

essa Response: Norwegian Gambling Law Review

Introduction

1. ESSA is a global betting integrity body that represents many of the largest regulated sports betting operators and which serve over 40 million consumers in the EU alone.
2. It is a key player in the fight against betting related match-fixing and acts for the regulated betting sector at national and international match-fixing policy discussion forums.
3. In particular, the organisation holds positions on important working groups at the European Commission, Council of Europe and the International Olympic Committee (IOC).
4. The organisation's principal goal is to protect sports, consumers and betting operators from potential fraud caused by the unfair manipulation of sporting events and associated betting.
5. ESSA helps to combat this fraud with evidence-based intelligence, principally obtained from its alert system which identifies suspicious activity on its members' betting markets.
6. This includes crucial information on consumer identities, locations and other transactional information which is not available via other platforms.
7. ESSA has information sharing arrangements with a number of gambling regulatory bodies and sports governing authorities through which it disseminates data relating to any relevant suspicious betting activity it has identified.
8. The association's members invest over €50 million (NOK 460 million) in compliance and internal security systems every year in order to help combat betting related fraud in sport.
9. We also help co-fund a multi-jurisdictional player betting education programme with EU Athletes, the European Commission and other partners from the regulated betting sector¹.
10. That investment has been successful in helping to drive criminals away from regulated betting markets, creating a safe and secure environment for our customers and sports.
11. Many of our members are licensed and operate within the regulatory framework for gambling managed by the various countries and states within Europe.
12. ESSA, and its members, therefore have an interest in the review of Norway's current gambling framework, most notably with regard to sports betting integrity issues.

Betting integrity framework

13. ESSA is aware that Norway has ratified the Council of Europe Convention on the Manipulation of Sports Competitions and that a national betting integrity framework is in operation.

¹ http://www.eu-ssa.org/wp-content/uploads/Eu-Athletes_Erasmusfunding_2015_FINAL.pdf

14. ESSA represented the regulated private betting sector in the discussions that developed the Convention and believes Norway's support for this is a welcome and positive move.
15. However, the adoption of a national sports betting integrity framework is weakened by the continuation of a monopoly provider of sports betting products in Norway.
16. Modern technological advances have opened new global channels of interaction between businesses and consumers; the betting and sports sectors are no different in that regard.
17. It is important that national legislation is able to adequately cater for and readily adapt to new commercial developments and any regulatory challenges that may accompany those.
18. There are clear limitations regarding betting integrity from a restricted national market. A monopoly approach does not adequately cater for the needs of consumers and those consumers therefore seek alternative products outside of the national licensing framework.
19. That in turn adversely impacts on the ability of the national regulatory authority to oversee the betting market and to have access to important data on the functioning of that market and any fraudulent activities that might take place involving Norwegian consumers.
20. It is fundamental to understand that betting related match-fixing is an activity aimed at manipulating sporting events to defraud betting operators and consumers.
21. ESSA's members are responsible operators licensed in many other European jurisdictions and have a clear inherent operational business need to ensure the integrity of sporting events and their associated betting products.
22. Regulated operators therefore invest significant resources in achieving that and to working closely with regulatory, law enforcement and sports bodies to create an effective licensing framework that includes specific sports betting integrity focused initiatives.
23. This partnership working undoubtedly strengthens the national integrity framework and deters corrupters from those markets, benefiting consumers, sports and operators alike.
24. The adoption of legislation that licences and permits a wide range of sports betting operators and provides the national regulatory authority with the power to determine, amend and fully enforce appropriate betting integrity licence conditions is thus paramount.
25. Denmark, Spain, the UK, and others, have implemented such legislation; it provides a clear and robust national framework for an open and regulated betting market, which is flexible enough to adapt quickly to changing circumstances.
26. Complementary to this is the introduction of specific mitigating measures to address betting-related corruption of sport, developed in partnership with key stakeholders.

