

GAMES OF CHANCE ACT

I.GENERAL PROVISIONS

Scope

Article 1

This Act shall define the types of games of chance and lay down the terms and procedures for their organization, the means of winning and distributing the proceeds of such games, and the procedures for supervising over games of chance.

Definition

Article 2

In this Act, game of chance shall be understood to mean any game in which the player engages on payment of consideration, either directly or indirectly (e.g., by paying additional telephone impulses, etc.) for the chance of realizing a reward in money, things, services or rights, the outcome of which depends not only upon the player's knowledge and skill, but also on chance or the outcome of an uncertain event. Any quiz in which the end result depends on chance or the outcome of an uncertain event shall hereunder be deemed to be a game of chance. Any quiz in which the player takes part for the chance of realizing a reward in money, things, services or rights, where the outcome depends purely upon the player's knowledge, shall not be considered to be a game of chance.

Entertainment Games

Article 3

In this Act, the following entertainment games shall not be considered as games of chance: computer games, simulations, video game and pinball machines and similar devices activated by inserting a coin or chip, darts, billiard and other games which a player pays to play but cannot win a reward in money, things, services or rights, notwithstanding the right to have another chance at playing one more games of same type free of charge. Entertainment games, as defined in Paragraph 1 of this Article, shall not be regulated hereunder.

Features of a Game of Chance

Article 4

Pursuant to the this Act, a game of chance may be organized only if it has been entered in the games of chance catalog and if game rules have been adopted for the game concerned.

The ministry responsible for finance (hereinafter referred to as the Ministry) shall decide whether any particular game or quiz will pursuant herewith be considered to be a game of chance.

Purpose of Organizing a Game of Chance and Distribution of Funds

Article 5

A game of chance may be organized for the purpose of entertaining its participants and to achieve profit in money, things, services and/or rights, as well as for the purpose of collecting funds that will be paid into the budget of the Republic of Serbia (hereinafter referred to as the Republic). One part of the above funds, representing the budget revenue of the Republic, equal to 40% (hereinafter referred to as earmarked budget revenue) shall be used for funding the Serbian Red Cross and other social organizations and associations of persons involved in programs aimed at protecting and improving the general position of organizations, sports and local self-management.

Right to Organize Games of Chance

Article 6

The organization of any game of chance shall represent an activity of general interest to the Republic. The Republic shall be entitled to organize games of chance, unless otherwise provided under this Act. The Republic shall provide no guarantee for the prizes won by participants in games of chance.

Transfer of Right to Organize Games of Chance

Article 7

The Republic may, in accordance with this Act, transfer its right to organize games of chance to a body corporate seated on the territory of the Republic, as the game organizer. The right to organize games of chance referred to in Paragraph 1 of this Article may be transferred based on:

- 1) A license;
- 2) A permit;
- 3) A consent.

The license, permit and consent referred to in Paragraph 2 of this Article shall not be transferable to third parties.

Game Rules

Article 8

In filing an application for organizing any type of game of chance, the applicant shall also attach the game rules. The minister responsible for finance (hereinafter referred to as the finance minister) shall lay down the detailed requirements for the game rules and give his consent thereupon. The game rules shall be displayed in a visible place inside the room where the gaming activity concerned is taking place or otherwise published in accordance with this Act.

Record of Winners and Document Archiving

Article 9

Any organizer of a game of chance (hereinafter referred to as the game organizer) shall have the obligation to maintain a database containing information on winners of prizes, in accordance with the relevant regulation issued by the finance minister. Game organizers shall be obligated to keep electronic data and other documents, as required under this Act, for a period of at least five years.

Prohibitions

Article 10

No game of chance may be organized or participated in if contrary to the provisions of this Act; the following activities shall likewise be prohibited:

- 1) Participation in games of chance organized abroad, for which the stakes are placed on the territory of the Republic;
- 2) Collection of stakes on the territory of the Republic for games of chance organized abroad;
- 3) Selling, conceding, issuing, advertising or otherwise representing, on the territory of the Republic, foreign lottery and game tickets for games of chance organized abroad;
- 4) Organization of games of chance in duty free zones;
- 5) Participation in special games of chance by minor children;
- 6) Organization of and participation in pyramidal games of chance (chain of luck, etc.);
- 7) Organization of and participation in prize contests (hereinafter referred to as prize-winning competitions), in which the prize is paid out in monies.

Notwithstanding the provision of Paragraph 1 of this Article, lottery and game tickets for games of chance organized abroad may be kept if the holder is personally participating in the game, provided that the stakes were placed abroad. The following words shall not be used by bodies corporate and entrepreneurs in their name, except when the Serbian State Lottery is concerned: lottery, lotto, bingo or any other name of a classic game of chance.

The Games of Chance Board

Article 11

The Games of Chance Board (hereinafter referred to as the Board) shall be formed as an administrative body of the Ministry to perform administrative activities of the state concerning games of chance.

The Board's Competence

Article 12

The Board shall:

- 1) Prepare the proposed games of chance catalog, as prescribed by the finance minister;
- 2) Grant its consent for decisions taken by the Serbian State Lottery to organize a classic game of chance;
- 3) Make public calls and consider offers received at tenders for obtaining a license to organize special games of chance in gaming facilities, in accordance with the relevant procedure for issuing such licenses, carry out other technical related activities, and submit its proposal to the Ministry of the Serbian government (hereinafter referred to as the government) for revoking a license;
- 4) Issue and revoke licenses and withdraw consents for the organization of a game of chance;
- 5) Assess the prize fund for organizing prize games in which goods and services are awarded;
- 6) Prepare to draft contract to be concluded with the Serbian State Lottery, for the regulating of mutual rights and obligations in organizing classic games of chance;
- 7) Prescribe the technical requirements for game organizers and assess whether or not these requirements have been fulfilled;
- 8) Grant its approval for changing the location of a gaming facility with gambling rooms and/or gaming devices, betting shop or a betting counter;
- 9) Grant its approval for the retention of risk deposits to secure prize funds in accordance with this Act;
- 10) Issue licenses for promotional chips that cannot be exchanged for money;
- 11) Appoint a representative in the prize-drawing committees of classic games of chance;
- 12) Issue special signs, which must be displayed at the entrance of any gaming facility, betting shop, or the betting counter of a betting shop;
- 13) Issue stickers for betting machines and betting tables;
- 14) Prepare the draft legislation needed for enforcing the provisions of this Act;
- 15) Approve any change of the venue of date planned for a prize draw;
- 16) Keep records of its affairs;

- 17) Perform other activities pursuant to this Act. The Ministry shall see that the provisions of this Act and the law regulating anti-money laundering procedures are complied with.

The Ministry shall prescribe:

- 1) The required content of reports submitted by game organizers, the procedure for filing these reports and the interval in which they must be submitted;
- 2) The procedures for printing lottery and game tickets, as well as all other slips and cards used for playing games of chance.

II. TYPES OF GAMES OF CHANCE

Games of Chance

Article 13

The following shall be considered to be games of chance pursuant to Article 2 of this Act:

- 1) Classic games of chance (lottery, sports betting, lotto, keno, tombola, fonto);
- 2) Special games of chance;
- 3) Prize-winning competitions in which prizes are awarded in goods and services.

Games of chance may also be organized over the Internet, by telephone or in any other form via telecommunications, in accordance with this Act.

Classic Games of Chance

Article 14

A classic game of chance is any game in which a large number of players take part, each with the intention of being the sole winner; or one of the winners of a predefined prize fund. The following shall be considered to be classic games of chance:

- 1) Lottery, instant lottery, and other lottery-based games;
- 2) Sports betting (wagering on the result of a soccer match of other sports competition);
- 3) Lotto, keno and similar games;
- 4) Tombola, bingo, and similar games based on tombola;
- 5) Fonto and similar games;
- 6) Other games of chance, as defined in Paragraph 1 of this Article, that have been entered into the games of chance catalog.

Special Games of Chance

Article 15

A special game of chance is a game in which a player contests another player or the game organizer in the hope of realizing a reward, which depends on the stake and the game rules. The following shall be considered to be special games of chance:

- 1) Games organized in gaming facilities (casinos), in which the players play against the gaming facility or against one another at gaming tables which utilize:
 - (1) Small balls;
 - (2) Dice;
 - (3) Cards;
 - (4) Other similar objects.
- 2) Games played on gaming devices;
- 3) Wagers placed on sports and other events.

