
30. As set out in paragraph 19. It is our initial view that in order to allow a purchaser to compete as a standalone business, divestiture of a combination of Sporting Index assets and Spreadex assets represents an effective structural remedy. We invite views on what would need to be included within the scope of the divestiture package from Spreadex and/or Sporting index as part of such a combination.

31. In particular:

(a) What categories of employees would be required, and how many of these employees would be required?

Regarding technology, the employee question is not straightforward as:

1. It is likely that many of the previous staff dedicated to SPIN platform development and maintenance are no longer employed by FDJ, or be outside of the scope of a potential remedy.
2. SSLN has subsequently been sold to Betson. Similarly, many of the SSLN staff dedicated to components needed by SPIN may no longer be employed by Betson or FDJ, or be outside of the scope of a potential remedy.
3. Some of the components may have been supported using co-sourcing from external companies.

Assuming code for the necessary components is available, a possible approach is to consider two main (overlapping) phases. Firstly, to reconstitute the platform (see 31b iv), secondly to build business and technical capability for ongoing operation.

An estimate to build and operate as a standalone business is shown below. This assumes a spreads and fixed odds offering:

Business Resources

Department	Team	Headcount
Finance	Credit management	[REDACTED]
Product Management	B2C Product	[REDACTED]
Regulatory & Compliance	Regulatory & Compliance	[REDACTED]
SPIN High Value Client	SPIN High Value Client	[REDACTED]
SPIN Operations	Customer Services	[REDACTED]
SPIN Operations	Marketing	[REDACTED]
SPIN Operations	Partner Operations	[REDACTED]
Technology	Spread betting platform dev support	[REDACTED]
Trading	Horse Racing & Dogs	[REDACTED]

[REDACTED]

The staff costs [REDACTED].

Trading resources (in addition to those included above)

Role	Headcount
Head of Trading (@£120k)	[X]
Head of Sport (@£80k)	[X]
Sports Traders (@£60k)	[X]
Sports Traders (@£35k)	[X]

Total (additional) trading cost [X]¹ [X]. Ideally, at least the Head of Trading and the Heads of Sport should have prior spreads experience.

Platform / Technology Resources

It would be expected the following technical resources would be needed.

Role	Headcount
Product Management [X]	[X]
Engineering Manager [X]	[X]
Support [X]	[X]
Developers [X]	[X]
QA / Tester [X]	[X]
DevOps [X]	[X]
Quants [X]	[X]

Platform staffing cost [X]² [X].

In summary: B2C staffing cost of [X].

There may be opportunities to reduce staffing costs by outsourcing / co-sourcing some of the development.

Within this, there is an assumption that Senior Leadership Roles (CEO, CFO, CTO/ CIO) are in place and that other back office functions can also be absorbed.

See appendix (figure 1) for possible organisational structure.

See appendix (figure 2) for wider cost breakdown structure.

31 (b) With respect to reconstituting or recreating the IT platform, applications and other technology used by Sporting Index prior to the Merger, including but not limited to, the pre-Merger Sporting Index Spread Betting Platform:

(i) What technology, applications and IT platforms would be required?

¹ [X]

² This includes [X] to enable ongoing Atlas and Edge development.

It is expected that components would be needed from both the pre-merger SPIN and Sporting Solutions codebases to deliver a standalone business.

Some of these components may not be needed if the decision was made to divest a Spreads-only business.

The following components would be required:

[X]

Requirement	Component
Pricing Generation	Model / Model UI's
Spreads Bet Engine	[X]
Fixed Odds Bet Engine	[X]
B2C Web	Website(s)
B2C Mobile	Mobile Apps (IOS / Android)
Spreads Market Management	[X]

[X]

Requirement	Component
Data Aggregation	[X]
Aggregated Book Management (Fixed Odds)	[X]
Trading UI's	Trading UI's
Trading Automation	[X]
Pricing Apps	Pricing Apps
Pricing	Models

31 b) ii) What steps would be involved as part of this process?

