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APPENDIX A: TERMS OF REFERENCE

- A.1 In exercise of its duty under section 22(1) of the Enterprise Act 2002 (the **Act**) the Competition and Markets Authority (**CMA**) believes that it is or may be the case that:
- (a) a relevant merger situation has been created, in that:
 - (i) enterprises carried on by Spreadex Limited have ceased to be distinct from the enterprise comprising the business-to-consumer business carried on by Sporting Index Limited; and
 - (ii) the condition specified in section 23(2)(b) of the Act is satisfied with respect to the supply of licensed online sports spread betting services in the UK; and
 - (b) the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within a market or markets in the United Kingdom for goods or services, including for the supply of licensed online sports spread betting services in the UK.
- A.2 Therefore, in exercise of its duty under section 22(1) of the Act, the CMA hereby makes a reference to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report, within a period ending on 1 October 2024, on the following questions in accordance with section 35(1) of the Act:
- (a) whether a relevant merger situation has been created; and
 - (b) if so, whether the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.

Naomi Burgoyne
Senior Director, Mergers
Competition and Markets Authority
17 April 2024

APPENDIX B: CONDUCT OF THE INQUIRY

- B.1 On 17 April 2024, the CMA [referred](#) the completed acquisition by Spreadex of the B2C business of Sporting Index for an in-depth phase 2 inquiry.
- B.2 We published the biographies of the members of the inquiry group conducting the inquiry on the [inquiry webpage](#) on 17 April 2024 and the relevant administrative timetable was published on the [inquiry webpage](#) on 29 April 2024. At the commencement of the inquiry, the statutory deadline for the reference period was 1 October 2024.
- B.3 The Initial Enforcement Order issued in phase 1 continued in force and derogations were granted under it. [Directions](#) to appoint a monitoring trustee to ensure compliance with the Initial Enforcement Order were issued on 29 April 2024.
- B.4 We invited interested parties to comment on the completed acquisition. We sent written requests for information to providers of fixed odds betting and financial spread betting, as well as a short questionnaire to customers who together accounted for around 50% of the Parties' revenues. A number of third parties provided us with further information by video conference calls as well as by responding to supplementary written questions. We also spoke with and received responses to written questions from the seller of Sporting Index (FDJ), third parties involved in the sale process of Sporting Index (including advisors and other potential purchasers) and the relevant industry regulator (in this case, the FCA). We received contemporaneous internal documents from both the seller of Sporting Index and potential purchasers of Sporting Index. Evidence submitted to the CMA during its phase 1 investigation has also been considered in phase 2.
- B.5 We received written evidence from the Parties in the form of submissions and responses to information requests, including internal documents.
- B.6 On 16 May 2024, we published an Issues Statement on the [inquiry webpage](#) setting out the areas on which the phase 2 inquiry would focus. We did not receive any submissions in response to the Issues Statement.
- B.7 On 1 May 2024, Spreadex provided a 'teach-in' to the inquiry group, accompanied by CMA staff, at the CMA's London offices.
- B.8 We held a hearing with Spreadex on 4 July 2024.
- B.9 Prior to the hearing, we sent the Parties a number of working papers for comment. The Parties were also sent an annotated issues statement, which outlined our emerging thinking prior to the main party hearing.

- B.10 On 25 July 2024, we published a summary of our provisional findings report and a notice of provisional findings on the [inquiry webpage](#). As we provisionally concluded that the Merger had resulted in the creation of a relevant merger situation, and that the creation of that situation had resulted, or may be expected to result, in an SLC, a notice of possible remedies was also published on the [inquiry webpage](#). Later that same day, we published a non-confidential version of our provisional findings report on the [inquiry webpage](#).
- B.11 On the same date, we issued a notice of extension under [section 39\(3\)](#) of the Act extending the reference period by eight weeks to 26 November 2024 on the [inquiry webpage](#), along with a revised version of the administrative timetable reflecting this extension.
- B.12 On 5 September 2024, non-confidential versions of Spreadex’s response to our notice of possible remedies and two third party responses to the notice of possible remedies were published on the [inquiry webpage](#).
- B.13 On 16 September 2024, non-confidential versions of Spreadex’s response to the provisional findings was published on the [inquiry webpage](#).
- B.14 Following our provisional findings report, we held video conference calls with a number of third parties regarding possible remedies to the substantial lessening of competition we had provisionally found. These included, industry participants, the seller of Sporting Index (FDJ), third parties involved in the sale process of Sporting Index (including advisors and other potential purchasers), companies providing services in the relevant industry (for example, business-to-business sports betting services) and the FCA. We were also supported by the CMA’s Data, Technology and Analytics Unit to assist with the analysis of the more technical aspects of Spreadex’s submissions on potential remedies.
- B.15 On 30 September 2024, we extended the statutory timetable, due to the failure by Spreadex to respond to a section 109 notice requiring documents and information, pending receipt of a satisfactory response from Spreadex. A [notice of extension](#) was published on the inquiry webpage. Following receipt of a satisfactory response, we terminated the extension on 8 October 2024 and a [termination of extension notice](#) was published on the [inquiry webpage](#) on 9 October 2024. The timetable was thereby extended by a total of 8 days, resulting in the statutory deadline becoming 4 December 2024. An updated administrative timetable was published on the [inquiry webpage](#) on 9 October 2024 to reflect this extension.
- B.16 A non-confidential version of our final report has been published on the [inquiry webpage](#).
- B.17 We would like to thank all those who have assisted in our inquiry.

APPENDIX C: B2C-DEDICATED PERIMETER

C.1 This Appendix shows the details of the transaction scope for the 2023 Sale Process. The B2C-dedicated Perimeter is referred to as 'Silver' in the figures below.

C.2 Figure C.1 and Figure C.2 below show the B2C-dedicated Perimeter within the wider Sporting Group organisation.

Figure C.1: B2C-dedicated Perimeter within Sporting Group (by asset)

[REDACTED]

Source: Spreadex, Response to the Enquiry Letter, 14 December 2023, Annex 32, slide 9 and third party response to the CMA's RFI.

Figure C.2: B2C-dedicated Perimeter within Sporting Group (by function)

[REDACTED]

Sources: Spreadex, Response to the Enquiry Letter, 14 December 2023, Annex 32, slide 8 and third party response to the CMA's RFI.

C.3 Figure C.3 below illustrates the areas where a TSA may be required to ensure a smooth transition to the purchaser and maintain business continuity.

Figure C.3: Envisaged TSA services

[REDACTED]

Sources: Spreadex, Response to the Enquiry Letter, 14 December 2023, Annex 32, slide 10 and third party response to the CMA's RFI.

C.4 Figure C.4 below sets out the B2C staff headcount of [REDACTED] as of 31 March 2023, all of whom formed part of the B2C-dedicated Perimeter, including [REDACTED]:

(a) [REDACTED];

(b) [REDACTED]; and

(c) [REDACTED].