Prize-Winning Competitions in which Prizes are Awarded in Goods and Services

Article 16

A prize-winning competition in which prizes are awarded in goods and services is a game organized for promotional or other purposes by a body corporate or an entrepreneur, in which the participants are offered the chance to win a prize in goods or services.

III. EARMARKED REVENUE OF THE REPUBLIC BUDGET

Funding of the Serbian Red Cross and Other Social Organizations and Associations of Persons Involved in Programs Aimed at Protecting and Improving the General Position of Disabled Individuals, Promoting Social Care Institutions, Social and Humanitarian Organizations, Sports and Local Self-Management.

Article 17

With an aim to achieve the objectives referred to in Article 5 Paragraph 2 of this Act, the earmarked budget revenues and all expenses incurred shall be separately maintained in the treasury's main book under linked accounts (hereinafter referred to as budget funds). Budget funds shall be formed to last for an unspecified period of time, and shall be managed by the ministries responsible for: social care, education and sports, state administration and local self-administration. Budget funds shall be financed from the following sources:

- 1) Budgetary appropriations secured for the current year;
- 2) Taxes charged for organizing games of chance;
- 3) Taxes charged for licenses and consents required for organizing special games of chance and prize-winning contests in which prizes are awarded in goods and services;
- 4) Other sources.

Allocation of Revenues from Taxes

Article 18

A part equal to 20% of the earmarked budget revenue referred to in Article 5 Paragraph 2 of this Act shall be allocated for funding the Serbian Red Cross, associations of disabled individuals and social care institutions, social and humanitarian organizations, sports and local self-management.

IV. RIGHT TO ORGANIZE GAMES OF CHANCE

Right to Organize Classic Games of Chance

Article 19

The Serbian State Lottery shall be entitled to organize classic games of chance. The Serbian State Lottery may engage another body corporate to organize a game of chance (game operator), provided it has obtained an approval from the government. Game operator shall under this Act be understood to mean any body corporate providing services to the Serbian State Lottery in organizing a game. The Serbian State Lottery may engage bodies corporate, entrepreneurs of individuals (agents) to sell tickets. The mutual rights and duties between the Serbian State Lottery and an operator/agent shall be regulated in their contract. The government shall be prescribe the procedures and terms of engaging the operators and agents referred to in this Article. The Serbian State Lottery shall guarantee for the awarding of prizes won in classic games of chance.

Right to Organize Special Games of Chance

Article 20

The right to organize special games of chance in gaming facilities may be granated through a license issued by the government. The right to organize special games of chance on gaming devices and the right to organize sports betting and other events shall be granated on the basis of consent by the Board. The game organizer shall be liable for the awarding of prizes won in prize-winning competitions.

Right to Organize Games of Chance over the Internet

Article 22

The Serbian State Lottery shall be entitled to organize games of chance over the Internet, by telephone or in any other form via telecommunications. The Serbian State Lottery may engage another body corporate (game operator) to organize the game of chance referred to in Paragraph 1 of this Article, provided it has obtained an approval from the government. The mutual rights and duties between the Serbian State Lottery and the operator referred to in Paragraph 2 of this Article shall be regulated in their contract, which must be approved by the government. The Serbian State Lottery shall guarantee for the awarding of prizes won.

Right to Use Sports Events

Article 23

A game organizer shall be entitled to use sports events for organizing game of chance (sports events covered by the Olympic Committee of Serbia and Montenegro or the Serbian Sports Federation) on a lasting basis, free of charge.

Obligations of Game Organizers in Preventing Money Laundering

Article 24

The bodies corporate referred to in Articles 19 through 21 of this Act shall take all measures required under the relevant anti-money laundering regulations, and shall keep records of their affairs as instructed by anti-money laundering authorities.

V. CLASSIC GAMES OF CHANCE

Decision to Organize a Classic Game of Chance

Article 25

The Serbian State Lottery shall submit to the Board its decision to organize any game of chance. The decision referred to in Paragraph 1 of this Article shall contain in particular:

- 1) The name of the game;
- 2) The duration of the game;
- 3) The game rules;
- 4) A breakdown of the economic effects of the game, based on the methodology prescribed by the finance minister;
- 5) Reasons for terminating the game.

The Board shall approve the decision referred to in Paragraph 1 and 2 of this Article and oversee its execution.

Players in a Classic Game of Chance

Article 26

Any individual who meets the requirements for participating in a classic game of chance shall be considered a player the game of chance concerned (its round or series), provided the person holds a lottery ticket or other payment receipt, or if the person has been registered in the game organizer's central computer system, depending on the type of game played, in accordance with the game rules. In a classic game of chance in which participation is proved by holding the required lottery ticket (lotto, etc.), any person whose ticket has been recorded on microfilm on on magnetic media or has been registered in the game organizer's central computer system pursuant to the game rules, shall be considered a participant. In a classic game of chance via telecommunications (fonto, etc.), any person registered in the game organizer's central computer system pursuant to the game rules, shall be considered a participant.

Game Rules

Article 27

The rules of any classic game of chance shall contain in particular:

- 1) The name and registered office of the game organizer;
- 2) The name of the game organizer's body which took the decision to organize game concerned, the date and dhe file number of said decision;
- 3) The name, description and duration of the game of chance concerned;
- 4) The requirements for participating in the game of chance concerned;
- 5) The venue of the game, the territory on which lottery tickets will be sold and stakes accepted;
- 6) The individual price of lottery tickets or combinations, and the deadline for paying consideration for taking part in the game;
- 7) The quantity and pecuniary value of issued lottery tickets;
- 8) A description of the lottery ticket or card, and the text that will be printed on same;
- 9) The prize fund and the types of rewards;
- 10)The procedure based on which prizes will be drawn and rewards determined, and supervision over the observance of these procedures;
- 11)The procedure for announcing the prize fund value and the game results (for games other than betting);

- 12) The procedures and deadlines for paying out and awarding cash and other prizes;
- 13) The procedure for informing players of the game rules;
- 14) The procedure in the event that the draw or sports or other event is canceled.

The game rules for classic games of chance cannot be altered once the sale of lottery tickets or cards for the round or series has started, or if stakes have already been collected. The Serbian State Lottery shall publish the game rules in a daily or weekly newspaper before initiating the organizational activities, and shall ensure that all persons interested in participating can familiarize themselves with the game rules at sales outlets.

Drawing Prizes and Awarding Winnings

Article 28

In classic games of chance in which prizes are drawn, the draw must take place in the presence of a committee of not less than three members appointed by the game organizer. One member of the committee referred to in Paragraph 1 of this Article shall be an authorized representative of the Board. All prize draws shall be made, and the winnings awarded, publicly.

TV Draw

Article 29

The Serbian State Lottery may organize a maximum of two television broadcasts of prize draws per week, all games included. Television broadcasts of prize draws shall be direct.

Changing the Venue and Date of a Prize Draw and Cancelling a Game of Chance

Article 30

The Board may, at the request of the game organizer, allow a change of the venue and/or date of a prize draw for justified reasons, for a period of up to 15 days. The Serbian State Lottery shall announce any change of venue and/or date of the prize draw according to the procedure prescribed for announcing the game rules. If a prize draw is postponed due to technical reasons (power failure, lottery drum malfunction and similar) it shall be resumed within 24 hours, and the Serbian State Lottery shall inform the Board accordingly. If a prize draw is postponed pursuant to the provisions of Paragraphs 1 and 2 of this Article, the Serbian State Lottery may continue with the sale of lottery tickets or cards until the new date set for the draw. The Serbian State Lottery may cancel a game of chance, a round or series of any game of chance for which lottery tickets or cards have already been sold if the Board's approval has been obtained, but shall be

responsible for refunding to the players all lottery tickets and cards purchased and considerations paid.

Record of the Prize Draw

Article 31

The committee referred to in Article 28 of this Act shall prepare a record of the prize draw, which must include in particular: the venue and time of the draw, the type of draw, the number of tickets or cards sold, the total funds raised in the round or series concerned, the winning combinations and prize fund, as well as player remarks. The Serbian State Lottery shall submit the record to the Board not later than seven days following the draw or awarding event.

Announcing Game Results

Article 32

The Serbian State Lottery shall announce the results of a prize draw in daily papers and at sales outlets not later than seven days after the draw.

