

# THE GRANT AND RENEWAL OF BOOKMAKERS' PERMITS

Additional information and guidance for Licensing Justices

Issued by the Department for Culture, Media and Sport (DCMS)

April 2003 (updated March 2004)

**ADDITIONAL INFORMATION AND GUIDELINES TO LICENSING JUSTICES ON THE  
GRANT AND RENEWAL OF BOOKMAKERS' PERMITS**

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## The need for additional information and guidance

### Changes in the bookmaking and betting market

1. Betting and bookmaking are in a period of rapid change. Encouraged by the Government's decision to move from a turnover based betting tax (of 6.75%) to a gross profits tax (presently at 15%) on bookmakers in October 2001, the last two years have seen a substantial rise in bookmakers' turnover.
2. This has provided the opportunity for greater use of new technology and new products, which are now more commercially viable under this tax regime. Most notably, this has seen the emergence of betting exchanges (also known as bet brokers or betting intermediaries) and fixed odds betting machines (FOBMs). Moreover, the betting industry is increasingly seen as part of the mainstream leisure industry, and increasingly attracts investment interest from the EU and beyond.

### Future gambling legislation

3. The policy responsibility for gambling moved from the Home Office to the Department for Culture, Media and Sport as a consequence of the 'Machinery of Government' changes after the 2001 general election. The move reflected the Government's view of gambling as a mainstream leisure activity, to be efficiently regulated, rather than a social evil to be restricted and controlled.
4. To this end, the Government has published proposals<sup>1</sup> for a wide-ranging modernisation of the laws on gambling. The centrepiece of these proposals is the establishment of a Gambling Commission to regulate all sectors of the gambling industry. Under these proposals, responsibility for the licensing of bookmakers will pass to the Gambling Commission, with gambling premises, including betting shops, licensed by local authorities. But the establishment of the Commission will have to wait for primary legislation. It is hoped that a slot in the 2003-2004 session will be allocated, but there can be no guarantee of this.
5. Therefore, until Parliament is able to consider the Government's proposals, responsibility for licensing bookmakers will remain with licensing justices. It is they that will have to continue to deal with the challenges that new technology and new products will bring in relation to the present legislative framework. This legislation may not always easily accommodate new forms of bookmaking and the technological advances involved.

### 1999 circular

6. In 1999 the Home Office issued a circular<sup>2</sup> (annex A) on the grant and renewal of bookmakers' permits. This circular was designed to offer licensing justices some guidance on the background issues relevant to these applications, and some suggestions on what might be sought in investigations and covered at interview. The Justices' Clerks' Society and the Magistrates' Association contributed to the development of the circular, and it was generally well received as a helpful addition to the framework offered by the 1963 Act.

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<sup>1</sup> 'A Safe Bet for Success – Modernising Britain's Gambling Laws', March 2002, Cm 5397 available at [www.culture.gov.uk](http://www.culture.gov.uk)

<sup>2</sup> Home Office circular no. 29/1999: The Grant and Renewal of Bookmakers' Permits: Guidelines for Licensing Justices

7. Even in the short time since 1999, the betting market has moved beyond the 'new' issues addressed in the circular. In meetings with the Justices' Clerks' Society and the Magistrates Association, we have become aware that justices would value some additional advice on:

- how to approach applications for new types of betting product;
- where to seek reassurance about the credentials of foreign operators, particularly those with operations spanning a number of EU member states, and;
- what information to seek on the renewal of permits.

8. This document provides what information and guidance the DCMS can offer on how to approach these and related issues. Of course, every application will have its own characteristics, and justices will have to assess the scope of their powers and be content that any decisions are in accordance with the legislation. To this end, the Department recommends that justices read the contents of this guidance together with that of the 1999 circular. But ultimately it is for the justices to decide what is permissible in law (taking legal advice where necessary) and, of course, for them to exercise their discretion as appropriate.

9. There are also some suggested additions to the information contained in the 1999 circular for justices to consider, which are as follows:

#### *Paragraph 11 – Investigating the application*

It is desirable, in order to establish a stable contact in this country, that either the applicant or an associated director has an address in this country.