Figure C.4: B2C headcount (31 March 2023) included within the B2C-dedicated Perimeter

[REDACTED]

Sources: Spreadex, Response to the Enquiry Letter, 14 December 2023, Annex 32, slide 18 and third party response to the CMA's RFI.

APPENDIX D: TSA SERVICE CATEGORIES

D.1 [✂].

D.2 [✂].

APPENDIX E: SUMMARY OF THIRD PARTY EVIDENCE

E.1 This Appendix summarises the third-party evidence provided to us as part of our remedies assessment.

Scope of the divestiture package

General views on a divestiture remedy

E.2 We set out below the evidence from third parties in relation to their general views on a divestiture, as well as the assets and capabilities a divestment business will need in order to compete in the relevant market:

(a) Sporting Group told us that:

- (i) it considered a divestiture remedy would be ‘very challenging’ from a ‘technology’, ‘operational’ and ‘safe gambling’ ‘point of view’, and that the need for a purchaser to be licensed by the FCA and the GC added further ‘complication’. However, it told us that it could not think of any alternative remedy options to a divestiture remedy.¹
- (ii) prior to the Merger, Sporting Index’s ‘offering and spreads’ were ‘not too different’ from Spreadex’s, and therefore it was unsure what a divestment business could do to ‘differentiate’ itself from Spreadex. In this regard, it told us that ‘trying to create the same level of competition’ as the pre-Merger situation would be ‘very difficult to achieve’, and whether that would provide a return on the investment needed. [REDACTED];²
- (iii) the CMA would need to bear in mind when considering a divestiture remedy that it was not only ‘very expensive to compete in the market’, but also, there was ‘low profitability’. [REDACTED], as the divestment business would need to be a ‘commercially viable business’ and also be able to compete with, and win customers from, Spreadex. It considered that while it would be possible to ‘create a new player’, [REDACTED], given that it would need staff, the technology and the ‘user experience’, unless the divestment business was going to be ‘unregulated’ (which it cautioned against). [REDACTED];³ and
- (iv) the ‘spread betting customer base had contracted consistently’ over the past 10 years, and that regulations, eg in relation to ‘responsible gambling’ and ‘proof of wealth’, had caused this decline to ‘accelerate’.

¹ Sporting Group, Call note.

² Sporting Group, Call note.

³ Sporting Group, Call note.

It explained that the market was 'shrinking and ever declining' as a result of the 'ageing profile' of the customer base, with numbers of new customers being insufficient to make up for this decline, and as a result of the growth of fixed odds betting (which it considered was linked to the decline of spread betting). [REDACTED].⁴

- (b) A sports fixed odds betting provider told us that:⁵
- (i) while Spreadex made a 'lot of money' in sports spread betting, it would be 'very difficult' to compete with Spreadex. However, it considered that there should be a 'competitive market' for those customers that used sports spread betting;
 - (ii) a divestiture package would need 'spread betting technology', which could not be sourced 'off the shelf', as well as an FCA licence in order to operate. It told us that the 'options' for including the spread betting technology within the scope of the divestiture package also appeared to be very challenging;
 - (iii) a sportsbook provider's existing trading team would be able to understand spread betting and that fixed odds traders, for example, would be able to 'manage' spread betting;
 - (iv) 'every sportsbook provider would already have compliance, marketing and customer service teams, and that there was 'nothing specific about spread betting' when it came to customer service and marketing. However, it told us that a divestment business would still need a 'dedicated team' that understood spread betting; and
 - (v) it would be possible to hire FCA compliance staff from banks, for example, but that it would not be 'cheap' to do so.
- (c) Betfair told us that if the acquirer was an existing sports spread betting provider, then in theory, the smallest transaction perimeter could potentially be the customer base (assuming that the acquirer already had its own platform and knowhow). More generally, Betfair told us that in order to compete:⁶
- (i) a competitor would require a 'technology platform;

⁴ Sporting Group, Call note.

⁵ Third party, Call note.

⁶ Betfair, Call note.

- (ii) from a 'customer base perspective', if a competitor did not have an existing customer base, then that would represent a 'high entry point from a marketing perspective';
 - (iii) a competitor would need to have an understanding of its licence obligations; and
 - (iv) a competitor would need to have pricing and modelling capabilities in order to model and manage its risk (both from the perspective of protecting its revenues and from the perspective of complying with its operating licence), which could either be done in-house or by third-party 'white label providers' (see also paragraph E.16 below).
- (d) bet365 told us that:⁷
- (i) on paper, a divestiture remedy seems to be a solution, but from a practical perspective there would be a number of challenges, given that: (a) the assets acquired by Spreadex as part of the Merger were not standalone in nature; (b) some of the employees that formed part of the pre-Merger Sporting Index might no longer be with FDJ, and so a divestiture package might therefore require teams within Spreadex to be included in order to create a standalone business; and (c) the source code for the pre-Merger Sporting Index spread betting platform acquired by Spreadex would have degraded, as it had not been operational since the Merger, and bet365 considered that generally it was very difficult to reinvigorate a degraded platform, so an alternative solution would be required; and
 - (ii) in order for the divestment package to compete in the relevant market, it would need to include sports spread betting trading services and employees to run the business, including employees in sports trading, compliance, IT, customer service, and marketing. In relation to which of this could be covered by a potential purchaser, bet365 told us this would depend on the purchaser, but recruiting compliance staff would be a 'major challenge' as there may not be a large pool of relevant compliance staff given the niche nature of sports spread betting, but hiring sports spread betting traders may not be a major challenge given that it sports fixed odds traders could be retrained to provide sports spread betting trading services.⁸
- (e) AlixPartners told us that:⁹

⁷ bet365, Call note.

⁸ bet365, Call note.

⁹ AlixPartners, Call note.

