

In-running (in-play) betting: position paper

March 2009

1 Introduction and definition

- 1.1 This paper sets out the Commission's position in relation to in-running betting. It is an updated version of the issues paper published in May 2008 for consultation and takes account of the responses we received (see the responses document published concurrently for a summary), the workshop held and our experience to date.
- 1.2 In-running betting (or in-play or live betting as it is also known) is betting while the event to which the bet relates is actually taking place, for example, placing a bet on a horserace while the race is being run. This form of betting takes place mainly, but not exclusively, on sporting events.
- 1.3 In-running betting is predominantly an online activity with bets being made via the internet using either a betting exchange or a traditional bookmaker's website, but it also takes place in betting shops or over the phone. In-running betting has become increasingly popular and a significant volume of betting takes place in-running.

2 Summary of the Commission's position

- 2.1 In-running betting is a popular and legitimate form of gambling. The operation of in-running betting, particularly through online facilities, raises a number of issues that have the potential to impact on the licensing objectives. These issues can be distilled into two groups: issues that concern the integrity of the betting and the subject of the betting; and, issues that relate to the fairness and openness of the betting.
- 2.2 In-running betting offers some increased potential for individuals to exploit this form of gambling illicitly for their own benefit. However, other forms of betting and gambling also have the potential for such exploitation. On the information currently available the Commission does not consider that in-running betting requires special regulatory treatment but it will be addressed as part of the Commission's wider efforts to maintain integrity in sports betting.
- 2.3 Similarly, with regard to the issues potentially affecting fairness and openness, such as speed of feeds or use of 'bots' (explained later in this document), in-running betting does not appear to generate specific additional risks to the licensing objectives as long as betting customers are sufficiently aware of their position and the respective positions of other players and the betting operators. This includes ensuring that any information deficit is clearly understood, as are any built-in time delays to the system. We do not consider it necessary to intervene to prevent some players using technology to gain an advantage in terms of speed of information, provided it is clear to all players that this can be done.

- 2.4** The Commission will continue to monitor the fairness and openness of in-running betting as part of its overall betting compliance programme and take its particular characteristics into account in its wider work on integrity in sports (and other) betting. The responses to its consultation document, the workshop and other enquiries over the past months, for example into potentially suspect betting patterns, do not suggest the need for any additional regulation at this stage.

3 Issues considered

In-running betting

- 3.1** In-running (or in-play) betting generally takes place on sporting events such as horseracing, football, tennis, golf and cricket. As in ante-post betting (betting taking place before the start of an event) the prices on the markets change according to the information available and where the money goes. The increased popularity of in-running betting has been brought about by technological developments that have enabled traditional bookmakers and betting exchanges to offer markets over the internet with up-to-date prices on events as they are taking place. As the in-running betting market is predominantly an internet activity this has allowed betting exchanges and traditional bookmakers to price up markets and amend them continuously, as well as allowing customers to take prices during the event that reflect the progress of that event.
- 3.2** It is not only betting exchanges but also traditional bookmakers that are involved in the in-running betting market. A number of bookmakers offer in-running betting through their website, over the phone or at their shops. The difference between traditional bookmakers and exchanges is that the bookmakers' markets do not change with anywhere near such speed or frequency as they are offering fixed-odds betting with themselves as the counterparty across a whole market, whereas a betting exchange matches bets at prices specified by the betting customers. Therefore the markets on betting exchanges are more fluid and vary in liquidity compared to the markets offered by a traditional bookmaker where the customers cannot choose the price.
- 3.3** In-running betting is often associated with short events, such as a horserace, where the action is immediate and fast-paced. However it is important to remember that in-running betting is also popular on much longer events such as a cricket test match or a golf tournament. This generates markets for the traditional bookmaker that can take bets in-running on these longer events, where fixed odds can be offered over the counter, that reflect the progress of the event. It also demonstrates the variety of events that have in-running betting markets and the varying lengths of time that the events take from start to finish; however some issues will be more relevant to the more fast-paced events than the longer-duration events.
- 3.4** Betting customers have traditionally sought better information when making their bets. These information advantages have traditionally been either access to inside information (potentially contrary to the rules of the sport) or else the studying of form and relevant statistics. Such information is used before the event takes place as well as in-running. But in-running betting customers are turning to other tools besides information in order to bet profitably. These advantages, in the context of in-running betting, are generally technological.
- 3.5** There are a number of areas where the technology may give some customers additional advantages over others. It has been suggested that there are a number of experienced and knowledgeable in-running betting customers who use advantages they have developed to win at the expense of less-experienced or less-knowledgeable betting customers.

