

Betting integrity

Policy position paper, March 2009

1 Introduction and definition

- 1.1** In October 2007, the Gambling Commission (the Commission) published a paper on its approach to integrity in sports betting¹. This followed public consultation on integrity in sports betting².
- 1.2** Since then the Commission has worked with sports governing bodies, the betting industry and others concerned with integrity in betting, such as the police, to develop our approach. We also consulted on an issues paper on in-running betting which invited views on the risks that posed for betting integrity.
- 1.3** This policy position paper summarises our work to date and the Commission's policy on betting integrity, which is primarily concerned with sports betting, but also covers betting on non-sporting events, for example the winners of film awards. Accordingly this paper is titled *Betting Integrity*, rather than *Integrity in Sports Betting* as previous documents on this topic have been.
- 1.4** Betting integrity is important to the Commission because of the risks any failure would pose to the licensing objectives of keeping gambling fair and open and keeping crime out of gambling. While any lack of integrity in the way in which an event is managed, or the results reported, will detract from the fairness and openness of any betting on that event, the Commission's focus is on integrity directly related to betting, specifically where the outcome of an event has been influenced with the intention of benefiting through betting on it, or where inside information is used improperly or unfairly in placing a bet. For example, if an individual pays (directly or indirectly) another to deliberately lose a game with the intention of profiting through betting on that outcome (directly or indirectly), that is a matter of concern to the Commission. The Commission does not consider it to be part of its core role to promote event integrity more widely, but would expect sports governing bodies to do this. For example, if a team does not put out its best available players for one match simply in order to be better prepared for another match, this would not normally be a matter for the Commission even if bets had been placed on the outcome (unless inside information is used improperly or unfairly in placing a bet). Generally speaking, those betting are aware of such wider risks to sporting or event integrity.
- 1.5** The Commission works on the principle of risk-based regulation and must act in a proportionate manner. However, while limited evidence has so far emerged to support it, the Commission recognises the widespread concern about the risks to betting integrity, particularly in relation to sporting events, and has been developing its policies and procedures to reduce such risks.

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¹ *Integrity in Sports Betting: Policy position paper* (October 2007)

² *Issues Paper - Integrity in Sports Betting* (May 2007)

- 1.6 In summary, the Commission’s approach is to work with the sporting bodies, licensed betting operators and others to strengthen the deterrents to corruption in betting by making it more likely that those involved can be identified and appropriate sanctions imposed. That process itself will help clarify the extent of any lack of integrity in betting and the need, if any, for further regulatory action. Such regulatory action could be in relation to more disclosure about, or restrictions on, types of bets, or on rules relating to use of ‘inside’ information or on who may bet on what. The Commission has dedicated a cross-functional betting integrity team to this work, with expertise that covers the whole of the regulatory process, from licensing through to enforcement and prosecution.

2 Policy development

- 2.1 Since October 2007 the Commission’s work in relation to betting integrity has focused on six main areas:
- work with sports governing bodies and operators
 - sports governing bodies’ rules
 - information sharing
 - specific bets and terms and conditions
 - investigation and prosecution
 - in-running betting

This section describes our recent work and explains how we are building on, and expanding it.

Work with sports governing bodies and operators

- 2.2 The Commission has been working with sports governing bodies and the betting industry to help them better understand, and co-operate with, each other. To this end, we encouraged the Association of British Bookmakers to hold a seminar for sports bodies to meet and further their understanding of the betting industry. We are also working with CCPR³ (Central Council of Physical Recreation) and supporting CCPR’s survey of its members, which will assess how well equipped sports governing bodies are to manage any threat to integrity in their sport. The results of this survey will inform the Commission’s work, particularly in helping to establish and promote best practice in relation to rules on betting and the use of ‘inside’ information (discussed in more detail below).
- 2.3 The Commission is also working directly with a number of sports governing bodies. We have developed, or are developing, memoranda of understanding (MOU) with some of these bodies setting out how we will work together, in particular in relation to the reporting of suspicious betting patterns. However, we also have good working relationships with a number of sports governing bodies without any formal MOU. We have also developed a memorandum of understanding with the European Sports Security Association (ESSA), an association of sports betting operators in Europe that looks to monitor any irregular betting patterns, or possible use of inside information.

Sports governing bodies’ rules

- 2.4 We have taken a particular interest in the rules put in place by sports governing bodies. Clear, well publicised, rules on who can bet on what and effective sanctions for those found breaking those rules, alongside effective information sharing, can assist sports governing bodies to maintain integrity in their sports. Such rules will also help betting operators to decide if an individual is breaching their sports governing body’s rules. Both sports governing bodies and the Commission have been identifying good practice and the Commission has been encouraging bodies to share that good practice with one another.