- (i) a purchaser of a divestment package would require a licence to operate in spread betting in the UK, and that the Sporting Index would carry over, or new purchaser would need to have a license. It added that a purchaser would need a brand, whether this was the Sporting Index brand or a new one, a client list, a spread betting IT platform, and traders and people to operate the platform and pricing; and
- (ii) in relation to staff, a purchaser of a divestment package would need:
 - (a) the IT employees who know the code of the application that is being used, to make sure that the platform remains competitive and so that a purchaser would be able to fix any bugs, (b) sports traders to change models and pricing live, who will also need to know the platform, and (c) support functions, including managers, HR, finance, and marketing. It added that this could involve more or less than the [redacted] staff offered during the FDJ sales process (which was a very different context to the present situation), as there could be a need for either more or less sports traders depending on the automation of the platform, and there could be a need for more or less IT staff depending on the complexity of the platform. It told us that in any case ‘a lot more than the employees acquired by Spreadex’ would likely be required.¹⁰

General views on Spreadex’s Remedy Proposal

E.3 We set out below the general views from third parties in relation to Spreadex’s Remedy Proposal:

- (a) In response to receiving a redacted version of Spreadex’s Remedy Proposal, 10star told us that ‘it is lacking in some details’ as it was unclear what the Bespoke Platform Solution entailed, and that it would have concerns over Spreadex creating a bet engine for its competitor. 10star told us that [redacted]. 10star told us this gap could potentially be covered by additional TSAs while it hired additional staff from the open market, and generally it would prefer to hire its own staff rather than leave it to Spreadex to transfer staff to a purchaser. However, 10star also told us that some of the staff required were scarcely resourced and so if a purchaser could not find the required staff in the open market, then there was a question of whether Spreadex should provide these resources.¹¹
- (b) Star Sports told us that a divestiture remedy could be an effective remedy, but there are a lot of ‘eluding’ parts which it would need to dissect in order to form a clear view on this. It told us this would involve understanding what is left of the Sporting Index business, such as the brand, customer base, and

¹⁰ AlixPartners, Call note.

¹¹ 10star, Call note.

pre-Merger technology platform.¹² In response to receiving a redacted version of Spreadex's Remedy Proposal, Star Sports told us that the remedy proposal was 'within Spreadex's control, particularly with regards to the bespoke nature of the platform', and that 'Spreadex would be in control of the technology for its main competitor'. It added that this could be worked out, but it would have a 'slightly different solution'. [REDACTED]. Star Sports also told us that while it initially considered that Spreadex staff should be included within the divestiture package, it now agrees with Spreadex that a purchaser should recruit its own staff, although there is a question of who should bear the cost for this. It added that generally staffing is not a 'huge issue', but how the costs are borne in terms of commercials is key, as there will need to be many expensive senior hires and so there is a question of whether Sporting Index revenues could support that investment.¹³

Whether the divestment business should be able to offer sports fixed odds betting

E.4 The following third parties told us that it would be necessary for the divestment business to be able to offer sports fixed odds alongside sports spread betting:

(a) 10star told us that:

- (i) the divestment business needed to offer sports fixed odds services alongside sports spread betting in order to compete, as the sports fixed odds business offered a 'customer acquisition' channel for the sports spread betting business to acquire new spread betting customers. It explained that new customers would first go to Spreadex or Sporting Index to try their fixed odds 'mass market offerings', before 'graduating up' to sports spread betting;¹⁴
- (ii) if a purchaser already had its own sports fixed odds business, then it might not be necessary to include a sports fixed odds business as part of the divestiture package. It told us that if a purchaser already had its own sports fixed odds business, then from a 'user interface and user experience' perspective, it believed that a purchaser would want to present both sports spreads and sports fixed odds together on a single website (similar to how Sporting Index had done pre-Merger);¹⁵
- (iii) prior to the Merger, Sporting Index's fixed odds platform (known as Edge) was 'quite separate' from its Atlas spread betting platform, and therefore, it would not make a divestiture transaction 'more complex' if

¹² Star Sports, Call note.

¹³ Star Sports, Call note.

¹⁴ 10star, Call note.

¹⁵ 10star, Call note.

Edge was to form part of any divestiture package (if a purchaser did not already have its own fixed odds platform);¹⁶ and

- (iv) from a business perspective, the sports fixed odds aspect of the business at Sporting Index was quite integrated with the sports spreads business, and if a purchaser were to offer sports fixed odds, this would need to be at a comparable level to Spreadex.¹⁷

(b) Star Sports told us that:

- (i) it would be necessary for a divestment business to offer sports fixed odds betting services as Spreadex also offered this and it therefore considered that a competitor would need to offer both sports fixed odds betting services and sports spread betting services in order to effectively compete with Spreadex;¹⁸
- (ii) sports fixed odds betting should be included within the scope of a divestiture package even though Star Sports already offered sports fixed odds services, as there should be an option to switch between fixed odds and spreads on the Sporting Index website, and Star Sports would continue to use its fixed odds business under the 'Star Sports' entity;¹⁹ and
- (iii) the Sporting Index sports fixed odds were still on Oddschecker, which was a significant investment and suggested that even if fixed odds revenues were low, there was still 'a clear interest' from Spreadex to market fixed odds.²⁰

(c) bet365 told us that:²¹

- (i) it would arguably be necessary for a divestment business to offer sports fixed odds services, given that Spreadex also offered this and offering both sports fixed odds betting and sports spread betting services would 'probably be advantageous';
- (ii) [redacted];
- (iii) in this regard, having 'everything under one roof' was important in order to ensure the 'stickiness' of its customers, and it imagined that this was

¹⁶ 10star, Call note.

¹⁷ 10star, Call note.

¹⁸ Star Sports, Call note.

¹⁹ Star Sports, Call note.

²⁰ Star Sports, Call note.

²¹ bet365, Call note.

also applicable to sports spread betting and sports fixed odds betting customers;

- (iv) 'given spreads are initially derived from fixed odds prices', it would make sense and be efficient to offer both, and there might be operational and cost synergies from offering both services, depending on the model of the business, as there 'should be similar employees'; and
- (v) in relation to whether including fixed odds within the scope of the divestment package could complicate a sale, it would make a sale slightly more complicated, due to the added requirement to comply with the GC's regulatory requirements and the need to integrate fixed odds with spreads, but it would not make it 'too complicated' given the main components needed, being the IT platform and traders, were 'largely already there'.

E.5 However, the following third parties told us that it would not be necessary for the divestment business to be able to offer sports fixed odds in the UK:

- (a) Sporting Group told us that there was no 'mandatory requirement' for a spread betting provider to offer fixed odds, and noted that the spread betting business could be 'run separately' from the 'fixed odds business'. Sporting Group told us that while 'conceptually', the 'customer experience' could be enhanced if a provider offered both sports spread betting and fixed odds, and customer surveys would indicate that customers would value having both, [redacted]. It also told us that prior to the Merger, [redacted], it did not consider it necessary for the divestment business to offer fixed odds in order to acquire spread betting customers.²²
- (b) A sports fixed odds betting provider told us that including a sports fixed odds business within any divestment business would be 'good to have, but not necessary'. The sports fixed odds betting provider told us that when it had looked at potentially acquiring Sporting Index, it was only interested in its fixed odds business. It told us while it had assumed Sporting Index had a 'good' fixed odds customer base, this was not the case, and noted that both Spreadex and Sporting Index were 'spread betting focused' and that sports fixed odds was 'not in their DNA'. It told us that a potential purchaser should not be required to take on a fixed odds business as part of any acquisition of a divestment business, but added that it could be 'useful' to include a 'casino business', given that a sports spread betting customer might, for example, also wish to play poker. However, in this regard, it cited its own past attempt at cross-selling its online casinos and sports betting products, which proved