Awarding Prizes

Article 33

In classic games of chance, cash and other prizes must be awarded/collected within the deadline specified in the game rules, but not later than 60 days after the announcement of the results of the prize draw or awarding event. Should the time limit referred to in Paragraph 1 of this Article expire, the committee referred to in Article 28 of this Act shall determine the winnings which have not been paid or collected and their value, and accordingly prepare a report. If the winner of a classic game of chance does not request payment of his winnings from the game organizer (for the round or series of a game, etc.) within the period referred to in Paragraph 1 of this Article, said winnings shall be paid into a consolidated account of the Republic Treasury (hereinafter referred to as the treasury account) and become Republic revenue. The Serbian State Lottery shall submit to the Ministry its report referred to in Paragraph 2 of this Article not later than seven days after expiration of the deadline for payment and collected the prizes.

Allocation of Funds

Article 34

The funds raised by organizing classic games of chance be allocated:

- 1) For awarding prizes to participants, in accordance with the applicable game rules, in a part equal to not less than 50% of the total value of the

- lottery tickets issued or considerations received for participating in the game.
- 2) For paying tax on organizing classic games of chance the revenue from which will be used for funding the Republic budget and for other purposes pursuant to Article 5 Paragraph 2 of this Act.
 - 3) For the game organizer's income.

Tax on Organizing Classic Games of Chance

Article 35

The tax for organizing a classic game of chance shall be equal to 60% of the total value of considerations paid for participating in the game concerned, after deductions for the prize fund. The Serbian State Lottery shall for each type of game make a separate data analysis of the tax base referred to in Paragraph 1 of this Article. The Serbian State Lottery shall pay the tax referred to in Paragraph 1 of this Article into the treasury account at the latest by the 5th day of the month, for the previous month.

VI.SPECIAL GAMES OF CHANCE

1.Special Games of Chance in Gaming Facilities Game Organizers

Article 36

Special games of chance in gaming facilities may be organized by licensed bodies corporate seated on the territory of the Republic, registered for performing gambling and betting activities.

Number of Licenses

Article 37

The government shall issue a maximum of 10 licenses for organizing games of chance in gaming facilities. The license referred to in Paragraph 1 above shall apply to one gaming facility only. The time frame in which licenses will be issued shall be determined by the government at the Ministry's proposal. If an approved gaming facility also accomodates gaming devices, the license for organizing special games of chance inside the gaming facility concerned shall include the permission to use such devices inside the gaming facility pursuant to the provisions of Article 59 through 70 of this Act, but shall not require a minimum of 100 gaming devices to be installed. The provisions of this Act addressing the organization of games of chance on gaming devices shall apply in situations as described in Paragraph 4 of this Article.

Capital Stock

Article 38

A license for organizing special games of chance in gaming facilities may be obtained by bodies corporate which meet all the relevant requirements and whose capital stock is equal to not less than the dinar equivalent of 1.000.000 €, according to the official mean rate of the National Bank of Serbia (hereinafter referred to as dinar equivalent) as the day the license was issued. The capital stock of a body corporate, as referred to in Paragraph 1 above, must be entered in the appropriate register pursuant to the relevant regulations governing the incorporation of bodies corporate (hereinafter referred to as the appropriate register). Licensed bodies corporate shall have the obligation to maintain their capital stock value as prescribed in Paragraph 1 of this Article, until expiration of the license.

Securing Rewards and Collection of Public Revenue

Article 39

In order to ensure that players will receive their prizes and that all obligations regarding public revenues will be settled, an organizer of a special game of chance in a gaming facility shall have in his account at a bank with registered offices on the territory of the Republic, a registered deposit equal to not less than 300.000€ for each gaming facility, or shall secure a bank guarantee in the same amount during the entire license validity period. Each organizer of a special game of chance in a gaming facility shall issue an authorization allowing the Republic to dispose of the registered deposit referred to in Paragraph 1 of this Article. An organizer of a special game of chance in a gaming facility shall secure a risk deposit equal to not less than 50.000€ in dinar equivalent at the cashier of each gaming facility on each day when a game is organized, in accordance with the Board's approval.

Article 40

Licenses for organizing special games of chance in gaming facilities shall be given through a tender announced in daily papers, based on procedures laid down by the government. Idders participating in tender for the granating of license to organize special games of chance in gaming facilities shall, together with their offer, submit the following:

- 1) The name and registered offices of the body corporate concerned;
- 2) The decision by which the body corporate concerned was entered in the appropriate register, including an annex stating its capital stock, as prescribed in Article 38 of this Act;
- 3) The articles of association of the body corporate concerned;
- 4) A three-year business plan at least;

- 5) A certificate issued by state authorities to the effect that none of the founders or members of the body corporate referred to in Item 1 of this Article, or any other person considered connected to the participant, its founder or member under the relevant laws on citizen's income tax and corporate profit tax, were convicted for felonies prescribed by government legislation during the five-year period preceding the opening of the tender;
- 6) A proposal for the license tax;
- 7) A bank guarantee covering the minimum license tax referred to in Item 6 of this Paragraph;
- 8) A description of the types of games of chance that will be organized and the game rules;
- 9) Extensive data on the founders of the body corporate;

The tax referred to in Paragraph 2 Item 6 of this Article shall not be less than the dinar equivalent of 500.000€ as the day the tender offer was submitted. The government shall issue more specific instructions regarding the requirements for obtaining a license. All technical operations regarding the tender shall be carried out by the Board.

License Validity

Article 41

The license for organizing special games of chance in gaming facilities shall be granted for a period of ten years. A license may be renewed after expiration of the time limit referred to in Paragraph 1 of this Article subject to the terms and procedures laid down in Article 40 of this Act.

Denial of Right to File a Complaint

Article 42

A complaint cannot be filed against the decision taken by the government pursuant to Article 40 of this Act; an administrative dispute may be initiated, however, within 30 days of receipt of the decision.

Contract for the Transfer of Right to Organize Special Games of Chance in Gaming Facilities

Article 43

Bodies corporate which obtained the license to organize special games of chance in gaming facilities shall conclude with the Republic a contract for the transfer of right to organize special games of chance. The Contract referred to in Paragraph 1 of this Article shall include in particular information on:

- 1) The name and registered offices of the body corporation which obtained the license;
- 2) The license tax paid;
- 3) The location and address of the premiss where games of chance will be organized and the number of installed tables and gaming devices;
- 4) The types of games of chance that can be organized in the gaming facility concerned;
- 5) The starting date for organizing games of chance;
- 6) Other rights and duties of the contractual parties. Prior to concluding the contract referred to in Paragraph 1 of this Article, the applicant shall submit the following:
 - 1) Data on its capital stock, as required under Article 38 of this Act;
 - 2) Proff that the license tax was paid;
 - 3) Proff that a registered deposit was made and that an authorazation was given to the Republic or that the bank guarantee referred to in Article 39 Paragraph 1 of this Act has been secured;
 - 4) Evidence that the risk deposit referred to in Article 39 Paragraph 3 of this Act has been secured;
 - 5) Proff of ownership or of the right to use the premises in which games of chance will be organized;

The contract for the transfer of right to organize special games of chance in gaming facilities shall be concluded not later than 45 days from the date of the decision to grant the license. The game organizer may only organize such types of games of chance as stipulated in the contract for the transfer right to organize special games of chance in gaming facilities and for which a license was granated. The finance minister shall conclude the contract referred to in Paragraph 1 of this Article and any amendments thereof on behalf of the Republic, having obtained the prior approval of the government.

Moving a Gaming Facility to a New Location

Article 44

A game organizer may submit to the Board a request for moving a gaming facility to a new location, but must submit therewith proof of ownership or of his right to use the premises in which gaming facilities will be organized, as well as the relevant documents proving that all other requirements under this Act have been fulfilled.

Registering Tables and Gaming Devices with the Authorities

Article 45

Game organizers shall register each table and gaming devices with the Board prior to putting it into use at least 48 hours in advance. The obligation of game organizers referred to in Paragraph 1 of this Article shall also apply if tables or gaming devices are moved or put out of use.

Obligation to Announce Cession of Right to Organize Special Games of Chance in Gaming Facilities

Article 46

Any game organizer may terminate his contract for the transfer of right to organize special games of chance in gaming facilities , provided that the he has settled all his public revenue duties and obligations toward players.

License Revocation

Article 47

The government may, at the minister's proposal, decide to revoke a license to organize special games of chance in gaming facilities if it finds:

- 1) That a game organizer no longer fulfillis the requirements of Articles 38 and 39 of this Act;
- 2) That the license was granated based on incorrect information;
- 3) That a game organizer failed to commence activities within the time frame prescribed in Article 43 of this Act;
- 4) That a game organizer suspended work contrary to the provisions of this Act;
- 5) That the game organizer does not meet the prescribed technical requirements;
- 6) That a game organizer has violeted ghe game rules;
- 7) That a game organizer did not pay his public revenue duties or did not reward winners;
- 8) That a game organizer prevented of otherwise obstructed of did not allow supervision to be carried out prescribed by this law;
- 9) That a game organizer falsely declared his turnover;
- 10) That a game organizer borrowed money to players;
- 11) That a game organizer violated any other contractual provisions referred to in Article 43 of this Act;
- 12) That such circumstances have occured due to which the license could not have been granated in the first place;
- 13) That a game organizer has violated the provisions of this Act on organizing games on gaming devices, if applicable to the gaming facility concerned.