Business Setup

A transfer of all related IP, licensing, supplier contracts etc.

Reinstatement

This scenario can be viewed as a migration project (with significant risk around the amount of work required to remediate / integrate each component).

It assumes that source and underlying databases for the components are available with minimal remediation required.

For each of the components the source, and associated data / digital assets, would need to be copied into the divested business. In practical terms it is likely this will

involve the cloning of a number of source repositories (e.g. GitHub) and migration of data.

Where a component is / was being run by third parties, contracts would need to be novated / renegotiated or alternatives considered.

Infrastructure for each component would need to be created. *It is expected that this would be predominantly cloud-based however could require on-premise hosting.*

Each component would then need to be deployed and tested separately.

Once each component was working, integration testing would be needed to verify the end-to-end operation of the platform.

Operational Readiness

Preparations would need to be made during reinstatement to ensure adequate capability was in place to operate and extend the platform post go-live.

It is expected this may include recruitment, analysis, process design and be carried out in parallel to the migration work.

31b) (iii) Approximately how long would this process be estimated to take?

Time estimates would be dependent upon a number of factors:

- 1) The scope of the divested business (e.g. Spreads only or Spreads and Fixed Odds)
- 2) The state of each component and degree of remediation / configuration required.
- 3) The number of component instances (e.g. how many models)
- 4) The resources available for the integration (internal, Spreadex, FDJ / Betson)

As an indicative estimate, it would be hoped that a timeframe of **12-24 months** would be achievable.

31b) (iv) How costly would this process be?

Assumptions:

- 1) The costs are purely related to the reinstatement project. No ongoing running costs are considered.
- 2) The components require minimal remediation.
- 3) Adequate documentation or access to component SME's.

It is expected that a minimal 'reinstatement' team could be established initially to carry out the migration work outlined in 31b) iii).

Reinstatement Team (core)

Role	Number	Cost (pa)	Total Cost (pa)
Tech Project Manager	[X]	[X]	[X]
Senior Developers	[X]	[X]	[X]
Infrastructure Engineers	[X]	[X]	[X]
QA Engineers	[X]	[X]	[X]

This would produce an indicative cost estimate of [X] based on an expected timeframe of [X].

It would be expected that these resources would be part of the team looking after the platform post go-live. Also realistically as additional staff were recruited (31b vi) these would assist with the reinstatement.

Infrastructure and other costs would need to be considered.

31b (v) Approximately how long would it take to integrate this platform into a prospective purchaser's business?

This would be extremely dependent on the scope of the business divested and the purchaser.

A PE purchaser may choose to run separately so no integration could be required; a FO purchaser would be required to integrate spreads into existing FE and BE systems which would take a period 12 – 18 months (?).

A B2B purchaser would require long TSA if the scope of the divested business were insufficient in terms of technology/pricing capability (24 – 36 months)?

Any integration of a narrow scope would be quicker, but the cost to build up a competitive position longer.

31b (vi) After integrating this platform into a prospective purchaser's business, what would be then required for the prospective purchaser to maintain and develop this platform?

The platform would need dedicated resources including:

- Product Management
- Architect
- Development (front and backend)
- Quality Assurance
- DevOps
- Quants (Modellers)

It would be expected that at least 4 development teams would be needed with 6-10 members per team.

In addition the platform would need to be hosted on either Cloud (expected) or on-premise infrastructure.

[\(vii\) What would be the principal risks to completing this process effectively and in a timely manner?](#)

Necessary components have been 'mothballed' and require significant remediation to successfully integrate with other key components

Development and engineering resource is no longer available to assist with the setup and integration.

Trading resources may not be available to 'hand-over' to new business.

The Spreads and Fixed Odds parts of the Sporting Index platform are likely to have missed inter-dependencies.

Supplier agreements and accounts may have been discontinued.

