



Poker and France – Impact and Opportunities

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iGB Super Show, Prague, May 26 2010**



Objectives of the New Law

Official Objectives:

- Protecting the public from addiction and underage gambling, monitoring the offer and practice of online gambling and controlling money laundering.

Additional Objectives:

- Protecting the market share of PMU and FDJ, the French gaming monopolies and allowing the government to tax gaming activities.



The Regulation

- Operators are required to obtain and maintain a separate license for each vertical: **Circle games** (i.e. Poker), **Sports Betting** and **Horse Racing**.
- Only those who were approved and obtain a valid license can offer gaming activities to French residents.
- The law covers shared games in which players can apply skill and strategy after the intervention of chance and in relation to strategy and skills adopted by other players.
- The law does not include lotteries, casino games, spread betting etc.



The Spirit of the Law:

Creating a closed and controlled gaming environment through:

Licensing

Monitoring

Isolation

Exclusion of
games of
chance
(Casino)



Obtaining a License

- Gaming operators will have to satisfy a large number of requirements to obtain and keep a license.
- For that purpose an Online Games Regulation Authority, also known as **ARJEL** was created.
- **ARJEL** (Autorité de Régulation des jeux en ligne) is an independent public authority.



ARJEL's Responsibilities

Monitoring compliance with objectives of the law

Establishing requirements per license, reviewing application and granting licenses

Auditing operators' compliance with the law

Fighting against non-licensed operators, illegal sites and fraud

Proposing changes and modifications

Applicants need to meet technical and financial requirements and provide guarantees concerning experience in the industry, ownership, protective measures against fraud, underage gambling and money laundering etc.

Applicants must be established in the European Union or the Economic Community.

ARJEL was commissioned in May and started receiving applications on May 17. It is unknown how long it will take until the first licenses are granted.



Offering Poker in France

- **Separate platform restricted to French residents. Access only through a top level domain name with a .fr ending**
- **All wagers must be offered in Euro and are subject to 2% tax calculated on the total wagered amount and processed by the operator**
- **Players are required to provide their personal information: Full name, date of birth, registered address and personal banking information (RIB).**
- **In the first 30 days after registration, the player account is considered “temporary”, is limited to a capped total deposit and is restricted from cashing out.**
- **To upgrade the account to a “permanent” status, the player is required to submit copies of his documents to the operator. Once verified, all restrictions are removed.**
- **Available deposit methods are credit card and e-wallets. Withdrawals can only be made via bank transfers. All transactions are in Euro.**

Licensees are held responsible for complying with the regulations as defined by the law and by ARJEL, as well as with the extended French advertising code. They are also accountable for any violation of the law and/or the advertising code by their business partners (affiliates and others).



Why now?





Why is France such an opportunity?

Despite the popularity of card games in France, up until 5 years ago poker and especially Texas Hold'em were unknown.

It changed as part of the expansion of poker to Europe and the introduction of localized online poker rooms and affiliate sites.

The fun and social aspects of the game, combined with the existing card playing culture, high accessibility to the internet and to payment methods as well as extensive mass media coverage have quickly made poker into a trendy pastime.

The perception of poker turned from gambling to a strategic skill game. It is estimated that poker is played in 8% of French households.



France has Excellent Foundations



Population:
64,667,000



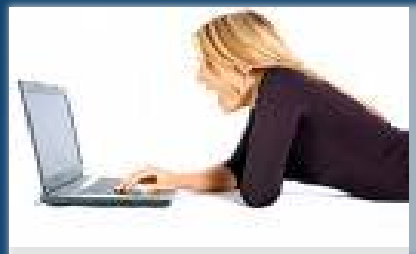
Males age 18-50:
13,566,655
(22%)



15-64 years: 64.9%
(male 21,041,384/ female 21,008,320)
Median age: 39.7 years



**Average of revenue
per household/year:**
33,100 Euro



Internet Users above 15 in 2009:
34.6 millions
(54%)