27. Effective mechanisms employed in other European countries include:

- Establishing a specific betting integrity unit within the national gambling regulator;
- Imposing licensing conditions requiring regulated betting operators to report any suspicious betting activity;
- Providing the regulator with the ability to void bets identified as connected to fraud;
- Information sharing between stakeholders (regulator, law enforcement, sports and betting operators) both within and outside of the national regulated gambling structure;
- An offence of cheating at gambling (employed in cases of betting related match-fixing);
- Providing the regulator with the power of prosecution; and
- Clear guidance on the national betting integrity decision-making framework in operation.

28. Such provisions have been employed to positive effect and have resulted in successful prosecutions using offences under gambling legislation and other laws such as bribery.

29. A small number of countries, such as Russia and Japan, have also enacted specific match-fixing offences in their criminal legislation. Whether such explicit legislation and offence is necessary is an issue for each government within its criminal justice framework.

30. What is vitally important is that suitably robust criminal sanctions are available and applied consistently and with due vigour. It is also important that provisions are developed with key stakeholders in an open and transparent manner, employing an evidence-based approach.

31. Although there is already a framework in operation in Norway, ESSA believes that the model currently being used in the UK is one of the most effective approaches in combatting betting related match fixing. The UK has put in place a national Sport and Sports Betting Integrity Action Plan² developed by the national regulator, law enforcement, sports bodies and the licensed betting sector.

32. It sets out a detailed strategic joint approach across all sectors and is a blueprint of good practice and effective detection and enforcement measures to protect sports, consumers and regulated betting operators from the negative impact of betting related match-fixing.

33. The Plan sets out the expected focus of national agencies, sports governing bodies (SGBs), player associations, betting operators and government in delivering timely and effective actions to identify and control risks associated with match-fixing and sports betting integrity.

34. The national Integrity Action Plan includes the following requirements on key stakeholders:

- Government: Keep under review national legislative arrangements to prevent sports betting corruption. Ensure that the appropriate level of prioritisation is given to sports betting corruption matters by the national regulator and all relevant law enforcement bodies and agencies. Support the implementation by overseas Governments and international bodies of proportionate and effective regulatory measures to prevent sports and sports betting corruption, and to promote effective coordination on a cross-border basis.

² <http://www.gamblingcommission.gov.uk/Press/2015/Sports-betting-integrity-action-plan-published-today.aspx>

- National Gambling Regulator: Support stakeholder engagement and establish an information sharing protocol. Focus on collecting and analysing information and intelligence relating to potential criminal activity. Investigate potential criminal activity and where appropriate prosecute. Engage with government and agencies to ensure that betting integrity/match-fixing plans are aligned to national and international strategies. Consider the impact of Data Protection Regulations on the ability to address sport and betting corruption.
 - Law enforcement: To play a key role in deterring match-fixing and supporting others' efforts in this regard. To recognise that match-fixing may involve organised criminality at local, national and international levels. The focus of enforcement bodies should be upon the investigation of serious and organised criminal activity. Develop effective management arrangements for investigation and prosecution of sports betting integrity cases.
 - Sport: Good governance should be recognised as an essential condition for addressing the challenges to integrity that match-fixing creates. The principles of democracy, inclusiveness, transparency and accountability in sport's decision-making are crucial, along with a clear understanding of the threats to the integrity of sport. Sports should develop effective risk management arrangements; player education, linked with clear rules and sanctions are vital.
 - Licensed betting operators: To have effective risk management arrangements that, in addition to their individual regulatory obligations, prevent sports betting being associated with crime and/or corruption. Provide detailed information on irregular betting and/or suspicious sports events quickly to the regulator. Include specific rules and provisions within customer terms and conditions that highlight that personal information may be shared with regulators or sports where there are suspicions of match-fixing or a breach of sports rules.
35. Licence fees from regulated betting operators are the central means of meeting the costs of protecting betting markets, consumers, and, by association, sporting events from corrupt activities. However, any integrity costs must be justified and not over-burdensome.
36. Indeed, other stakeholders such as sports bodies also need to show that they are contributing to the protection of their events. This is most notably achieved through the development and enforcement of suitable betting integrity rules and player education.
37. There are some good examples of this led by the International Olympic Committee (IOC) and others such as the World Professional Billiards and Snooker Association (WPBSA).
38. However, there are also many sports, which have not sought to prioritise mitigating actions covering the manipulation of sporting events in same way they would in other areas. This inactivity and poor governance creates an environment where corruption can flourish.
39. ESSA draws your attention to the FIFPro report 2012³ which details the impact of poor financial practices in sport as a facilitator of match-fixing, and the 2014 Bangladesh match-fixing tribunal which found that "more often than not, sports regulators do not stop matches or events even where they have information about corruption in the match or event."⁴