²² Sporting Group, Call note.

to be 'unsuccessful'. It also told us that while Sporting Index had been set up to 'cross sell' its sports fixed odds and sports spread betting offerings, it told us that spread betting was 'very niche and difficult to understand' and that it did not think sports spread betters would want to use fixed odds as an alternative. It told us that it suspected that sports fixed odds and sports spread betting each served 'very different' customers, which made it difficult to 'cross-sell'.²³

- (c) Betfair told us that it did not consider it necessary for the divestment business to offer sports fixed odds betting alongside sports spread betting. It told us that on the one hand, while offering the additional 'revenue opportunities', could be attractive to potential purchasers, this would depend on the 'success' of the fixed odds business being sold; whether there were any cost synergies from offering fixed odds (which it could not comment on); and whether a potential purchaser wished to offer fixed odds (in which case, there would be value in the 'fixed odds customer list'). However, on the other hand, it considered that including the fixed odds business could introduce 'additional complexity' from a regulatory compliance perspective, as it would introduce an additional regulator (ie the GC).²⁴

Customer non-solicitation clause

E.6 In relation to whether a sale agreement to a divestiture remedy should have a customer non-solicitation clause:

- (a) Star Sports told us that a customer non-solicitation clause was [REDACTED]. It added that the length of any non-solicitation clause would depend on the details, and that two years would be 'respectable', but added that this was based on 'pure speculation'.²⁵
- (b) A sports fixed odds betting provider told us that if the Sporting Index customer list was transferred to a purchaser, there should be a one-year 'non-solicit period' preventing Spreadex from approaching customers on that list.²⁶
- (c) 10star told us that it would question the 'worth' of a Sporting index customer non-solicitation clause, as it would be difficult to prove that a customer has been approached by Spreadex, and Spreadex would just say that the customer had approached them.²⁷

²³ Third party, Call note.

²⁴ Betfair, Call note.

²⁵ Star Sports, Call note.

²⁶ Third party, Call note.

²⁷ 10star, Call note.

Reconstituting Sporting Index's pre-Merger spread betting platform

E.7 In relation to reconstituting Sporting Index's pre-Merger spread betting platform:

(a) Sporting Group told us that:²⁸

- (i) [REDACTED]. However, Sporting Group told us that since Spreadex decided to use its 'own platforms', the 'pricing algorithms' and Edge (the fixed odds platform) were excluded from the transaction';
- (ii) [REDACTED];
- (iii) following the Merger, it had 'decommissioned' the spread pricing models which had been used by Sporting Index's pre-Merger technology, and that while this was not 'irreversible', it believed that there was no 'economic case' to bring these spread pricing models 'back online', and added that its 'decommissioned' spread pricing models could not simply be separated out and sold to a purchaser given that these pricing models were 'intertwined' with its fixed odds technology;
- (iv) in relation to whether these spread pricing models could be procured from third parties, it believed that there should be third parties who could do this, albeit it was not aware which firms could do so, given that there was no 'demand' for spread pricing models. It added however that it believed that an operator would want to create its 'own view of the market', and by owning the 'pricing [models] and the algorithms', this would determine what markets could be created by the operator, eg the market for 'shirt sales' (which was not a 'traditional sports betting market for fixed odds, but purely for spreads');
- (v) Spreadex would have its own spread pricing models and related IPs, which it used for its own spread betting technology, but added that if Spreadex's spread pricing models were to be used with Sporting Index's 'Middle' element, then there would be a need to resolve 'integration and compatibility issues';
- (vi) in relation to the 'Middle' element, [REDACTED], albeit this would 'not be straightforward' as these were 'built on specific code bases'. It added that it was not aware of any firm which could 'build up a platform' based on the source code; and
- (vii) In relation to the 'End' element, in terms of the website and the 'user experience', while there could be an 'arrangement' for a purchaser to

²⁸ Sporting Group, Call note.

get Sporting Index's pre-Merger 'front-end', it considered that Sporting Index's 'front-end' had been inferior' to Spreadex's, and did not offer a 'good customer experience'.

(b) AlixPartners told us that:²⁹

- (i) the 'lift and shift' option discussed at the time of the FDJ sales process (which was not ultimately required by Spreadex) would have involved Sporting Group creating an API bridge to simplify the interdependencies between the application and how they related to each other. It added that in this scenario the Sporting Index technology would not have been 'switched off', while in the current situation under the Merger, there was only the source code which was not operational so it was a different situation;³⁰ and
- (ii) Sporting Solutions would need to be involved to recreate the pre-Merger platform as it was previously. It also told us that three components would be required to re-operationalise the assets acquired, which were the source code for the spread betting applications acquired by Spreadex; the source code for the 'start layer', including the data acquisition layer and normaliser; and the relevant IT pre-Merger IT staff who understood the platform. It added that this IT knowledge would be required to reconnect the interdependencies between the different applications.

(c) 10star told us that:

- (i) this would require: Atlas; SMM; the 'pricing models'; and 'B2C channels' (eg mobile apps and a 'standalone spreads website'). It added that this 'platform' would also need an IT 'infrastructure' to run it;³¹
- (ii) it was not clear on what had happened to Atlas since the Merger, and it [§<]. 10star told us that it would be a 'bigger ask' to take on these source code now, given: (a) the loss in technical knowledge of these source code following the Sporting Index IT staff who had left the business; and (b) that the source code have been 'mothballed' since the Merger;³² and
- (iii) it 'feels like the main components' of the pre-Merger Sporting Index spread betting platform had been acquired by Spreadex, and it therefore should be possible in theory to reconstitute this if the source

²⁹ AlixPartners, Call note.

³⁰ AlixPartners, Call note.

³¹ 10star, Call note.

³² 10star, Call note.

code was what it was prior to the Merger, but a long process would be needed to do so and this would be harder without a team of individuals with the relevant knowledge of the source code. 10star added that there was not a clean perimeter between Sporting Index and Sporting Solutions, and in 'the absence of being able to get anything from Sporting Solutions and the absence of a TSA with Sporting Solutions' there was considerable risk with regards to what had not been 'come across' from Sporting Solutions, and what would subsequently need to be built. 10star therefore considered that it would be easier to clone the Spreadex platform.³³

(d) Star Sports told us that:

- (i) it was difficult to comment without understanding what was and was not acquired by Spreadex, and that it would want to know why reconstituting this platform was unviable. It told us that it should be possible to 'get a version' of the source code at the time of the sale with FDJ, and that it should be possible to reconstitute the pre-Merger 'infrastructure' using the acquired source code, as long as Spreadex also acquired the relevant diagrams and documentation, but added that there were too many 'unknowns' to conclude on this. Star Sports added that this 'infrastructure' referred to 'all the things that involve a platform working', from its language, architecture, and where it was being hosted;³⁴ and
- (ii) it 'would not accept' just the source code to the platform, and that it would want all the related diagrams and technical documentation to go along with this. It added that it would not accept just being given the 'raw ingredients and sheet', and that it would want a level of expertise and knowhow.³⁵

(e) A sports fixed odds betting provider told us that in relation to reconstituting Sporting Index's technology, it told us that: (i) this technology would have been 'degraded' and 'might not be regulatory compliant anymore'; and (ii) the technology would still need to be 'built up' using the source code which Spreadex had acquired. It considered that this task would be 'very difficult to manage' given the number of markets involved. It considered that the 'three big players' it believed who could take this task on would not do so given they would have 'many other priorities'.³⁶

³³ 10star, Call note.