Uncertainties around platform operating costs.

[\(c\) Based on the description of the Sporting Index assets acquired by Spreadex as part of the Merger set out at paragraph 17\(a\) above, are there other parts of the Sporting Index business which would need to be reconstituted or recreated in order to form a viable divestment business? What steps would be required to do so and how long would this process take? How costly would this process be?](#)

In addition the following would be needed:

- 1. Trading capability** - traders would be needed to support the sports offered by the divested business.
- 2. Platform capability** - resources for support and future development of the betting platform (ref 31b).
- 3. Modelling capability** - resources to enable model maintenance and development.

Modelling and Trading capabilities are key to being able to provide differentiated pricing.

[31d\) With respect to cloning the Spreadex spread betting platform \(in the event that a divestiture including Spreadex assets is required\):](#)

[\(i\) What technology, applications and IT platforms would be required?](#)

It is expected that building a business based purely on a clone of the Spreadex platform would be both commercially and technically challenging. It is also unlikely to deliver differentiation of prices, thereby not addressing the SLC.

See appendix (figure 3) for a set of generic high-level B2C capabilities.

31d) (ii) What steps would be involved as part of this process?

1. Agreement over required architectural components
2. Spreadex clone and make available copies / transfer each component
3. Spreadex provide details of all supporting data feeds, suppliers and necessary data.
4. The components are configured to run in the purchaser's infrastructure (cloud and/or on-premise).
5. Contracts are negotiated with suppliers where needed, and services restored, enabled to the divested business.
6. Operational capability is built, based on the Spreadex architecture, to enable the platform to be independently supported.

31d) (iii) Approximately how long would such a process be expected to take?

It is difficult to estimate without significant input from Spreadex.

31d) (iv) How costly would this process be?

It is difficult to estimate without significant input from Spreadex.

31d) (v) Approximately how long would it take to integrate this platform into a prospective purchaser's business?

It is difficult to estimate without significant input from Spreadex.

31d) (vi) After integrating this platform into a prospective purchaser's business, what would be then required for the prospective purchaser to maintain and develop this platform?

It is expected that this would be the same as 31b) (vi) and would need to factor in the architecture of the Spreadex derived platform.

31d) (vii) What would be the principal risks to completing this process effectively and in a timely manner?

The technology stack used within Spreadex may be different to the existing business.

Resources may not be available with the required skills.

There may be a conflict of interest for Spreadex staff in assisting with setup / handover.

The architecture and tech stack for Spreadex is currently unknown.

The costs associated with the Spreadex platform are unknown.

There is a danger that using the same components (as Spreadex) to deliver pricing will not deliver significant price differentiation.

Without a requirement to offer spread betting in the UK, it is possible that a reconstituted business may be attractive to potential acquirers for the collection of technology assets (platform, models etc) that are then absorbed into an existing business to improve capability, not to offer spread pricing.

(e) Is it necessary for the divestiture package to be configured to allow a prospective purchaser to provide sports fixed odds betting services in addition to providing sports spread betting services, either in order to operate a viable sports spread betting business (e.g. because sports fixed odds customers may become sports spread betting customers) and/or to attract a wider pool of prospective purchasers?

The findings report has shown that a significant proportion customers use both FO and spreads offerings.

It is likely that both Spreads and Fixed odds needs to be offered for long term viability. However, it is also possible/ likely that an acquiring business may be a fixed odds entity, so FO would not need, necessarily, to be standalone within SPIN. On that basis, reconstituting a spreads-only business and targeting FO businesses for a sale may be viable.

However, not offering both would put the divested business at a competitive disadvantage with Spreadex.

[X].

(f) Would a TSA with Spreadex be required, and if so, what should the scope and duration of any such TSA involve?

At the very least, the current situation of Spreadex “running” SPIN must be maintained so that SPIN does not disappear entirely before being reconstituted.