³ <http://www.fifpro.org/en/don-t-fix-it/black-book>

⁴ Paragraph 56 Bangladesh Cricket Board Anti-Corruption Tribunal (Issued 8 June 2014) <http://www.thedailystar.net/upload/gallery/pdf/bpl-full-verdict-file-.pdf>

40. Whilst the sports sector claims that betting creates risks for them, it should be noted that corrupt sports personnel and poor sports governance actually creates increased risk and associated regulatory costs for betting operators, who are often the focus of sports fraud.
41. Betting related match-fixing is fundamentally the product of corrupt sports people, either alone, or colluding with criminal elements, seeking to unfairly manipulate sporting events to financially defraud betting operators (regulated or unregulated) and their consumers.
42. For any sports betting integrity framework to be effective, it must include requirements on all stakeholders, including the sports sector, and sanctions if those are not implemented.
43. The Council of Europe Convention on the Manipulation of Sports Competitions, proposes that governments: “withhold some or all financial or other sport-related support from any sports organisations that do not effectively apply regulations for combating manipulation of sports competitions.”⁵

Availability of regulated betting products

44. It is fundamental to the viability of regulated betting operators and their markets that they are able to offer a wide range of products. Imposing restrictions invariably leads to consumers seeking banned products through other markets, including unregulated channels.
45. Some sports bodies and others have pressed for certain types of bets to be prohibited on sporting integrity grounds. They believe that these products, such as in-play betting, are detrimental to the integrity of sport, although no clear supporting evidence has been shown.
46. Indeed, law enforcement bodies such as INTERPOL and Europol have stated that match-fixing is not primarily focused on regulated, but unregulated operators, mainly in Asia⁶.
47. Corruptors are also known to focus on the more mainstream traditional betting markets, such as the final result, which have higher levels of liquidity and offer greater opportunity to mask illicit activities, rather than newer forms of betting such as in-play (or live) betting.
48. An independent report⁷ published by the ASSER Institute, which assessed the integrity risks of certain sports bets on the basis of quantitative empirical evidence, supports this position.
49. Published in January 2015, the report analysed a detailed set of betting data covering football matches likely to have been manipulated for betting purposes over a period of five years (May 2009 - November 2014) to assess the impact of pre-match and in-play betting.
50. The report shows that match-fixers primarily take advantage of high liquidity betting markets and that almost all suspicious betting patterns were observed in the main betting markets which relate to the final outcome of a match (with only 0.4% in side markets).

⁵ Article 8 <https://rm.coe.int/CoERMPublicCommonSearchServices/DisplayDCTMContent?documentId=09000016801cdd7e>

⁶ Page 11 Interpol Match-fixing in Football Training Needs Assessment 2013 & <https://www.europol.europa.eu/content/results-largest-football-match-fixing-investigation-europe>

