



INSTITUTE FOR TESTING AND CERTIFICATION, Inc.

ITC Client's Guide

Provision of Gaming Machine Certification Services

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1. INTRODUCTION

Institute for Testing and Certification, Inc. (ITC) is a State Authorized Body, authorized by the Czech Republic's Ministry of Finance to certify the operability of gaming machines and perform follow-up technical inspections of operated gaming machines within the meaning of Act No. 202/1990 Coll., on lotteries and other similar games, as amended by subsequent regulations.

Related legal regulations:

- Act of the Czech National Council No. 202/1990 Coll., on lotteries and other similar games, as amended by subsequent regulations, and on the modification of other acts (the "Act").
- Decree of the Ministry of Finance No. 223/1993 Coll., on gaming devices (the "Decree").
- Act No. 22/1997 Coll., on technical requirements for products and on the change and modification of some acts, as amended.
- Government Order No. 17/2003 Coll., as amended, specifying technical requirements for low-voltage electrical devices.
- Government Order No. 18/2003 Coll., as amended, specifying technical requirements for products in terms of their electromagnetic compatibility.

Legal ground for our business:

- Authorization of MF CR, ref. no. 601/113 707/2004, from 12/11/2004 (the "Authorization").

2. DEFINITIONS

2.1. Elementary terms

Testing laboratory – a facility assessing and testing raw materials, chemicals, various substances and materials, products, water, air, etc. with respect to their identification, physical, chemical, hygienic or microbiological and other properties. Assessment results are published in the form of a test report, certificate, expert opinion or report.

Accredited testing laboratory – a testing laboratory that is confirmed by an accreditation body (for ITC, this is the Czech Accreditation Institute) to meet the requirements of ČSN EN ISO/IEC 17025 (General requirements for the competence of testing and calibration laboratories) and is therefore competent to issue accredited test reports within the scope defined by its appendix to the accreditation certificate.

State Authorized Body – an institution that has been authorized by a competent government body (e.g. the Czech Office for Standards, Metrology and Testing or the National Institute of Public Health) to perform certain activities within the scope defined by the authorization decision. Based on its authorization, the Laboratory of ITC Division 2 – Testing is authorized to perform selected tests focused on the examination of the healthiness of selected products, in compliance with Act No. 258 Coll., on the protection of public health.

Gaming machine (GM) – A technical device within the meaning of Article 2(e) of the Act, allowing a player that has inserted financial means (having at least the value of the stake for one game) to play a game and win a random win. The result of the game is decided by chance and a circumstance that is not known beforehand. An important condition is that the player participates in the game voluntarily and must be allowed to terminate the game at any time. A GM consists of a technical (hardware) and program (software) part, specified in more detail in Article 1(1) and 1(2) of the Act and Article 17(1) of the Act.

Game description and game plan – A detailed document with the description of procedures during a GM game in the Czech language, specifying game conditions and method (including information about the highest stake and win in a game and payback percentage), the type of GM, method of insertion and payback of financial means incl. amounts exceeding the value of stakes for played games. For coin-operated GMs, they specify the denomination and type of coins used. For GMs fitted with note acceptors, the denominations and types of banknotes used are specified.

2.2. Used abbreviations

- ATL - Accredited Testing Laboratory
- CAI - Czech Accreditation Institute
- GM - Gaming Machine
- ITC - Institute for Testing and Certification, Inc.

3. EXPERT SERVICE PROCEDURE

3.1 Assessment procedure

Operability assessment is usually carried out on one GM specimen, its software set and accompanying documentation. Other GMs of the same type and model are randomly checked for software conformity. All conditions of the certification process and features of the assessed GM according to this Guide must be met for the Operability Certificate to be issued. An applicant for a GM operability certificate should present the designated State Authorized Body with documents specified in Article 2 of the Decree together with documentation specified in the Guide, according to 3.1.1. When in doubt, ITC may request additional documentation and/or another GM specimen during the certification process pursuant to the provision of Article 2(2) of the Decree.

