

# **GAMBLING COMMISSION**

## **Misuse of inside information**

**Policy position paper**

**30 August 2018**

## Introduction

1. The Gambling Commission of Great Britain (the Commission) was set up under the Gambling Act 2005 to regulate commercial gambling in Great Britain. We are committed to keeping crime out of gambling, ensuring gambling is conducted fairly and openly and the vulnerable are protected from harm or exploitation. We continue to support and facilitate collaboration across operators and other agencies concerned with raising standards in relation to sports betting integrity. Our [strategy for 2018 – 2021](#) is published on our website
2. In 2009 the Minister for Sport brought together a panel of experts to form the Sports Betting Integrity Panel. Members of the panel included key people from the principal organisations involved; from the betting industry, the police, players, and fans, Sports Governing Bodies (SGBs), the legal profession and the Gambling Commission to look at a wide range of issues relating to sports betting integrity.
3. Under the recommendations of the panel the Commission's Sports Betting Intelligence Unit (SBIU) was created to help protect Britain betting against potential corruption.
4. The intention of the SBIU is to bring together the intelligence efforts of partners as the hub of Britain's betting integrity [national platform](#). The SBIU also contributes to delivery of priority actions set out in the [Sports and Sports Betting Integrity Action Plan](#).
5. The [Terms of Reference of the SBIU](#) are published on the Commission's website.
6. SBIU receives reports of suspected betting integrity from a number of sources including cases of suspected misuse of inside information. By 'misuse' we mean taking actions using inside information that would be considered substantially unfair and/or cheating or fraud depending on the context. These actions include individuals using this information, or passing it onto others, for betting purposes.
7. This document sets out the Commission's approach to dealing with potential incidents of misuse of inside information in betting. It also covers what is expected from SGBs and betting operators and other relevant organisations in relation to protecting sport and betting from misuse of inside information. This includes an outline of the trigger points where we would expect organisations to inform the Commission of a potential incident.
8. The Commission sought opinions on misuse of inside information through a discussion paper on fair and open betting in 2011. The outcome of that consultation was included in the previous version of this paper<sup>1</sup>.

## Misuse of information spectrum

9. The misuse of information spectrum was developed as a tool that could be used both internally by the Commission and externally to help guide towards an appropriate response to incidents on a case by case basis.

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<sup>1</sup> "Betting integrity issues paper - inside information and fair and open betting 2011" is now archived. To ensure the information on the Commission's website is up to date we archive old consultations to avoid any confusion when you are searching for information on our site. [See the Commission's website for further details](#)

10. This should not be seen as a firm matrix to drive automatic responses, but as a guide to help inform decision-making. The Commission will use the spectrum as and when appropriate when we consider and analyse intelligence as part of the SBIU decision making process. We encourage other organisations to apply the spectrum when they are considering cases as and when appropriate. The full spectrum including advice on each section can be found at Appendix 1.

### **Key points**

11. We recognise that sanctions applied by SGBs and betting operators are often the most effective in cases that involve misuse of inside information.
12. The Commission will however, where appropriate, continue to play a role in some cases. The SBIU will share information with relevant parties where appropriate. Data protection legislation must be considered in all circumstances where personal data is shared between organisations. Information can only be shared in accordance with the Data Protection Act 2018.<sup>2</sup>
13. There may be some limited circumstances where criminal enforcement action may be undertaken. For example, the Commission may take direct action in high-impact cases, where there is a history of previous behaviour known to the Commission, or where there is a need to establish legal precedent. Cases of repeat offending would be treated more seriously.
14. The Commission will use the following as a definition when considering betting integrity cases in circumstances where sports rules, employment terms and conditions or other relevant forms of contract have no definition in place or, where a definition may not be fit for purpose:

Inside information is information which is known by an individual or individuals as a result of their role in connection with an event and which is not in the *public domain* and is related to:

- a. The participation in or likely participation in an event<sup>3</sup>
- b. The likely or actual performance in an event that may affect the outcome
- c. The likely or actual performance of in-play activity within an event
- d. Activity related to a non-sporting event on which bets can be placed

Table 1 below sets out some examples to demonstrate what could fall into these categories.

Information is considered to be *in the public domain* if it has been published, is on public record or is accessible by an interested member of the public.