Although betting with varying levels of knowledge and skill is not unfair in itself, there may be a problem where betting customers perceive their chances to be better than they actually are due to a lack of knowledge of the in-running betting in terms of the subject-matter itself or the actual market and how it operates. For example, less well-informed betting customers could take part in in-running betting not realising that they may actually have an informational disadvantage due to the variable speed of information feeds. The concern is whether there is any possible unfairness or just insufficient awareness of the potential disparity in knowledge about how the market works, how the odds are generated and whether the betting customer is aware of what is going on at the event.

- 3.6** Despite some assertions to the contrary, what limited evidence we have seen to date indicates that the market for in-running betting is likely to be made up predominantly of knowledgeable and skilled betting customers. This is backed up by analysis which shows a success rate percentage for in-running betting with one company being slightly higher than successful bets made ante-post (that is prior to the event to which the bet relates starting). Additionally, no evidence has emerged from complaints or compliance work that would suggest there are specific concerns relating to differential knowledge levels. The feedback we received from the 2008 consultation suggests that further warnings are not necessary as customers are aware of the risks involved in betting in-running and the nature of such markets. However we do not rule out taking further action to ensure a level playing field in the future should any further evidence emerge suggesting this is required.

Technological advantages

- 3.7** There is inequality between in-running betting customers when it comes to the availability of information and technology. This is manifested in three related areas: sources of information and time delays; availability of high-speed broadband; and computer software packages that are specifically designed to assist in-running betting customers (known as 'bots').
- 3.8** There are a number of feeds that inform people on live sports through television or radio with variable time delays between different feeds showing the same sporting event. For example, an analogue signal on television or radio will be slightly ahead of the equivalent digitally-sourced feed as it does not need to go through the compression and encoding/decoding process. Likewise a cable signal and a satellite feed, as different modes of transmission, will vary in how long the picture takes to be transmitted. Ultimately, the least delay is experienced by being at the event and watching it live.
- 3.9** Pictures of live sporting events that are shown in betting shops from broadcasters may be several seconds behind the actual event. This is due to the distance the signal has to travel to the studio via satellite and then out to the customers via another satellite (known as 'satellite latency'). The pictures also have to go through the encoding/decoding process twice in order to be beamed via satellite onto the television screen. This has created a gap in information between those who are at the live event and those who are watching the event through a feed.
- 3.10** There is also the gap between the speeds of the various feeds due to the technological process of producing the feed. A lot of betting customers will use the internet to source feeds showing the live sporting event. These delays vary tremendously and can be up to several minutes behind the action depending on the provider.
- 3.11** These variations in how a feed is sourced mean that, for example, two betting customers using the same betting exchange could be making bets on the same event and at the same time but based on different information. This gap in the speed of the source of information can be exploited by some betting customers. Those people who have a faster source of information can use it to take advantage of prices that do not reflect the actual progress of the event.

- 3.12** The variable time delays are of particular relevance to events where the action at the event can suddenly change over a short period of time and have an effect on the market. This is the case in most sports: from a faller at a horserace to a wicket being taken in a cricket match. When such occurrences happen that will change the odds available in a market, those who have access to the information fastest can potentially take advantage to make a profit.
- 3.13** It has been suggested to us that the ability to obtain information ahead of the rest of the market would constitute an unfair advantage. This could apply to betting customers with shorter time delays on their feed showing the event, or equally to the betting customer who is betting while actually at the live event. The counter-proposition is that provided that customers are fully informed of the risks that they run, they should be free to decide whether or not to bet.
- 3.14** The Commission’s Remote Gambling and Software Technical Standards (RTS) already reflect this issue. Information Provision Annex 3 currently refers to in-running betting and sets out a provision to ensure customers are informed on this issue:

Information Provision Annex (IPA) 3 – In-running betting

Betting and peer-to-peer betting

IPA aim 3

To make the customer aware that they may not have the latest information available when betting on live events, and that they may be at a disadvantage to operators or other customers who have more up-to-date information.

IPA requirement 3A

Information must be made available that explains that ‘live’ TV or other broadcasts are delayed and that others may have more up-to-date information. Main in-running betting pages must be designed to include this information where practicable.

IPA implementation guidance 3A

- a. Brief information should be included on main in-running pages or screens, such as the in-running home page or screen. More detail should be provided in ‘help’ or ‘how to’ or other product pages or screens.
- b. For telephone betting the information should be included in the general betting or product information that is made available to and/or sent out to customers.
- c. Where a brief notice cannot be practicably included on the main pages or screens, the information should be provided on easily accessible ‘help’, ‘how to’ or other product pages or screens.

