

ESSA Q3 2016 INTEGRITY REPORT





EDITORIAL



ESSA's alert and reporting system continues to expand with the welcome addition of major Spanish regulated operator Sportium, joining Sporting Index, Fonbet and Stoiximan as new members of ESSA so far this year. The association now represents 22 of the largest regulated international betting operators, which reported 37 suspicious betting alerts during the quarter, with 31 in tennis. Our Q3 2016 integrity statistics therefore follow much the same pattern as the previous six quarters, with tennis alerts far exceeding that of any other sport.

ESSA and its members have recently engaged with the Tennis Review Panel, set up by the sport in January to review all aspects of its anti-corruption protocols following the integrity revelations reported by BuzzFeed and the BBC, which used ESSA integrity data. The Panel expects to complete its Interim Report in the first quarter of 2017, a year after it was set up, and which will then be followed by another period of consultation before a final report is published. Whilst the TIU has made some welcome additions to its investigatory team, the implementation of any wider recommendations unfortunately looks to be some way off.

In this quarters edition we have an article from Charles Coppolani, President of the French gaming regulator, ARJEL. France was one of the first countries to sign the Council of Europe Convention on the Manipulation of Sports Competitions and launched its national betting integrity platform at the start of the year. In his article, Mr Coppolani outlines the practical application of that process during the Euro 2016 tournament, which was held in France over the summer. It led to the implementation of an innovative monitoring system, and

he highlights the importance of international cooperation with key stakeholders, including betting operators, in the success of that system.

Our second article is from the British Gambling Commission, which covers one of the largest and well-regulated gambling markets in the world. It has followed up on an in-play betting policy position paper it produced in 2009. As with that paper, the Commission, which has access to a wealth of detailed data, has reasserted its position that in-play betting does not create increased integrity risks and that no additional measures are necessary to regulate or, as some have campaigned, ban it.

In particular, the Gambling Commission's paper notes that there is no evidence to show that the risks of in-play betting are greater than those associated with pre-event betting. Restricting or prohibiting the markets offered by licensed betting operators on sports integrity grounds are therefore not warranted at this time. Taking such action may also increase the risk that bettors would be driven to grey or black markets, which have no regulatory oversight. The in-play issue, along with a recent discussion paper on virtual currencies and eSports integrity, are matters covered in an article by the Commission in this publication.

I thank both ARJEL and the Gambling Commission for their valuable contribution to this publication.

Mike O'Kane
ESSA Chairman

ESSA's integrity figures for Q3 2016

In the third quarter (Q3) of 2016 ESSA and its members reported 37 cases of suspicious betting patterns to the relevant sporting and regulatory authorities for further investigation. That involved 31 cases identified in tennis, three in football and one each in table tennis, volleyball and beach volleyball. Tennis accounted for 84% of Q3 alerts, a figure which corresponds with the previous two quarters of the year where the sport accounted for 83% (Q2) and 82% (Q1) of ESSA alerts.

A betting pattern is deemed unusual or suspicious when it involves unexpected activity with atypical bet sizes or volumes that continue – even after significant price corrections have been made in order to deter such activity in the market. A betting pattern is only confirmed as suspicious after ESSA has made detailed enquiries with all of its members to eliminate any prospect that the unusual patterns could be for legitimate reasons, such as pricing the market incorrectly.

ESSA continues to play a key role as the regulated betting sector's representative body at national and international match-fixing policy forums and holds positions on working groups at the European Commission, Council of Europe and the International Olympic Committee (IOC). It represents many of the world's biggest regulated sports betting operators, serving over 40 million consumers in the EU alone, and is continually reassessing and improving its alert and reporting systems.

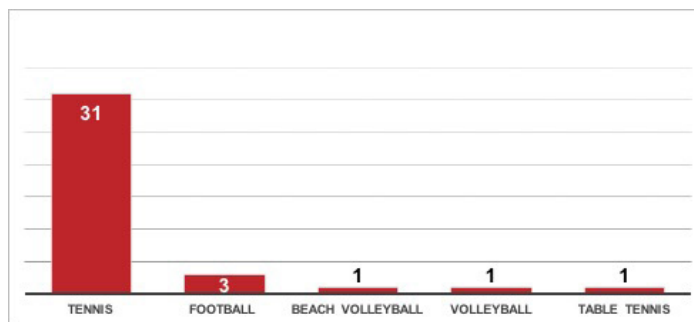
ESSA's members work together using risk assessment and security protocols to identify suspicious betting patterns and have access to an unrivalled body of data which it provides to sporting bodies and regulatory authorities. That includes essential transactional data on who is betting on what, where and when. Every year, our members invest over EUR 50m in compliance and internal security systems to combat fraud, as well as funding other initiatives such as player education programmes.