³⁴ Star Sports, Call note.

³⁵ Star Sports, Call note.

³⁶ Third party, Call note.

Performance criteria for a spread betting platform

E.8 In relation to the performance criteria for a spread betting platform:

- (a) Star Sports told us that from a technical perspective, it would look for KPIs involving core infrastructure pieces, latency, scalability, making sure 'code references live up to data packages', and whether the code was out of date and had not been maintained. It told us that the 'amount of lines of code is arbitrary', and it would look at what front-end latency was like or at how many incidents occurred on the platform. Star Sports added that these parameters could not be clearly specified, as there were so many 'moving parts' to a functioning version of a platform.³⁷
- (b) 10star told us that:
 - (i) while certain specifications for the Bespoke Platform Solution could be set, it was difficult to know how it would run in practice and so it would need to see how it performed under certain scenarios;³⁸
 - (ii) as a minimum, the specification of the platform should be the same as Spreadex's existing platform, unless Atlas was 'better than the Spreadex' platform, in which case the specification of the platform should match Atlas' specifications. 10star told us that this could involve 'reverse engineering' the development of the Bespoke Platform Solution, by basing specifications of the Bespoke Platform Solution around the existing Spreadex spread betting platform;
 - (iii) potential design metrics for the Bespoke Platform Solution should include bets per second; price changes per second; the number of fixtures that were currently in play; and the general latency and scalability of the platform. 10star added that scalability was important as this was the ability of the platform to handle traffic, and the platform needed to 'be able to scale horizontally and manage peak loads', but also able to add new markets. 10star told us that this involved, for example, the length of time between the price being entered into the platform and this being displayed to customers, and that unless this was quick, the prices offered could be 'way off'. 10star added that this 'cannot be measured by using average as a metric but instead by 99th percentile'. 10star also told us that in relation to the coverage of markets, the minimum should be what Sporting Index offered pre-

³⁷ Star Sports, Call note.

³⁸ 10star, Call note.

Merger, and that it did not consider the pre-Merger Sporting Index business to be 'deficient in terms of coverage'.³⁹

- (c) With respect to performance, OddsMatrix told us that:⁴⁰
- (i) latency and scalability of a sports betting platform were key. It told us that latency was related to 'load' and that there were specific times and days of the week where there was more 'load', and therefore, it was important for a platform to be able to 'scale' during these periods for the purpose customer experience, by reducing the time required for the platform to settle a bet for example;
 - (ii) it was possible to 'scale up hardware-wise' by adding servers, but if there was a 'bottleneck' in the existing monolith system, then it would be more difficult to scale up and adding more hardware would not solve this; and
 - (iii) there was a balance between improving scalability and the costs involved in doing so, and that this investment would more likely be justified for regular sporting events such as football Premier League games, but might not be the case for one-off events such as the Grand National.
- (d) Betsson told us that there might be regulatory barriers to having the platform 'completely on cloud', as there might need to be an element of 'on-premise presence' for a regulator to 'access the hardware'.⁴¹

Developing a spread betting platform

E.9 In relation to whether a spread betting platform could be developed for the purpose of a divestiture remedy:

- (a) bet365 told us that the pre-Merger Sporting Index platform would be now 'quite degraded as it has not been operational since the Merger completed', and that it was generally very difficult to 'reinvigorate' a degraded platform. [redacted].⁴²
- (b) Betfair told us that:⁴³
- (i) it was necessary for a competitor to have a 'spread betting platform', without which it would be 'impossible' to compete in the market; and

³⁹ 10star, Call note.

⁴⁰ OddsMatrix, Call note.

⁴¹ Betsson, Call note.

⁴² bet365, Call note.

⁴³ Betfair, Call note.

- (ii) one of the advantages for a betting operator developing its own technology platform (rather than by outsourcing its development to a third-party 'tech provider') was that it offered the betting operator greater flexibility. However, it told us that developing a platform in-house was 'incredibly complicated', and therefore, most new entrants would first outsource the development of its platform, before deciding whether to build its own platform. It added that this decision would also depend on whether the entrant considered itself to be a 'tech or marketing company'.⁴⁴
- (c) OddsMatrix told us that building a sports fixed odds betting platform and a sports spread betting platform would be quite similar, as there would be many components between building a sports fixed odds betting platform and a sports spread betting platform. It told us that this included the need to incorporate payment processing, client account managements systems, a front-end that would not be too different between fixed odds and spreads, a financial reporting system, and data processing and live feeds. It added that this would all be common between the two platforms, and the main difference was 'working out how much someone wins or loses'. OddsMatrix also told us that building a spread betting engine was not a technical barrier, but the issue was the lack of operators it would be able to provide such a service too.⁴⁵
- (d) Betsson told us that it was 'not an expert', but if the source code was old, then it might be better to design a new source code rather than 'refreshing' old technology.⁴⁶
- (e) Software Mind told us that it could develop a platform based on just the source code and related documentation, but added that this documentation 'needs to be good'. It told us that no prior experience or knowledge would be required in this scenario, but it usually required this due to poor documentation.⁴⁷

Adding sports fixed odds functionality to the platform

E.10 In relation to whether the Bespoke Platform Solution should have a sports fixed odds capability built into it, to allow a purchaser to offer sports fixed odds betting services should it wish to do so:

- (a) 10star told us that it was much easier to build this into the platform and then not to offer it, rather than a purchaser adding this onto the system or setting

⁴⁴ Betfair, Call note.

⁴⁵ OddsMatrix, Call note.

⁴⁶ Betsson, Call note.

