



wiggin

Esports Regulation

December 2022

About Wiggin + About Me

The logo for Wiggin, featuring the word "wiggin" in a bold, lowercase, red sans-serif font.

a law firm focused on media, technology and IP



- Interactive Entertainment associate
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The logo for Wiggin, featuring the word "wiggin" in a bold, lowercase, white sans-serif font.

Agenda

Legal Status of eSports



Regulators



Contracting and Unionisation



Gambling (Real Money Gambling, Skins Gambling)

Broadcast Rights



Child Protection



Immigration



M&A



Integrity Issues (Cheating, Doping)



Mental Health





Legal Status of eSports

What is a sport?

No single statutory definition in the UK.

European Sports Charter:

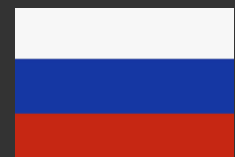
“all forms of physical activity which, through casual or organised participation, aim at expressing or improving physical fitness and mental well-being, forming social relationships or obtaining results in competition at all levels”

In the UK, eSports is not a “sport”.

eSports is a “game”.

So, what about everywhere else?

Countries where eSports is seen as a “sport” include:



Why does status as a “sport” matter?

Public Funding

+

Tax Breaks

+

Prestige

 **OLYMPIC ESPORTS WEEK**
22-25 JUNE 2023

eSports and the Olympics

- Olympic Esports Series - competitions in virtual cycling, motorsport, rowing, sailing, and other virtual sports.
- IOC may explore possibility of expanding offering in the future

Regulators



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eSports Regulatory Bodies

ESIC

*eSports Integrity
Coalition*

ESL

*Electronic Sports
League*

WESA

*World eSports
Association*

BESA

*British eSports
Association*

Should there be an 'umbrella organisation' controlling local eSports organizations, or is each country responsible for their own industry?

Who makes the rules for tournaments then? Game developers / publishers.

The background features a complex network of interconnected nodes and lines. The left side is dominated by a vibrant green network, while the right side transitions into a deep red network. The overall effect is a sense of dynamic connectivity and data flow.

Contracting and Unionisation

Player contracts

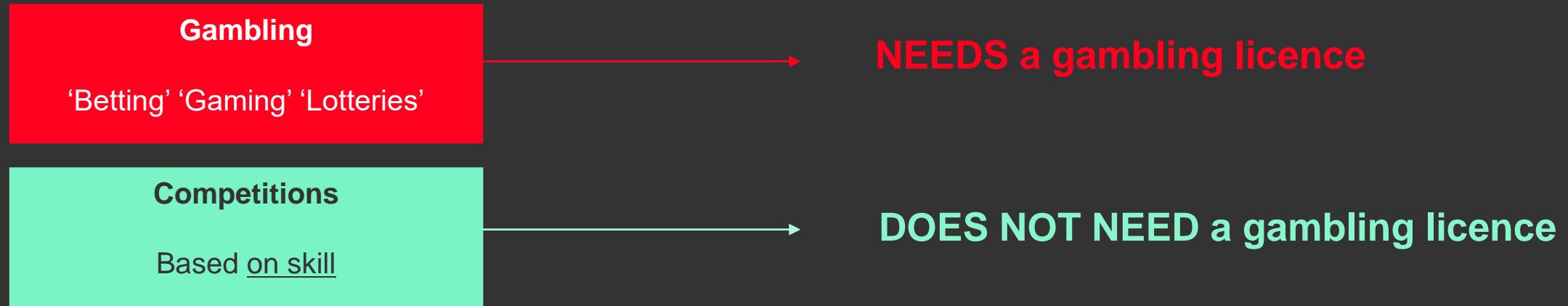
- A player's relationship with their team governed by will be governed by a talent contract.
- Often debates over duration, exclusivity, and pay (tournament winnings, streaming revenue, salary, merchandising).
- Teams should consider whether they are employing the player or contracting with the player as a freelancer, as this may invite additional employment law compliance obligations
- No a standardized set of terms or contracts that guide these agreements



Players can reach out to unions for help, but as with regulators, there is no umbrella union for eSports players

Gambling

Gambling Act 2005 overview



Gaming = “*Playing a game of chance for a prize*”

Options for eSports:

GAMING but with no prize in
‘money or money’s worth’
(i.e social gaming)

GAMING but with
no element of chance
(i.e a skill competition)

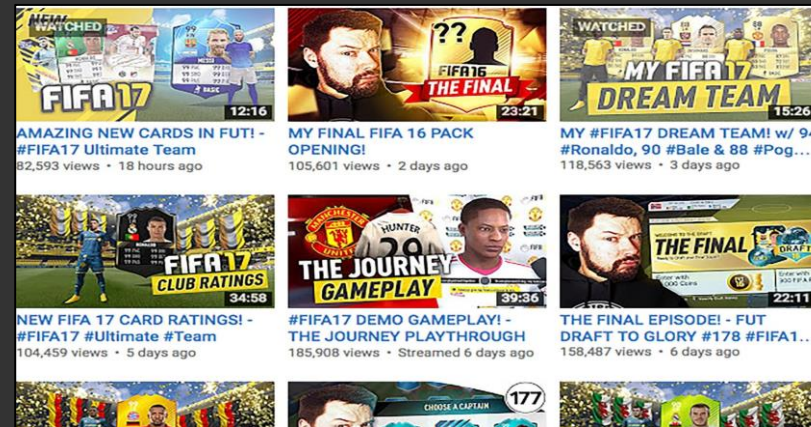
Real Money Gambling

Are professional eSports events gambling?