How the ESSA system works

The ESSA alert system primarily works on the input provided by its members, notably alerts created by members relating to suspicious transactions detected by their own internal control systems. If such an alert is issued, which occurs through ESSA's alert platform, members are required to respond quickly confirming whether or not similar trends have been seen elsewhere in their markets. Where evidence emerges that there may be potentially fraudulent activity taking place, e.g. because several members have confirmed an irregular betting pattern, ESSA will:

1. report that information under the applicable Memorandum of Understanding (MoU) to the relevant sports governing body; and
2. advise the member(s) concerned to make a report to their own national regulatory authority

Suspicious alerts in Q3 2016



Sport	Tennis	Football	Beach volleyball	Volleyball	Table tennis
Suspicious alerts	31	3	1	1	1

EURO 2016 WATCH BY ARJEL



In 2014, France signed the Council of Europe Convention on the Manipulation of Sports Competitions. Although the EU's ratification is still suspended, France like other countries, went ahead and launched its national platform in January 2016. The Euro 2016 provided the perfect opportunity to test its functioning.

The national platform helped enhance international cooperation. ARJEL appointed a platform coordinator serving as focal point during the competition. The majority of countries participating in the competition also assigned an emergency contact. Sweden had a mobile phone reserved in case of alert and Germany set up a data information scheme. In consequence, ARJEL calls for countries to collaborate on the next big sports events such as the Handball World Championship, scheduled for January 2017 in France.

It led to the implementation of an innovative monitoring system. ARJEL monitored the competition 24/7, on the basis of an adaptive risk analysis mechanism enabling to effectively target matches presenting higher match-fixing risks. Several tabletop exercises were undertaken to refine this organization. Bets and odds were analyzed twice a day. Every morning, all members of the French national platform, representatives from the UEFA, Sportradar and Europol, exchanged data and information through a conference call. Confidential notes and

files were shared on a daily basis on the secured data exchange system specifically set up by the UEFA. The French national platform is currently developing a similar data exchange system.

It enabled the set-up of common processes in case of alert. Three levels of alert were agreed upon (yellow, orange, and red). A yellow alert was triggered when an anomaly in odds or bets stakes - or a rumor regarding match fixing - was detected, suggesting that more investigation was needed through bilateral cooperation. When these anomalies remained unexplained, the orange level was activated, and the alert was forwarded to the French national platform. Other Foreign national platforms or international partners such as ESSA were alerted if needed. The red alert indicated that a manipulation, current or past, had in fact occurred. In any such case, communications with the other stakeholders would focus on collecting evidence for prosecution. Fortunately, the orange level was never reached during the Euro 2016.

The EURO 2016 experience demonstrates the national platforms' utility, both as national coordination schemes and as necessary tools for efficient international cooperation, namely with betting operators associations such as ESSA. UEFA's work during the last Euro 2016 is an example of what sports organizations can do for the competitions to come.

Charles Coppolani
ARJEL Chairman

THE IMPACT OF DEVELOPING TECHNOLOGY ON BRITAIN'S REGULATORY FRAMEWORK



The Gambling Commission was set up under the Gambling Act 2005 to regulate commercial gambling in Great Britain. Over the past eleven years that market has seen many changes, with developments in technology transforming both gambling and sport. This transformation brings with it new challenges and opportunities for the betting industry and how it is regulated.

In-play betting is one area that has seen a major growth in both popularity and markets offered. Data collected since 2014 from British licenced operators indicates that in-play betting now accounts for over one-third of online betting gross gambling yield. Technology has revolutionised access to markets, with punters able to choose from a range of options to manage their bets, be it through their smart phones at a live event, at home through a laptop or tablet, or via a traditional high street bookmaker.

