
THE GLOBAL REGULATORY DEVELOPMENTS JOURNAL

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Publishing Staff

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Production Editor: Sharon D. Ray

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Editorial Office

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Articles and Submissions

Direct editorial inquiries and send material for publication to:

Steven A. Meyerowitz, Editor-in-Chief, Meyerowitz Communications Inc.,
26910 Grand Central Parkway, #18R, Floral Park, NY 11005, smeyerowitz@
meyerowitzcommunications.com, 631.291.5541.

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Leanne Battle, Publisher, Full Court Press at leanne.battle@vlex.com or at
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For questions or Sales and Customer Service:

Customer Service
Available 8 a.m.–8 p.m. Eastern Time
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Finland Proposes Sweeping Reform of Gaming Market with Open Licensing System

Johnny P. ElHachem*

In this article, the author discusses a draft law unveiled by the Finnish government proposing a major overhaul of the country's gaming regulatory landscape. The initiative follows the Finnish government's June 2023 commitment to address persistent issues plaguing the current monopoly system, including low market channelization and problem gambling.

The Finnish government has unveiled a draft law proposing a major overhaul of the country's gaming regulatory landscape. The proposed system, targeted for launch in January 2027, would usher in a new era of open competition for commercial operators.

Key Developments

Open Licensing System

The current monopoly held by state-owned Veikkaus would be dismantled and replaced by an open licensing regime for commercial operators in the sports betting and online gaming (iGaming) sectors.

Veikkaus Retains Monopoly Over Certain Games

Although private operators would gain access to the sports betting and iGaming market, Veikkaus would retain its exclusive rights over lotteries, land-based casinos, slot machines, and totalizator/pool betting.

Taxation

Private operators would be subject to a 22 percent gross gaming revenue tax structure.

B2B Software Supplier Licensing

The new system would also encompass business-to-business (B2B) software supplier licenses.

Issues Plaguing Current System

This reform initiative follows the Finnish government's commitment in June 2023 to address persistent issues plaguing the current monopoly system. These issues include low-market channelization, where a significant portion of gambling activity occurs outside regulated channels, and problem gambling.

The draft law, exceeding 400 pages in length, is currently in its consultation phase and subject to modification before being submitted to the country's parliament. The Ministry of Interior anticipates a more extensive revision process compared to past legislative efforts.

Shifting Regulatory Landscape

The draft law outlines a significant shift in regulatory oversight. A separate Finnish Supervisory Agency under the Ministry of Finance would assume control from the National Police Board. This new agency would be equipped with broad authority to regulate the market, including the power to impose sanctions, revoke licenses, and conduct compliance checks.

Anti-Money Laundering and Player Protection Measures

The draft law prioritizes anti-money laundering and player protection measures. "Know your customer" provisions mandate player registration, identity verification, and residency checks. A required minimum age of 18 is proposed, along with a centralized self-exclusion system for problem gamblers.

Marketing restrictions are designed to promote responsible gambling practices. The use of bonuses, affiliates, and influencer endorsements would be prohibited. The law emphasizes moderate advertising volume and responsible targeting practices. High-risk

games and those under the Veikkaus monopoly would be excluded from outdoor marketing.

Staged Rollout and Next Steps

The Ministry of Interior aims to submit the final proposal to parliament in spring 2025. If approved, a staged rollout would commence. License applications would open in early 2026. Veikkaus would retain its monopoly until the end of 2026, with licensed operators launching services in January 2027. B2B supplier licensing would begin in 2027, with the framework fully operational by 2028.

This draft law signifies a momentous shift toward an open and competitive gaming market in Finland. Although subject to revision, it provides a clear road map for the future of the industry. Stakeholders should closely examine the proposal and actively participate in the consultation process to help ensure a regulatory framework that fosters a responsible and competitive gaming environment.

Navigating New Landscapes

Navigating the complexities of licensing, compliance, and responsible gambling practices, especially in a new regulatory landscape, can be challenging. Counsel with extensive experience in gaming and casino law can be invaluable.

Note

* The author, an attorney with Holland & Knight LLP, may be contacted at johnny.elhachem@hklaw.com.