Any contract for the transfer of right to organize special games of chance in gaming facilities shall be voided by the decision referred to in Paragraph 1 of this Article.

Premises

Article 48

A gaming facility shall be set up so that the gaming area and the lounge for guests and staff form a signal unit. A gaming facility shall have a reception to identify all persons entering (players, guests, etc.). A gaming facility may be located in a building made specifically for that purpose or in a accommodation facility category 1 to 3 (having five, four or three stars – hotel or apartment complex). A gaming facility shall have a cashier, an exchange office and a separate protected area for keeping cash, other valuables and the documents referred to in Article 49 of this Act.

Physical Supervision in Gaming Facilities and Player Security

Article 49

Game organizers shall provide non-stop audio and video recorded surveillance above all tables and gaming devices, as well as surveillance of all entries and exits to and from the gaming facility, player and visitor surveillance, ensuring full compliance with the provisions of this Act. Game organizers shall keep documents of non-stop surveillance for a period of at least ten days, or longer if instructed by the Board. The information contained in the documents referred to in Paragraph 2 of this Article shall represent confidential information, and may be disclosed to third persons only in accordance with the law. Game organizers shall ensure the physical protection of players and visitors of the gaming facility. The finance minister shall issue more specific instructions regarding the requirements for surveillance, document archiving and physical protection, as referred to in Paragraphs 1 through 4 of this Article. Continuous surveillance recordings shall be considered as the game organizer's internal documents. In the event of an inspection, the game organizer shall be obligated to submit to the Board video recordings covering the time frame referred to in Paragraph 2 of this Article; the Board shall treat these recordings as confidential data – particularly concerning the identities of participants, etc.

Requirements for Entering a Gaming Facility

Article 50

The game organizer shall set the requirements which must be fulfilled before entering the gaming area. A game organizer may bar any person or group of persons from entering, without stating the reasons for his actions. A game organizer may prevent players who play a game and break its rules further participating. Officers in uniform shall be allowed to enter a gaming facility only to perform their duties. Any person of legal age shall be allowed to enter a gaming facility provided that the game organizer has ensured a permanent database (personal ID number of passport number, date and time of entering and leaving the gaming facility, etc.). The finance minister shall issue more specific

instructions concerning the database. If there is reason to believe that an individual's income or financial situation is not sufficient to allow or could limit his/her participation in a game of chance, the game organizer may permanently or for a limited period bar that individual from entering the gaming facility concerned or limit the number of visits by that individual. No visitor shall be allowed to bring into the gaming facility aiding devices which could help him/her or other person gain an advantage in the game. If there is reason to believe that an individual has brought an aiding device into the gaming facility, as referred to in Paragraph 8 of this Article, the game organizer shall expel that individual from the premises.

Special Requirements for Employees

Article 51

A license must be obtained for performing certain operations in gaming facilities, as ordered by the finance minister. The license referred to in Paragraph 1 of this Article shall be granted and accepted by the Board. The finance minister shall lay down the requirements for the issuance/acceptance and revocation of the license referred to in Paragraph 1 of this Article, as well as the required content and the procedures for keeping records of issued/accepted and revoked licenses. The records referred to in Paragraph 3 of this Article shall be kept by the Board.

Obligations of Employees

Article 52

Employees of a gaming facility shall not take part in the games played in the gaming facility concerned. Employees of a gaming facility shall keep confidential any information regarding the players which they came to learn while at work, except such information that must be reported under anti-money laundering regulations, or other data as required by law.

Tips

Article 53

Employees of a gaming facility may not accept tips, gifts, loans or any other benefit, either for themselves personally or for another, nor may they offer financial assistance to players. Notwithstanding the provision of Paragraph 1 of this Article, players may give tips in certain special games of chance, by leaving money in a special box located on the table (cagnotte). The funds collected as tips, as referred to in Paragraph 2 of this Article, shall not represent the game organizer's income but funds intended for workers, and may be paid out pursuant to the game organizer's company legislation.

Payment of License Tax

Article 54

The tax for licenses granted pursuant to Article 43 Paragraph 3 Item 2 of this Act shall be paid into the treasury account within 30 days after receiving the license; the organizer may not start to work until the license tax has been paid.

Tax on Organizing Games

Article 55

The game organizer shall pay tax for organizing each individual game of chance in a gaming facility, calculated as a percentage and applied to the base sum regulated hereunder. The tax base, as referred to in Paragraph 1 of this Article, shall comprise:

- 1) Collected payments, for games in which players compete against each other (poker, chemin de fer, etc.);
- 2) The difference between the total received considerations for participations in the game and the total prizes given to the winners in a particular game, less the value of the promotional chips that cannot be purchased with money, which the gaming facility may issue only based on an approval from the Ministry.

The tax base referred to in Paragraph 2 of this Article shall not include income generated from entry tickets and tips, which may be collected in accordance with the provisions of this Act. The tax for organizing special games of chance in gaming facilities shall amount to 3% of the tax base referred to in Paragraph 2 Item 1 of this Article. For gaming devices installed within the gaming facility, game organizers shall calculate and pay the tax for organizing games of chance pursuant to Article 60 of this Act. Game organizers shall pay the tax referred to in Paragraph 5 of this Article into the treasury account in advance, on a monthly basis, at the latest by the fifth day of the current month for the previous month.

Tax Base Records

Article 56

Game organizers in gaming facilities shall keep records of the tax based used for calculating and paying tax for the organization of special games of chance. Game organizers shall keep records of tips received. The records referred to in Paragraphs 1 and 2 of this Article shall be kept on a daily basis, for each table and for each type of game separately. Game organizers shall, based on data from the records referred to in Paragraph 1 of this Article, compile a monthly report of the tax base for tax on organizing games of chance, for each type of game and for each table separately. The monthly report referred to in Paragraph 4 of this article shall be submitted to the Tax Administration not later than the fifth

day of the month for the previous month, together with evidence that tax for organizing games of chance has been paid. The finance minister shall prescribe the required contents of the records and the monthly report referred to in Paragraph 1 through 5 of this Article.

Investment and Loan Reports

Article 57

Game organizers shall twice a year submit to the Board a summary report of their expenses and a report of investments made, at the latest by July 15th and January 15th respectively. Game organizers shall submit quarterly reports to the Board on loans given, taken and/or returned, not later than 15 days after the expiration of the quarter. The report referred to in Paragraph 2 of this Article shall include: the names of the beneficiary and the creditor, the borrowed/loaned amount, the interest rate and other credit terms, as well as the data on the guarantee or other security used. The finance minister shall prescribe the model for the expense reports referred to in Paragraph 1 of this Article. In the event that the Board, after reviewing the report referred to in Paragraphs 1 and 2 of this Article, finds that such circumstances have occurred due to which a license could not have been issued in the first place, the Board shall submit a detailed proposal to the government to revoke the license.

Organizing Games of Chance on Gaming Devices in Gaming Facilities

Article 58

All obligations under this Act for organizing games of chance on gaming devices, as referred to in Articles 59 through 70 of this Act, shall also apply to the organization of games of chance on gaming devices in gaming facilities.

2.Special Games of Chance on Gaming devices

Game Organizers

Article 59

Special games of chance on gaming devices may be organized by bodies corporate seated on the territory of the Republic, registered for performing gambling and betting activities, based on an approval. Gaming devices shall in this Act mean any mechanical, electronic or similar devices which allows a player, on payment of consideration (in money or coins), to engage same for the chance of realizing a reward. If a gaming device can be engaged by multiple players at the same time, each player seat shall under this Act be considered as a separate gaming device.

Capital Stock

Article 60

An approval for organizing special games of chance on gaming devices may be obtained by bodies corporate which meet all the relevant requirements and whose capital stock is equal to not less than the dinar equivalent of 150.000 €, as the day the approval was issued. The capital stock of a body corporate, as referred to in Paragraph 1 above, must be entered in the appropriate register. Bodies corporate holding an approval shall have the obligation to maintain their capital stock value as prescribed in Paragraph 1 of this Article, until expiration of the approval.