⁷ <http://www.asser.nl/media/2422/the-odds-of-matchfixing-report2015.pdf>

51. The report concluded that the evidence does not support the claim that live betting, in comparison to pre-match betting, significantly encourages corruption in sport.
52. The study therefore found no correlation between live betting or side betting and possible instances of betting-related match-fixing that would justify a prohibition of these bet types.
53. The assessment of risk and product availability is of course an issue for national legislators and regulatory authorities to determine, and where all stakeholders should be involved in evidence-based policy discussions regarding the associated betting market framework.
54. The British Gambling Commission has taken such an approach and, after a detailed consideration of stakeholder positions and market analysis, published its initial position in 2009; it has continually reassessed this important matter and its policy since that time.
55. The regulator, which has detailed data from one of the largest betting markets and “works on the principle of risk-based regulation and must act in a proportionate manner”, was “not persuaded that there is a sufficient case for restricting types of bets”.⁸
56. The British gambling regulatory body has since reiterated this stance following the European Parliament’s Resolution Online Gambling adopted in September 2013, which proposed the prohibition of certain types of bets, such as in-play betting, stating that “any threat to sports betting integrity can be managed without the need to ban what is a very popular activity.”⁹
57. In its subsequent October 2013 position paper entitled “Protecting betting integrity” the British Gambling Commission further commented that it is “familiar with methods used in other countries to promote betting integrity such as restricting the types of bets offered or approving sports governing bodies’ rules before allowing betting on those sports.”¹⁰
58. The regulator importantly noted that the: “Commission has the power to impose such restrictions. However, the Commission does not consider, based on the available evidence, that such intrusive or resource intensive methods are warranted or would be effective”.¹¹
59. Indeed, most countries that regulate betting on sporting events do not currently impose significant restrictions on bet types or events, with operators able to offer a wide range of products and services and employing risk-based security systems to monitor their markets.
60. Significant product restrictions are therefore only enforced in a small number of jurisdictions and there is no evidence to suggest that the sporting events taking place in these countries are any less susceptible to corruption, often perpetrated through unregulated operators.
61. Indeed, moves to ban regulated in-play (or live) betting are borne of little supporting evidence and it is of questionable positive integrity impact given the limitations of any national level approach in a fragmented global market of differing regulatory models.

⁸ Paragraph 3.2 <http://www.gamblingcommission.gov.uk/pdf/Betting%20integrity%20policy%20position%20paper%20-%20March%202009.pdf> & Paragraph 1.5 <http://www.gamblingcommission.gov.uk/pdf/Betting%20integrity%20policy%20position%20paper%20-%20March%202009.pdf>

⁹ http://www.ermagazine.com/news/gambling_commission_rejects_in-running_ban_proposal

¹⁰ Paragraph 3.6 <http://www.gamblingcommission.gov.uk/pdf/Protecting%20betting%20integrity.pdf>

¹¹ Ibid.

62. It is important to remember that many other integrity measures are available to regulatory authorities, depending on the legislative framework, including: information sharing, voiding bets, the suspension of betting markets and the instigation of criminal prosecutions.
63. Moreover, unregulated operators will continue to offer whatever types of products they chose without any regulatory limitation, oversight or possible sanctions. There is also no requirement to engage in responsible preventative actions to protect betting markets.
64. Imposing bet type restrictions on regulated operators does not therefore make it any less likely that the sporting events in that licensing jurisdiction will be any safer from betting related corruption, which can take place with a multitude of operators around the world.
65. The proposal that products offered by regulated operators should be restricted on integrity grounds is not a policy generated from any firm evidence base; placing product restrictions on regulated betting operators does not represent a proportionate or effective approach.
66. Any proposals in this area should also recognise that the ability to advertise and sponsor, subject to suitable restrictions, is a fundamental business necessity for regulated betting operators, as with many others business sectors.
67. Directing consumers to operators, which report to a national regulator has many benefits from an integrity perspective. Imposing restrictions on licensed operators, which are not forced on operators outside of that jurisdiction, can have a significant detrimental impact on the business model of in-country operators and the attractiveness of a licensing jurisdiction.
68. ESSA recommends that Norway should seek to adopt a policy that regulates and allows its citizens access to all types of betting products with an range of licensed betting operators as a means of maintaining both the viability and integrity of its sports and betting markets.

