

Non-complex cat D gaming machines

August 2015

Classification of crane machines

We have recently been working with the trade body BACTA and machine suppliers in order to reinforce the message that certain types of machine currently operated as skills with prizes (SWPs), with a maximum stake of £1 and £50 **non-monetary** prize, **should be correctly labelled as category D non-complex crane grab machines.**

In some cases premises licences or permits may be needed in order to site these machines and some unlicensed operators will have to apply for an operator's licence.

Whilst the majority of machines of this nature are operated as cranes within adult gaming and family entertainment centres under the category D stake and prize limits, there has been a recent trend whereby they are being offered to the public, particularly children, purporting to be a skill machine as opposed to a gaming machine without the necessary permissions to do so. This occurs in pubs, shopping centres, motorway service stations and other similar venues.

Furthermore, as stated in the [October 2014 LA bulletin](#), machines which are *capable* of being used as a gaming machine, whether or not they are currently operating as a gaming machine, are classified as a gaming machine. For example, a machine fitted with a compensator, which allows it to be converted from a skill machine to a gaming machine, is classified under the Gambling Act 2005 (s 235) as a gaming machine.

Machines utilising a mechanical arm, or similar device to select a prize and which employ a compensator unit to determine the percentage pay-out of the machine, need to be clearly marked as a gaming machine (skill and chance combined). In addition they may only be operated in premises where the necessary permissions are in force.

There are no statutory limits in place regulating stakes and prizes for SWPs. However the Commission and HMRC are of the view that it is unlikely that a maximum prize greater than £50 would be commercially viable in a genuine skill game. In fact, a voluntary limit had previously been agreed between machine manufacturers and trade bodies, limiting the price of one game to £1 and the maximum prize to £50 (wholesale value). See the [quick guide on SWPs](#) for more info.

Timetable

We have set out a timetable by which those wishing to make such machines available to the public should obtain the necessary permissions and where required adjust the stake and/or prizes available accordingly.

- Where a **new permit or a variation** to an existing permit is required from the local licensing authority as a result of this clarification, then the process must be underway **by 31 August 2015** and the **permit or premises licence** must be granted and in place by **31 December 2015**.
- Similarly, an operator, that is currently supplying or maintaining these types of machine on the assumption they were SWPs, must apply for an operator's licence by

31 August 2015. (Check the [licence register](#) of those who hold or have applied for an operators' licence).

- Where there is no possibility that the permission will be granted the machine(s) should be removed from site immediately.

Communication

- BACTA has written to its members, as well as produced various articles for Coinslot and other industry publications.
- Machine suppliers Namco and Sega have also written to those operators who have purchased crane machines from them.
- We have advised LAs of the change through the [July 2015 LA bulletin](#).
- LAs may wish to seek written reassurance from those entities siting machines that they comply with the regulatory requirements.

Examples of crane-type machines

The more popular crane-type machines which should be treated and labelled as category D gaming machines are as follows (although please note this is not an exhaustive list and we will add to it as we become aware of more machines. Also these machines may appear with different fascias or branding):



Sega Axe Master



Sega Key Master



Sega Key Master Mini Black



Sega Key Master Giant



Namco UFO Catcher
Comes with various branding



Namco Barber Cut Lite



Namco Barber Cut (2 Player)



Namco Drop the Hook
Could be branded Jellybean or Powerhouse



Namco Dunk Tank Prize (1 Player)



Namco Dunk Tank Prize (2 Player)



Namco Winners Cube



Namco Winners Cube DX



Namco Kandy Cuts

Machine technical standards

Where a machine determines whether a player has an opportunity to win a prize partly by chance (using a compensator or control system to control the payout) but also by a player using a degree of skill to ultimately win the prize, the machine would be considered a game of chance and skill combined.

This is captured by section 6(2)(a) of the Gambling Act 2005 as a game of chance and will therefore be defined as a gaming machine.

The definition of category D non-complex crane machines in our *Technical Standards* will be amended to exactly replicate the definition of crane in *The Categories of Gaming Machine (Amendment) Regulations 2009 (No 1502)*:

A crane grab machine is a reference to a non-money prize machine in respect of which-

- (i) every prize which can be won as a result of using the machine consists of an individual physical object (such as a stuffed toy), and
- (ii) whether or not a person using the machine wins a prize is determined by the person's success or failure in manipulating a device forming part of the machine so as to separate, and keep separate, one or more physical objects from a group of such objects.

In general, the only requirement needed to make existing crane grab machines compliant with the regulation and our technical standards would be to include a display notice on the machine stating that it is a category D gaming machine with the proviso that the stake/prize does not exceed the statutory limits of £1/£50 respectively and that prizes are totally non-monetary.

Should the industry attempt to exploit the situation in a manner deemed undesirable or outside the spirit of that intended then we may review our position in this matter.

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