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## Remarkable Topics of Recent Times: Betting and Games of Chance on Sports Competitions

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## Remarkable Topics of Recent Times: Betting and Games of Chance on Sports Competitions

Betting and games of chance are subjects authorized by the administration in the legislation of many countries. This is due to the potential for encountering situations that may interfere with the sovereignty of countries, such as money laundering and terrorist financing through the income obtained from betting and games of chance. Additionally, individuals' particular interests in horse racing or sports make them more susceptible to exploitation. Therefore, Turkish law also imposes strict regulations on betting and gambling activities conducted by the relevant administrations.

Under Turkish law, the authority to organize and conduct lotteries, numerical lotto, instant win, and similar games, as well as to supervise games of chance and enterprises, and to authorize and supervise the organization and conduct of all kinds of non-cash lotteries, is regulated under national lottery legislation. In this context, the primary legislation to be considered for any narrative involving elements of chance, luck, prediction, or lottery that does not fall under specific regulations would be the national lottery legislation.

Additionally, betting, games of chance, and similar games based on sports competitions are entrusted to the authority of a separate administration under Turkish law. In this context, under Turkish law, the authority to supervise and regulate sports competitions, especially games of chance and betting, is regulated in the sports legislation (**Sports Legislation**) of the Ministry of Youth and Sports. Pursuant to Presidential Decree No. 4 on the Organization of Institutions and Organizations Affiliated, Related and Associated with Ministries and Other Institutions and Organizations (**Decree No. 4**), the authority to regulate, supervise, conduct necessary examinations, carry out activities, and take measures for sports-based betting and games of chance on all kinds of sports competitions held in Turkey and abroad belongs to the Spor Toto Organization (**Spor Toto**), which is a legal entity under the Ministry of Youth and Sports.

Pursuant to Decree No. 4, Spor Toto is authorized to supervise, have supervised, authorize, and make decisions regarding "all kinds of betting and games of chance" related to sports competitions.

According to the Sports Legislation, there are currently two main types of betting on sporting events, regardless of whether they are organized domestically or internationally, which are directly regulated under Turkish law and conducted through authorization or tender procedures: "mutual betting" and "fixed odds betting." The relevant bets vary in terms of how winnings are generated and distributed. Accordingly,

- **"Mutual betting games"** are betting games based on predicting the results of domestic and international sports competitions. In these games, a predetermined percentage of the winnings is shared among the participants who correctly predict the outcome.
- **"Fixed odds betting games"** involve predicting the results or events of sports competitions held in Turkey and abroad. Participants who make correct predictions receive bonuses with predetermined betting odds.

When both types of bets are considered under the Sports Legislation, it becomes evident that to participate in the bet, an initial cash amount is required, and cash prizes can be obtained in varying amounts based on the accuracy of predictions. In other words, both types of bets involve placing a cash wager before the game, and then distributing this cash among the winners in a certain proportion. In this context, with the exception of fixed odds bets and mutual bets, no other type of bet and/or game of chance on sporting events is explicitly regulated under Turkish law.

Similarly, any type of bet and/or game of chance on sporting events that is not paid in cash is not explicitly regulated under the Sports Legislation. However, it is essential to note that for any game involving elements of chance and prediction, the authority of Spor Toto to permit and regulate such activities is always present. Therefore, even if the game does not fall under the two types of betting mentioned above, it should be remembered that Spor Toto retains authority and broad discretion.

Engaging in sports betting or gambling based on sports events without authorization granted by Sports Legislation carries various criminal sanctions under the relevant legislation. Additionally, fines and imprisonment penalties are provided for those who provide facilities or opportunities for betting and gambling activities.

However, if the activity in question is carried out over the internet, another regulation comes into play in addition to the Sports Legislation. Accordingly, another type of sanction may arise under Law No. 5651 on the Regulation of Publications on the Internet and Combating Crimes Committed through Such Publications (**Internet Law**), which is the main legislation regulating internet-related matters. Pursuant to the Internet Law, there is also the possibility of issuing a decision to remove content and/or block access to publications that there are sufficient grounds for suspicion that they constitute an offense under the Sports Legislation.

The subject matter is particularly contentious in recent years, and with the advancement of technology, it is encountered frequently. Therefore, it is significant to evaluate the Sports Legislation comprehensively when organizing any game, competition, etc., based on sports competitions, and to determine its boundaries well.

