authority within three days and give a report on how the situation was handled within one month.

**Article 21**

Any person who violates the fairness of games related to wagering targets through means of violence, coercion, swindling or other illegal activities shall be subjected to a prison sentence of one to seven years and a concurrent fine of no less than NTD\$10 million and no more than NTD\$30 million. A syndicate of more than three persons responsible for the aforementioned behaviors shall be subjected to a prison sentence of three to ten years and concurrent fines of no less than NTD\$20 million and no more than NTD\$50 million. Attempts to undertake the behaviors listed in Items 1 and 2 are also subject to penalties. Legal persons, associations or their corresponding representatives, managers and accompanying personnel of sports teams shall cooperate with the prosecutors' office and police agencies in investigations of the behaviors listed in Items 1 and 2. Any attempts to hide information or resist shall be subjected to a fine of no less than NTD\$2 million and no more than NTD\$10 million pending verification.

**Article 21-1**

Any employee of the issuer or commissioned organization who attempts to make illegal gains for his or her self or for a third party, or who damages the interests of the issuer and commissioned organization or breaches his or her duty in a way that damages property or interests of the issuer and commissioned organization, shall be subjected to a prison sentence of one to seven years and a concurrent fine of no less than NTD\$10 million and no more than NTD\$30 million. A syndicate of more than three persons which undertakes the aforementioned behaviors shall be subjected to a prison sentence of three to ten years and a concurrent fine of no less than NTD\$20

million and no more than NTD\$50 million. Attempts to undertake the behaviors listed in Items 1 and 2 is also subject to penalties. The issuer and commissioned organization and its employees shall cooperate with the prosecutors' office and police agencies in investigations of the behaviors listed in Items 1 and 2. Any attempts to hide information or resist shall be subjected to a fine of no less than NTD\$2 million and no more than NTD\$10 million pending verification.

#### **Article 22**

The issuer and commissioned organization shall be subjected to a fine of no less than NTD\$1.5 million no more than NTD\$7.5 million for each of the following violations and will be penalized on a case-by-case basis, unless the violator makes improvements within a specified period: 1. Violation of the measures governing the issuance, sales, marketing, prize money redemption and management of the sports lottery as pursuant to Article 5. 2. Failure by the issuer or commissioned organization to establish an identity verification system or secure transaction technological system certified by professional organizations as pursuant to Item 4 of Article 11. Should the issuer or commissioned organization violate Item 5 of Article 13 by failing to establish internal controls and an auditing system or properly implementing said controls or system shall be subjected to a fine of no less than NTD\$2 million and no more than NTD\$10 million.

#### **Article 23**

The following violations carry a fine of no less than NTD\$1 million and no more than NTD\$5 million each and may be penalized on a case-by-case basis unless the violator makes improvements within a specified period: 1. Prize money payout rate exceeds the ratio stipulated in Article 6. 2. Marketing and management expenses violate the conditions stipulated in Article 7.

#### **Article 23-1**

The following violations carry a fine of no less than NTD\$300,000 and no more than NTD\$1.5 million each and may be penalized on a case-by-case basis unless the violator makes improvements within a specified period: 1. Violation of Item 1 of Article 15 by failing to categorize expired prize money as sports lottery profits. 2. Violation of Items 2 and 3 of Article 20.

#### **Article 24**

The following violations carry a fine of no less than NTD\$30,000 and no more than NTD\$150,000 each and will be penalized on a case-by-case basis unless the violator makes improvements within a specified period: 1. Violation of Article 9 by failing to produce the necessary report by the issuer. 2. The hiring of more than four employees by the licensed agent in violation of Item 2 of Article 10. 3. Violation of Item 1 of Article 13 by the issuer, commissioned organization or licensed agent. 4. Violation of Item 2 of Article 13 by employees of the issuer or commissioned organization. 5. Violation of Item 3 of Article 13 by personnel of the organizer of a wagered game or by athletes or personnel of the teams involved in said game. 6. Violation of Item 1 of Article 14 by failing to keep personal information of sports lottery winners such as name and address confidential. 7. Violation of Item 1 of Article 15 by the issuer, commissioned organization or licensed agent by paying prize money to winners after the payment period has expired. 8. Violation of Item 2 of Article 20 by the licensed agent. Penalties for the above violations apply not only to individuals but also to the issuer and commissioned organization.

#### **Article 25**

Any issuer or commissioned organization that has been penalized based on the penalties listed in Articles 22 and 23 may have its period of lottery issuance, sales numbers or number of authorized operators restricted by the competent authority; if no improvement is made within a specified period, the competent authority may terminate the right to issue and sell the sports lottery. Any issuer which has its right to issue or sell the sports lottery revoked shall make up the difference of profits pursuant to Item 3

of Article 4 up to the final date of issuance as set by the competent authority. However, if the original final date of issuance comes first, the period of issuance will end on that date.

#### **Article 26**

Should any application documents, affidavits or other guarantees provided by the issuer during the selection process be found to be invalid, the competent authority may revoke the right to issue the sports lottery. Should the issuer undergo disposal due to guardianship, custodianship, or halting of business by the central financial competent authority once the sports lottery has been issued, the competent authority may terminate the right to issue the sports lottery.

#### **Article 27**

Should any one of the following occur after the issuance of the sports lottery has commenced, the issuance shall be immediately halted pending 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 the selected sports public welfare lottery is designated pursuant to Item 2 of Article 4 of the Public Welfare Lottery Issue Act of the Ministry of Finance. Once this Act comes into effect, it shall remain effective until December 31, 2013. The use of the profits of the aforementioned elected sports public welfare lottery is pursuant to Item 1 of Article 8.

#### **Article 29**

The date of enforcement of this Act shall be determined by the Executive Yuan. Amendments to this Act shall be effective as of the date of promulgation.