³ The CCPR are an alliance of governing and representative bodies of sports and recreations

We have also been making sports governing bodies aware of our investigative techniques, procedures and evidential requirements to help them to build up their capacity to uphold their own rules and conduct investigations relating to their own sports. At the same time we have been learning more about the issues and approaches that are unique to each sport. We will continue to encourage, and help, sports governing bodies to develop effective rules and build capacity to maintain integrity in their sports. We will explore with the governing bodies and others concerned the scope for agreeing on what is best practice and for encouraging and promoting best practice and enforcing compliance with it.

Information sharing

- 2.5** A key component of the Commission's work on betting integrity is the imposition of a licence condition (15.1) which requires betting operators to share information on suspicious transactions with the Commission and sports governing bodies. The condition, set out at appendix 1, was revised in *Licence Conditions and Codes of Practice* (October 2008) to clarify the degree of suspicion that would trigger a notification to the Commission by an operator. We have also addressed the concerns of some betting operators that the provision of such information might breach data protection requirements. We have confirmed with the Information Commissioner's Office that, provided that the operator can demonstrate the reasons behind, and justifications for, the disclosure, they will comply with their Data Protection Act obligations. Since the reason will be the obligation to report 'reasonable suspicion', and the rationale will be the operator's suspicions, it would follow that there would be sufficient reason and justification for the provision of information to the Commission and/ or the relevant sports governing body.
- 2.6** We will also be looking at the practices adopted by betting operators in making decisions about what to report under licence condition 15.1 and what not to report. Although the Commission receives reports under licence condition 15.1 we presently do not have a clear understanding of any underlying systemic problems indicated by the number of reports received. We are working with the relevant trade bodies to promote better understanding, and more effective use, of the information sharing provisions and will be discussing with them further advice to be provided to operators in the coming months. We also encourage sports governing bodies and operators to have direct agreements on how they will work together, such as the agreements Betfair has, and is developing, with sports governing bodies.
- 2.7** Since September 2007 the Commission has received reports relating to around 50 instances of suspicious betting activity. The majority of these were notified to the Commission by licence holders as required by licence condition 15.1, but some have come through other sources, for example sports governing bodies, the media or the public. All of these have been, or are being, examined by the relevant sport governing body or the Commission. In nearly half of these cases the grounds for suspicion have not been substantiated following an initial consideration. The remaining cases are under consideration, in some cases by sports governing bodies, and include a small number of active investigations in which the Commission is further involved.
- 2.8** While the number of live cases under active investigation remains small, the level of public concern remains high. A number of high profile admissions by sports participants and referees here and overseas have fuelled that concern. The sporting bodies' rules governing betting and the use of inside information vary enormously as do the effectiveness of their own integrity enforcement and sanctioning arrangements. Equally while certain betting exchanges' arrangements are well established and resourced, and larger betting operators are following suit, generally speaking smaller licensed betting operators' arrangements for supplying information on suspicious transactions are relatively new and need development. The Commission will make the effective working of licence condition 15.1 one of its compliance priorities over the coming months.

Specific bets and terms and conditions

- 2.9** The Commission understands the importance of upholding betting integrity to sporting bodies, the betting industry and, of course, to the public, and is familiar with methods used in other countries to promote betting integrity, such as restricting the type of bets offered or approving sporting bodies' rules before allowing betting on those sports. The Commission has the power to impose such restrictions on its licensees but does not consider, based on the available evidence, that such intrusive or resource intensive methods are warranted or would be effective in Great Britain, although we will continue to monitor developments in this area. The Commission is, however, interested in working with the betting industry, sports governing bodies and others who are affected by non-sports betting to see if the deterrents to cheating or getting others to cheat (whether by improper use of inside information or by rigging the outcome of an event) can be strengthened.
- 2.10** In addition to the tightening up of sports bodies' rules and the provision of information mentioned above, the Commission plans to explore the scope for promoting integrity and deterring corruption by using information and publicity on which sporting events or types of bets are relatively low or high risk. Additionally, we will consider the scope for using employment terms and betting contract terms and conditions to make it easier to establish whether an offence has been committed and securing deterrent sanctions. For example, one possibility might be for the terms and conditions of betting to include a provision that the person placing/accepting the bet confirms both that they are not legally or contractually prohibited by any professional or employment requirements from betting on the event and that they do not already know the outcome of the event on which they are betting (using the earlier example, betting on a film awards when you already know the results); an individual misrepresenting their position would not only render the contract unenforceable, it would also engage the Commission's and sports governing bodies' enforcement and sanctioning powers, including, in the Commission's case, the power to void a bet.