Securing Rewards and Collection of Public Revenue

Article 61

In order to ensure that players will receive their prizes and that all obligations regarding public revenues will be settled, an organizer of special games of chance on gaming devices shall have in his account at a bank with registered offices on the territory of the Republic, a registered deposit equal to not less than 300 € in dinar equivalent for each gaming device, or shall secure a bank guarantee in the same amount during the entire approval validity period. Each organizer of special games of chance on gaming devices shall issue an authorization allowing the Republic to dispose of the registered deposit referred to in a Paragraph 1 of this Article. An organizer of special games of chance on gaming devices shall secure a risk deposit equal to not less than 100 € per one gaming device in dinar equivalent at the cashier, on each day when a game is organized, in accordance with the Board's approval.

Procedure of Obtaining an Approval

Article 62

The following documents shall be attached to an application for obtaining an approval:

- 1) The name and registered offices of the body corporate concerned;
- 2) The decision by which the body corporate concerned in the appropriate register, including an annex stating its capital stock, which cannot be less than amount specified in Article 60 of this Act;
- 3) The articles of association of the body corporate concerned;
- 4) Balance sheet and operating statement for the previous year;
- 5) Evidence proving possession of at least 100 gaming devices on the territory of the Republic and their location, in accordance with Article 83 of this Act;
- 6) A certificate issued by state authorities to the effect that neither the founder nor any member of the body corporate referred to in Item 1 of this Article,

- or any other person considered connected to the applicant, its founder or member under the relevant laws on citizen's income tax and corporate profit tax, were convicted for felonies prescribed by government legislation during the five-year period preceding the filing of the application;
- 7) A certificate of inspection, declaring that all technical requirements have been fulfilled;
 - 8) Technical inspection certificate referred to in Article 86, in connection to Article 84 Paragraph 1 of this Act;
 - 9) A description of the types of special games of chance;
 - 10) The game rules for each type of special game of chance that will be organized.

The Board shall take a decision regarding an application within 15 days of its receipt. The finance minister shall issue more specific instructions on establishing the fulfillment of the conditions referred to in Paragraph 1 of this Article.

Approval Validity

Article 63

An approval for organizing special games of chance on gaming devices shall be granted for a period of three years, and can be renewed under the conditions and according to the procedures laid down in Article 62 of this Act. Game organizers may file an application for the renewal of an approval up to three months before the expiration of the time limit referred to in Paragraph 1 of this Article. A game organizer may cancel organization of games on gaming devices, provided that he has settled his public revenue duties and all obligations toward players. In the event that any change should occur during the approval validity period to the terms of Article 62 Paragraph 1 of this Act, the game organizer concerned shall inform the Board and file a request for a new decision to be taken.

Denial of Right to File a Complaint

Article 64

A complaint cannot be filed against the decision taken upon an application for obtaining an approval for organizing special games of chance; an administrative dispute may be initiated, however, within 30 days of receipt of the decision.

Withdrawal of Approval

Article 65

If a game organizer who holds an approval for organizing special games of chance on gaming devices ceases to fulfill the requirements of this Act, the Board shall withdraw its approval.

Article 66

Employees of a facility with gaming devices shall not engage in games on said gaming devices.

Registering Gaming Devices and their Locations the Authorities

Article 67

Game organizers shall register each gaming device with the Board prior to putting it into use, at least 48 hours in advance. The obligation of game organizers referred to in Paragraph 1 of this Article shall also apply if gaming facilities are moved or put out of use.

Approval Fee

Article 68

Game organizers shall pay a fee for obtaining an approval to organize special games of chance on gaming devices equal to 180 € per year, in dinar equivalent, for each gaming device installed. The approval fee referred to in Paragraph 1 of this Article shall be paid into the treasury account within 8 days of receiving the approval.

The approval fee referred to in Paragraph 1 of this Article shall also be paid for each new gaming device installed during the approval validity period, in an amount proportional to the number of months remaining until the expiration of the approval.

The approval fee referred to in Paragraph 3 of this Article shall be paid into the treasury account within 8 days of receiving the new approval.

The proportional sum referred to in Paragraph 3 of this Article shall be calculated starting from the month following the month in which a new approval was granted.

Tax on Organizing Games

Article 69

Game organizers shall pay in advance 35 € per month as tax on organizing games of chance on gaming devices, in dinar equivalent, for each gaming device installed. The tax referred to in Paragraph 1 above shall be paid into the treasury account not later than the fifth day of the current month, for the previous month. Any game organizer who achieves an annual turnover per gaming device in excess of 12.000 € in dinar equivalent, shall pay 5% tax on any sum above 12.000 €.

The tax referred to in Paragraph 3 of this Article shall be paid into the treasury account not later than 15th January for the previous year. Game organizers

shall keep record of the turnover achieved on each gaming device, based on which the tax referred to in Paragraph 3 of this Article will be determined. The finance minister shall prescribe the procedures for keeping the records referred to in Paragraph 5 of this Article.

Technical Requirements

Article 70

Game organizers shall maintain an integrated, up-to-date database for each gaming device, containing information on any money paid or collected. Game organizers shall decide on the location at which the database referred to in Paragraph 1 will be maintained, and shall provide the Board access to said database by connecting it with the Board's computer network via the telecommunications operator's telecommunications or computer network.

By connecting with the Board, game organizers shall be able to submit reports to the Board in electronic form. The game organizer shall pay all expenses related to implementing and updating the integrated database referred to in Paragraph 1 of this Article, reporting, connecting to the Board's computer network, as well as any service fees charged by the telecommunications operator whose network was used for achieving the described connection.

The game organizer concerned shall be liable for updating the data, its quality, protection, security and proper keeping, as well as for the accuracy of data in reports submitted to the Board.

The finance minister shall issue more specific instructions on the requirements of Paragraph 1 through 5 of this Article, particularly regarding:

- 1) Database update frequency and minimum content;
- 2) Technical and security requirements for communications between the game organizer and the Board;
- 3) The content, standards, schedules and deadlines for submitting reports.

3.Special Games of Chance – Betting

Betting

Article 71

Betting is a special game of chance in which the player, subject to the game rules, wagers on:

- 1) The results of an individual or group sports competition;
- 2) A certain event during a sports competition (number of goals scored, team that scores first, top scorer in a competition, etc.);
- 3) The achievement of participants in entertainment/show contests;
- 4) Electoral results;
- 5) The results of a horse or dog race with other animals;
- 6) Other events.

Winning shall be at the moment a wager is placed, and cannot be later altered even if the odds change. Notwithstanding the provision of Paragraph 2 of this Article, the Board may permit betting with changeable odds in the races referred to in Paragraph 1 Item 5 of this Article.

Game Organizers

Article 72

Special games of chance – betting may be organized by bodies corporate seated on the territory of the Republic, registered for performing gambling and betting activities, based on an approval. Notwithstanding the provision of Paragraph 1 of this Article, only bodies corporate that meet the requirements of Paragraph 1 of this Article and also possess a hippodrome may organize betting on horse races that are held in said hippodrome. Betting on horse races may also be organized by companies referred to in Paragraph 1 of this Article, provided that they conclude a contract with a company referred to in Paragraph 2 of this Article.

Capital Stock

Article 73

An approval for organizing special games of chance – betting may be obtained by bodies corporate which meet all the relevant requirements and whose capital stock is equal to not less than the dinar equivalent of 150.000 €, as the day the approval was issued. The capital stock of a body corporate, as referred to in Paragraph 1 above, must be entered in the appropriate register. Bodies corporate holding an approval shall have the obligation to maintain their capital stock value as prescribed in Paragraph 1 of this Article, until expiration of the approval.

Securing Rewards and Collection of Public Revenue

Article 74

In order to ensure that players will receive their prizes and that all obligations regarding public revenues will be settled, an organizer of special games of chance – betting shall have in his account at a bank with registered offices on the territory of the Republic, a registered deposit equal to not less than 3.000 € in dinar equivalent for each betting shop, or shall secure a bank guarantee in the same amount during the entire approval validity period. Each organizer of special games of chance – betting shall issue an authorization allowing the Republic to dispose of the registered deposit referred to in Paragraph 1 of this Article. An organizer of special games of chance – betting shall secure a risk deposit equal to not less than 150 € per betting shop in dinar equivalent at the casheir, on each day when a game is organized, in accordance with the Board's approval.