#### *Paragraph 12 – Written information to be requested*

It is desirable that references are:

- provided on formally headed paper when given in a professional capacity;
- details should be provided identifying the capacity in which the referee knows the applicant or director;
- the reference should cover both personal scrutiny and relevant professional experience;
- at least one referee should be of a professional status; and
- there should be separate referees for each director.

### **New products**

#### Betting exchanges

10. Betting exchanges (or 'bet brokers') are a new form of betting enterprise. They operate over the internet and over the telephone. The exchange operators themselves do not normally offer bets in the same way as a conventional bookmaker, rather they provide a facility for users to bet with each other (often referred to as person-to-person betting). Exchange users can offer odds on events to other users or accept bets already created. In this respect, the operator accepts (or matches) a bet from one user with another.

11. We understand that exchange operators have generally applied for bookmaker's permits, although the legal requirements for this, in the present legislative framework, are unclear. We have advised potential exchange operators that they should take legal advice on this issue. To date exchanges have, either through this legal advice, or for the sake of prudence, applied for bookmakers' permits. As the holder of a bookmaker's permit it is worth remembering that they are expected to contribute to the horserace betting levy<sup>3</sup> on those bets that fall within the scope of the annual levy scheme, and fulfil their commitments to Customs and Excise. Both are statutory requirements.

12. The exchange operators derive their profits by taking a commission from the winnings of the successful user. In this way they can be viewed in similar terms to a pool betting operator. As long as the technology is in place, which can be costly, and there is enough customer interaction, exchange operators could be viewed as 'no-risk' bookmakers. The exchange operator has no concern as to who wins or loses. It should, however, be noted that some exchanges have gone out of business due to lack of customer betting turnover and therefore commission.

13. We are aware that it is the practice of at least some exchange operators to separate clients' money from its own. This keeps the exchange's profits and those of the customer separate and would seem a good practice that we would encourage. This should ensure that sufficient funds should always be available to repay customers even if the business does not prove viable.

14. The future regulation of betting exchanges is presently under consideration, and the issue will be resolved through the Gambling Bill. In the meantime it seems likely that more companies will seek to exploit a growing market, open exchanges and seek the comfort of a bookmaker's permit, even if their business appears somewhat different from the types of operations envisaged by the 1963 Act.

#### Assessing betting exchange applications

15. Given that exchanges operate differently to traditional bookmakers, justices might wish to verify some of the following points with applicants, in addition to the 'standard' lines of enquiry, when assessing if the applicant is a 'fit and proper' person (section 16 (1)(a) of the 1963 Act) to be the holder of a permit:

- Does the accounting structure of the operation (i) separate clients' money from the running costs of the company, and (ii) require all bets to be covered by sufficient deposits of funds, in order to ensure that resources are available to pay winning bets;
- Are the systems for play and payment on the internet site reliable and robust? In particular, do they have the capacity to deal with the number of users and transactions envisaged by the business plan;
- What entry barriers are in place to exclude children from the exchange?; and
- Are they aware of their requirements to contribute to the horserace betting levy on those bets that fall within the scope of the annual levy scheme, and fulfil their commitments to Customs and Excise?

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<sup>3</sup> It is the Government's intention to abolish the Horserace Betting Levy Board (Levy Board) and the levy scheme as part of the proposed Gambling Bill.

## Fixed odds betting machines/terminals (FOBMs or FOBTs)

16. Bookmakers have recently introduced new machines into their shops, known as fixed odds betting machines or terminals. These offer punters the opportunity to bet on the outcome of events 'played out' on a screen in the betting shop. The events in question range from 'virtual horseracing' and other sporting events like football penalty shoot-outs to representations of games, such as roulette, normally associated with a casino environment.

17. The games represented on the FOBM screen are merely a visual expression of the results of automated draws from a random number generator, feeding the results into the betting shop from another location, and expressed as a particular outcome on the screen. Permit holders are increasingly installing FOBMs in their shops on the basis that they constitute a betting opportunity and are not subject to the regulations covering gaming machines. The DCMS is aware that at least one bookmaker has equipped a shop exclusively with FOBMs and does not accept bets on sporting events such as horseracing.

18. The Government has made its position clear on the issue of FOBMs through a written statement on 8 January 2003,<sup>4</sup> noting that these machines have many of the characteristics that justify controls over gaming machines. It must, however, be stressed that this is an indication of how they will be regulated in the future. It is not for the Government to express a view on their present legality, which is unclear.

