

| Q1 | Are there any state imposed regulations which specifically apply to loot boxes distributed in this jurisdiction? | | | |
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| Q1 Notes | | China | ✓ | On 1 December 2016, the Ministry of Culture issued a Notice on Regulating the Operations of Online Games and Strengthening Interim and Ex Post Regulation (Notice) effective from 1 May 2017. The Notice contains some rules which apply to loot boxes. In addition, in 2018 the Chinese State Administration of Press and Publication (SAPP) established the Online Games Ethics Committee which reviews games for their content and can prevent the launch of games (for example, images considered obscene such as those containing blood), and the committee also has a mandate to ensure Chinese societal rules are complied with. |
| | | United Kingdom | ✗ | No, and the UK Gambling Commission has repeatedly stated that loot boxes are unlikely to fall under the Gambling Act 2005 apart from in specific circumstances. Please also refer to Q5 below. |
| | | South Korea | ✗ | No, in March 2015 the South Korean government proposed legislation to amend existing regulations to specifically regulate loot boxes, but this did not pass the legislature. However under other South Korean regulations, children under the age of 16 are prohibited from playing online computer games between midnight and 6am which can be lifted on the parents' request (this does not apply to tablet or smartphone games). |
| | | Italy | ✗ | Although there is no specific regulation, and Italy is not a signatory of the 2018 "Declaration of gambling regulators on their concerns related to the blurring of lines between gambling and gaming" adopted by the Gambling Commission and signed by the State of Washington and 15 other European countries, there is currently a discussion on whether loot boxes could (a) entail a breach of the provisions related to unfair commercial practices as included in sections 20-26 of the Italian Consumer Code (Legislative Decree 206/2005), and (b) qualify as gambling under Italian legislation. |
| | | Japan | ✗ | No, however despite there being no targeted regulation aimed at loot boxes specifically, the Act against Unjustified Premiums and Misleading Representations is often referred to as a general regulation which does affect loot boxes. For example, if a player gets a particular premium item when they collect some required in-game items by purchasing loot boxes, then such loot boxes are unlawful. In addition, any description portraying a drop rate as much better than actual is misleading and prohibited. |
| Q2 | Irrespective of any state imposed regulations, are there any platform based or industry wide regulations which apply to loot boxes distributed in this jurisdiction? | | | |
| Q2 Notes | | Industry | | Apple and Google have introduced requirements on the Apple App Store and Play Store, and the ESA announced in August 2019 that its members Sony, Microsoft and Nintendo will mandate that all games distributed on their platforms must comply with requirements. |
| | | China | ✓ | Yes, please see industry notes. |
| | | United Kingdom | ✓ | Yes, please see industry notes. |
| | | South Korea | ✓ | Yes, the Korea Association of Games Industry (K-Games), the largest video games industry lobby in South Korea, has self-regulated its members following the failure of the March 2015 legislation. |
| | | United States | ✓ | Yes, please see industry notes. |
| | | Italy | ✓ | On November 13th, 2019, PEGI launched an update of its mobile application for additional countries, including Italy. The application allows players and parents to easily search for any information related to the classification of video games, including the video game "descriptors" i.e. the identification of game content which is likely to affect minors and which, therefore, requires attention in its relevant use. One of the game descriptors includes "gambling" which refers to games which encourage gambling and which, therefore, might include loot boxes (based on the current discussion on the classification of loot boxes as gambling) On game descriptors, please also refer to Q4 below. |
| | | Japan | ✓ | Yes, in April 2016, the Japan Online Game Association publicised a guideline on loot boxes issues titled "Disclosure and operational guidelines in item sales that make use of randomly dropped items", but this is not mandated because the association is voluntary. The Computer Entertainment Supplier's Association, another voluntary association, publicised a similar guideline which is also not mandated. However, many gaming companies including the members of these associations currently seem to comply with the self-regulation and disclose drop rates voluntarily. |
| Q3 | Is it a requirement for loot boxes distributed in this jurisdiction to have their drop rates to be disclosed? | | | |
| Q3 Notes | | Industry | | The Apple App Store and Play Store rules require games containing loot boxes to disclose their odds (drop rates). The ESA announced in August 2019 that its members Sony, Microsoft and Nintendo will voluntarily require all games using its platforms to disclose loot box drop rates. |
| | | China | ✓ | State regulations require that loot box drop rates for items are displayed. |
| | | United Kingdom | ✓ | Yes, please see industry notes. |
| | | South Korea | ✓ | K-Games' self-regulation requires its members to disclose detailed information on drop rates of loot boxes. Following complaints, this self-regulation was revised in 2017, which now requires increased transparency and the disclosure of probabilities of winning specific virtual items. Since there are no legal regulations and only self-regulation for members of K-Games, non-members of K-Games do not need to comply with the regulations - this includes foreign video game companies who are not members of K-Games. |
| | | United States | ✓ | Yes, please see industry notes. |
| | | Italy | ✓ | Yes, please see industry notes. |
| | | Japan | ✓ | The voluntary guidelines set by the associations mentioned in Q2 require that members of these associations disclose loot box drop rates, and as such many major gaming companies comply. |
| Q4 | Other than drop rates, are there any other aspects of loot boxes which are subject to state or industry regulation in this jurisdiction? | | | |