3.1.1 List of required documentation

- a) Detailed game description and game plan in Czech,
- b) Description of the settings of all DIP – DIL switches and/or other controls allowing a change in the settings of basic game parameters, approved by the manufacturer (if such controls are used in the GM),
- c) Drawing – a graphic representation of the front glasses (reel GMs only),
- d) Original of the storage element (2x),
- e) Diskette with a program source code listing,
- f) Game statistics report with the course of payback percentage (min. 100,000 games grouped by 1,000 games) made at the min. and max. set value of payback percentage and at the min. and max. stake value,
- g) Hardware (cabinet) manufacturer's declaration of the GM manufacture date,*
- h) Software manufacturer's declaration of software conformity with already documented and registered software. Only such GM software that meets applicable regulatory requirements will be registered.**

Items specified in d) and e) must be submitted together with a declaration on the required form.

* For a Czech manufacturer, this may be part of their GM certification order.

** If this document is unavailable to the client, a 100% conformity check of EPROMs installed in the GM will be performed.

When re-certifying a conforming (already registered) GM model, only items referred to in a), g) and h) are usually submitted if not otherwise specified in certification conditions.

The issue of a "GM Operability Certificate" is conditional on the fact that a valid declaration of conformity has been issued for the GM in compliance with Article 13 of Act No. 22/1997 Coll. This fact should be confirmed by the client in the certification order, or the declaration should be submitted if necessary. When the State Authorized Body suspects that the declared information is dubious, it will ask the Czech Commercial Inspection for verification.

3.2 Service ordering procedure

The service is ordered by a properly completed order form in the appropriate language version, received from the customer in writing or via e-mail.

3.3 Test specimens

Specimens are tested either in the expert facility's lab or at the customer's site. However, the specimen testing method, amount of specimens and other conditions depending on the nature of specimens should always be agreed with the competent official of the ITC expert facility.

3.4 Technical performance

Based on the agreed scope of activities and upon meeting the agreed payment conditions, work on the client's job is started. During the job, the customer can follow TL activities in relation to the work that should be done.

3.5 Issued documentation

Output documents issued by the TL are produced in Czech by default.

List of issued documents:

- GM Operability Certificate
- GM Operability Certificate Extract for each GM

Delivery of expert service results:

- By registered post in case of full prepayment
- By personal delivery, together with the confirmation of the document receipt and reimbursement of the price (if the job has not been prepaid or paid only partially)
- By personal delivery, only with the confirmation of the document receipt (if the job has been prepaid)
- C.O.D., if the job is without an advance payment or with an advance payment less than 100% + 19% VAT of the price of service

4. RELATED SERVICES

4.1 ITC's other GM-related activities:

- Testing, assessment and registration of new GM models in compliance with Act No. 202/1990 Coll., as amended by subsequent regulations
- Testing and assessment of changes made in previously registered GM models in compliance with Act No. 202/1990 Coll., as amended by subsequent regulations, including the preparation of registration reports
- Testing and assessment of electrical/mechanical and electronic pools devices based on customers' requirements
- Consulting in the field of GMs

4.2. Extended competences and services:

In cooperation between ITC and our contractual partner, GMT Europe, a.s., ITC's competences have been recently extended into the field of testing and technical inspection of the SW and HW of gaming machines and technical equipment for pools including accessories. This is given by successfully completed accreditation of:

- ITC testing laboratory for the testing of technical qualification of the SW and HW of gaming machines and technical equipment for pools including accessories, based on its Certificate of Accreditation according to ČSN EN ISO 17025
- ITC inspection body for the technical inspection of new and operated gaming machines and technical equipment for pools including accessories, based on its Certificate of Accreditation according to ČSN EN ISO/IEC 17020

The granting of the prestigious accreditation is confirmation of the extensive expertise of our employees and fitness of our methods and state-of-the-art facilities.

In comparison with the prior GM competence, the extended subject of testing and inspection of new and operated devices and equipment can be newly defined as follows:

- Gaming machines
- Skill and entertainment gaming equipment
- Electrical/mechanical roulette equipment
- Electrical/mechanical dice games
- Electrical/mechanical horse race betting
- Electronic card games
- Jackpot systems
- Online betting terminals

These competences will allow extending ITC services in the assessment of gaming machines and technical equipment for pools in the EU countries and other European countries in compliance with the applicable national legislation of those countries.

