

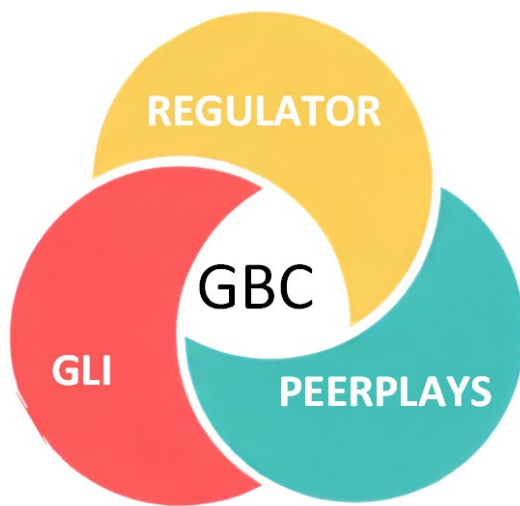
# REGULATORY BLOCKCHAIN

## *Innovating Compliance Tools for Regulators*

In today's rapidly expanding US online gaming landscape -- where innovation has almost always outpaced regulations and legislative responses -- current regulatory oversight tools for monitoring market participants are inadequate to keep pace with the exponential rate of technological change.

Like most other government agencies, regulatory authorities have limited financial resources to assess the impacts and opportunities that new technologies may have on their gaming markets. Regulators and legislators face significant budgetary and bureaucratic challenges when it comes to adopting emerging technologies that solve regulatory and compliance burdens more effectively and efficiently.

### KEY STAKEHOLDERS IN GBC'S BLOCKCHAIN ECOSYSTEM



Blockchain technology has emerged as a Regulatory Technology (RegTech) solution capable of resolving compliance burdens and advancing regulatory modernization. It is a powerful force that enables a high transparency standard -- a feature highly sought after by regulators -- to ensure market integrity while simultaneously unveiling new opportunities.

Prior to incorporating Gaming Benefits Corporation (GBC), members of the management team began to assess the potential benefits of utilizing blockchain technology in the regulatory compliance process. What we discovered is that very few blockchain projects in the US gaming industry consider and embrace government regulations as a development target. Instead, most implementations were centered around the incorporation of cryptocurrency as an additional payment method. GBC also learned that regulators often lack the resources needed to invest and develop compliance technology.

In an effort to carry some of the costs associated with further exploration of blockchain technology in a new compliance system, GBC recruited subject matter experts in the areas of gaming regulations, technology standards and blockchain development. The approach included a thorough analysis of the existing regulatory landscape of the charitable gaming market, where the RegTech application would be initially deployed, before being made available to the broader gaming industry.

To ease adoption by regulators, we took a position that no changes should be made to either the regulatory frameworks or existing compliance monitoring and reporting systems. Rather, the blockchain technology would be incorporated into the charitable gaming compliance process and not integrated into the state's regulatory structure to access the RegTech application deployed on Peerplays blockchain.

Using modern technologies to comply with regulatory requirements is nothing new. In fact, it has been around for decades, but in practice this has mostly meant manually logging data in Excel spreadsheets and then submitting financial records to the regulator. These financial reports detailed the collection and distribution of funds contributed through nonprofits' charitable gaming activities, completed after the fact, on either a monthly, quarterly, and/or yearly basis; and still required manual review and verification by the regulator.

GBC's blockchain-based compliance platform removes the need for manual report preparation, submission, and minimizes verification efforts.

Nonprofits would no longer need to rely on the use of spreadsheets and forms to prepare, store and reconcile a financial report pertaining to their gaming activities themselves. Instead, nonprofits invite regulators to access GBC's charitable gaming platform, which provides the GLI certified reporting data recorded on the blockchain and is viewable through a Regulatory Monitoring Dashboard (RMD) app. The RMD app removes the need to trust the traditional flow of information coming from nonprofit's charitable gaming activities, making it easier for regulators to transparently verify reporting compliance.

Thanks to blockchain's immutability properties, regulators would have certainty that the financial records they are assessing are accurate and complete, with no room for nonprofits to alter or exclude records. Blockchain's immutability provides the trust in the reported records and ensures the certified data viewed by regulators accurately reflects the nonprofit's gaming activity, because it is near impossible to modify without leaving a trace.

GBC's RegTech solution leverages blockchain's other core attributes -- transparency and auditability -- to automatically record in real-time the data generated from the GLI-certified gaming platform into a notarized, tamper-proof audit log of financial transactions written to the blockchain that can be shared seamlessly with regulators. Having one shared permanent record stored on the blockchain eliminates the need for both nonprofits and regulators to keep and maintain their own records. This system not only lessens the reporting burden on nonprofits, but reduces administrative costs by relieving regulators from the extensive processes of gathering, storing, reconciling, and aggregating the data themselves for compliance enforcement of the nonprofit's gaming activities they regulate.

The adoption of innovative technology around compliance tools for regulators that enhances market oversight and reduces administrative costs are especially important for budget- restricted governmental agencies and resource-challenged nonprofit organizations.

GBC's in-depth understanding of gaming regulations and technology standards, in combination with our ability to augment gaming system technology with Peerplays blockchain infrastructure, is a key advantage that uniquely positions the company to become the first charitable gaming platform provider for the blockchain era that connects with the real needs of regulators and nonprofit organizations.

Looking ahead, GBC has designs to extend certain aspects of its blockchain-based RegTech system to create a 'proof of impact' tool. This innovation will promote a higher level of transparency by tracking how charitable gaming funds flow into the community and into the causes they support, offering auditable data for increasing nonprofits' credibility with regulators and gaming participants. Through the use of blockchain technology, nonprofits will be able to demonstrate verifiable proof that they are meeting their charitable impact goals, and that funds are being put to good use as intended.

With GBC's innovation, regulatory blockchain technology has emerged as a force for good.