- 3.15** This provision in our RTS requires online operators offering in-running betting to put up a warning that feeds showing sporting events may have a time delay on them. It is designed to inform in-running betting customers that other people may have faster feeds and therefore better information for making their bets. It is a condition of a remote operator’s licence that they comply with this standard.
- 3.16** The advent of broadband internet has brought about an increased popularity in using web-based companies for a number of different activities including betting. The variability in speed between dial-up and broadband, and between different broadband services, generates the ability for some betting customers to make their bets faster than others.

- 3.17** Again this is of particular relevance to a betting exchange, in that there will be betting customers who are at the front of the market and are able to respond more quickly to events as they happen in-running because of their high-speed internet connection.
- 3.18** Another technological advantage available to betting customers on exchanges is 'bots'. 'Bots' are complex software packages that are generally available to the public as downloads from the internet (usually at a cost). They have a number of different functions, depending on the package used, but include the ability to make bets much more rapidly which can allow the in-running betting customer to react much more quickly to events in a fast-paced market. This ability to be ahead of the market gives an inherent advantage in seeking to obtain the best possible price.
- 3.19** 'Bots' also allow users to take part on a number of different betting markets at the same time and assist in calculating where a market is not efficient and taking full advantage of it. Among the other functions they can offer is the ability to allow a betting customer to automatically 'green up' on a market (ie backing and laying on the same outcome at different odds in a fluid market to ensure that they have a profit locked in whatever the outcome).
- 3.20** Betting customers using 'bots' obtain a number of advantages over other customers who either choose not to use a 'bot' or do not even know about them. The use of 'bots' automates the process of betting and turns it into a process more akin to trading on the stock exchange. Interest in, or knowledge of, the sporting event is unnecessary as the 'bot' enables the user to make decisions and place bets in order to make a profit by trading on their betting position using market fluctuations.
- 3.21** While there remains some concern on the part of commentators about the breadth of awareness among in-running betting customers about differential feed speeds, the risk of betting on different information and the possible use of 'bots', the level of awareness of variable time delays appears high and the availability and use of 'bots' is publicised. As with the fast feeds and variable time delays, it is the case that such equipment is publicly available, at a cost, and used for benefit in these particular markets. The limited evidence we have received indicates that the level of awareness of variable time delays and other technological advantages is high among in-running betting customers and there is no need for further information requirements relating to these issues at present.
- 3.22** The Commission would not take action against technological advances *per se* unless the risk to the licensing objectives were proven or probable. On the basis of our information to date there is an insufficient case in relation to any threat to the licensing objectives for regulatory action over the use of technological advantages such as differential feeds or use of bots.

Trading Rooms

- 3.23** Trading rooms are a recent innovation and represent a particular case of technological advantage. They are a similar concept to internet cafes but are dedicated to providing a service specifically for online betting customers, particularly those using exchanges. From the evidence we have, which includes consultation and workshop responses, as well as informal evidence gathering from such sources as the internet betting forums, we consider that there is a general awareness of the existence and purpose of trading rooms among in-running betting customers.
- 3.24** These trading rooms rent seats at a high-performance PC with high-speed broadband internet and dedicated sports feeds with some of the shortest time delays in order to put their customers in the best possible position for their betting. These trading rooms aim to maximise the potential technological advantages available on behalf of their customers in return for a fee for use of the PCs. Some also have commercial arrangements with a betting operator where they receive a percentage fee from their customers' winnings with that operator.

- 3.25** This concept is targeted particularly at customers who ‘trade’ on a betting exchange (ie rather than just having a few simple bets they will back and lay on a market to achieve a profitable outcome, akin to trading on the stock market) and who are betting mainly in-running in order to guarantee themselves profits by trading betting positions at optimal prices. These customers will pay the necessary charge to use the trading room in order to gain the technological advantages over other betting customers. As noted above, some argue that the technological advantages constitute an unfair advantage.
- 3.26** However it has also been suggested that the main profits from in-running betting come by being able to read and understand what is happening at the sporting event and this is the key driver for making a profit at in-running betting but that the increasing popularity of trading rooms is being driven by all the technological advantages available to assist betting customers in utilising their skill. Others point to non-monetary reasons why people use trading rooms, such as the opportunity to interact with others and view a wider range of sports feeds.
- 3.27** Trading rooms now have a specific licence fee category as a type of remote betting intermediary and are regulated by the Commission. The licence fees for trading rooms were set following a consultation exercise on the Gambling Commission fees from 1 August 2008. The Commission has brought trading rooms within the licensing regime and considers this to be a suitable and proportionate response to the growth and development of trading rooms. We do not consider that any further action on trading rooms is required apart from continuing to police them in accordance with the existing licensing regime and to monitor the level of awareness among customers generally of the range of technological advantages.