Sports betting right

69. Entwined with the issue of restrictions on betting is the assertion that sports should have control over the availability of betting markets offered by regulated operators.
70. This sports organisers' right (or sports betting right) involves a payment by licensed betting operators to national sports bodies for their agreement to allow betting on their events.
71. Whilst the promotion of a sports organiser's betting right has commercial roots, it has also increasingly been presented as an important integrity measure, but there is little evidence to support this as a necessary or effective sports betting integrity approach.¹²
72. The European Commission contracted a study to analyse the sport organisers' right.¹³ The subsequent Asser Institute authored report (published in April 2014¹⁴), which assesses the sports betting right adopted in France and the Australian State of Victoria, is critical of the approach as an effective integrity measure and lists numerous practical and legal obstacles.

¹² http://www.uefa.org/MultimediaFiles/Download/uefaorg/Clubs/01/93/51/24/1935124_DOWNLOAD.pdf & <http://www.publications.parliament.uk/pa/cm201314/cmpublic/gambling/memo/gb08.htm>

¹³ Open Call for tender EAC/18/2012, Study on sports organisers' rights in the EU Terms of reference

¹⁴ <http://www.ivir.nl/publicaties/download/1353>

73. The study highlights that supporters of this approach assert that it would enable sports to preserve the integrity of their events by determining the events on which bets could take place and what type of bets, with the corresponding remuneration levied on betting operators for that agreement invested in preventive measures to protect sports integrity.¹⁵
74. However, in France, the integrity basis of the legislation imposing the right to bet policy is shown to have been an afterthought, predicated on pressure from the European Commission which had identified aspects of the law which infringed EU Treaty provisions.¹⁶
75. The initial premise of the legislation was purely commercial (to benefit the sports sector), using database rights which do not qualify for protection. Only in the subsequently amended version did provisions state that any remuneration for the sports sector take account "in particular the costs incurred in detecting and preventing fraud".¹⁷
76. The associated contracts agreed in France average 1.1% of bets placed with, in the period June 2010 to June 2012, €2.4 million being paid by online betting operators to sports.¹⁸
77. In the same period €6.9 million was paid by monopoly land-based operations to the holders of the right to consent to bet with almost all of this going to football and rugby (93%).¹⁹
78. French regulator ARJEL observed that "the amount paid by betting operators for the right to organise bets remains limited. Excluding football, tennis, and rugby, the remuneration is quite small and is unlikely to cover the costs incurred for risk prevention" in other sports.²⁰
79. The reality is that only €75 million (or 21%) of the €362 million in bets placed by French consumers in 2012 involved sporting events covered by the right to bet approach - the rest being on events outside of France and thereby not covered by the system.
80. Moreover, only the major betting events are covered, with French football generating almost half of the total return.²¹
81. ARJEL has advised that territorial licensing limitations also severely undermine the approach as: "the organiser of the competition can thus only have a partial view of the betting activity performed during its event and consequently, it can only claim a fair return on an exceedingly small proportion of the income generated by betting on its event" worldwide.²²
82. This position is prevalent in all right to bet models and is a function of the legal practicalities of territorial boundaries in the enforcement of national laws. The integrity and product fee prescribed by the Australian State of Victoria model is similarly "only mandatory (i.e. enforceable) for sports events that take place wholly or partially in the State of Victoria."²³

¹⁵ Page 123 http://www.ivir.nl/publications/margoni/study_sports_organisers.pdf

¹⁶ Page 136 & 137 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

¹⁷ Ibid. & Codified in the Sports Code, Article L.333 & page 140 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

¹⁸ Page 142 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

¹⁹ Ibid.

