

## **SPRC Terms Of Reference**

### **1. Purpose and objectives of the board**

The Starting Price Regulatory Commission (SPRC) is an independent body responsible for the integrity and accuracy of the starting price (SP). The SP is used in the settlement of bets on British horseracing struck with licensed bookmakers in betting shops or through their websites. The job of the Commission is to ensure that the returned price accurately reflects the price available to bettors at the 'off' of each race.

The Board's responsibility is to set the parameters by which the SP is calculated and to ensure, so far as within its power, that bookmakers and the SP validators – and the technology that they use to monitor market movements – are operating within the framework it has specified.

It is important to note that the Commission's responsibilities are limited to setting policy for and ensuring the integrity of the Starting Price only, and not the "pre-race show" industry prices used by some bookmakers and media. Similarly, whilst SPs are returned in other spheres such as Irish horseracing or in greyhound racing, they are not part of the Commission's remit.

### **2. Board membership**

The Board consists entirely of independent non-executive directors, with a minimum of three and up to a maximum of six in post at any one time. The standard term is for four years, with a maximum of two terms, though an individual's tenure may be extended in circumstances deemed necessary by the Board.

Appointments, including the Chair, are made on an open-competition basis, with the process and recommendations for appointment made by the Nominations Committee (see section 7 below).

The organisation operates independently on a non-profit basis. It does, however, receive its operating income including directors' fees from racing's media rights holders, including TRP and RMG, who make such payments through their Starting Price validation operator, currently PA Media. This means that it is important that appointments should be made as independently as possible and, in practice, the existing independent Board makes appointments without any direct involvement of the organisations which fund it. This can create a risk that the Board may be vulnerable to recruiting in its own likeness, something it seeks to mitigate with the use of best governance practices in such situations, and the involvement of professional advisors if and when necessary.

Directors are selected to fulfil criteria suitable to the Board's activities. All must be able to demonstrate the ability to act independently. Other useful skills and experiences to be available within the Board as a whole include analytical and critical thinking capability, understanding of the racing and betting industries, senior stakeholder management experience, communication skills, government liaison experience. In particular, the Chair appointment requires an individual who is experienced at Board level and can lead and manage a wide variety of often complex stakeholder liaisons.

### **3. Decision-making**

A quorum of a minimum of three directors (one of whom must be the Chair unless he/she appoints a deputy) will need to participate in any decisions to ensure they are valid. On voting matters, a simple majority vote will suffice, with the Chair casting the deciding vote in the event of a tie.

Voting matters specifically include any amendments to Starting Price validation policy, appointment of directors and approval of the Annual Report.

### **4. Meetings**

Whilst a significant number of activities are undertaken by the board and its members throughout each year, formal Board meetings will be held a minimum of twice per annum, usually in spring and early autumn. Additional meetings may be convened as required. Meetings may be held in person, by phone or by virtual meeting means. It is intended that the two minimum formal meetings will be held in person, but their business will remain valid if they are instead held by any of the other means. Planned meetings will usually be for a duration of a maximum of two and a half hours.

Any ad-hoc board meetings will usually require a minimum of one week's notice by email, but may be called at shorter notice if a major issue arises.

Minutes and actions will be recorded, then distributed to and approved by the Board. The Board will use some part time secretariat support to produce the Minutes and organise its meetings.

In addition to the directors, the SPRC legal advisor and representative of the SP validation operator (currently PA media) will attend.

The Board meetings will usually also include appropriate observers at the discretion of the Board. These will usually be drawn from representatives of the media rights holders (TRP, RMG), and representatives from other relevant operators such as SIS and AGT.

A synopsis of the Board's decisions and any key discussion points will be published on the SPRC website.

### **5. Paper and presentation guidelines**

Any papers or formal requests for Board consideration should be provided at least 10 days ahead of planned Board meetings, ideally in Word, PDF or PowerPoint format via email to the secretariat support or Chair. In normal circumstances, maximum length should be 4 pages or 10 PowerPoint slides.

Papers will normally be distributed at least 7 days ahead of Board meetings.

### **6. Responsibilities**

The Board:

- Sets criteria for the return of Starting Prices in all horse races in Great Britain
- Reviews such criteria from time-to-time to ensure they are up-to-date with relevant market and other factors, adjusting policy as necessary
- Takes steps to verify SP returns and to review data and take any remedial action required with the SP validation operator
- Communicates its policies and any amendments made to them

- Liaises with a variety of stakeholders to ensure that policy is understood, and also to ensure that it maintains its understanding of relevant current issues or persistent factors connected to the SP which it should consider as it reviews policy

Individual board members may be required from time-to-time to liaise with third parties or to speak publicly on behalf of the Board as part of SPRC'S efforts to communicate its purpose and policy, or to gain commitment and support from relevant third parties. If there are major announcements to be made or significant issues over and above operational issues that would be handled by the SP validation operator, the Chair will usually take the lead responsibility for communication.

## **7. Delegating tasks and powers**

There are two sub-committees of the Board as follows:

- *Nominations Committee*. Consisting of two Board members, one of whom is the Chair, the committee takes responsibility for organising and managing the selection process for appointing Board directors and the Chair when positions become available. Specifically in the case of Chair appointments, the Committee will consult with representatives of racing's media rights holders. The Nominations Committee makes final recommendations for Board approval. Whilst the Board may reject recommendations from the Nominations Committee, the Board cannot make a separate appointment without a further Nominations Committee recommendation. The committee meets only as required.
- *Technical sub-committee*. This group will be chaired by the senior representative from the SP validation operator. A minimum of one Board member will form part of the sub-committee, joined by appropriately-nominated representatives from racing media operators and betting operators. The group will consider technical (both systems and SP/ bookmaker technical) matters as directed by the Board, usually where further analysis of problem-solving is required to help ensure SP policy is appropriately adjusted or maintained. Recent examples of the work of the committee have included consideration of an emergency off-course only system during the period of no crowds or bookmakers on course, and consideration of the impact of varying off-course each-way terms on the SP. The committee produces reports and recommendations for the Board, and policy decisions can only be taken at Board level. Membership of the sub-committee is also agreed at Board level, taking recommendations from the sub-committee chair.

## **8. Reporting and monitoring**

The SP validation operator provides quarterly operational reports to the Board and a variety of statistics on the performance and outcome of the SP mechanism which the Board reviews. Additional analysis and reporting is specifically tasked to the Technical Sub-Committee as required. The Board also receives helpful data from time-to-time from the media rights organisations and betting operators. It also uses published data from the Horserace Betting Levy Board and the Gambling Commission.

The Board produces an annual report each spring, available via its website. Other relevant reports and public statements are also published there as they arise.

## **9. Review of the board**

The Chair will carry out an assessment of Board performance every two years, seeking feedback and input from key stakeholders to assist the Board to understand its performance as a whole and areas for improvement / focus. Individual meetings with directors will provide an opportunity for the Chair

to review individual performance. Another director will be nominated to gather feedback on the Chair's performance as part of the process.

An important part of the process will be to identify any relevant skills or experience gaps needed to ensure the SPRC Board can continue to effectively carry out its role, and to give thought to relevant succession planning accordingly, ensuring the Board includes people from varying backgrounds who can provide a suitable diversity of views.

Every five years, this approach will be supplemented by an independent third-party review of the Board.