19. The present law allows only two gaming machines in any betting office, offering maximum prizes of £25. Under the Government's proposals for reform of the laws on gambling, betting offices would be able to install up to four gaming machines (inclusive of FOBMs) with a maximum prize of £500.

20. The Gaming Board for Great Britain and the Association of British Bookmakers (ABB), which is the trade association for the vast majority of off-course bookmakers, agreed in 2003 to bring a test case to clarify the status of fixed odds betting machines under the existing law. The two parties have since come to an out of court agreement (endorsed by the DCMS)<sup>5</sup> that restricts the operation of these machines. Notably, the type of casino game (roulette only), machine numbers (upto 4 FOBMs or a mix of FOBMs and conventional gaming machines), stakes (£15 per bet and £100 per transaction) and prizes (maximum payout of £500 per transaction). The ABB Code of Practice<sup>6</sup> specifying these restrictions, which mirrors many of those proposed under the Gambling Bill, is due to come into force from 31 March 2004.

21. The Government intends to address this issue as part of the Gambling Bill to ensure that those betting machines, which in reality involve gaming, be brought within the relevant controls for gaming machines. In the meantime, the legal status of FOBMs remains unclear. As such, it should be noted that the DCMS is not, through this document, providing guidance to the present legality of FOBMs, but simply informing justices of the current situation concerning this issue. The DCMS will endeavour to keep justices informed of any significant developments.

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<sup>4</sup> A copy of the full statement can be obtained from the Press Notices section of the DCMS website [www.culture.gov.uk](http://www.culture.gov.uk).

<sup>5</sup> A copy of the Gaming Board's press release (Nov 2003) outlining the terms that have since been agreed between the Board and the ABB can be found on their website [www.gbgb.org.uk](http://www.gbgb.org.uk).

<sup>6</sup> The ABB should be contacted (address below) for copies of the FOBT Code of Practice.

## Foreign operators

22. With the change in the tax regime, and the Government's plans for better regulation of gambling, an increasing number of companies based overseas may seek to begin operations in this country. As justices are aware, the legislation provides that any company applying for a permit must be registered in Great Britain, although the directors of the company need not be personally resident in this country. However, some Committees have sought and secured the inclusion of a British based director.

23. If the company concerned is a new creation, brought into being for the purpose of the application, the licensing justices may wish to seek information about the performance and probity of the parent company as part of the 'fit and proper' test. They may also wish to verify the credentials of persons offering references to the directors of the company on the same grounds. Some Licensing Justices' Committees have their local police licensing sergeants in attendance at their licensing sessions who check and confirm or otherwise the credentials of both British and, via Interpol, foreign applicants.

24. In the first instance, however, it is suggested that it should be for the applicant to provide satisfactory information about their related business activities. Indeed, it will be in the interests of foreign applicants to establish experience of efficient business operations in related fields overseas, and to provide references that can be readily verified. Licensing justices may wish to enquire if applicants have any court judgements, made or outstanding, against them in their country of origin. Evidence establishing a judgement may not necessarily in itself mean that a person is not 'fit and proper', and the 1963 Act directs that certain convictions and proceedings under British law should be disregarded. It may, however, provide further evidence towards the probity of the individual for justices to consider.

25. The DCMS is aware that it may be difficult to obtain this information. Justices, and applicants for that matter, may wish to note that the Criminal Records Bureau (CRB) has established a fax back service that provides information regarding the availability of criminal records from overseas. At present, this only covers a small number of countries (a list is on the CRB website), but it could nevertheless provide a useful facility. Further details can be found in the 'contact details' section.

## Renewal of permits

26. A number of justices have contacted the Department to discuss their approach to the renewal of permits. In some parts of the country, justices seem content to renew permits without interviewing the holder. Applications for renewal may indeed provide all the information required by justices.

27. But it is important to note that there is nothing to prevent justices from undertaking an equally rigorous examination of the applicant at renewal as at the original application. Indeed, the track record of the applicant probably provides justices with more areas of evidence that they may question applicants on.