²⁰ Page 142 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

²¹ Page 143 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

²² Page 141 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

²³ Page 133 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

83. This drawback was highlighted in a review in 2011 and, as with France's national regime, consumers and operators outside of this territory are able to offer and engage in betting on events occurring in Victoria without any need to meet that state's integrity agreements.²⁴
84. This legal framework thereby results in a "potential integrity gap". In addition, the costs involved in seeking status as a sports controlling body (SCB) under the Victoria legislation contributes to the reluctance of some smaller sports bodies to apply for SCB status.²⁵
85. As such, it was noted by the review in 2011 that the current position where "sports controlling bodies have differing ability to negotiate with sports betting providers depending on how many of their games are played in Victoria, is unsatisfactory."
86. The review was also unable "to form a view as to whether the legislation has strengthened public confidence in the integrity of sports."²⁶
87. ARJEL presents arguments that the right to bet model in France has benefited integrity with increased awareness of the risks and preventative actions (basic measures commonly used).
88. However, as the ASSER study for the European Commission points out, "the law does not mandate the effective implementation of these integrity measures" merely that a sport specifies the integrity measures it "intends" to introduce.²⁷
89. As a result, the "adoption of adequate integrity mechanisms is not a prerequisite for the exercise of the French right to consent to bets" and there is no guarantee that the income is in fact allocated to fraud prevention and detection.²⁸
90. The report also concludes that as the French Sports Code already requires sports to put in place certain preventative rules ARJEL cannot claim that any resulting integrity benefits can be attributed to the right to consent to bet approach.
91. As such, it states that: "At most, the betting right marketing contracts help ensure compliance with the provisions of the Sports Code."²⁹
92. It is interesting to note that, whilst the French authorities have continually pushed for the right to consent to bets (or an equivalent system) to be implemented in the other countries within the EU, there has been relatively little appetite to enact such a mechanism.
93. Indeed, as the ASSER report notes: "Several Member States that have recently proceeded to the opening of their (online) gambling markets to licensed operators have instead opted for alternative mechanisms".³⁰

²⁴ Ibid.

²⁵ Page 134 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

²⁶ Page 28 http://www.premier.vic.gov.au/images/stories/documents/mediareleases/2011/110803_Gleeson_Sports_Betting_Review.pdf

²⁷ Page 144 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

²⁸ Page 144 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

²⁹ Page 144 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

³⁰ Page 146 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

94. Moreover, apart from the clear practical and operational flaws in the effectiveness of the variations of this system along with territorial preferences and limitations, a number of important legal obstacles exist regarding the introduction of this arrangement within the EU.
95. Firstly, the right to bet enables sports to control betting and the ASSER report notes that this “legal monopoly granted to sports organisers might be considered as leading to the creation of a dominant position within the meaning of Article 102 TFEU. Consequently, the marketing of the right to consent bets might give rise to anti-competitive concerns.”³¹
96. Secondly, the report for the European Commission highlights that “the requirement for betting operators to obtain consent for the organisation of sports bets could impede or render less attractive the free provision of gambling services” and as such could constitute a restriction on the free movement of services within the European Economic Area (EEA).³²
97. Restrictions can be imposed where there are clear and justifiable public interest reasons, such as the prevention of fraud (match-fixing), and that the approach is necessary, proportionate and non-discriminatory.
98. The French authorities have determined that the right to consent to bets is justified “to prevent threats to sports’ ethics (and) the fairness and integrity of competitions”.³³
99. However, as the ASSER report outlines, there is a serious question as to whether the French right approach, in particular, genuinely fulfils this criteria as “there is no legal obligation to utilise the income for fraud prevention and detection” justifying its imposition.³⁴
100. Furthermore, the ASSER report also emphasises that the right to bet’s administrative costs “will always be considerable. This is evident from the experiences with both the French and the Victorian enforcement mechanism” further questioning its suitability.³⁵
101. In addition, as the report states, the “right to consent to bets enables a sports organiser to effectively control the organisation of bets on its events.”³⁶ Rather than being a positive integrity measure, this presents a clear danger to betting markets and sporting events.
102. There must be a significant question as to whether it is appropriate to permit self-regulating sporting bodies any degree of control over regulated betting markets, especially given the on-going commercial issues and conflicts that are inherent in this matter.