In addition to documents according to the Czech Republic's Act No. 202/1990 Coll., the ITC customer can also obtain the Accredited Testing Laboratory's report and the Accredited Inspection Body's inspection certificate.

It is also possible to define the categories of prospective clients of the extended ITC services:

- Manufacturers and exporters
- Importers and vendors
- Licensing authorities and state supervision bodies
- Owners

For the above categories of prospects, as well as for players themselves, the new ITC services provide an increased guarantee of the legal and secure operation of those devices and equipment.

What the extended services can bring to prospective clients:

- Current prospects in the field of GM certification pursuant to Act No. 202/1990 Coll. can newly obtain, after GM operability assessment, the Accredited Testing Laboratory's test report and, if required, the accredited IB's inspection certificate verifying GM conformity to the requirements of Act No. 202/1990 Coll. For prospects, the above documents provide an increased guarantee of the quality of ITC services, while being commercially usable for differentiation from competitors that do not have such documents.
- Prospects in the field of testing, assessment and certification of the SW and HW of gaming machines and technical equipment for pools in compliance with the requirements of licensing (regulatory) bodies in other countries. If requested by the customer, ITC can carry out the assessment of conformity with requirements for GMs in other countries and issue an inspection certificate of conformity with those requirements. The customer can use this document in the licensing procedure with the competent licensing bodies of individual countries.
- Prospects among licensing bodies and state supervision bodies get objective and internationally recognized information about the competence of the facility that participates in follow-up technical inspections of operated GMs and technical equipment for pools.
- Prospects in the field of commercial supervision – technical inspection of operated gaming machines and technical equipment for pools can, e.g. after performed maintenance and according to other operator requirements, enjoy an increased operator guarantee of the conformity of operated machines and equipment to statutory conditions.
- Prospects in the field of the assessment of other lotteries and games for the purposes of licensing procedures can obtain and use for the licensing procedure the accredited body's objectively recognized test report and inspection certificate. The body's activities can also be utilized for necessary follow-up objective technical inspections and possibly for regular commercial inspections of licensed operated systems.

4.3. Expert authorization for expert opinions:

By decision of the Ministry of Justice of the Czech Republic, the Institute for Testing and Certification, Inc. is enlisted in the first section of the list of institutes qualified to pursue expert activities in the field of electronics, with the scope of expert authorization for expert opinions required by government bodies and local authorities for gaming machines and technical equipment (including accessories) for pools and lotteries in respect of hardware (technical qualification and component inventory of the equipment and interconnection of individual parts) and software.

Decision of the Ministry of Justice of the Czech Republic (ref. no. 218/2004-ODS-ZN/16/1)

4.4. GM testing and certification for the Republic of Lithuania:

By decision no. N-146 of the State Gaming Control Commission of the Republic of Lithuania, made on 12/08/2005, the Institute for Testing and Certification, Inc. was approved as an organization competent

to perform tests and issue certificates for gaming machines pursuant to the requirements of the Lithuanian gaming law.

We provide gaming machine testing in cooperation with our contractual partner, GMT EUROPE, a.s.

At the same time, we will test cabinets according to your requirements in respect of electrical safety and electromagnetic compatibility in compliance with technical standards in effect in Lithuania (2006/95/EC; 93/68/EEC; 2004/108/EC; LST EN 60065:2001; LST EN 55014:2002), including the preparation of a EC Declaration of Conformity.

5. PAYMENT CONDITIONS

Prepayment

- A prepayment is 100% cash payment (inclusive of VAT) immediately upon the takeover of an order by an ITC employee or another deal conclusion, i.e. when the customer pays 100% reimbursement of their job before the laboratory starts any work on the job.
- When customers make cash prepayment, they can get a discount of up to 5 % of the invoiced total. The amount of the discount is determined by the centre manager individually for each job.

Advance payment:

- Required when a written agreement on performance is concluded. An advance payment invoice is issued unless the agreement says otherwise. The advance payment invoice can also be issued for jobs whose expected or agreed price does not reach CZK 20,000. The amount of the advance payment invoice is agreed in advance.

Jobs are paid for by C.O.D., when the required output document is also sent.

6. CONTACTS

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