28. At the renewal hearing, and in attempting to further probe the integrity of individuals to meet the 'fit and proper' test, justices might ask applicants:

- Whether the scope or nature of their business has changed since a permit was last granted. If so, what new activities are they undertaking and how have they ensured that punters interests are properly safeguarded in new arrangements. For example, if they have installed new machines in their premises, have they ensured that players can access the rules for these games, in the same way that they can see those for general betting?
- Have any of the applicant's financial backers changed over the period of the previous permit? If they have, justices might wish to ask for information on these new backers, to the same level of rigour as that sought at the original application.
- Have any of the applicant's clients made complaints to the Independent Betting Arbitration Service (IBAS)<sup>7</sup>, and were IBAS decisions implemented by the bookmaker?

## Conclusion

29. The Department hopes to secure a legislative slot for the Gambling Bill in the 2003-2004 session. If this is secured, and Parliament approves the Bill, the Gambling Commission will take on some of its responsibilities by 2005. No decisions have yet been reached about when betting permits will enter the new regime, but the DCMS will keep the Magistrates' Association and the Justices' Clerks' Society closely involved in planning for that transition.

30. In the meantime, we hope that the contents of this document (to be read in conjunction with the 1999 circular) will be of use to justices when considering the next batch of applications for the grant and renewal of bookmakers' permits. However, as paragraph 8 states, it is for justices to assess the scope of their powers and be content that that any decisions are in accordance with the legislation.

## New contact details

31. As paragraph 3 states, the policy responsibility for gambling has moved from the Home Office to the Department for Culture, Media and Sport. The new contact details for the DCMS are set out below. The Betting and Racing Branch is available to discuss any questions licensing justices or justices' clerks may have relating to this guidance. Any advice is of course subject to paragraph 8. With the Branch working towards legislation, it would be appreciated if only urgent enquiries are made by telephone. It would be preferable if non-urgent enquiries could be emailed or faxed.

32. Nearly all of the contact details contained in the 1999 circular are now incorrect and have been removed and a new list has been provided below. Please note that the two main bookmaker trade associations, the British Betting Offices Association (BBOA) and Betting Office Licensees Association (BOLA), referred to in the previous guidance, have recently merged to form the Association of British Bookmakers (ABB).

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<sup>7</sup> IBAS is an independent non-statutory arbitration service that settles betting disputes. Its terms of reference are described at paragraph 24 of the 1999 circular.

Department for Culture, Media and Sport (DCMS)  
Gambling and National Lottery Licensing Division  
Betting and Racing Branch (3<sup>rd</sup> Floor)  
2-4 Cockspur Street  
London SW1Y 5DH  
Tele: 020 7211 6477 (For urgent enquiries)  
Fax: 020 7211 6339  
Email: [enquiries@culture.gov.uk](mailto:enquiries@culture.gov.uk) - Please put 'FAO Betting and Racing Branch'  
Website: [www.culture.gov.uk](http://www.culture.gov.uk)

Customs and Excise  
Betting and Gaming  
New King's Beam House  
22 Upper Ground  
London SE1 9PJ  
Tele: 020 8929 4695  
Fax: 020 78655055  
Website: [www.hmce.gov.uk](http://www.hmce.gov.uk)

Criminal Records Bureau  
PO Box 110  
Liverpool L3 6ZZ  
Tele: 0870 0100 450 (overseas enquiry line, Monday to Friday 9.00am-5.00pm)  
Email: [overseas@crb.gsi.gov.uk](mailto:overseas@crb.gsi.gov.uk)  
Website: [www.crb.gov.uk](http://www.crb.gov.uk)

Horserace Betting Levy Board (Levy Board)  
Levy Collections Department  
52 Grosvenor Gardens  
London SW1W 0AU  
Tele: 020 7333 0043  
Fax: 020 7333 0041  
Website: [www.hblb.org.uk](http://www.hblb.org.uk)  
Email: [postmaster@hblb.org.uk](mailto:postmaster@hblb.org.uk)

Association of British Bookmakers (ABB)  
Regency House  
1-4 Warwick Street  
London W1B 5LT  
Tele: 020 7434 2111  
Fax: 020 7434 0444  
Email: [mail@abb.uk.com](mailto:mail@abb.uk.com)