- Majority of professional eSport events would not be seen as gambling
- Most games used for eSports are inherently skill games
- Assessed on a case-by-case basis

Is betting real money on eSports gambling?

Yes.



YouTube stars fined £265k for promoting Fifa gambling to minors

'The defendants knew the site was used by children,' says UK Gambling Commission

Skins Gambling

What is skins gambling?

Betting with virtual in-game items on results of an esports match, or otherwise gambling them (e.g. online roulette).

Is skins gambling 'gambling'?

This is a legal grey area. Could be argued that game items are provided in a 'closed loop' fashion, meaning they are not intended to be exchanged for cash. There does however exist secondary markets for the sale or skins.

What is the Gambling Commission's view?

Where skins which can be won, traded or sold can be converted into cash or exchanged for items of value, under gambling legislation they are considered "*money or money's worth*" for which a gambling licence is required.

830.56	\$ 8 827.60	\$ 8 280.00	\$ 9 356.40	\$ 8 079.74	\$ 11 199.20	\$ 6 200.88	\$ 4 811.94
11%	-9.89%	-13.51%	-13.87%	-6.12%	-4.36%		
0.0672	ST / FN / 0.0604	FN / 0.0070	FN / 0.0524	ST / FN / 0.0233	ST / FN / 0.0319	FN / 0.0696	FT
224.02	\$ 5 575.75	\$ 5 421.60	\$ 5 272.00	\$ 5 760.00	\$ 5 759.99	\$ 4 811.94	\$ 7
51%			+17.29%	+30.91%		-1.6%	
/ 0.1212	FN / 0.0644	ST / MW / 0.0765	MW / 0.1102	FN / 0.0248	FN / 0.0675	ST / FN / 0.0128	ST
999.99	\$ 4 248.29	\$ 3 957.64	\$ 6 399.99	\$ 6 399.99	\$ 3 911.06	\$ 4 639.99	\$ 4
/ 0.1420	MW / 0.1236	FN / 0.0190	ST / MW / 0.0799	+13.51%	FT / 0.1574	ST / FN / 0.0626	ST / FN / 0.0359
762.04	\$ 3 941.84	\$ 3 358.96	\$ 3 243.34	\$ 4 655.17	\$ 3 158.59	\$ 3 138.50	\$ 3

Broadcasting

Broadcasting

Who owns the rights?

Publisher / developers own the underlying game IP.

How does tournament licensing generally work?

Community licenses – where companies outline a set of criteria, which, if met, mean tournaments can be held without express permission from the IP holder (or, sometimes, without a licensing fee).

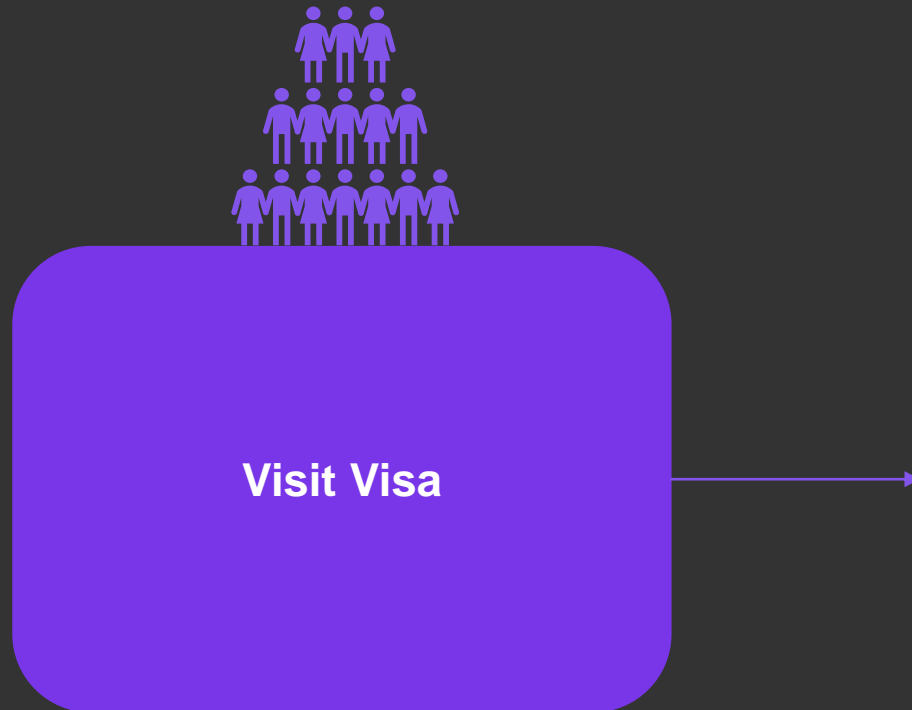




Immigration

Immigration

Visas needed for all non-UK citizens participating in eSports tournaments



- Cannot work in the UK
- No payment from UK sources, except for prize money and reasonable expenses
- No payments for appearing at events, unless has been invited to the UK by a 'creative organisation, agent or broadcaster based in the UK'
- Aka 'Permitted Paid Engagement'