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<sup>2</sup> For more information see [‘Gambling Regulation and GDPR’](#) and the [Information Commissioner’s Office Data Sharing Checklist](#)

<sup>3</sup> Event: relates to any type of activity on which a betting market is offered. This could be, for example, a sporting match or tournament, a TV talent or reality show, a novelty market or speculation about a change in personnel.

**Table 1** These examples are purely for descriptive purposes to assist with understanding the above definition. Any reports, including those listed, would be considered by the SBIU using their [Decision Making Framework](#) which would include application of the Misuse of Information Spectrum. This is not an exhaustive list and any reports would be considered on a case by case basis i.e. any reports received that are similar to the examples below would not automatically result in an investigation or enforcement action.

**The participation in or likely participation in an event:** The expectation that a team or individual will or will not participate in an event. *Examples of inside information that could be used to unfairly place a bet when the information is not in the public domain:*

- Knowledge that a participant will withdraw from a sporting event when the public expectation is that they will participate
- Knowledge that a celebrity will participate in a TV series where the cast list is not revealed until the opening show.

**The likely performance in an event:** How a team or individual is anticipated to perform without any element of deliberate manipulation, collusion or other factor that would have an influence on the expected outcome. *Examples of inside information that could be used to unfairly place a bet when the information is not in the public domain:*

- Knowledge that participant(s) plan to deliberately underperform during an event
- Knowledge that a participant is carrying an injury which has not been made public that is likely to affect their performance.

**The likely or actual performance of in-play activity within an event:** A participant or team takes deliberate pre-determined action whilst competing in an event to achieve a specific outcome relating to an element of that event. This may or may not affect the final result of that event. *Examples of inside information that could be used to unfairly place a bet when the information is not in the public domain:*

- Knowledge that a participant plans to take action that would lead to them being disciplined during an event
- Knowledge that a participant or participants plan to lose an individual game, set or frame during an event that doesn't necessarily impact the ultimate outcome.

**Activity related to a non-sporting event on which bets can be placed:** Knowledge of activity that isn't connected to an event involving sports competitors but on which bets can be placed. *Examples of inside information that could be used to unfairly place a bet when the information is not in the public domain:*

- Knowledge that a team manager will be leaving their position
- Knowledge of the appointment of a new team member
- Knowledge of a person taking over as a presenter of a TV show
- Knowledge of the winner of a competition (eg Best Actor, Sports Personality).

15. Organisations that could be impacted by misuse of information for betting purposes are not obliged to use these definitions. However, we encourage that these definitions are considered in the drafting of relevant guidance or rules and that organisations ensure that any tailored definitions are sufficiently wide ranging to cover all perceived eventualities.

#### **Key points related to Sports Governing Bodies<sup>4</sup>**

16. All SGBs are encouraged to include within their rules clauses relating to the misuse of inside information. These can be tailored to their sport and participants (in line with Data Protection Act 2018).
17. It is suggested that the following points are considered for inclusion in the rules, policies and education programmes of SGBs:
- Policies and guidance on the use of social media and the associated risks of participants releasing information.
  - Prohibition of the release of information for reward or gain (by the participant or their associates), including careless or reckless release of information.
  - Address the issue of participants placing bets via agents or third parties.
  - Clear policies on potential enforcement action that may be taken against a participant if it is suspected they are in breach of the rules, including a clause that participants will be asked to produce records of betting activity if they are subject to investigations where a breach of sports rules is suspected.
  - The range of sanctions that may be applied if participants are found to be in breach of the rules
  - Education strategies and enforcement capabilities to support the rules. We suggest that programmes include elements to help participants understand the reputational risks associated with inside information being used for betting purposes and along with risks of breaching SGB rules.

#### **Key points relating to betting operators**

18. Betting operators should continue to disrupt and address the misuse of inside information through use of their alerts and controls and provide relevant information to SGBs or the Commission in compliance with licence condition 15.1<sup>5</sup>.
19. Coordinated betting by groups of individuals is seen as a commercial matter for betting operators to address as part of their overall risk management strategy. Betting operators have various mechanisms for reducing the risk of coordinated betting, such as restricting bets or liabilities.