Scottish Independent Bookmakers' Association (SIBA)  
23 Hope Street  
Glasgow G3 7PQ  
Tele: 0141 332 5791  
Fax: 0141 883 0248

Federation of Racecourse Bookmakers  
105 Fleetwood Close,  
Tadworth,  
Surrey,  
KG20 5QL

Independent Betting Arbitration Service (IBAS)  
PO Box 4029  
London W1A 6YL  
Tele: 020 7529 7670  
Fax: 020 7529 7674  
Email: [ibas@mgn.co.uk](mailto:ibas@mgn.co.uk)  
Website: [www.ibas-uk.com](http://www.ibas-uk.com)

Financial Services Authority (FSA)  
25 The North Colonnade  
Canary Wharf  
London E14 5HS  
Tele: 020 7676 1000  
Fax: 020 7676 1099  
Website: [www.fsa.gov.uk](http://www.fsa.gov.uk)

## ANNEX A

### HOME OFFICE CIRCULAR NO. 29/1999

#### GUIDELINES TO THE LICENSING JUSTICES ON THE GRANT AND RENEWAL OF BOOKMAKERS' PERMITS

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## **Purpose of these guidelines**

1. These guidelines are issued jointly by the Home Office, Horserace Betting Levy Board, Justices' Clerks' Society and the Magistrates' Association. They have three main purposes:

- \* to provide background information on issues associated with the grant and renewal of bookmakers' permits;
- \* to offer practical advice on measures that can be taken to ensure that permits are only granted where it is appropriate to do so; and
- \* to minimise inconsistency in the approach and processes followed by licensing authorities.

## **Need for guidance**

2. The guidelines in this paper have been produced in response to:

- \* demands for a more rigorous consideration of applications;
- \* wider concerns about 'punter protection' following a number of cases where bookmakers have refused or have been unable to honour debts to their customers or have ceased operating to avoid doing so;
- \* the desire to retain public confidence in the licensing system and in the integrity of the bookmaking industry; and
- \* the change from annual to three yearly permits.

## **Legislative background**

3. The Betting, Gaming and Lotteries Act 1963 ("1963 Act") forms the major source of control over betting in Britain. Its main effect is to make betting illegal unless conducted within the statutory exceptions set out in it.

4. The main provisions of Schedule 1 to the 1963 Act apply to:

- \* the making of applications for permits and licences;
- \* proceedings before the licensing justices;
- \* the circumstances in which an application can be refused; and
- \* appeals against such refusals.

5. The fundamental structure of the system under the 1963 Act will not be changed by these guidelines. Instead they are designed to inform and assist the consideration processes which take place within the existing structure.

#### **Grounds for refusal or renewal of an application for a bookmaker's permit**

6. Grounds for the refusal of an application for a bookmaker's permit are listed in paragraphs 15-16 of Schedule 1 to the 1963 Act. They fall into two categories - grounds on which the justices must refuse the application (mandatory) and grounds on which they may do so (discretionary).

7. The *mandatory* grounds for refusal are that the applicant:

- \* is under 21;
- \* is disqualified under section 11 (4) of the 1963 Act (ie has been convicted of an offence under the 1963 Act or any offence involving fraud or dishonesty and the court has ordered his permit to be forfeited);
- \* is not resident in Great Britain, or has not been for the preceding six months, or in the case of a company, is not registered in Great Britain; or
- \* has been refused the grant or renewal, or has had a bookmaker's permit cancelled within the last 12 months, on the grounds that the applicant was not a fit and proper person to hold a bookmaker's permit (Paragraph 15 (e) to (f) of Schedule 1 to the 1963 Act refers).

8. The *discretionary* grounds for refusal are that the Betting Licensing Committee:

- \* is not satisfied that the applicant is, or satisfactory evidence is produced that the applicant is not, a fit and proper person to hold a bookmaker's permit. For example if the applicant has failed to pay any amount due from him by way of general betting duty; or
- \* is satisfied that if the permit were to be granted the business would be managed or carried on for the benefit of a person other than the applicant who would himself be refused a permit on one of the mandatory grounds for refusal, or because he was, or would be considered not to be, a fit and proper person.