Investigation and prosecution

- 2.11** In the meantime, the Commission has further developed its internal procedures, adopting a streamlined process of escalation and decision making which will enable us to take a prosecution or refer a case to the police in a more timely and cost effective way. The Commission has powers to take action in relation to cheating (under section 42 of the Act), void bets (section 336) and to obtain information (section 88). Ultimately, it will usually be for the police to take forward investigations as they have greater investigative powers (for example they can investigate bank accounts of those betting, which the Commission cannot) and are better equipped to undertake more complex investigations or those that may be linked to other criminal offences. However, it is still the case that the loss of career prospects relating to the particular sport or event is likely to be used more often as a sanction by the sports governing body and is likely to be faster than criminal proceedings. Additionally, it is worth noting that the Commission's powers to void a bet only apply to the corrupter's or corrupters' bets, not to whole markets.
- 2.12** The Commission is aware that regulatory bodies in other jurisdictions and sports governing bodies have set up, or have considered setting up mechanisms that look at betting data in real time. However, experience demonstrates that this requires considerable resource and expertise. The Commission is not persuaded that it would be proportionate or cost effective for the Commission to undertake such work, and considers that it might duplicate the work of others such as the BHA, or operators themselves. The Commission receives information from operators under licence condition 15.1 and works closely with other partners. At present the Commission considers this to be an appropriate way to manage this issue. However, experience from working together may lead to further proposals, for example, to pool expertise or to develop industry wide integrity units.

- 2.13** The Commission has been collating information since September 2007 when the Gambling Act 2005 fully came into force. We have been sharing that information when appropriate with partners here and abroad. The Commission is developing a memorandum of understanding with both the Association of Chief Police Officers (ACPO) and the Association of Chief Police Officers in Scotland (ACPOS) that will set out how we exchange information and work together. The Commission's powers do not extend beyond Great Britain and operators licensed with the Commission. As such, we rely on international police co-operation and relationships with other relevant bodies where the suspected source of corruption is based abroad. To that end we will continue to build relationships with other regulators and sports governing bodies overseas.

In-running betting

- 2.14** The results of the Commission's specific consultation on issues raised by in-running betting⁴ (published concurrently⁵) noted that while in-running betting theoretically gave more scope for event rigging or use of inside information, the evidence had not been provided to indicate that in practice there has been any significant increase. As the main ways of deterring or combating lack of integrity are the same for in-running and ante post betting, the Commission proposes to deal with in-running betting risks to integrity as part of its wider integrity programme.

3 Conclusion

- 3.1** While there is limited evidence to support it, the Commission recognises the widespread concern about the risks to betting integrity particularly in relation to sporting events, and has been developing its policies and procedures to combat such risks. The workstream on betting integrity, taking forward the activities described in section two above, is one of the Commission's 2009/10 business plan priorities. The Commission's dedicated cross-functional betting integrity team will undertake this work.
- 3.2** While we are not persuaded that there is a sufficient case for restricting types of bets or dictating sporting bodies' rules in relation to betting at this time, we plan to monitor closely the effectiveness of the various actions being taken by the Commission, the industry and sporting bodies and will consider further regulatory measures if they appear warranted.
- 3.3** We will review this work programme in a year's time and publish a stock take of the progress made in relation to promoting integrity in betting.

⁴ In-running betting (or in-play or live betting as it is also known) is betting while the event to which the bet relates is actually taking place, for example, placing a bet on a horserace while the race is being run.

⁵ *In-running (In-play) betting: Position paper* (March 2009)

Appendix 1

15.1 Reporting suspicion of offences etc

All operating licences except betting, betting intermediary, ancillary remote betting and remote betting intermediary (trading rooms only) licences

Licensees must provide the Commission with any information that they know relates to or suspect may relate to the commission of an offence under the Act, including an offence resulting from a breach of a licence condition or a code provision having the effect of a licence condition.

All betting operating licences, including betting intermediary, ancillary remote betting and remote betting intermediary (trading rooms only) licences

Licensees must provide the Commission with any information that they:

- know relates to or suspect may relate to the commission of an offence under the Act, including an offence resulting from a breach of a licence condition or a code provision having the effect of a licence condition
- suspect may lead the Commission to consider making an order to void a bet.

Licensees who accept bets, or facilitate the making or acceptance of bets between others, on the outcome of horse races or other sporting events governed by one of the sport governing bodies for the time being included in Part 3 of Schedule 6 to the Act must also provide the relevant sport governing body with sufficient information to conduct an effective investigation if the licensee suspects that information in their possession may:

- lead the Commission to consider making an order to void a bet
- relate to a breach of a rule on betting applied by that sport governing body.

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Keeping gambling fair and safe for all

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www.gamblingcommission.gov.uk

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