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<sup>4</sup> In many sports, betting by all key participants is prohibited. Horse-racing (and to a certain extent greyhound racing) is the exception; whilst jockeys are not permitted to bet on British horseracing at all, a number of participants (such as owners) may bet on their horses or dogs to win, but not lay to lose. The racing industry has much more mature betting products than other sports and long-established practices whereby in certain circumstances the use of inside information is acceptable. We will continue to engage with the British Horseracing Authority and the Greyhound Board of Great Britain to enable transparency, fairness and openness on betting on these sports.

<sup>5</sup> Operators offering services to the British consumers must comply with the Licence Conditions and Code of Practice (LCCP). Section 15.1 of the LCCP requires operators to report suspicious offences to the Gambling Commission. This includes instances that causes them to know or suspect that there has been interference or attempted interference with an event on which bets have been or are likely to be or to have been placed.

20. Betting operators should have sufficient procedures in place to prevent their staff from misusing inside information gained in their business role for personal financial gain. This is particularly relevant to staff in the trading function<sup>6</sup>.
21. Betting operators should also ensure they have policies and procedures in place that prevents employees misusing information, gained through their business role for commercial advantage to the business, which would be unfair to or would disadvantage their consumers. An example of misusing information for commercial advantage to the business would be deliberately shortening the odds of known or likely non-runners in order to maximise [Rule 4 deductions](#).
22. It is recommended that betting operators include misuse of inside information within their education and training programmes.
23. Betting operators should ensure their terms and conditions for both bettors and employees clearly explain the rules relating to the misuse of information by which they must comply.

### **Key points relating to other organisations**

24. There are a number of other organisations whose services or products may be utilised by betting operators to offer markets. Organisations that may need to consider their policies on betting rules and misuse of inside information includes:
  - TV and radio production and broadcasting companies
  - Selection panels or committees involved in judging and bestowing of awards
  - Telecoms companies eg recording votes on TV shows.
25. It is suggested that misuse of inside information is considered for inclusion in the following:
  - Terms and conditions of relevant employees
  - Competition rules
  - Participant disclosure agreements
  - Audience disclosure agreements.

### **Management of potential incidents**

Cases related to the misuse of inside information that are referred to the Commission will be handled as documented in the Commission's [Betting integrity decision making framework](#) and the [Protecting betting integrity paper](#).

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<sup>6</sup> Ordinary Code 7.1.3 of LCCP states Licensees should have employment policies that:

- require employees to report any indicators of irregular and/or suspicious betting to their employer; and
- prohibit their employees from using information related to irregular and/or suspicious betting for the purpose of placing their own wagers, either with their employer or with other operators.

## Appendix 1

### Misuse of information spectrum



A more detailed overview of the spectrum and an indication the Commission's view on the different elements can be found below.

Type		
<p><b>1. Art of Betting</b></p> <p>This end of the spectrum is NOT inside information. It relates to information which may not be readily known by the general public, but which is <u>available to those who make the effort to find it</u>. It includes for example:</p> <ul style="list-style-type: none"> <li>a. Making an effort to watch players or horses training in a public area;</li> <li>b. Information provided during media interviews or during public talks;</li> <li>c. Information that is available to the public, even if payment is required to access the information;</li> <li>d. Applying knowledge about how a player or horse will perform in certain conditions or over certain ground.</li> </ul>	<p><b>GC view</b></p> <p>Not inside information</p>	<p><b>GC Input</b></p> <p>The Commission has no concerns about this type of information.</p>
<p><b>2. By chance (uninformed)</b></p> <p>This is a form of information which will generally NOT be considered misuse of information would be necessary to establish that the individual could not reasonably have known that the information is restricted. For example;</p> <ul style="list-style-type: none"> <li>a. The stereotypical comment 'overheard in the pub';</li> <li>b. Receiving a tip but having no reason to believe the tip is restricted information;</li> <li>c. Being in the right place at the right time; and</li> <li>d. Working in a hospital where a player is being treated for an injury which has not yet been made public.</li> </ul>	<p><b>GC view</b></p> <p>Not misuse of inside information.</p>	<p><b>GC Input</b></p> <p>The Commission has no role to play in incidents involving this type of information.</p>
<p><b>3. By chance (informed)</b></p> <p>In these cases, information is received by chance by an individual, but that individual should reasonably be aware that the information is restricted and should not be used for gain or passed onto third parties. Examples of this form of information might be:</p> <ul style="list-style-type: none"> <li>a. A sports club employee overhearing a conversation between two senior employees, on club premises and where the individual is aware that the information is not in the public domain; and</li> <li>b. A stable lad observing concerns for the welfare of a horse or noticing that a vet has been called to assess a potential gallops injury.</li> </ul>	<p><b>GC view</b></p> <p>Inside information</p>	<p><b>GC Input</b></p> <p>Although the Commission would have some concerns in this area, it is likely that we would consider sports rules, education programme, referral to employer and/or the SGB and other disruptive action to be appropriate.</p> <p>In particular, we wish to encourage sports and other bodies to quickly release information which is sensitive in betting terms to the public, as this is an appropriate means to limit the impact in this area.</p>