Procedure for Obtaining an Approval

Article 75

The following documents shall be attached to an application for obtaining an approval:

- 1) The name and registered offices of the body corporate concerned;
- 2) The decision by which the body corporate concerned was entered in the appropriate register, including an annex stating its capital stock, in accordance with Article 73 of this Act;
- 3) The articles of association of the body corporate concerned;
- 4) Balance sheet and operating statement for the previous year;
- 5) Evidence proving ownership of the right to use appropriate premises, in which special games of chance – betting will be organized, with a minimum of 30 betting shops;
- 6) Evidence of the exact locations of the betting shops, pursuant to Article 83 of this Act;
- 7) A certificate issued by state authorities to the effect that neither the founder nor any member of the body corporate referred to in Item 1 of this Article, or any other person considered connected to the applicant, its founder or member under the relevant laws on citizen's income tax and corporate profit tax, were convicted for felonies prescribed by government legislation during the five-year period preceding the filing of the application;
- 8) A certificate of inspection, declaring that all technical requirements have been fulfilled;
- 9) A description of the types of special games of chance;
- 10) The game rules for each type of special game of chance that will be organized.

The Board shall take a decision regarding an application within 15 days of its receipt. The finance minister shall issue more specific instructions on assessing the fulfillment of the conditions referred to in Paragraph 1 of this Article.

Approval Validity

Article 76

An approval for organizing betting games shall be granted for a period of three years, and can be renewed under the conditions and according to the procedures laid down in Article 75 of this Act. Game organizers may file an application for the renewal of an approval up to three months before the expiration of the time limit referred to in Paragraph 1 of this Article. A game organizer may cancel organization of betting, provided that he has settled his public revenue duties and all obligations toward players. In the event that any change should occur during the approval validity period to the terms of Article 75 Paragraph 1 of this Act, the

game organizer concerned shall inform the Board and file a request for a new decision to be taken.

Withdrawal or Approval

Article 77

If a game organizer who holds an approval for organizing special games of chance – betting ceases to fulfill any of the requirements under this Act, the Board shall withdraw its approval.

Rules for Employees

Article 78

Employees of a betting shop shall not engage in betting in that betting shop.

Registering Changes in the Number of Betting Shops or their Locations with the Authorities

Article 79

Game organizers shall inform the Board of the opening or closing of any betting shop, at least 48 hours in advance.

Approval Fee

Article 80

Game organizers shall pay a fee for obtaining an approval to organize special games of chance – betting equal to 100 € per month, in dinar equivalent, for each betting shop.

The approval fee referred to in Paragraph 1 of this Article shall be paid into the treasury account within 8 days of receiving the approval, and for each subsequent month during the approval validity period, by the fifth day of the month for the previous month. The approval fees referred to in Paragraphs 1 and 2 of this Article shall be paid for each new betting shop opened during the approval validity period.

Tax on Organizing Games

Article 81

Game organizers shall pay 5% tax on organizing games of chance – betting, applied to a tax base equal to the total funds collected as wagers; however, the fee cannot be less than the dinar equivalent of 500 € per month, for each betting shop. The tax referred to in Paragraph 1 above shall be paid into the treasury account not later than the fifth day of the current month, for the previous month.

Game organizers shall keep records of the turnover achieved in each betting shop, based on which the tax referred to in Paragraph 1 of this Article will be determined. The finance minister shall prescribe the procedures for keeping the records referred to in Paragraph 3 of this Article.

Technical Requirements

Article 82

Each betting counter in a betting shop shall be equipped with a computer or computer-controlled device for registering payments; the finance minister will issue more detailed instructions regarding the technical and functional characteristics of such computers or computer-controlled devices. Game organizers shall maintain an integrated, up-to-date database containing information on payment operations in all betting shops, which will be updated at the end of each day. The minimum content prescribed for the database shall be all information included on betting and payment slips. Game organizers shall decide on the location at which the database referred to in Paragraph 2 will be maintained, and shall provide the Board access to said database by connecting it with the Board's computer network via the telecommunications operator's telecommunications or computer network.

By connecting with the Board, game organizers shall be able to submit reports to the Board in electronic form.

The game organizers shall pay all expenses related to implementing and updating the integrated database referred to in Paragraph 2 of this Article, reporting, connecting the betting shop to the Board's computer network, as well as any service fees charged by the telecommunications operator whose network was used for achieving the described connection.

The game organizers concerned shall be liable for updating the data, its quality, protection, security and proper keeping, as well as for the accuracy of data in reports submitted to the Board. The finance minister shall issue more specific instructions on the requirements of Paragraphs 1 through 6 of this Article, particularly regarding:

- 1) Database update frequency and minimum content;
- 2) Technical and security requirements for communications between the game organizer and the Board;
- 3) The content, standards, schedules and deadlines for submitting reports.

4.Special Requirements for Organizing Special Games of Chance Location Requirements

Article 83

Gaming devices and betting shops, as well as betting counters, shall be located at least 150 meters away from an educational institution (primary or secondary school).

Technical Requirements

Article 84

All tables and gaming devices shall be in proper order when put into use. Gaming devices that are put into use shall be equipped with the systems required for recording operations and keeping evidence of payments at each device, in accordance with the finance minister's instructions.

Minimum Reward

Article 85

A gaming device shall be of such construction, or must be appropriately adjusted, that, based on the total combinations programmed, a minimum of 60% of the total cash received is returned to players.

Technical Inspection

Article 86

Technical inspections of gaming devices and tables, and any repairs of same, shall be carried out by bodies corporate authorized by the finance minister. The authorization referred to in Paragraph 1 of this Article shall not be given to bodies corporate engaged in organizing games of chance or which lease gaming devices or which do not meet the requirements prescribed by the finance minister for performing technical inspections. The certificate of technical acceptance for gaming devices shall be valid for a period of one year, and must be renewed before expiration.

Game organizers shall present the body corporate referred to in Paragraph 1 of this Article with a warranty and the manufacturer's certificate of compliance with international quality standards for all tables and devices being put into operation for the first time. Technical inspection of tables and gaming devices shall not be carried out if the condition of Paragraph 5 of this Article has not been met.

Sticker and Special Sign

Article 87

Gambling tables and gaming devices may be engaged only if bearing a visible registration sticker with the following information: type of table or machine, information on the game organizer, location, validity period and serial number. Betting shops shall display their registration sticker in a visible place in each betting counter, with the following information: details about the game organizer, location, validity period and serial number. Registration stickers for gambling tables and gaming devices shall be valid for a period of one year from the date issued, whereas the registration sticker for betting shops and betting counters shall have effect for a period of three years as of the date issued.

The Board shall issue the stickers referred to in Paragraph 1 and 2 of this Article and keep records thereof. A special sign shall be displayed in a visible place at the entrance to a gaming facility or betting shop/counter. The Board shall issue the special sign referred to in Paragraph 5 of this Article to any game organizers who has obtained a permit or approval and who submits a certificate showing that he has settled all his duties regarding public revenues.

The special sign referred to in Paragraph 5 of this Article shall have effect for the same period as the permit of approval issued for the relevant type of game. The finance minister shall prescribe the shape and content of the sign described in Paragraph 5 of this Article.

III.COMPETITIONS FOR PRIZES IN GOODS AND SERVICES

Game Organizer

Article 88

A game organizer – body corporate or entrepreneur – shall be entitled to organize not more than four prize-winning competitions in one year, having first obtained the Board's consent for each competition. In the application for obtaining the consent referred to in Paragraph 1 of this Article, the game organizer concerned shall specify the game rules, the prize fund value and the length of the competition. The finance minister shall issue more specific instructions fo assessing the fulfillment of requirements of Paragraphs 1 and 2 of this Article.

Game organizers who have obtained consent for organizing a prize-winning competition shall publish the game rules in at least one daily newspaper distributed through te territory of the Republic, at least 30 days in advance. Notwithstanding the provision of Paragraph 1 of this Article, state authorities or another organization may, in an effort to promote the implementation of a specific regulation, organize a prize-winning competition for said purpose only. The government shall specify the criteria and give its consent for organizing the prize-winning competitions referred to in Paragraph 5 of this Article.

Procedure for Obtaining Consent

Article 89

The following documents shall be attached to an application for obtaining consent:

- 1) The name and registered offices of the game organizer concerned;
- 2) The decision by which the body corporate concerned was entered in the appropriate register;
- 3) Game description;
- 4) The game rules;
- 5) Prize fund data with a specification of prizes;
- 6) The requirements for participation.

The finance minister shall issue more specific instructions for establishing the fulfillment of the conditions referred to in Paragraph 1 of this Article.

