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DENMARK: DRAFT GAMBLING ACT

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Betfair would like to congratulate the Danish government on the proposed legislation, which effectively balances the interests of consumers, operators and government. The Gambling Act will ensure there is a liberalised and regulated gambling market in Denmark and sets forward viable long term solutions for the Danish Gambling market.

Several amendments to the Draft Gambling Act have been proposed by different stakeholders during the legislative process. Betfair would hereby like to address three areas where the proposed amendments would not be recommendable.

Ring Fencing

Restricting liquidity to the Danish market is likely to undermine the viability of products such as poker and betting exchanges as it is unlikely there will be sufficient numbers of customers or bets originating from within Denmark in order to satisfy consumer demand for games of poker or the ability to match bets on exchanges.

As a result it will likely encourage consumers to use operators without a Danish licence, where greater liquidity is available, but which is not subject to Danish regulation. There seems to be no evidence to suggest that Danish consumers would be subject to any additional risks by allowing international liquidity either. A blanket ban would appear unnecessary and disproportionate.

It is in an operator's interest to ensure that its Danish customers are treated fairly. The Danish customers would simply go elsewhere if they felt that customers located outside Denmark were somehow at an advantage – and again it is unclear what advantage such other customers could have.

In particular in relation to betting exchanges there is not even any interaction between customers, wherever they are located, and the exchange is in essence simply managing its exposure internationally as other multi-national bookmakers may do on a less transparent basis.

Match Fixing

We understand that the debate on corruption and match fixing in sport is often very heated. There is often more use of rhetoric and hearsay than fact. This can lead to inaccurate assertions being made. It is important to stress the following basic points:

- Licensed EU gambling operators are committed to maintaining the integrity of sport. It is essential for their long term sustainability that customers have confidence in the honesty of the events on which they place bets as otherwise they will not continue to use betting products. This means EU licensed gambling operators business interests are aligned with those of sports: both need to ensure that the sport is conducted fairly and is free of corruption.
- The only means by which corruption-free sport can be achieved is if we secure a completely transparent global betting market. This is best done by creating a regulated market where betting operators have to meet high regulatory standards to be allowed to operate and they are permitted to offer attractive products leaving little incentive for consumers to bet on the black market.
- An improvement in the ability to detect and report instances of corruption is often confused with an increased frequency of corrupt activity in sport. The growth in the transparency of betting has brought to light problems which already existed within sports – it has not created new ones.
- The vast majority of integrity issues concerning betting and sport relate to the illegal betting market, not the transparent legal market. Where betting takes place transparently, event organisers and regulators are able to access the details of any suspicious bets. In the illegal market there is no access to such information and suspicious betting cannot be tracked and can cause huge problems for sport.

License fees

We understand that MPs are concerned that a fixed fee for all operators might make life difficult for start-ups/smaller gaming operators, and that it is being considered whether it is possible to set-up a structure which take this concern into consideration – including considering a new fee structure.

While acknowledging the Parliament's wish to ease access to the Danish market for smaller operators to the Danish market, we believe this is a good and workable solution.

However if the Parliament wants to go forward considering another fee structure we will like to stress:

- The aim of charging for license fees is to cover the cost of regulating the industry. We believe the most viable long term solution to achieve this is to base license fees on a sliding scales according to companies' profits. All companies, regardless of their business models, seek to maximise profits. Therefore if payments are based on profits and set at a sensible level they will allow all operators to compete on a level playing field and pay their fair share to cover the costs of regulation.
- The UK structure is based on a sliding scale according to companies' profits and has proved to be a viable way of funding regulation. The scale has 12 categories starting from companies making less than £0.5m per annum to companies making more than £550m.

Best regards,
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