4. Restricted information	GC View	GC Input
<p>This is information which the individual has gained because of their role in connection with the sport or event; or because of a close association with an individual with such a connection. This information is then used for financial gain or passed onto a third party. For example:</p> <ol style="list-style-type: none"> <li>a. A club official with advance information about a team line-up that has not been made public;</li> <li>b. A club official with inside knowledge of the club manager leaving his position who uses or passes on this information to a third party for betting purposes</li> <li>c. An employee working on a television competition (eg TV talent or reality competitions) with advance knowledge of the health of a competitor, participation in a TV show or of early phone results.</li> <li>d. An employee of a licensed betting operator who becomes aware of information relating to an event and uses the information for commercial advantage</li> <li>e. An employee of a licensed betting operator uses information about unusual betting patterns to place a bet and does not take the appropriate action to notify their employers.</li> </ol>	<p>Potential misuse of Inside information</p>	<p>The Commission would have concerns in this area.</p> <p>In most cases, the appropriate form of sanction would be through the Sports Body or through the employer, combined with the betting operator refusing the bet under contractual terms.</p> <p>The Commission may consider taking action to void a bet.</p>
5. Awareness of possible criminality (or malfunction)	GC view	GC Input
<p>This could be described as 'getting in on the act' ie where an individual spots some potential criminality and attempts to use that information to place bets. It could also cover an individual who becomes aware of a malfunction in processes which enables them to have prior knowledge of the outcome of an event:</p> <ol style="list-style-type: none"> <li>a. A trader spotting a strong trend of bets contrary to the odds in a location close to the home of a primary participant;</li> <li>b. A trader or retail worker identifying individuals connected to a group of players placing bets on their team to lose;</li> <li>c. Being aware of an attempt to dishonestly manipulate betting odds or an event. They are not part of this attempt or have not initiated or paid for this manipulation to occur but have become aware of the attempt through their role.</li> <li>d. Becoming aware of a breach in sports rules which provides an advantage to those with advance knowledge – eg knowing that a participant intends to pull out of a tournament or event despite a public commitment to participate.</li> <li>e. Commonly, the Commission would identify this behaviour when an employee of a betting operator fails to protect the operator from exposure to risk and fails to make a 15.1 report, and instead gains from making bets using the information.</li> </ol>	<p>Potential aiding and abetting a criminal offence.</p>	<p>The Commission would have serious concerns in this area, although the circumstances of each individual case would be taken into account. These circumstances would determine which cases we would consider appropriate for criminal investigation. For those who were aware of an attempt to manipulate the event or the odds, we would most likely consider referral to the sports body or employer to apply an appropriate sanction. We would encourage betting operators to consider and address the risks of betting by their staff through education and employment terms. Those individuals (such as traders) who have access to information should be educated about the proper use of that information and the sanctions which may occur.</p> <p>The Commission may consider taking action to void a bet.</p>

6. Manipulation of the event	GC View	GC Input
<p>In this case, an individual(s) has manipulated the event or part of the event and individuals who are aware of this use that information to place bets. For example;</p> <ul style="list-style-type: none"> <li>a. Spot fixing (or in play betting) – this relates to bets on events within a match or event such as awarding of the first penalty; and</li> <li>b. Match-fixing - deliberately losing or being part of a collusion to fix the result of a match or event.</li> </ul>	<p>Potential Offence relating to:</p> <ul style="list-style-type: none"> <li>• Cheating</li> <li>• Bribery</li> <li>• Proceeds of Crime</li> <li>• Fraud</li> <li>• Conspiracy</li> </ul>	<p>As above</p>