Advertising, Announcements and Use of Telecommunications and Other Equipment

Article 90

Any body corporate or entrepreneur that advertises, announces or otherwise publicizes the organization of a game, or allows a game organizer to utilize telecommunications networks for participating in a game, shall not be rendered such services to any body corporate which did not obtain consent from the Board prior to organizing a prize-winning competition.

Tax on Organizing Prize-Winning Competitions

Article 91

Game organizers shall pay 20% of the total value of the prize fund as tax on organizing prize-winning competitions. If the Board finds that the value of the prize fund referred to in Paragraph 1 of this Article does not correspond to the market value, it shall be entitled to assess the market value of the fund. The tax referred to in Paragraph 1 of this Article shall be paid into the treasury account upon receipt of consent for organizing a prize-winning competition, prior to its commencement.

Prize-Winning Competition Report

Article 92

Upon the completion of a prize-winning competition, the game organizer concerned shall within 15 days inform the Board of the competition results. The finance minister shall issue more detailed instructions on the form in which the reports referred to in Paragraph 1 of this Article will be submitted.

IV.SUPERVISION

Authorizations of the Supervising Body

Article 93

The Ministry shall see that the provisions of this Act are complied with. Organizers of the games of chance shall enable the direct and indirect supervision by an authorized Ministry official (hereinafter referred to as the authorized official) of all material and financial operations, on a daily basis. Game organizers shall enable the authorized official to inspect the premises and supervise activities directly or indirectly connected with the organization of games of chance, business books, reports, records, software and other documents or

information that can be used for establishing the actual state of affairs. An authorized official may be present at the opening, during calculations or at the closing of gambling tables and gaming devices in a gaming facility or room with gaming devices, attend the daily closing of the cashier and other activities of the gaming facility, gaming device shop or betting shop concerned. No authorized official may take part in games of chance.

Temporary Ban

Article 94

If an authorized official finds that a game of chance has been organized contrary to the provisions of this Act, the official shall at once take a decision ordering rectification of the flaws of irregularities seen. If the game organizer concerned refuses to comply with the decision referred to in Paragraph 1 of this Article, the gaming facility or betting shop shall be sealed and tables and gaming devices shall be seized. The decision referred to in Paragraph 1 of this Article shall be final.

Any expenses incurred through seizure and storage of gambling tables and gaming machines shall be paid by the game organizer.

Overseeing the Calculation and Payment of Taxes

Article 95

The competent tax authority shall assess any tax duties arising under this Act, as well as other public revenues, in accordance with the relevant laws governing tax procedures and tax administration. Interest shall be applied to outstanding amounts, calculated in accordance with the provision of the relevant laws governing tax procedures and tax administration.

V. INCORPORATION OF THE SERBIAN STATE LOTTERY

Article 96

The Republic shall set up the Serbian State Lottery to organize classic games of chance, games of chance over the Internet, by telephone or in any other form via telecommunications. The Serbian State Lottery may organize other games of chance, in accordance with this Act and its articles of incorporation. The government shall adopt the articles of incorporation of the Serbian State Lottery. The Serbian State Lottery shall have 1.000.000 € in capital stock, secured by the Republic in dinar equivalent. The Serbian State Lottery shall have a director, a board of directors made up of five members, and a supervisory board made up of three members.

The government shall appoint and realase the director and the members of the board of directors and supervisory board of the Serbian State Lottery.

VI. PENALTY CLAUSES

Felony

Article 97

Anyone who organize a game of chance without first obtaining a license, approval or consent from authorities, shall be sentenced to a prison term of six month to three years for felony. Attempting the actions referred to in a Paragraph 1 of this Article shall be punishable.

Offence

Article 98

The Serbian State Lottery or any body corporate shall be fined 10.000 to 1.000.000 dinars for offence if it:

- 1) Transfers its license, approval or consent to a third party (Article 7, Paragraph 3);
- 2) Fails to display the game rules in a visible location inside the room in which the game is organized, or otherwise fails to display, them as required by this Act (Article 8, Paragraph 3);
- 3) Fail to keep a database of winners according to the procedures prescribed by the finance minister (Article 9, Paragraph 1);
- 4) Fails to keep electronic data and other documents for a period of at least five years, as required hereunder (Article 9, Paragraph 2);
- 5) Acts contrary to Article 10 of this Act;
- 6) Organizes games of chance over the Internet, by telephone or in another form via telecommunications, etc., contrary to Article 22 of this Act;
- 7) Does not guarantee the awarding of prizes (Articles 19, 20, 21 and 22);
- 8) Fails to take the measures required by the relevant law on anti-money laundering, or does not keep records as required by the anti-money laundering authorities (Article 24);
- 9) Fails to submit to the Board its decision to organize a game of chance (Article 25, Paragraph 1);
- 10) Alters the rules of a game of chance the sale of lottery tickets or cards for the round or series has started (Article 27, Paragraph 2);
- 11) Fails to publish the game rules in a daily or weekly newspaper before initiating organizational activities, or fails to ensure that all persons interested in participating can familiarize themselves with the game rules at sales outlets (Article 27, Paragraph 3);
- 12) Does not draw prizes in the presence of a committee of not less than three members appointed by the game organizer, or fails to do so publicly (Article 28);
- 13) Draws prizes in indirect TV broadcast (Article 29, Paragraph 2);
- 14) Fails to announce a change of venue and/or date of a prize draw according to the procedure for announcing game rules, or fails to notify the

- Board of having postponed a prize draw due to technical reasons (Article 30, Paragraphs 2 and 3);
- 15) Does not refund to the players all lottery tickets and cards purchased and considerations paid (Article 30, Paragraph 5);
 - 16) Fails to submit to the Board a record of the prize draw or awarding event within the time frame referred to in Article 31 Paragraph 2 of this Act;
 - 17) Fails to announced the results of a prize draw in daily papers and at sales outlets within the time frame referred to in Article 32 of this Act;
 - 18) Fails to ensure the payment or collection of cash and other prizes in classic games of chance within the prescribed time frame or fails to submit a record to the Board by the deadline (Article 33, Paragraphs 1 and 4);
 - 19) Fails to proved tax base information pursuant to Article 35 Paragraph 2 of this Act, or fails to pay tax into the treasury account by the fifth day of the month for previous month pursuant to Article 35 Paragraph 3 of this Act;
 - 20) Fails to maintain its capital stock at the prescribed level during the license/approval validity period, in accordance with Articles 38, 60 and 73 of this Act;
 - 21) Does not have a registered deposit at a bank seated on the territory of the Republic or a bank guarantee for securing the payment of rewards and settlement of public revenue duties, in accordance with Article 39, 61 and 74 of this Act;
 - 22) Fails to secure a risk deposit at the cashier in the amount required by Articles 39, 61 and 74 of this Act;
 - 23) Fails to register with the Board by the deadline all gambling tables and gaming devices before their putting into use, withdrawal or transfer, as well as all betting counters before their opening or closing (Articles 45, 67 and 79);
 - 24) Fails to organize gaming rooms in accordance with Article 48 of this Act;
 - 25) Fails to ensure non-stop recorded video surveillance above all gaming tables and gaming devices, surveillance of entry and exit to and from the gaming facility, as well as player and visitor surveillance (Article 49, Paragraph 1);
 - 26) Fials to keep documents on non-stop surveillance during the period referred to in Article 49 Paragraph 2 of this Law;
 - 27) Fails to ensure the physical protection of players and visitors in accordance with Article 49 Paragraph 4 and 5 of this Act;
 - 28) Does not possess a license for employees pursuant to Article 51 Paragraph 1 of this Act;
 - 29) Allows the employees of a gaming facility to participate in games organized in that facility (Article 52, Paragraph 1);
 - 30) Allows employees to receive tips, gifts, loans or any other benefit, either for themselves personally or for another, or allows them to offer financial assistance to players (Article 53, Paragraph 1);
 - 31) Raises the value of a promotional chip against the value of the smallest chip used in table games (Article 55, Paragraph 3);
 - 32) Fails to pay tax on organizing special games of chance in gaming facilities in the prescribed amounts, according to procedures and within the specified deadline (Article 55, Paragraphs 5, 6 and 7);