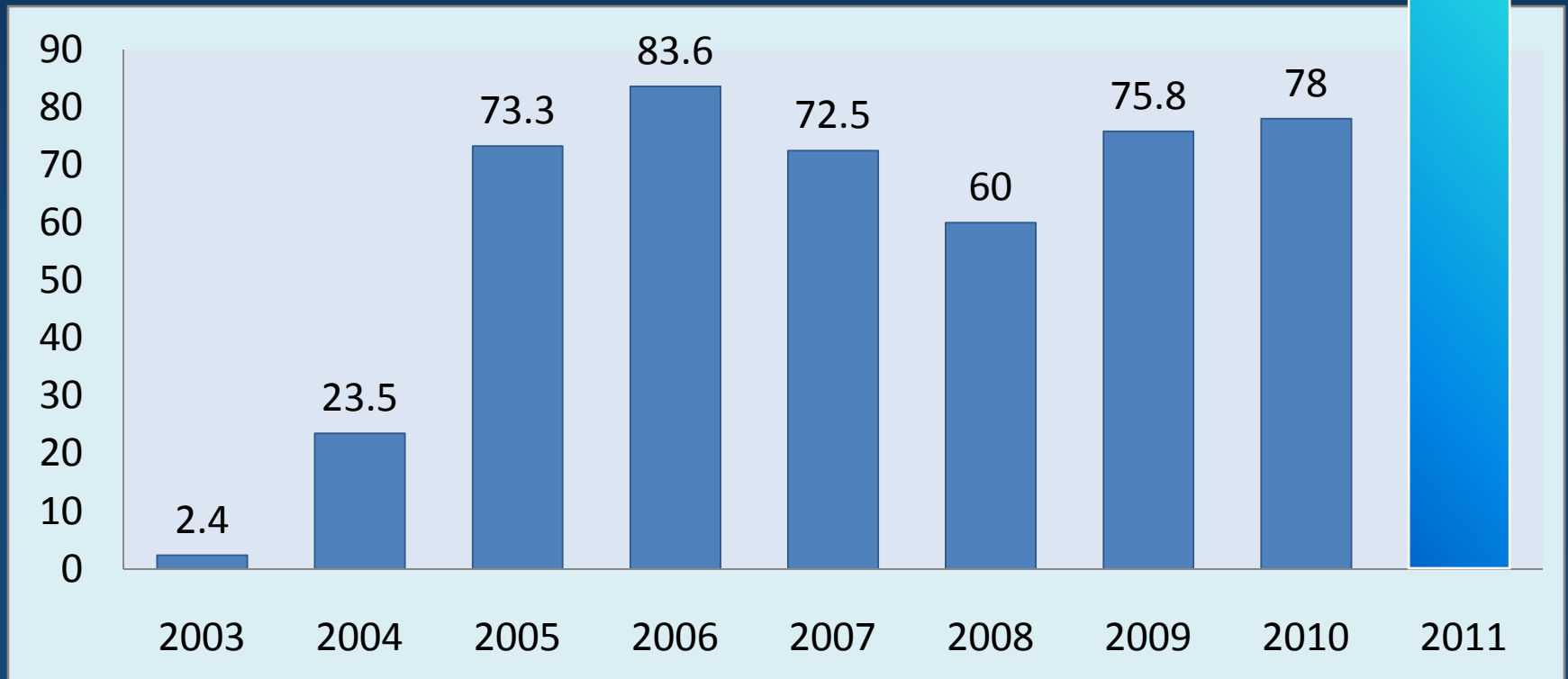


Mobile Phones:
59.3 millions



The Only Way is Up...

Gross Poker Yield (\$M)





What Will Change Post Regulation?

The Second Boom:

Poker will become more acceptable and trendy

Trusted brands will enter the field through partnership with operators

The game will reach new and wider audience

More players with casual gaming behavior

Le Monde

TF1

CANAL+



 **numericable**

orange™

L'ÉQUIPE



What Will Change Post Regulation? (cont.)

Concentration:

High entry
barriers

Limited
number of
operators

Consolidation
of liquidity
into networks

Document
verification
will result in
loyalty to
fewer rooms

Size matters

BetClic





Opportunities:

The foundations are there and they are strong:

Demographics

- Good infrastructure and high broadband penetration
- High average income
- Access to payment methods

Cultural Fit

- French love playing card games (Tarot and Belote)
- Poker is already a popular game

Improved Perception

- Recognition of the required skills
- From Gambling to gaming
- A switch in the approach of the public and businesses

It's legal and regulated!

- Operators are licensed and regulated
- Major mainstream brands are actively involved
- The industry is perceived as reliable and trustworthy

Poker will become a household game



Evolution of an industry



Opportunities (cont.):

More is possible:

Advertising (with restrictions), which allows for a wider reach:

Offline – TV, print, radio

Online – paid search, affiliate marketing, media buy

Collaborations – sponsorships, product placements, joint ventures

But remember that:

- High standard of localization is crucial
- Competition will be fierce and will require deeper pockets
- Legal and moral responsibility lies on the operators and their business partners

Work with a licensed operator that knows how to maneuver in the regulated environment and is able to help you thrive your business.



Thank You!

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