M&A

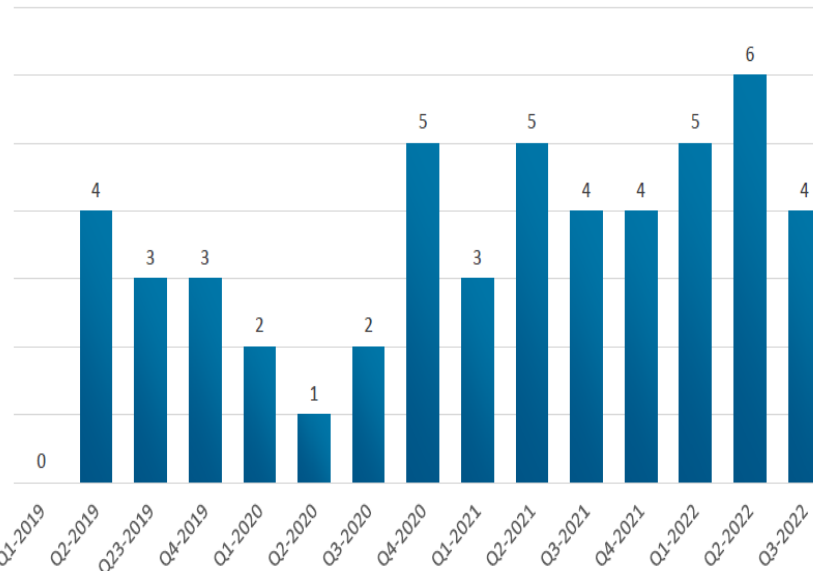
M&A

From 2019 to Q3 2022, 51 esports organisations worldwide changed majority ownership

Headlines

- Sports betting media group Better Collective has announced the acquisition of FIFA community platform FUTBIN and its related assets for up to €105m
- Indian esports and gaming streaming platform Loco has raised approximately \$42m (INR 330 Crores) as part of its Series A financing round.
- David Beckham-backed Guild Esports lists on the London Stock Exchange valued at \$41.2m

Fig. 27 – Number of esports M&A deals¹ 2019 to Q3-2022 by quarter



Notes: 1) Considered were equity investments on a global level which were made in companies that operate esports teams or that organise esports leagues, events and tournaments, and in which more than 50% of the target's shares were acquired.
Source: Mergermarket, Esports Insider, Deloitte analysis

Deloitte 2022

27% 19%
of teams and of leagues/events

have raised funds through minority investments or capital increases in the last 12 months

36% 25%
of teams and of leagues/events

are actively looking for new funding opportunities

27% 25%
of teams and of leagues/events

are currently in negotiations with potential investors

Let's Play! 2022 | The European esports market 28

Integrity Issues

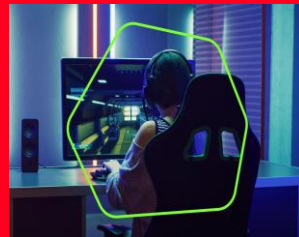
The image features a group of white, stylized human figures holding hands in a circle. The figures are made of a textured material, possibly paper or felt. The background is a solid green color. In the top right corner, there is a decorative pattern of red dots arranged in concentric, overlapping circles. The text 'Integrity Issues' is overlaid in the center-left area in a large, white, sans-serif font.

Integrity Issues

DOPING



BOOSTING



MATCH-FIXING



Can lead to unfair competition and can damage the reputation of the industry as a whole

The background features a complex network of glowing green and red lines and nodes, resembling a molecular or neural structure. The green nodes are concentrated on the left side, while the red nodes are more prominent on the right. The overall effect is a sense of interconnectedness and dynamic energy.

Mental Health and Child Protection

Mental Health and Child Protection

Child protection risk areas:

1. Most esports participants and the esports audience **are minors**
2. The regulation of the industry remains at an **early stage of development**; and
3. The **industry is somewhat fragmented**, with no obvious entity that could take a firm lead in relation to child protection and safeguarding matters



Faker reportedly practices for 12-15 hours a day

Mental Health Concerns

- High payouts act as a justification for excessive gameplay
- Neck and back pain, wrist and eye strain, anxiety and depression are common
- Social media hate
- Very short careers – once you're in mid-20s you're past your prime

A pair of goggles is shown from a top-down perspective. The lenses are filled with a vibrant, futuristic digital landscape. The background is a deep purple and blue gradient, dotted with small, glowing white and pink particles. The goggles' frame is dark blue with a textured, almost organic appearance. The text "Any questions?" is centered in the upper half of the image, in a clean, white, sans-serif font.

Any questions?

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