⁴⁷ Software Mind, Call note.

up a new system for sports fixed odds services. 10star added that when ‘building a system from scratch’ you would build the system to offer both sports spreads and sports fixed odds services, rather than having a separate platform for both.⁴⁸

- (b) Star Sports told us that fixed odds would ‘need to be integrated’ into the Bespoke Platform Solution, as having two separate businesses for the fixed odds and spreads would ‘defeat the ability’ for Sporting Index customers to switch between the two.⁴⁹
- (c) One third party said adding the pre-merger Sporting Index fixed odds platform, ‘[X]’, would add some complexity. However, it does not think it would be more materially complex than rebuilding the spread betting platform.⁵⁰
- (d) Software Mind told us that fixed odds and spreads platforms had ‘a lot in common’, and that a fixed odds platform could therefore be ‘bolted on at the end’ of the development of a sports spread betting platform.⁵¹
- (e) Relatedly, Sporting Group told us that Sporting Index’s ‘fixed odds sites’ [websites] and Edge (the fixed odds platform) were both retained by Sporting Group – this fixed odds technology enabled customers to ‘flick between spreads and fixed odds pricing’.⁵²

Spreadex’s proposal to develop the spread betting platform

E.11 In relation to a scenario where Spreadex would develop the spread betting platform, which would form part of the divestiture package:

- (a) Star Sports told us that:
 - (i) it had concerns about Spreadex managing and developing such a platform as Spreadex might not ‘be forthcoming to working with a competitor and wouldn’t provide the necessary technical support’;⁵³
 - (ii) the idea of a competitor building a platform from scratch ‘raises questions’, and that it would have a much stronger preference for the reconstitution of the pre-Merger Sporting Index platform. However, it told us that the Bespoke Platform Solution could be ‘workable’ if it had a ‘good amount of influence on this’. Star Sports added that it did ‘[X]’.

⁴⁸ 10star, Call note.

⁴⁹ Star Sports, Call note.

⁵⁰ Third party, Call note.

⁵¹ Software Mind, Call note.

⁵² Sporting Group, Call note.

⁵³ Star Racing, [Star Racings comments on the CMA’s Remedies Notice](#), 7 August 2024.

Star Sports also told us that it would be difficult to ringfence the Bespoke Platform Solution from a cybersecurity standpoint, and it was difficult to tell whether the platform would pass tests in the long term even if it passed tests in the short term;⁵⁴

- (iii) warranties [X]. It added that there would need to be considerations such as financial penalties as part of any warranty. Star Sports also told us that if a purchaser were to change a platform built by Spreadex, there was a question of whether this would invalidate any warranties, or whether all changes would need to go through Spreadex. It added that this would make it very difficult, which is why it was 'leaning towards' preferring a third party building the platform instead of Spreadex;⁵⁵ and
- (iv) the development of the Bespoke Platform Solution would need to run concurrently with the sales process, but that it could not commit to a technical process without knowing the 'commercials', and that it would need to have a basic commercial agreement before asking Spreadex to develop a new platform. It added that a sale agreement would need to be signed before the development of a platform, and that a purchaser should be involved in the development of the platform 'as early as possible', such that the specifications of the platform were agreed with the purchaser.⁵⁶

(b) 10star told us that:

- (i) 'if you take away the competitive nature of Spreadex and a potential purchaser', then developing a platform in tandem 'kind of makes sense', but that it was difficult to see how this would work in practice given it would be a large software project and there would be different priorities between different teams;⁵⁷
- (ii) it questioned whether it would be in Spreadex's interest to put together a quality platform, and that Spreadex building a bet engine for its competitor would 'be a worry'. 10star also told us that 'it would be difficult to build a business case for a platform developed by your main competitor' and that there was no incentive for Spreadex to build a platform that created meaningful competition, even if Spreadex had to meet certain specifications as part of developing such a platform. 10star added that it was 'easy to have' consistent technical performance during tests, but a 'real life scenario was different to testing', for example when the platform was required to 'scale up' during spikes of

⁵⁴ Star Sports, Call note.

⁵⁵ Star Sports, Call note.

⁵⁶ Star Sports, Call note.

⁵⁷ 10star, Call note.

activity. 10star told us that it would therefore be 'more confident' with the cloning option, given it knew how this option performed in a live environment;⁵⁸

- (iii) any warranties for the Bespoke Platform Solution would need to cover the need draw on Spreadex platform knowledge if there were any issues when the platform was operating in a live environment, given that it would be Spreadex who understood the platform. 10star added that the warranty should have assurances and penalties in place to ensure that Spreadex fixed a purchaser's issues with the platform as quickly as Spreadex fixed issues with its own platform, and that this warranty should also cover 'busy and key times', depending on when the platform went live and when those busy events were. 10star also told us that the warranty should not just be time based, but also based on 'metrics and quality of code'. 10star also added that if there were any issues with the Bespoke Platform Solution, it would be very difficult to have a 'fallback' where Sporting Index could revert to a white-label version of Spreadex's website;⁵⁹ and
- (iv) the Bespoke Platform Solution was 'lacking in some detail' in terms of what it entailed, and that there were gaps that would be required from a standalone solution compared to what Spreadex was proposing. 10star also told us from a technical viewpoint, that it would need to understand how the platform was being built, what the components and main functions were, whether it would be able to aggregate feeds, whether it would just be a spread betting platform, what language would be included in it, how long it would take to build the platform, and what was needed to maintain the platform.⁶⁰

Involvement of a third party in the platform development process

E.12 In relation to the need for an independent third party to be involved in the platform development process:

- (a) 10star told us that having a technical monitor sitting in on Spreadex meetings and picking up knowledge could be useful, but that this would be subject to being confident that such a firm could pick up this knowledge. It added that it would have doubts that the firm would genuinely have the level of knowledge required.⁶¹

⁵⁸ 10star, Call note.

⁵⁹ 10star, Call note.

⁶⁰ 10star, Call note.

⁶¹ 10star, Call note.

- (b) Star Sports told us that it should not be Spreadex appointing a third party, but rather a third party that a purchaser would be comfortable with, and that if this was the case, then it might be possible for this party to pick up knowhow and expertise on the platform from Spreadex, such as by having a technical monitor sit in on development meetings. It added that if Star Sports were to monitor the development of a platform it was 'completely foreign to', then it 'would be useless', so it would need to be a party that Star Sports was comfortable with. Star Sports also told us that rather than having a third party as a technical monitor, it was 'leaning towards' preferring a third party building the platform instead of Spreadex, in order to have as little ongoing commitment from Spreadex as possible.⁶²
- (c) Software Mind told us that it had experience of monitoring platform development processes, and that it would be able to perform a monitoring role in the context of the development or cloning of any IT platform required as part of any remedy. It told us that in order to monitor the performance of the platform, it would also need a 'business person' who could provide input and inform it of what the platform should be able to do.⁶³

Third-party platform developers

E.13 In relation to whether there were technology firms which specialised in developing betting platforms:

- (a) Betfair told us it was not aware of any 'tech provider' who could offer a 'sports spread betting product'. However, it told us that if the source code for the sports spread betting platform was available, it believed that 'in theory', these 'tech providers' might be able to build a sports spread betting platform.⁶⁴
- (b) 10star told us that prior to the Merger, Sporting Index had not relied on outsourcing for its 'spreads platform', but did so to a much greater extent for its fixed odds platform (known as Edge). However, it considered that it would be possible for third-party platform 'development houses' (such as '[X]') or '[X]') to 'reconstitute' Sporting Index's pre-Merger spread betting platform using its source code. It explained that by having the source code, this would mean that reconstituting the platform would not require 'much development', but instead, the focus would be more on its 'deployment'.⁶⁵
- (c) bet365 told us that it might also be possible to outsource the development of a platform, but was not aware of a third party who could do this for sports

⁶² Star Sports, Call note.

