

## Content

Title :	Sports Lottery Issuance Act <b>Ch</b>
Date :	2020.06.10
Legislative :	<p>1.The 29 articles of the Sports Lottery Issuance Act were promulgated pursuant to Presidential Hua Zong Yi Yi Zi Order No. 09800160101 on July 1, 2009, with the date of implementation determined by the Executive Yuan. In accordance with Executive Yuan Tai Ti Zi Order No. 0980075190 of November 27, 2009, the Act came into effect on January 1, 2010.</p> <p>2.Amendments of Articles 21 and 29 were promulgated pursuant to Presidential Hua Zong Yi Yi Zi Order No. 10000016581 on January 26, 2012 and took effect the same day.</p> <p>The Ministry of Education was named "the central competent authority for sports" as per Article 2 of Executive Yuan Tai Gui Kui Zi Order No. 1010154558 of December 25, 2012, effective as of January 1, 2013.</p> <p>3.Amendments to articles 4, 13, 20, 22, 23, 24, and 25 were promulgated and Articles 21-1 and 23-1 adopted pursuant to Presidential Hua Zong Yi Yi Zi Order No.10300093271 of June 18, 2014.</p> <p>4.Amendments to Article 1, Article 8, Article 21 were promulgated, and Article 28 deleted by Presidential Hua Zong Yi Yi Zi Order No. 10500140161 on November 16, 2016.</p> <p>5.Amendments to Article 7 and Article 10 were promulgated by Presidential Hua Zong Yi Yi Zi Order No. 10900064811 on June 10, 2020, provide the amendment of Article 10 shall be effected on January 1, 2024.</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, fostering international sports exchanges, facilitating issuance of and management and utilizing profits from the sports lottery, and promoting social welfare.</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> Terminology 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 sporting event. 2. Issuer: Refers to any organization that is commissioned by the competent authority to handle the issuance, sales, marketing, games process, 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 handle the issuance, sales, marketing, match process and results announcement, awards and management of the sports lottery. 4. Licensed agent: Refers to any person or organization licensed by the issuer or commissioned organization and approved by the competent authority 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 after payable prize money and sports lottery issuer marketing and management fees are deducted.</p> <p><b>Article 4</b> The issuance of the sports lottery shall be handled by a professional issuing agency, established by the competent authority or selected through a public selection process. The organizational structure and operational procedures of the aforementioned issuing agency, or the selection criteria,</p>

shall be 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 for a proper reason approved by the competent authority. Difference of profits shall be made up when the sales target is not reached.

#### **Article 5**

Measures governing the issuance, sales, promotion, games process and 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 overhead fees for the sports lottery operation shall not exceed 12% of the sports lottery gross revenue. When the sports lottery sales made via telephone, internet or other telecommunication equipment under Article 11 of this Act exceed 50% of the total sale, the aforesaid marketing and overhead fees shall not exceed 10% of the gross revenue. The marketing and overhead fees provided in the last paragraph include commissions for the sale of the sports lottery, issuer's reward, losses arising from sales of the sports lottery and damages claim reserves and expenses for holding events to issue the sports lottery. The minimum ratio of sport lottery gross revenue for the losses and damages claim reserves, as well as the handling of unpaid money upon expiration of the issue licence period shall be stipulated by the authority in charge.

#### **Article 8**

All of the profits from the issuance of the sports lottery 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 in 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 sport lottery sales licensee by the issuer or commissioned organization shall be limited to one who with professional sports knowledge and qualified by the issuer or a licensee with experience in sports lottery sales. The criteria of professional sports knowledge shall be stipulated by the authority in charge. The issuer shall stipulate implementation guidelines governing the qualification and licensing criteria of a licensee and send a memorandum to the authority in charge to be executed. For any licensee with more than four employees shall at least hires one employee with professional sports knowledge, a mental or physical disability person with competence of work, a member of the indigenous population, or a low-income household resident. Prior to the enforcement of this Act, all licensee (including on the waiting list) selected under Article 8 of the Public Welfare Lottery Issue Act may continue to sell the sports lottery

within the period of sales licensee contract. The issuer shall be liable for the sale of the sports lottery and other educational training. The issuer shall stipulate respective and send a memorandum to the authority in charge to be executed. The revised Paragraph 1 shall be effected on January 1, 2024

#### **Article 11**

Sports lottery tickets 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 matches 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 sports lottery tickets. Personnel of the game organizer and athletes of involved teams cannot purchase, receive or redeem the sports lottery tickets 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 Paragraph 1 of this Article shall be designated 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. Any violation of the aforementioned regulation that infringes on the rights of prize winner(s) by revealing their personal information to others entitles the winner(s) to seek damages from the issuer. In the aforementioned circumstances, the issuer is also entitled to seek compensation 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 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 when 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 bound 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; caveat 1 of Articles 720, 725 and 727 of the Civil Code are not applicable to such a circumstance.

#### **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, soaked 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 Paragraph 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 Paragraphs 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 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 fines of no less than NTD\$20 million and no more than NTD\$50 million. Attempts to undertake the behaviors listed in Paragraphs 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 Paragraphs 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 upon 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 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 fine of no less than NTD\$20 million and no more than NTD\$50 million. Attempts to undertake the behaviors listed in Paragraphs 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 Paragraphs 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 upon 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 can be penalized repeatedly, 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 Paragraph 4 of Article 11. Should issuer or commissioned organization violate Paragraph 5 of Article 13 by failing to establish internal controls and an auditing system or properly implementing said controls or system, it 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 repeatedly 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 regulations 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 repeatedly unless the violator makes improvements within a specified period: 1. Violation of Paragraph 1 of Article 15 by failing to categorize expired prize money as sports lottery profits. 2. Violation of Paragraphs 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 can be penalized repeatedly 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 Paragraph 2 of Article 10. 3. Violation of Paragraph 1 of Article 13 by the issuer, commissioned organization or licensed agent. 4. Violation of Paragraph 2 of Article 13 by employees of the issuer or commissioned organization. 5. Violation of Paragraph 3 of Article 13 by personnel of the organizer of a wagered match or by athletes or personnel of the teams involved in said match. 6. Violation of Paragraph 1 of Article 14 by failing to keep personal information of sports lottery winners such as name and address confidential. 7. Violation of Paragraph 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 Paragraph 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 in serious cases; 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 Paragraph 3 of Article 4 up to the final date of issuance as set by the competent authority. However, if the original issuance period expires 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, issuance shall be immediately halted pending approval from the Executive Yuan: 1. Important matters pertaining to the disturbance of social peace or boni mores. 2. Changes in law.

#### **Article 28**

( Deleted )

#### **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.