³¹ Page 151 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

³² Page 147 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

³³ See e.g. C-42/07 Liga Portuguesa de Futebol Profissional and Bwin International (2009) ECR I-7633, paras. 59-61. Conseil d’Etat, Décision n° 342 142 du 30 mars 2011 (fourth subsection) Page 148 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

³⁴ Page 148 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

³⁵ Page 152 & 154 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

³⁶ Page 150 http://ec.europa.eu/sport/news/2014/docs/study-sor2014-final-report-gc-compatible_en.pdf

103. Senior representatives of sporting bodies and clubs around the world have been implicated and/or convicted of involvement in both betting and non-betting (or sporting) related match-fixing, notably in Italy, Turkey, South Africa and Brazil.³⁷ Not to mention the wider high-level corruption issues current under investigation regarding FIFA and the IAAF³⁸.
104. A report for the European Parliament's Special Committee on Organised Crime, Corruption and Money Laundering (CRIM) in 2012 determined that "strong ties have been detected between the football establishment and criminal organisations".³⁹
105. That position has been corroborated by other studies with a report by Sportradar stating that in football the organisation is "aware of at least ten owners/chairmen who are most likely linked to organised crime and their club is also most likely involved in match-fixing."⁴⁰
106. Promoting a right to bet model could therefore be deemed questionable from the simple perspective that it potentially gives controlling power over betting markets to those unregulated persons and organisations that might be involved in corrupting those markets.
107. The British Gambling Commission has, quite understandably given the issues raised in the previous paragraphs, determined that it "could not delegate a decision to a sport governing body as to the activities on which licensed betting operators could lawfully take bets."⁴¹
108. The authors of the European Commission report examining the French and State of Victoria approaches, consequently advise that other countries have understandably "opted to obtain the claimed [integrity] benefits of the right to consent to bets through other regulatory means" and which indisputably seek to prevent the manipulation of all sporting events.⁴²
109. The Italian and UK models are notable alternate approaches where their regulators' centralised systems are financed via betting operator licence fees, which ensure that there is no "integrity gap", as is the case with the French and Victoria right to bet approaches.
110. The Italian regulator, AAMS, employs its own sports betting monitoring system with all of its licensed betting operators' servers linked to it so that every bet can be recorded, monitored and validated. Unusual betting patterns are sent to the respective sports for investigation.⁴³
111. Whilst, the British Gambling Commission requires all of its licensed betting operators to notify and share information with the relevant sports and the regulator of any suspected or attempted betting fraud and any breach of a sport's rule.⁴⁴

³⁷ <http://news.bbc.co.uk/sport1/hi/football/europe/5215242.stm>, <http://www.bbc.co.uk/news/world-europe-13914118>, <http://www.bbc.co.uk/news/world-europe-18681119>, <http://www.bbc.co.uk/sport/0/football/22042549> & <http://sports.ndtv.com/football/news/169887-brazil-football-chiefs-hit-with-match-fixing-fines>

³⁸ <http://www.bbc.co.uk/sport/0/athletics/34765444> & <http://www.bbc.co.uk/news/world-europe-32897066>

³⁹ <http://www.europarl.europa.eu/document/activities/cont/201209/20120925ATT52303/20120925ATT52303EN.pdf>

⁴⁰ Page 66 https://security.sportradar.com/sites/security.sportradar.com/files/Sportradar%20Security%20Services_World%20Match-Fixing-The%20Problem%20and%20the%20Solution.pdf

⁴¹ Paragraph 4.7 <http://www.gamblingcommission.gov.uk/pdf/Integrity%20in%20sports%20betting%20-%20issues%20paper%20-%20consultation%20-%20May%202007.pdf>

⁴² Ibid.

⁴³ Ibid.