### **Revolutionary Regulation from EU: AI Act is Approved**

The European Union (**EU**) aimed to regulate revolutionary technology in a regulatory manner with the Artificial Intelligence Act (**AI Act**). As a matter of fact, on 14 June 2023, European Parliament initiated inter-institutional negotiations on artificial intelligence regulation. You can access our TFP June 2023 issue, which includes our article on the subject, [here](#).

Now, on 13 March 2024, the European Parliament approved the AI Act, taking one of the significant steps that will determine the future of artificial intelligence. In addition to regulating the use of artificial intelligence technologies, AI Act is also critical in terms of security and innovation.

The scope of the AI Act is; (i) providers of artificial intelligence systems to be offered on the EU market, regardless of whether they are based in the EU, (ii) users of artificial intelligence systems located in the EU, and (iii) providers and users of non-EU artificial intelligence systems in case they are used in the EU. One of the objectives in keeping the scope so broad is to ensure that artificial intelligence systems to be used in EU countries are safe and fundamental rights are respected. In this regard, AI Act is envisaged to be a significant regulation that will ensure the protection of people's privacy and personal rights.

In case of non-compliance with the rules introduced by the AI Act, the fines to be paid by companies will vary between 35 million Euros or 7% of global turnover and 7.5 million Euros or 1.5% of turnover, depending on the violation and the size of the company.

AI Act will enter into force twenty days after its publication in the Official Journal of the EU. However, AI Act will become fully applicable gradually within twenty-four months from the date of entry into force as follows:

- **6 months after entry into force;** EU member states will phase out prohibited systems;

- **12 months after entry into force**; obligations on general-purpose AI systems will enter into force;
- **24 months after entry into force**; high-risk system obligations defined in the list of high-risk use cases will enter into force; and
- **36 months after entry into force**; high-risk system obligations that are already subject to other EU legislation will come into force.

In brief, the European Parliament's approval of the AI Act is one of the biggest steps towards AI-based technologies. In addition to being a step towards ensuring that AI technologies are developed and used in a safe and ethical manner, the AI Act also sets out a comprehensive roadmap. For this reason, it is critical for companies operating in the field of artificial intelligence to initiate compliance processes with the systematics envisaged by the AI Act.

You can access the European Parliament's announcement of the approval of the AI Act of 13 March 2024 [here](#).

### European Commission Violated EU Data Protection Rules via Using Microsoft 365

As is well-known, the European Commission serves as the executive body of the European Union (**EU**). Within this capacity, it holds the principal responsibility for implementing EU legislation, budgets, and programs. However, the Commission has recently come under scrutiny for a different matter.

The European Data Protection Supervisor (**EDPS**), tasked with overseeing the processing of personal data by EU institutions and ensuring compliance with relevant regulations, has concluded, following an investigation, that the use of Microsoft 365 violates EU data protection regulations. Consequently, the EDPS has announced the initiation of an investigation into the Commission's utilization of Microsoft 365 and other US cloud services, citing breaches of regulations stemming from the Commission's use of these services during the investigation process.

The relevant legislation in question is not the commonly known General Data Protection Regulation (**GDPR**). Instead, for EU administrative bodies, organs, offices, and agencies, there exists separate personal data legislation: Regulation (**EU**) 2018/1725. Although bearing significant similarities to the GDPR, this regulation is specifically tailored to the needs of EU institutions.

In its decision, the EDPS noted that the necessary rules regarding the transfer of personal data outside the EU were not adhered to with the relevant software, and the required data security measures were not implemented. Additionally, the EDPS emphasized the lack of adequacy in determining which personal data would be collected for what purposes and how it would be processed through the software.

In this context, the EDPS instructed the European Commission to:

- Cease data transfers to locations and companies without privacy agreements with the EU and the European Economic Area.
- Ensure compliance with EU data protection laws.

The issue holds significant interest and sets a precedent for personal data legislation within EU institutions. The actions to be taken by the European Commission are eagerly awaited, as they will likely have far-reaching implications for data protection practices within the EU.

You can access the decision text from [here](#).

# Answers. Not theories.

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### About our firm

Gokce Attorney Partnership is an Istanbul-based law firm offering legal services across a broad range of practice areas including mergers and acquisitions, joint ventures, private equity and venture capital transactions, banking and finance, capital markets, insurance, technology, media, telecoms and internet, e-commerce, data protection, intellectual property, regulatory, debt recovery, real property, and commercial litigation. Please visit our web site at [www.gokce.av.tr](http://www.gokce.av.tr) for further information on our legal staff and expertise.

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