#### **Cancellation of a bookmaker's permit**

9. Apart from the provisions in the 1963 Act which enable objections to be raised to the grant and renewal of permits, sections 26 to 28 of Schedule 1 also sets out the procedure whereby someone can seek to have an existing bookmaker's permit forfeited and cancelled. Therefore, anyone seeking advice on how to lodge an application for cancellation of a bookmaker's permit should be referred to this part of the Act.

## Investigating the application

10. In order to determine whether the application will succeed or be refused (because of the criteria above) it must be examined closely. While the majority of those seeking permits will be from well known companies and may qualify readily, it is essential that where appropriate thorough checks are made so that the Betting Licensing Committee can be confident that those who are granted permits do not abuse the privilege. These checks are the responsibility of the Licensing Justices. As the applicant for the grant of a permit must also copy his application to the police and Customs & Excise it is also open to them to make their own checks.

11. It is accepted that there can be no foolproof method of screening, but there are a number of practical methods which could be employed to strengthen existing practices. Some of these may already be used under local licensing policies. Although there follows a number of suggestions that should help, this cannot be an exhaustive list. Magistrates have discretion to raise additional questions where they decide it is necessary to do so. It is recommended that where local experience throws up examples of good practice these are shared by magistrates and justices' clerks through their respective associations.

Written information to be requested in support of an application for a bookmaker's permit

12. Magistrates may wish to request the following details:

- \* if the applicant is an individual, a Council Tax demand or a demand from one of the utilities addressed to the applicant at the address stated (the demand should be no more than three months old);
- \* in the case of a limited company, the company number and a copy of the Certificate of Incorporation and a Certificate declaring the registered office;
- \* Evidence of a bank or building society account and the funds within it going back over the last 12 months (this may help determine whether the applicant has sufficient resources to cover his potential liabilities);
- \* if the two independent referees are not from a professional background, what is their relationship to the applicant; and
- \* If the application is from a limited company, a copy of its annual return and latest statutory accounts.

## **Information to be requested at an oral hearing for a bookmaker's permit**

13. In all applications for a grant of a bookmaker's permit it is strongly recommended that the applicant be requested to attend the hearing. This will give the licensing justices the best opportunity to satisfy themselves by enquiry that the applicant is a fit and proper person to hold a permit (see paragraph 25 for arrangements in Scotland).

14. Clearly it is for the justices to decide how detailed their examination of the applicant is on these occasions. However, it is recommended that the following matters are addressed:

\* What is the proposed breadth of the trading activities (eg on-course bookmaking, credit only, on the internet, or a betting office)? Have they published a set of rules so that their clients can be aware of the terms on which they are placing their bets?

\* Depending on the above, enquiries should be made to determine the applicant's experience and depth of knowledge about the activities that are intended. For instance, are they aware of the relevant betting laws and regulations? Are they familiar with their obligations to HM Customs & Excise [As explained in Public Notice 451 – copy of current edition is at Annex A] and the Horserace Betting Levy Board? What measures will they be taking to ensure they are always in a position to meet their liabilities, particularly with regard to the payment of winning bets? And have they prepared a business/financial plan to illustrate how they will operate?

\* What will their maximum pay-outs and liabilities be and what resources are available to meet any such obligation?

\* Do they have any outstanding court judgements against them and, if so, are these such as to cast doubt on whether they are fit and proper to hold a bookmaker's permit?

\* Is the applicant disqualified from holding a permit under section 11 (4) of the 1963 Act?

\* Is the applicant in the process of making another application for a betting permit apart from the one under consideration (see also paragraph 23)?

\* The application form for the grant of a bookmaker's permit requires all applicants to make a declaration that they have not during the twelve months immediately preceding the date of the application been refused the grant or renewal of a permit – this does not preclude enquiries about applications made over a longer period if it is felt relevant to reaching a decision about whether an applicant can meet the fit and proper criteria.

- \* It should be established that the applicants, or their managers, have knowledge of the business and, particularly where the applicants themselves are not intending to run the business, that the managers are not persons to whom bookmakers' permits would be refused.

### **Renewal of permits**

15. The 1963 Act prescribes the information that must be supplied when an application is made for a renewal. If everything is in order the process will normally be completed by the court clerk dealing with the licensing hearing. No renewal should be made unless the application and information are properly provided.

