

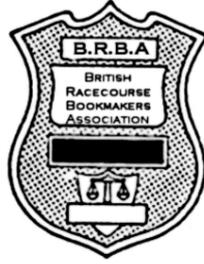
The British Racecourse Bookmakers' Association

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Dear Sirs,

I am writing to you in my capacity as President of the British Racecourse Bookmakers' Association (BRBA), which is the largest of the on-course bookmaker trade associations, representing nearly 50% of the on-course bookmaker population. As President, I am contacting you to bring to your attention the concerns our members have regarding the "Industry SP" system introduced as a result of Racing Behind Closed Doors. A number of articles have been published in the sporting press recently which highlight problems with the industry-based SP system.

BRBA members feel this adverse publicity is having a negative effect on the confidence in the SP system of those members of the public who bet regularly on horseracing.

Whilst BRBA members accept that during the period when bookmakers are not allowed to operate on-course there must be some form of SP generated as the basis of settling bets we feel that there should be a method of calculating industry SP's which is robust, truly reflects betting activity, is reliable and represents a system which is open to independent scrutiny and, therefore, has the confidence, support and trust of the betting public. Above all the mechanism must be seen to generate a fair return at all times for the betting customer, otherwise confidence will be lost.

The BRBA and its members are not convinced that an SP system based wholly on industry generated SP's is appropriate to the needs of the betting industry for betting on horseracing. We, therefore, trust that the current industry SP system is a short-term measure governed by circumstances and that post Covid-19. We trust that when crowds and bookmakers are allowed to return to racecourses, the SP system will

revert to SP's being calculated to the historically successful method of returns collected digitally from the bookmakers who are operating on-course.

On-course bookmakers acknowledge the message within last years' SPRC Chairman's Report that a Starting Price model for calculating the SP, based wholly on an ever diminishing oncourse sample, is worrying - given declining bookmaker attendances at some race meetings, and the effects of the expansion of online and internet betting which has impacted on betting habits resulting in a declining share of betting revenue for the on-course market. However, it remains essential that the SPs accurately reflect the on-course market and that they are seen to be independent of the bookmakers who accept bets off- course.

The BRBA do not see an SP system based on prices returned by a handful of off-course operators SP's who dominate the market being a fair and equitable system for returning SP's. It is our contention that such a system is fraught with danger. For example:

On the 14.45 race at Southwell on Sunday 7th February 2021 the industry SP returned on the race favourite "Blowing Dixie" was a cause for concern, although this example is not necessarily an isolated example:

On the "off" the Betfair 'SP' price (sourced Betfair exchange website) of the race favourite Blowing Dixie on the betting exchange was 3.0 i.e. 2/1. However, the SP of the horse returned by the industry was a miserly 4/6. Not only was this return exceptionally low but the over-round per runner on the race well above reasonable historical levels. Under normal conditions, with bookmakers operating on-course, prices 'on-course' are included in the sample on which the SP and it is reasonable to assume that the price of Blowing Dixie at the 'off' on-course would have been in the region of 15/8 or 7/4. Betting exchange prices impact on prices offered by on-course operators but for bettors this is a positive rather than negative factor. Betting exchange operators are now seen as the biggest competitors of on-course bookmakers and, like it or not, bookmakers increasingly find that there is a need to compete with exchanges. With the increased use of mobile betting devices the failure to compete with exchange prices leads to potential revenue leaking from the betting ring. This ensures a vibrant and competitive market on the racecourse where the SP is derived from many independent bookmakers with minimal interest in the SP return as such. This provides a very independent and fair return of the SP.

In addition to the potential for loss of trust in the SP and the perceived lack of independent control and governance over a wholly industry based SP system, there are also several other problems on-course bookmakers anticipate should an off-course industry SP system be imposed on the industry. These include:

- On-course access to reliable and authenticated 'live' off-course betting shows.
- Immediate/prompt access to a betting 'show' to provide a current SP at the time of withdrawal of a horse(s) for the purpose of making a deduction from winnings. The racecourse PA system not always being the most reliable source of information.

Providing an SP system that normalises any disparity between on-course prices and off-course prices is surely a desirable feature of any SP system going forward. It has always been, and should remain, that the SP system reflects the accuracy and integrity of prices available to those who bet. An SP system which exposes a disparity between prices on offer on-course and off-course is bound to affect the confidence of the betting public in the SP system. Bettors need to know that the SP system remains independent and open to scrutiny.

On-course bookmakers recognise that efforts to devise a satisfactory SP system have been hampered by the on-going Covid-19 pandemic but would hope any such system includes data collected on-course, as it has done since the inception of SP returns many years ago. Collectively, on-course bookmakers have a substantial financial investment in trading positions on racecourses and feel they have an important and valuable part to play in the setting of reliable and fair SP's.

In a period of inactivity on-course bookmakers look forward to the SPRC Chairman's report for 2020. In the meantime an update on any progress which has been made would be welcome. As would the opportunity to present our views to the SPRC.

In the interim, as the basis of comparison between off-course and on-course generated SP's, would it be possible from your database to provide answers to the following queries.:

1. What has been the average SP of the race favourite in the period during which SP's have been generated by the of-course bookmakers as compared to the average SP generated in the same period when SP's were generated only by on-course bookmakers.?
2. What has been the average over-round per runner in all races generated by off-course bookmakers as compared to the average SP generated in all races in the same period when SP's were generated only by on-course bookmakers?
3. What has been the average over-round for the first 3 in the betting combined, during which SP's have been generated by the of-course bookmakers as compared to the average SP of the first 3 in the betting combined generated in the same period when SP's were generated only by on-course bookmakers?

Kindest regards,



Christopher Hudson
The British Racecourse Bookmakers' Association