⁶³ Software Mind, Call note.

⁶⁴ Betfair, Call note.

⁶⁵ 10star, Call note.

spread betting, aside from Sporting Solutions in the past, but added that there might be others.⁶⁶

- (d) OddsMatrix told us that it could offer 'all aspects of the operations' required to provide a sports fixed odds betting product, but that it did not offer any spreads specific services and that it currently had no interest in doing so.⁶⁷
- (e) Software Mind told us that it had not built a spread betting platform previously, but that it would have the technical expertise to do so. It added that it had looked into the 'spreads aspect' previously, and based on its analysis of this, it would know how to build a spread betting platform. It also told us that a spread betting technology platform would need to have a 'start layer' involving the pricing, a 'middle layer' involving a bet engine, and a customer-facing front-end.⁶⁸

Spread pricing models and spread pricing feeds

E.14 In relation to a scenario where a purchaser was required to develop its own Trading Models:

- (a) 10star told us that:
 - (i) if the divestiture package did not include the spread 'pricing models' (ie the 'algorithm' which produced prices), then this could require a TSA for a period 'a lot longer than six to 12 months', as the purchaser would need to build its own 'pricing models'.⁶⁹ 10star told us that building these models from scratch could potentially take two to three years;⁷⁰
 - (ii) [REDACTED];⁷¹ and
 - (iii) it would 'take a while' to build pricing models and that this would be a significant investment, although this also depended on whether it would need to build models from scratch. It added that for the 'major sports' where it was already 'skilled in fixed odds', there would be a period required to amend the model such that it could also offer spreads, but this period would be quicker compared to building models for sports where it did not offer fixed odds pricing, such as [REDACTED]. 10star also told us that building these models from scratch, and recruiting traders to run these models, would potentially take two to three years.⁷²

⁶⁶ bet365, Call note.

⁶⁷ OddsMatrix, Call note.

⁶⁸ Software Mind, Call note.

⁶⁹ 10star, Call note.

⁷⁰ 10star, Call note.

⁷¹ 10star, Call note.

⁷² 10star, Call note.

- (b) Star Sports told us that:⁷³
- (i) it did not have an estimate of the costs required to develop pricing models without knowing the details, such as the range of markets. [redacted]; and
 - (ii) there were two ways to put prices up: (a) one, was to get prices from third parties based on their algorithm and take this as it was; or (b) two, have the capability to adjust this based on in-house pricing algorithms. It told us that Spreadex could integrate in the same way as any other feed provider, but that this was [redacted]. Star Sports told us that it would be surprised if all of Spreadex's pricing was manual, and that it 'would think they have third parties assisting'. [redacted], who would 'have the capability to do the job', although this was 'a lot smaller' than what Sporting Index offered pre-Merger and so Betsson 'would make more sense'.
- (c) Software Mind told us that it did not have experience in building spreads pricing models, and it would need to 'understand the maths' behind spread pricing in order to do build these models.⁷⁴
- (d) Sporting Group told us that while spread pricing models were required to 'create pricing', there was still a 'lot of manual effort' needed to ensure the 'figures are correct'. Sporting Group told us that the extent to which different pricing models could be developed from a common initial model depended on an operator's 'appetite for risk', but added that while it was 'feasible to create different prices', this was 'not advised', as spread prices in the market should be 'very similar' and increased price differentiation (in terms of the size of the spread) would imply an increase in the risk being taken by the operator. In this regard, Sporting Group told us that 'differentiation' between sports spread betting competitors did not necessarily relate to price differentiation and that prior to the Merger, Sporting Index's and Spreadex's 'views on prices were similar'. Instead, it told us that the 'key' was: (i) the overall experience', ie the 'breadth of markets' (for which Spreadex was 'superior' in); and (ii) also in the 'front-end', eg in terms of the website, promotions and hospitality offered.⁷⁵

E.15 Based on the Third-Party Remedy Calls, in relation to whether spread pricing feeds could be sourced from third-party suppliers:

- (a) OddsMatrix told us that the pricing algorithm and 'presumably' risk management was where it 'assumes the magic is' in relation to sports spread betting. It told us that 'technically' it could build the pricing algorithm within a

⁷³ Star Sports, Call note.

⁷⁴ Software Mind, Call note.

⁷⁵ Sporting Group, Call note.

‘reasonable period of time’, but it currently had no interest in supplying spreads specific services.⁷⁶

- (b) bet365 told us that given the sale of Sporting Solutions to Betsson, it was unclear how Betsson would continue to use the B2B business and whether there was any potential for Sporting Solutions to provide data feeds to a potential purchaser as part of any remedies process. bet365 told us that it would be possible to ‘buy in’ sports fixed odds pricing and trading services, and noted that Sporting Solutions previously offered these same services for sports spread betting. It added that it was now not sure whether there were any third parties who could provide these services for sports spread betting.⁷⁷
- (c) Betfair told us that a fixed odds provider could decide either to have its own in-house pricing and modelling capabilities, or to outsource these capabilities by buying a ‘white label sportsbook’ from a third party. It considered that a similar third-party offering might be available for spread betting, although it was not aware of any.⁷⁸

E.16 The evidence from the third-party spread pricing feed providers identified by Spreadex is provided in paragraph 9.202 of the final report.

E.17 In relation to a possible TSA from Spreadex [redacted] (eg under Spreadex’s proposed [redacted] TSA):

- (a) Star Sports told us that [redacted]. It added that if it received pricing from Spreadex, it would make it harder to differentiate on pricing, but this would depend on the capabilities of the platform to differentiate and adjust pricing.⁷⁹
- (b) 10star told us that:
 - (i) it considered a TSA with Spreadex for [redacted] was [redacted], and a purchaser would be completely beholden to a non-competitive TSA with Spreadex;⁸⁰
 - (ii) in order for there to be competition between Spreadex and the divestment business, it was important to ensure that there was ‘price differentiation’ by enabling the divestment business to ‘change prices’ and ‘risk manage’ on its own, independently of Spreadex;⁸¹ and
 - (iii) sports spreads pricing models were slightly more complicated than sports fixed odds models, and that if Spreadex were to provide pricing

⁷⁶ OddsMatrix, Call note.