Time delays in bet processing

- 3.28** At present, operators set a time delay so that when a customer places an order for a bet in-running they will have to wait a number of seconds between pressing the ‘place bet’ button and receiving confirmation that the bet has been made. This is done in order to ensure that the odds on offer reflect the progress of the event and that bets made are a true reflection of what is happening with an up-to-date market. It should be noted that there is a difference in reasoning between traditional bookmakers and betting exchanges – exchanges put in place a standard delay to protect customers, traditional bookmakers put in a delay to ensure their own prices are correct. This delay usually covers the time delay in the speed of feed that is being used to adjust the market and a small margin to enable the operator to react to a significant event.
- 3.29** We are aware that there have been attempts to circumvent the time delay in the processing of bets. When this occurs, people are able to achieve far better odds than would be the case if the market followed the course of the event. For example, in a football match when a goal is scored the market needs to be corrected to reflect the progress of the game following the scoring of the goal.
- 3.30** These time delays may increase openness and fairness by allowing betting operators to suspend their in-running markets (ie preventing bets being taken) when a key event occurs that will affect the markets, and for traditional betting operators to correct them (this correction happens naturally on betting exchanges). It also allows betting exchanges to level the playing field for all customers by suspending markets before some people can take advantage of the market situation in the period between a significant event occurring and the market being corrected.
- 3.31** However there is the converse problem that the offer of a bet by the betting customer to the operator can be delayed during the action when a significant event occurs. In this scenario there is a lag between the offer of the bet and the accepting of the bet by someone with more up-to-date knowledge. This raises the related question of whether there should be more warning about time delays in processing and accepting bets so that betting customers understand when the contract is made and what their position is between when they think they have made the bet and when it is confirmed.

- 3.32** Some operators will use different time delays for different sports and the approach taken to the suspension of markets varies between sports and events. It is more feasible to suspend markets when a key event occurs for slower paced sports where the key events occur less frequently and are clearly defined (eg football and a goal being scored) than for faster paced events where what could be considered a key event happens very frequently (eg horseracing and a horse falling).
- 3.33** There are three prime factors affecting time delays when a betting customer goes to place a bet online. There is the delay, mentioned above, which the operator physically puts in to cover the risk of a customer being ahead of the other's knowledge as shown by the system. The second delay is the physical process of accepting the bet by the operator and the time taken to send a bet through the system. The quality of operators' technology to deal with online in-running betting may vary and we have heard of complaints from customers that the technological capacity of some operators' systems is insufficient, leaving them uncertain of whether their bet has been processed and the price they have received. There is, therefore, a tension between operators implementing a time delay to ensure market correction and having a fast-paced in-running opportunity but with the risk of old prices being available. The final delay is rarer and that is when a bet, frequently over the phone, is referred to a trader for approval. This referral necessarily causes a time delay while a decision is made; however we do not consider any action here to be required at the present time.
- 3.34** This leads to concerns that these delays put together could mean that customers betting on a fast-paced event in-running, or on a market where a significant event is likely to occur that will change the market, are put at unacceptable risk, in the sense that they are uncertain of the status of their bets and therefore their financial position, due to the amount of time it takes from making the bet to the bet actually being confirmed.
- 3.35** The Commission is clear that the existence of the time delays that are built into systems when bets are being processed should always be clearly communicated to customers, but is not convinced that it is necessary or practical at this stage to set out standards for time delays, bet acceptance and standard times for accepting or rejecting a bet. The Commission is aware that certain operators already provide clear information on delays in processing bets. We will monitor whether this is more widely adopted through our compliance activity and, if it is not, will consider whether any further steps can be taken to ensure awareness of these time delays.

Cheating and integrity in sports betting

- 3.36** A number of commentators and participants have raised the issue of whether in-running betting is more prone to potential cheating offences than regular ante-post betting. One well-publicised case, involving a tennis match, brought about a whole market being voided by an operator due to suspicious in-running betting patterns. Cheating, including collusion with sports players, could take place on an event where the betting customer obtains an advantage both ante-post and in-running but it is widely argued that there are specific inherent or greater risks involved with in-running betting that are not present or so great for ante-post betting.
- 3.37** There is a particular concern that the availability of in-running betting can have an effect on player performance. For example, in a sport between two individuals, one player can underperform deliberately to begin with so that his odds will drift out. The player can then perform at full potential and go on to win. This example was raised in research conducted by the University of Salford for the Central Council for Physical Recreation (CCPR)¹ which discusses theoretical risks that in-running betting could potentially pose to betting integrity.