A TSA with Spreadex would make it difficult for SPIN to be competitive unless there were parameters for differentiating its prices from Spreadex and potentially offering a differentiated service over and above Spreadex – for example, offering “topical markets”.

The data feed costs for a standalone SPIN business would be significant. If the supply of this could be negotiated with Spreadex/ underlying providers it would improve the viability of a standalone SPIN entity without impairing its competitiveness to Spreadex.

Depending on the scope of the divested business a TSA may need to last 2-3 years.

(g) If the divestment of assets from either Spreadex, Sporting Index, or a combination of both would be effective in addressing the SLC and/or any resulting adverse effects that

we have provisionally identified, should Spreadex be able to propose and specify which assets should be divested?

Given they are a market incumbent, Spreadex should be invited to do so, [✂].

(h) Are there any other elements that would be required to be part of the divestiture package to ensure that it can compete effectively in the Relevant Market?

The divestiture package should contain sufficient assets to enable running of spreads and fixed odds pricing over an agreed set of sports and markets. Without adequate coverage the package is not commercially viable.

In addition, the package needs to enable the full customer lifecycle to be managed, including onboarding, bet offer, acceptance through to bet settlement.

Without these elements being providing significant complication, delays and risks are introduced.

35. We invite views on whether there are any specific factors to which we should pay particular regard in assessing purchaser suitability in this case, e.g.:

(a) whether a proven capability of operating a spread betting business or a business in an adjacent market (e.g. sports fixed odds betting / financial spread betting), is essential or desirable;

Ability to generate quality, differentiated pricing is key. This relies on data feeds, pricing models and trading capability.

Knowledge and experience of nuances relating to sports spreads markets is highly recommended.

(b) whether any particular purchaser (or types of purchaser) might fail to meet the Purchaser Suitability Criteria;

It may be likely that potential purchasers are operating in certain jurisdictions or with certain products that would cause them to fail against the Suitability Criteria. For example, exposure to the Russian market; crypto etc

(c) whether any particular purchaser (or types of purchaser) would likely be unable to obtain the necessary approvals from the FCA to operate the divestment business, or likely be unable to comply with the FCA's ongoing regulatory requirements;

As per 35(b)

(d) whether there are any other factors that we should consider when identifying a suitable purchaser for the divestiture package; and

Market experience, market positioning, strength of existing business relationships, financial position and proven ability carrying out business in regulated markets.

(e) whether there is a risk that Spreadex will be incentivised to divest a divestment business to a weak or otherwise inappropriate purchaser.

There is a conflict of interest if Spreadex were able to choose its only competitor.

38. In unusual cases, the CMA may require that a divestiture trustee is appointed at the outset of the divestiture process. We invite views on whether the circumstances of this Merger necessitate the appointment of a divestiture trustee at the outset of any divestiture process.

Given that both Sporting Index and Sporting Solutions have now been sold by FDJ there are possible complexities where a divestiture trustee may be beneficial.

41. We invite views on what costs are likely to arise in implementing a divestiture remedy option described above (see paragraphs 25 to 38).

Legal costs may arise from:

- 1) Spreadex (current owners of Sporting Index)
- 2) FDJ (pre-merger owners of Sporting Solutions)
- 3) Bettson (current/ prospective owners of Sporting Solutions)

This is due to a structural remedy needing components from both Sporting Index and Sporting Solutions.

45. We welcome views on the nature of any RCBs and on the scale and likelihood of such benefits and the extent (if any) to which these are affected by the divestiture remedy option set out above (see paragraphs 25 to 38) or any other remedies that may be put forward for our consideration.

The more complete and able SPIN is a standalone business then the more it will be able to compete on a product and service level against Spreadex. The more reliant SPIN is on a TSA, especially a Spreadex TSA, the lower the RCBs can be expected to be.

Appendix

Figure 1 - Organisational Structure

[✂]

Figure 2 - Cost Breakdown

[✂]

Figure 3 - B2C Capabilities

[✂]