| Q4 Notes | | China | ✓ | Video games companies must keep a publicly available record of all loot box outcomes in the past 90 days either on their official website or in a prominent location within the game. Loot boxes may not be purchased with real money, or with virtual currencies which are purchased using real money (however video games have been able to get around this by offering "free" loot boxes with purchases of in-game currency). |
| | | United Kingdom | ✓ | The Gambling Commission has stated that if a loot box were to provide for a reward that had real money's "worth" (capable of being envisaged when a game is accompanied by a market for buying and selling entire accounts), this would fall under the Gambling Act 2005 and be a regulated activity. |
| | | South Korea | ✓ | Strictly speaking, there are no legal regulations which restrict loot box purchases. However, the Game Rating and Administration Committee (GRAC), a government organisation established under the Game Industry Promotion Act as a video game content rating board, has set spending limits for gamers. In each game, players under the age of 18 are limited to a monthly spend of ₩70,000 (approximately £50) and gamers above 18 are limited to a monthly spend of ₩500,000 (approximately £350). The GRAC refused to award game ratings for games that exceeded these limits. On 19 June 2019, a partial amendment to the game rating regulations were made which eliminated the need to disclose a monthly spending limit for adult games when applying for a rating. The South Korean Fair-Trade Commission (FTC) may also fine games companies for providing false and misleading information in relation to loot boxes. The FTC generally launches an investigation when a possible violation of laws is reported or alleged. |
| | | United States | ✓ | The Entertainment Software Rating Board, the body responsible for the ratings of video games, labels games with "In-Game Purchases" as games which include loot boxes and other in-game purchase mechanisms. |
| | | Italy | ✓ | The Italian Communication Authority ("AGCOM") issued a regulation in 2019 on videogame classification (Resolution 74/19/CONS) which led also to the issuance of the relevant guidelines by AGCOM Resolution 359/19/CONS. Although the guidelines do not expressly mention or regulate loot boxes, it is noteworthy that they prescribe that the "Online" descriptor is replaced by the "In-Game Purchases" descriptor in order to highlight the possibility for the game player to make in-game purchases when playing the videogame. |
| | | Japan | ✓ | The Consumer Affairs Agency has authority to enforce under the Act against Unjustified Premiums and Misleading Representations. There is a precedent where the Agency ordered a company to take necessary preventive measures and publicised the infringing company's name where it had misleadingly represented the rate of getting premium in-game items (the represented rate which was much higher than actual rate). |
| Q5 | Have there been any developments that indicate increased regulation of loot boxes in this jurisdiction is likely? | | | |
| Q5 Notes | | China | ✓ | Recently, there has been no discussion about the regulation of loot boxes in China. However, the SAPP issued some new rules relating to video game copyright applications in April 2019. These new rules impose more requirements on video game copyright applications and importantly expand the scope of content review, which may have an effect on the regulation of loot boxes. |
| | | United Kingdom | ✓ | Yes, the UK House of Commons' Digital, Culture, Media and Sport Committee produced a report in September 2019 that called for loot boxes to be brought within the scope of the Gambling Act 2005, and the Children's Commissioner produced a report in October 2019 that recommended the UK Government "should take immediate action to amend the definition of gaming in section 6 of the Gambling Act 2005 to regulate loot boxes as gambling". |
| | | South Korea | ✓ | The FTC stated in April 2019 that it would carry out an extensive review of consumer regulations of game companies as a result of complaints they have received from consumers on potentially unfair practices. There is a strong focus on loot boxes by the FTC. In a separate investigation, the FTC has been looking into unfair terms and conditions provided by games and has asked games companies to amend clauses which it deemed to be unfair. This includes clauses which previously purported to deem underage gamers as having consented to pay for in-game purchases, due to their parents having consented to the underage gamer signing up to the game. The National Gambling Control Commission, a body established by the National Gambling Control Commission Act to control, supervise and regulate the gambling industry, stated on 31 May 2019 at a gambling forum that loot boxes present a high-level of concern. |
| | | United States | ✓ | Republican Senator Josh Hawley has proposed a bill aimed at the regulation of loot boxes and pay-to-win microtransactions. This bill would make it illegal for game publishers to publish games with loot boxes for children. This bill has received bi-partisan support. |
| | | Italy | ✓ | Apart from ESA's announcement on self-regulation (see answer under Q2 above), there are elements which indicate a need to regulate loot-boxes also from a legislative perspective. Reference is mainly made to the fact that the Italian Competition Authority (AGCM) last year requested some publishers to provide information relating to micro transactions and loot boxes (likely further to an application submitted by Consumers' representatives on May 2018 to request the ban of loot-boxes). The procedure under consideration is regulated under AGCM Resolution April 1, 2015 No. 25411 - Regulation on the probationary instruction procedure in relation to consumer protection. The procedure is still ongoing and there is no available information as of November 2019. However, considering the importance of the interests involved, a positive intervention by the legislator on this subject matter seems desirable. Please also refer to Q4 above. |
| | | Japan | ✓ | Recently, there has not been as many intensive discussions on the regulation of loot boxes in Japan. However, any significant further developments on the regulation of loot boxes in Europe or the USA would likely reactivate the discussion in Japan. |