In light of these changes the Commission recently reviewed its in-play betting position, reconsidering the potential risks to our licensing objectives. We took into account changes to both markets and technology and our experiences in regulating the industry, focussing on fairness and transparency, integrity and the risk of harm. We concluded that, at this time, there is little evidence to support introducing any new regulatory measures.

We do however acknowledge that we live in an ever-changing world and our position will need to be reviewed as technology develops and expands. The potential impact of such advancements in technology have also shone the regulatory spotlight on virtual currencies, eSports and social gaming products. This has resulted in a number of new issues surrounding regulation and

player protection, including: the blurring of lines between social gaming and gambling; the potential for virtual currencies to offer unregulated gambling; and concerns over the integrity of betting markets linked to eSports.

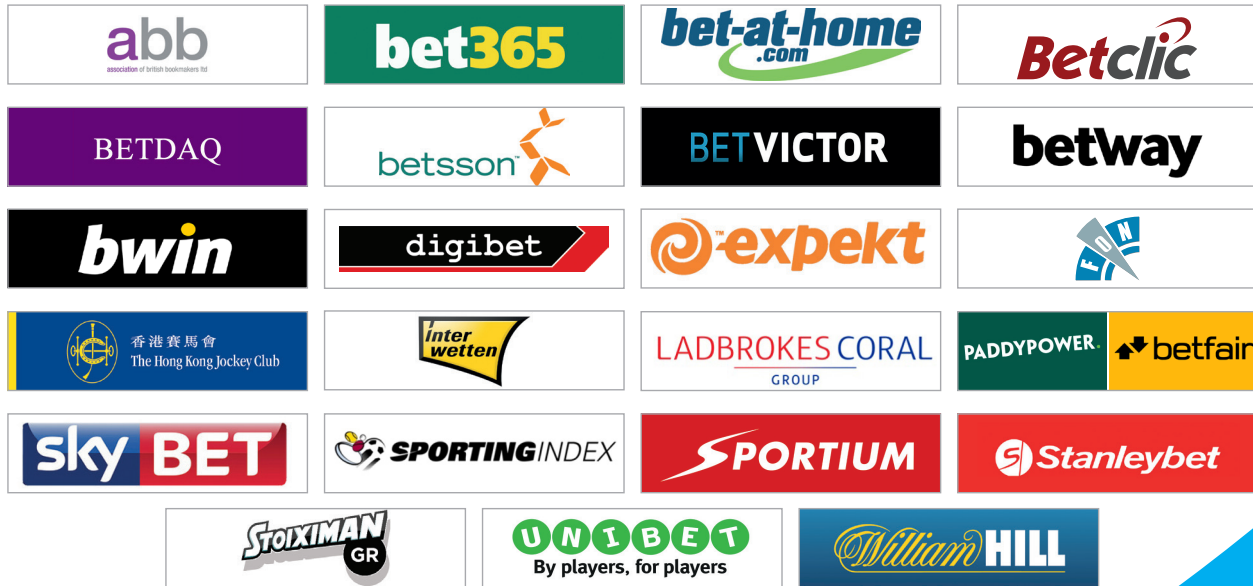
We have already started taking steps, advising a number of organisations to cease offering gambling facilities involving unregulated activities. For example, regulatory action was taken following an investigation into website Futgalaxy for alleged offences involving the use of a virtual currency, provision of gambling facilities and inviting children to gamble. Prohibiting facilities that provide gambling services to children and young people will always be a priority for the Commission, along with taking action on those offering gambling services without a licence.

The Commission is also very aware that there have been instances of match-fixing in the growing eSports betting market, albeit outside of the Commission's regulatory environment. Noting growing concerns in such areas, the Commission published a discussion paper on virtual currencies, eSports and social gaming over the summer to promote a debate about those emerging issues and the impact on regulation and player protection.

The consultation closed on 30 September and we look forward to reviewing the responses, including one from ESSA on eSports betting integrity, over the autumn. Ensuring the Commission has a full understanding of developments concerning such new technologies is vital if we are to maintain a model of effective and proportionate regulation, and if we are to continue to help businesses avoid providing unregulated gambling services.

Lorraine Pearman
British Gambling Commission
Betting Integrity Programme Lead

OUR MEMBERS



CONTACT INFORMATION

Khalid Ali

Secretary General

https://twitter.com/ESSA_Betting

ka@eu-ssa.org • www.eu-ssa.org