¹ Available on [CCPR's website](#)

- 3.38** The Salford research also discusses risk assessment of certain types of bets and highlights a number of types of bets that are available in-running that could potentially pose an increased risk to integrity in sports betting. It highlights underperformance of players as a potential risk for integrity in in-running sports betting. The research considers eight sports and sets out the range of bets that are typically available in-running. The types of in-running bets that are listed could be characterised as potentially producing additional risk due to their very nature, for example in-running bets where one sportsperson can affect the outcome of the bet, such as next man out in cricket. Others have raised concerns in relation to market suspensions and bets staked on photo finishes and stewards' enquiries.
- 3.39** While the Salford work identifies areas of theoretical risk to betting integrity, there have been relatively few incidents reported of concern over betting patterns and even fewer that still appear suspect after initial examination. Some find this reassuring; others doubt the effectiveness of the reporting requirements or investigations. To address the former concerns last October the Commission introduced a revised version of Licence Condition 15.1 in our updated *Licence Conditions and Codes of Practice*. This condition puts specific obligations on licensees to share any information with the Commission and the sport governing bodies in particular circumstances. This strengthened provision should help ensure that potential threats to betting integrity are highlighted and properly investigated. The Commission is also working with both betting operators and sport governing bodies to develop a common understanding and working practices for sharing information on suspicious betting patterns and tackling risks to betting integrity. This should also provide a better evidence base for considering if any further action is needed.
- 3.40** The updated position paper on betting integrity published concurrently² addresses the potential risk to integrity from in-running betting as part of the Commission's wider efforts to maintain betting integrity.

Problem Gambling

- 3.41** The Commission must also consider whether certain activities can lead to increases in problem gambling. People who bet in-running will frequently make a large volume of bets over the course of a betting session. This could be the normal activity of a skilful or committed customer who concentrates on betting in-running, or it could be symptomatic of problem gambling. It has been suggested that the potential for rapid, repetitive betting in in-running betting markets may increase the risk of problem gambling.
- 3.42** So far there has not been evidence to suggest that in-running betting poses a specific, identifiable risk to problem gambling as opposed to other forms of betting or online gambling.

Spread Betting

- 3.43** In-running betting could be seen as similar to trading on the financial markets. In this context there is a parallel with spread betting, although spread betting is a different form of betting in the sense that instead of offering odds on an event happening, the market offers a price for a spread of points on a likely outcome where you can buy or sell points depending on your view of how the event will finish. The other key difference is that, in principle, losses in spread betting are not limited to the amount staked as they are in fixed odds betting.
- 3.44** The Commission does not regulate spread betting (that is done by the Financial Services Authority). Spread betting began as a feature of the financial markets; it has now grown and sports spread betting is an increasingly popular medium. Certain aspects of spread betting are analogous to betting in-running on an exchange and as such an overlap in users of the two markets exists. Certainly information from the Financial Services Authority (FSA) suggests that those who participate in sports spread betting also participate in regular sports betting; furthermore, these users will often participate in in-running betting.

² *Betting Integrity: Policy position paper* (March 2009)

- 3.45** The FSA has its Conduct of Business rules which regulate how spread betting companies are to treat their clients. The overarching principles bear a significant similarity to how we approach regulation of betting operators although there are some differences in the detailed arrangements, with more constraints on inexperienced users of the spread betting markets but no provision for information exchange with sporting bodies. While there have been calls for spread betting operators to play a more active part in combating risks to sports betting integrity, there has been little call or evidence of the need for the sort of constraints on new players that exist in spread betting.
- 3.46** We will continue to liaise with the FSA to ensure we share best practice and keep under review the need for more constraints on new players.

4 Conclusion

- 4.1** Although in the last 18 months we have received few specific complaints about particular aspects of in-running betting we have heard from those who have general concerns about in-running betting in the context of the three licensing objectives. However those concerned did not provide much by way of specific evidence or corroboration of those concerns. From the evidence we have received and considered to date, we have come to the conclusion that the current regulatory regime we have in place for in-running betting is sufficient and does not need further controls at this time. However we will continue to monitor in-running betting as part of the Commission's compliance programme. Particularly we will focus on developing information sharing under licence condition 15.1. We will address in-running betting's potential for facilitating cheating as part of the Commission's wider efforts to maintain integrity in betting.

Gambling Commission March 2009

Keeping gambling fair and safe for all

For further information or to register your interest in the Commission please visit our website at: www.gamblingcommission.gov.uk

Copies of this document are available in alternative formats on request.

Gambling Commission
Victoria Square House
Victoria Square
Birmingham B2 4BP

T 0121 230 6666
F 0121 230 6720
E info@gamblingcommission.gov.uk

INFO 09/08