- 33) Fails to keep records of the daily tax base or the tips collected in games of chance, based on which the tax base is calculated and paid, in accordance with the procedures and terms laid down by the finance minister (Article 56);
- 34) Fails to submit to the Board by the deadline a summary report of all expenses and a report of investments made, or fails to submit to the Board by the deadline a report on short-term and other loans which it granted, collected or returned (Article 57);
- 35) Fails to notify the Board of any change in the conditions for organizing games of chance during the permit validity period (Article 63, Paragraph 4 and Article 76, Paragraph 4);
- 36) Allows employees to participate in games of chance contrary to Articles 66 and 78 of this Act;
- 37) Fails to pay tax for each new gaming devices installed during the year (Article 68 Paragraph 3);
- 38) Fails to pay tax on organizing special games of chance on gaming devices in the appropriate amount, according to procedures and within the specified time frame (Article 69, Paragraph 1 through 5);
- 39) Gives out a reward to a player contrary to Article 71 Paragraph 2 of this Act;
- 40) Fails to pay the fee for obtaining an approval for organizing special games of chance – betting in the appropriate amount, according to procedures and within the specified time frame (Article 80, Paragraphs 1 through 2);
- 41) Fails to pay tax for organizing special games of chance – betting in the appropriate amount, according to procedures and within the specified time frame (Article 81, Paragraphs 1 and 2);
- 42) Does not possess or fails to ensure the technical requirements of Articles 70 and 82 of this Act;
- 43) Fails to meet the technical requirements for gambling tables and gaming devices at the time they are put into use (Article 84);
- 44) Fails to adjust a gaming devices to return, based on the total combinations programmed, a minimum of 60% of the total cash received to players (Article 85);
- 45) Fails to renew a certificate of technical acceptance for gaming devices and gambling tables before expiration of the certificate, or fails to renew a certificate after repairing, reinstalling or replacing the main board of a gaming devices (Article 86, Paragraphs 3 and 4);
- 46) Fails to display in a visible place a sticker and special sign pursuant to Article 87 of this Act;
- 47) Fails to announce the game rules in at least one daily newspapers distributed throughout the territory of the Republic, 30 days in advance (Article 88, Paragraph 4);
- 48) Advertises, announces or otherwise publicizes the organization of a game, or allows a game organizer to use telecommunications networks for participating in a game, on behalf of a body corporate which did not obtain consent from the Ministry for organizing a prize-winning competition (Article 90);

- 49) Fails to pay tax for organizing a prize-winning competition in the appropriate amount, according to procedures and within the specified time limit (Article 91);
- 50) Fails to notify the Board of the results of a prize-winning competition within 15 days of completion of the game (Article 92, Paragraph 1);
- 51) Fails to enable the direct and indirect supervision by an authorized official of all material and financial operations, on a daily basis, or fails to enable an inspection of the premises and an examination of activities directly or indirectly connected with the organization of games of chance, business books, reports, records, software and other documents or information that can be used for establishing the actual state of affairs (Article 93);
- 52) Fails to pay the appropriate license tax/approval fee (Article 104, Paragraph 2, 3 and 4).

The responsible officer of the Serbian State Lottery or body corporate concerned shall also be fined for offence with 500 to 50.000 dinars for the activities referred to in Paragraph 1 of this Article.

Entrepreneurs shall be fined for offence with 5.000 to 500.000 dinars for the activities referred to in Paragraph 1 Items 47, 48, 49 and 50 of this Article. Individuals shall be fined for offence with 500 to 50.000 dinars for the activities referred to in Paragraph 1 of this Article, the responsible officer may be fined on the spot with 5.000, and bodies corporate with 20.000 dinars. In addition any objects used or intended to be used in the performance of an offence, or which occurred as a result of same, may be seized. In addition to a fine that shall be imposed for the activities referred to in Paragraph 1 of this Article, the body corporate concerned and its authorized officer(s) may be prohibited from performing certain business activities over a period of three months to one year.

Awarding Prizes and Collecting Public Revenue from the Registered Deposit and Bank Guarantee

Article 99

In the event charges are brought against a game organizer of the responsible officer within, pursuant to the provisions of Article 98 Paragraph 1 Items 1, 5, 19, 20, 21, 32, 37, 38, 40, 41 and/or 51 of this Act, the paid deposit and the activated bank guarantee referred to in Articles 39, 61 and 74 of this Act shall be paid into the budget as revenue, based on an order issued by the finance minister.

If a game organizer of the responsible officer within is acquitted of the charges, all funds paid into the budget as revenue shall be returned. The finance minister shall issue more specific instructions regarding the procedure for activating and returning funds.

Article 100

The Board shall conduct proceedings in the first instance and rule in matters of offence as regulated hereunder. An appeal against the ruling referred to in Paragraph 1 of this Article may be failed with the relevant authorities.

VII.TRANSITIONAL ANC CONCLUDING PROVISIONS

Article 101

Any outstanding obligations of LUTRIJA SRBIJE Co. from Belgrade, LUTRIJA BEOGRADA Co. from Belgrade, NARODNA LUTRIJA Co. from Belgrade, and JUGOLUTRIJA Co. from Belgrade, pursuant to the Games of Chance Act (Official Gazette of the Republic of Serbia, no. 83/92, 39/93, 53/93, 67/93, 8/94, 45/94, 71/94, 25/99, 33/99 and 12/00) , as well as their outstanding public revenue duties with the exception of compulsory social insurance contributions, shall once this Act comes into force become obligations toward the Republic of Serbia.

All claims of the Republic referred to in Paragraph 1 of this Article shall become the Republic's holding in the above companies. The finance minister shall within 15 days of the enactment of this Act inform the companies referred to in Paragraph 1 of this Article of their obligations toward the Republic, and issue a written order for the conversion of these obligations into the Republic's holding in said companies and for their reorganization into limited liability companies, within 30 days of receiving the order, with the exception of JUGOLUTRIJA Co., which shall not be obligated to reorganize itself since it already is a limited liability company. The government of the Republic of Serbia shall prescribe the mode and procedures for determining the Republic's holding, based on the conversion of debts referred to in Paragraph 1 of this Article into the Republic's share in said companies. The companies referred to in Paragraph 1 of this Article shall effect the change in the ownership structure of their capital in the relevant court register not later than 90 days following the enactment of this Act.

All authorizations of the Republic based in its holding, as referred to in Paragraph 2 of this Article, shall be performed by the Serbian State Lottery.

Article 102

The articles of incorporation referred to in Article 96 Paragraph 3 of this Act shall be adopted not later than 30 days of the enactment of this Act. The board of directors and the supervisory board of the Serbian State Lottery shall be formed at the latest within 45 days of the enactment of this Act.

Article 103

This Act shall upon coming into force supersede the Games of Chance Act (Official Gazette of the Republic of Serbia, no 83/92, 39/93, 53/93, 67/93, 8/94, 45/94, 71/94, 25/99, 33/99 and 12/00). In the event that any matters regulated

hereunder are regulated differently by other laws, the provisions of this Act shall prevail.

Article 104

Game organizers who, at the time this Act is enacted, are in possession of a valid license to organize games of chance, issued pursuant to the Games of Chance Act (Official Gazette of the Republic of Serbia, no 83/92, 39/93, 53/93, 67/93, 8/94, 45/94, 71/94, 25/99, 33/99 and 12/00), may continue to operate by the provisions thereof, but shall be obligated to harmonize their business with the provisions of this Act at the latest by January 1, 2005. The game organizers referred to in Paragraph 1 of this Article, who are in possession of a license to organize special game of chance in gaming facilities, shall pay into the treasury account license tax in an amount proportional to the period between the day this Act is enacted and the date of expiration of said license, pursuant to Article 40 Paragraph 3 of this Act, at the latest within 30 days of the enactment of this Act.

The game organizers referred to in Paragraph 1 of this Article, who are in possession of a license to organize special game of chance on gaming devices, shall pay into the treasury account the approval fee in an amount proportional to the period between the day this Act is enacted and the date of expiration of said approval pursuant to Article 68 Paragraph 1 of this Act, at the latest within 30 days of the enactment of this Act.

The game organizers referred to in Paragraph 1 of this Article, who are in possession of a license to organize special game of chance – betting (wagering on the result of a competition), shall pay into the treasury account the fee for obtaining an approval, in the amount and according to the procedure laid down in Article 80 Paragraph 1 of this Act, starting from the first day of the month following the month in which this Act was enacted.

Article 105

Any obligations that occurred prior to the day this Act was enacted in regard to sales tax on services in organizing games of chance, shall be calculated and paid in accordance with the provisions of the Sales Tax Law (Official Gazette of the Republic of Serbia, no 22/01, 73/01, 80/02 and 70/03). The provisions of Articles 19 and 22 of this Act shall come into force 90 days after this Act is enacted.

Article 106

This Act shall come into force the day after it is published in the Official Gazette of the Republic of Serbia.