16. In addition, except in exceptional circumstances, no bookmaker's permit should be renewed unless:

- \* the statutory liabilities to pay General Betting Duty and the Levy have been discharged;
- \* any discrepancies between the applicant's account and that given by the Levy Board have been resolved (for further information, Clerks can contact the Levy Collection Department at the Horserace Betting Levy Board); and
- \* any information brought to the attention of the Betting Licensing Committee which leads them to have reasonable doubts about the veracity of any statements made by the applicants, either when applying for a permit originally or at the renewal stage, has received an acceptable explanation.

### **Internet betting**

17. The expansion of the internet and its use in this country has encouraged a number of bookmakers to use its facilities to take bets. There is every prospect that this trend in bookmaking will continue and consequently that it will figure in applications for bookmakers' permits.

18. The following points are intended to answer the queries that are most likely to arise when this aspect of bookmaking is considered by licensing justices and applicants:

- \* for betting purposes, the internet can be considered simply as another form of communication and viewed in the same light as a telephone betting service. In other words, what is lawful over the telephone is lawful over the internet;
- \* a British-based bookmaker who holds a bookmaker's permit does not require any additional form of betting licence to operate on the internet;

\* There is nothing to prevent a British bookmaker taking bets from overseas clients either via the internet or by telephone.

\* permits must not be issued to off-shore companies that are not incorporated in this country;

\* the registered address of a bookmaker using the internet must be available for inspection by the public; and

\* it would be sensible to question closely about their knowledge of the business and their finances anyone with no previous experience of bookmaking who applies for a permit solely to operate on the internet.

### **Spread betting**

19. A bookmaker's permit by itself does not authorise an applicant to run a spread betting operation. If anyone approaches the Licensing Justices and is seeking to run an operation of this kind they should be advised that spread betting is regulated by the Securities and Futures Authority (contact address given at the foot of these guidelines) and they should take no further action before discussing the requirements with them.

20. At present there are only four spread betting companies operating in Britain: IG Index, City Index, Sporting Index and William Hill Index.

21. It is therefore unlikely that Licensing Justices will come across an application from a spread betting company, but if they do and would like further details of how spread betting works then these can be obtained from the Home Office at the address given below.

### **Changes of address and directors**

22. Those granted permits and those with outstanding applications should be advised that by law they must inform the Licensing Justices and the Levy Board of any changes of address and of any change in directors (see paragraphs 25 and 25A of Schedule 1 to the 1963 Act). Similarly Customs & Excise should be notified of any change in directors (see paragraph 25 of Schedule 1 to the 1963 Act as amended by paragraph 6 of Schedule 3 of the Finance Act 1966).

### **Multiple applications**

23. It would normally be inappropriate for a bookmaker to hold more than one permit at a time. Therefore, the applicant should be asked to confirm that he does not have, nor is seeking, a bookmaker's permit in another area. There may be exceptions to this, such as when a group company holds more than one permit through its associate companies, but applicants who are in this position should be asked to explain fully why they need more than one permit.

### **Independent Betting Arbitration Service (IBAS)**

24. IBAS was launched in November 1998. It offers an independent non-statutory arbitration service to settle betting disputes. The Service is supported by the main industry trade associations. It is free of charge to customers of bookmakers who are registered with it. Bookmakers in this scheme have to declare their intention to assist IBAS in any investigations and to abide by its decisions. Failure to abide by such a decision would mean that the bookmaker had not honoured his obligations under the scheme and magistrates might wish to consider whether there were implications for the fit and proper test for renewal of the permit. Conversely, it would be reasonable to expect that if someone seeks to oppose the renewal of a permit on the basis of an unresolved betting dispute they should already have sought remedy through the IBAS arbitration process.

### **Scotland**

25. Although these guidelines refer throughout to Licensing Justices, they are also intended for use by Licensing Boards in Scotland. In Scotland initial enquiries are conducted by the local police force's licensing officers who will interview the applicant and check his background before presenting the relevant Licensing Board with a report.

### **Notifying the Levy Board**

26. It should be remembered that copies of all grants of bookmakers' permits **MUST** be forwarded forthwith to the Levy Board, stating the bookmaker's full name, address and the date of the first grant, as required in the standard form.