112. In short, it has been shown that the sports betting right approach is not an effective or safe integrity model. It is unclear that the associated revenues are being used for integrity and the administration costs are considerable. More secure, effective and clear integrity-focused methods are in operation in most European jurisdictions that regulate betting.

Key Points

113. Norway's national sports betting integrity framework is weakened by the continuation of a monopoly provider of sports betting products in Norway.
114. A monopoly approach does not adequately cater for the needs of consumers and those consumers therefore seek alternative products outside of the national licensing framework.
115. That in turn adversely impacts on the ability of the national regulatory authority to oversee the betting market and to have access to important data on the functioning of that market and any fraudulent activities that might take place involving Norwegian consumers.
116. Responsible regulated private betting operators have a clear inherent operational business need to ensure the integrity of sporting events and their associated betting products.
117. Regulated operators therefore invest significant resources in achieving that and to working closely with regulatory, law enforcement and sports bodies to create an effective licensing framework that includes specific sports betting integrity focused initiatives.
118. This partnership working undoubtedly strengthens the national integrity framework and deters corrupters from those markets, benefiting consumers, sports and operators alike.
119. It is fundamental to the viability of regulated betting operators and their markets that they are able to offer a wide range of products. Imposing restrictions invariably leads to consumers seeking banned products through other markets, including unregulated channels.
120. Moves to ban regulated in-play (or live) betting are borne of little supporting evidence and it is of questionable positive integrity impact given the limitations of any national level approach in a fragmented global market of differing regulatory models.
121. It is important to remember that many other integrity measures are available to regulatory authorities, depending on the legislative framework, including: information sharing, voiding bets, the suspension of betting markets and the instigation of criminal prosecutions.
122. Moreover, unregulated operators will continue to offer whatever types of products they chose without any regulatory limitation, oversight or possible sanctions. There is also no requirement to engage in responsible preventative actions to protect betting markets.

⁴⁴ British Gambling Commission licensing conditions and codes of practice section 15.1 http://www.gamblingcommission.gov.uk/gambling_sectors/betting/operating_licence_holders_-wh/information_that_must_be_provided/reporting_suspicious_bets_to_s.aspx

123. Imposing bet type restrictions on regulated operators does not therefore make it any less likely that the sporting events in that licensing jurisdiction will be any safer from betting related corruption, which can take place with a multitude of operators around the world.
124. The proposal that products offered by regulated operators should be restricted on integrity grounds is not a policy generated from any firm evidence base; placing product restrictions on regulated betting operators does not represent a proportionate or effective approach.
125. ESSA recommends that Norway should seek to adopt a policy that regulates and allows its citizens access to all types of betting products with an range of licensed betting operators as a means of maintaining both the viability and integrity of its sports and betting markets.
126. ESSA is aware that the sports organiser's betting right, which has commercial roots, has increasingly been presented as an important integrity measure, but there is little evidence to support this as a necessary or effective sports betting integrity approach.
127. Apart from the clear practical and operational flaws in the effectiveness of the variations of this system along with territorial preferences and limitations, a number of important legal obstacles exist regarding the introduction of this arrangement.
128. A report for the European Commission has clearly shown that the approach is not an effective or safe sports betting integrity model. More secure, effective and clear integrity-focused methods are in operation in most European jurisdictions that regulate betting.

Additional material

129. ESSA has listed (and added links) to a number of key documents for the Review, which provide a more detailed examination and explanation of the issues raised above.
- [Sports Betting and Commercial Issues report](#)
 - [UK Sport and Sports Betting Integrity Action Plan](#)
 - [ASSER Institute Study on Sports Organisers' Rights](#)
 - [ASSER Institute Study on risk assessment and management in the fight match-fixing](#)
 - [ASSER Institute Report on the Integrity risks of certain types of sports bets](#)
 - [British Gambling Commission betting integrity decision making guidance](#)

CONTACT INFORMATION

Khalid Ali,
Secretary General
Sports Betting Integrity
ka@eu-ssa.org
www.eu-ssa.org

