

Notes for Guidance

Large Society & Exempt Lotteries



Large society lotteries (licensed by Gambling Commission)

These are lotteries promoted for the benefit of a non-commercial society. A society is non-commercial if it is established and conducted:

- For charitable purposes;
- For the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity, or
- For any other non-commercial purpose other than that of private gain.

A licence is needed from the Gambling Commission if the total proceeds (ticket sales) for a society lottery exceed £20,000. If the proceeds of previous lotteries in the same calendar year have already reached or may, taking into account that lottery in question, reach £250,000 then the lottery is deemed a large lottery and may only be run under a "lottery operating licence" issued by the Gambling Commission. Further information about obtaining such licences can be found on the Gambling Commission's website: <http://www.gamblingcommission.gov.uk/>.

Exempt lotteries (other than small society lotteries)

With the exception of small society lotteries which are required to be registered with the local licensing authority, there are other types of exempt lotteries which do not need to be licensed by the Gambling Commission (or the local licensing authority). These are:

- Incidental non-commercial lotteries commonly held at charity fund raising events;
- Private society lotteries – only members of the society and those on society premises can participate in the lottery;
- Work lotteries – only people who work together on the same premises may participate;
- Residents' lotteries – only people who live at the same premises may participate; and
- Customer lotteries – only customers at the business premises may participate.

Incidental non-commercial lotteries

An incidental non-commercial lottery is:

- Not promoted for private gain; and
- Is incidental to a non-commercial event.

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Such examples may include a lottery held at a school fete or at a social event such as a dinner dance. An event may be regarded as non-commercial if all the money raised at the event, including entrance fees, goes entirely to purposes that are not for private gain. For example a fundraising social event with an entrance fee would be non-commercial if the profits went to a society but would be commercial if the profits were retained by the organiser.

The Act also specifies that:

- I. The promoter of the lottery must not deduct more than £500.00 from the proceeds in respect of the cost of prizes, irrespective of the actual cost.
- II. The promoter of the lottery must not deduct more than £100.00 from the proceeds for expenses, such as the cost of printing tickets, hire of equipment, irrespective of the actual cost.
- III. The lottery cannot involve a rollover of prizes from one lottery to another.
- IV. Tickets must be sold at the premises during the event, and the result made public while the event takes place (i.e. the draw must take place on the same day/night).

Private lotteries

There are three types of private lotteries that qualify as exempt lotteries which are:

- I. Private society lottery** – these can only be promoted by authorised members of the society; and tickets can only be sold to other members of that same society, or to persons on the society premises. The lottery can only be promoted for a purpose for which the society is conducted, and the society can be any group or society, so long as it is not established and conducted for purposes connected to gambling.
- II. Work lottery** – the promoter of the lottery must work on the premises and tickets can only be sold to other people who work on the same premises. The lottery must not be run for profit and all the proceeds must be used for prizes or reasonable expenses incurred with organising the lottery.
- III. Residents' lottery** – these must not be run for profit and all the proceeds must be used for prizes or reasonable expenses. The promoter of the lottery must reside on a single set of premises and tickets can only be sold to other residents of the same set of premises. A person can still satisfy the residency requirement even where the premises are not the sole premises in which a person resides.

The Act requires that no advertisements for the above private lotteries may be displayed or distributed except at the society or work premises or the relevant residence.

Rollovers are prohibited in private lotteries.

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Whilst exempt from registration, private lotteries must comply with conditions set out in schedule 11 of the Act which relate to the price and format of tickets. In brief, the requirements are:

- I. A ticket in a private society lottery may only be sold or supplied by the promoter or another person who is a member of the same society, in a works lottery by the promoter or another person employed on the same premises, or in the case of a residents' lottery, by the promoter or another person who resides on the same premises,
- II. Rights conferred by tickets are not transferable and this must be made clear on the lottery tickets.
- III. Each ticket must state the name and address of the promoter(s) of the lottery and the class of persons to whom the promoter(s) can sell or supply tickets.
- IV. The price paid for each ticket in a private lottery must be the same, must be shown on the ticket and must be paid to the promoters of the lottery before any person is given a ticket,

Private lotteries may not be conducted on vessels. The definition of a vessel (section 353(1) of the Act) is:

- I. Anything (other than a seaplane or amphibious vehicle), designed or adapted for navigation or other use in, on or over water;
- II. A hovercraft; or
- III. Anything, or any part of any place, situated on or in water

Customer lotteries

A customer lottery is a lottery run by the occupiers of business premises, who sell tickets only to customers present on their premises.

The Act sets out the following stipulations:

- I. Tickets for the lottery can only be sold to a person on the business premises as a customer of the promoter.
- II. The lottery must be arranged to ensure that no profit is made; therefore the proceeds can only be used for reasonable expenses and the provision of prizes.
- III. A ticket in a customer lottery may only be sold or supplied by the promoter or by someone on their behalf.
- IV. No advertisement may be:
 - Displayed or distributed except on the business premises;
 - Sent to any other premises;

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- The lottery therefore can only be advertised on the premises on which it is held.
- V. No ticket may result in the winner receiving a prize worth more than £50.
- VI. No rollovers of prizes are permitted.
- VII. Each ticket must state:
- The name and address of the promoter of the lottery.
 - The class of persons to whom the promoter can sell or supply tickets.
 - That the rights conferred by the sale or supply of a ticket in a customer lottery are not transferable.
- VIII. Customer lotteries may not take place within seven days of another customer lottery promoted on the same business premises.

Customer lotteries are not permitted to be conducted on vessels as per the definition outlined above.

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