⁷⁷ bet365, Call note.

⁷⁸ Betfair, Call note.

⁷⁹ Star Sports, Call note.

⁸⁰ 10star, Call note.

⁸¹ 10star, Call note.

to a competitor, then the main consideration should be the ability of a purchaser and its traders to move that pricing, otherwise there would be no differentiation in this regard. 10star told us that while there was non-price competition, if the ability to differentiate on price was taken away, then this 'would be significant', and it would be a significant expense for a purchaser to gain market share via just marketing investment. 10star added that it was 'difficult to get noticed from a marketing point of view, but easier to get noticed from a pricing point of view'.⁸²

- E.18 In relation to whether a TSA from Spreadex would be required for sports market data, 10star told us that market sports data feeds would not necessarily need to be provided via a TSA with Spreadex, and that generally generic data feeds were available from a number of providers. 10star also told us that 'game state' live data was only available from a limited number of providers, and that fixed odds pricing feeds were required for sports fixed odds betting to make sure 'you are not being caught out by market moves', but added that this was less of a concern within sports spread betting as there was 'not much of a market'.⁸³

Cloning the Spreadex platform

- E.19 In relation to a divestiture remedy involving the sale of a duplicated copy of Spreadex's spread betting platform:

(a) 10star told us that:

- (i) while it was 'not familiar with Spreadex's platform', if Spreadex was required to divest a clone of its own spread betting platform, then it would expect the components of that spread betting platform to be similar to those for the Sporting Index spread betting platform;⁸⁴
- (ii) alternatively, if Spreadex was required to transfer the source code of its own spread betting platform to a purchaser, this could work if a TSA was provided by Spreadex;⁸⁵
- (iii) generally it felt that there was a viable competitor in the form of the Atlas platform pre-Merger, and so a purchaser would need to have an equivalent to what was there pre-Merger. 10star told us that it did not consider the Bespoke Platform Solution to offer this, and so 'if Atlas is off the table then cloning should be the only option'. 10star added that 'you would think cloning an existing system is easier to do than recreating a bespoke solution that achieves a subset of functionality

⁸² 10star, Call note.

⁸³ 10star, Call note.

⁸⁴ 10star, Call note.

⁸⁵ 10star, Call note.

that is currently within Spreadex', although it 'can understand why Spreadex would not want to do this',⁸⁶ and

- (iv) cloning part of the Spreadex platform may be more complex than cloning the whole platform, and that the platform may be 'tightly coupled in places', but from a technical perspective 'the more bespoke the solution, the higher the complexity'. 10star also told us that the back-end had 'the least differentiation' in the platform. 10star added that the back-end was the 'foundation you build off'.⁸⁷

(b) Star Sports told us that:

- (i) cloning was an option that would need to be considered if it would not be possible to recreate or reconstitute the pre-Merger Sporting Index platform.⁸⁸ Star Sports also told us that it had concerns about such a platform being identical to the Spreadex platform, particularly if a purchaser did not have full ownership of this platform, as this might result in the platform being a white-label of the Spreadex platform. It stated that an alternative might involve a purchaser acquiring just the source code for the Spreadex spread betting platform, which would then allow a purchaser to develop and manage the platform itself, however it also told us that this option might 'take too long' if it did not have the 'right people' to work on the source code;^{89, 90} and
- (ii) it would need to understand what the Spreadex platform looked like, and that there was 'not much it can say' without understanding the 'technical specification limits'. It told us that in theory cloning should be less timely and costly, but in practice [✂]. It added that the length of a cloning process would depend on the specifications of the platform, although intuitively this should be simpler and more timely than building a platform, unless the platform being cloned was 'riddled with technical debt'.⁹¹

(c) Sporting Group told us that a 'duplicate' of Spreadex's platform could 'in theory' be created, but added that once created, the platform would need to 'keep evolving' (eg to keep up with regulatory compliance and in terms of 'interaction' with customers), which could be done either in-house or outsourced to a third party.

⁸⁶ 10star, Call note.

⁸⁷ 10star, Call note.

⁸⁸ Star Racing, [Star Racings comments on the CMA's Remedies Notice](#), 7 August 2024,

⁸⁹ Star Racing, [Star Racings comments on the CMA's Remedies Notice](#), 7 August 2024.

⁹⁰ Star Sports, Call note.

⁹¹ Star Sports, Call note.

- (d) A sports fixed odds betting provider told us that in relation to any cloning of Spreadex's technology, it believed that Spreadex would 'not let the cloning option be easy'. It also told us that any duplicated IT platform would require updating, and that there was only a 'limited number of people' who could do that.⁹²
- (e) OddsMatrix told us that cloning 'would probably not be too hard to do', and based on its past experience it told us that cloning can be done very quickly and is 'very feasible to do'. OddsMatrix added it had cloned a platform in 30 days in the past that if Spreadex had 'cloud-native stacks which were automated and followed best practice in the past', then this could be cloned easily, but if the technology was 20 years old then this could be difficult.⁹³
- (f) AlixPartners told us that:⁹⁴
- (i) cloning platforms was common from its experience. It told us that it was common for one party to take the original system and one to take a copy of the system. It added that this was typically the 'safest approach', and that the process for this usually involved cloning the entire IT eco-system and then running both platforms with the same data to see if the results were the same. If the results were the same, then 'you would press the button to clone'; and
 - (ii) the length and cost of the process depended on the platform, and that sometimes it was very easy but for some it was very complicated (eg the pre-Merger Sporting Index IT eco-system). It added that it had worked on a cloning process where the cost was around £[REDACTED], but it had 'no ballpark figure' and it could be much lower, depending on the complexity of the architecture.⁹⁵
- (g) Software Mind told us that 'cloning is normal' and that 'every engineer is taught how to clone and reverse engineer'. It added that the timing of a cloning process would depend on the documentation and complexity of the architecture, and that the complexity depended on the interdependencies of the platform, and its ability to integrate with third parties, such as third party market feeds and payment providers.⁹⁶

⁹² Third party, Call note.

⁹³ OddsMatrix, Call note.

⁹⁴ AlixPartners, Call note.

⁹⁵ AlixPartners, Call note.

⁹⁶ Software Mind, Call note.

Staff and business capabilities

Total staff needed

E.20 Sporting Group told us that in terms of total staff numbers (and the functions) needed by a standalone Sporting Index business, the [redacted] Sporting Index staff (including [redacted]) offered to potential purchasers during the B2C sale process was a 'good starting point', but that it would require an additional 25 to 35 traders, and at least four additional risk and compliance staff. It added that a standalone business would also need to be able to carry out all of the 'standard functions' a business would need, including finance, customer service, marketing, risk and compliance, relationship managers for 'VIP' customers. It added that recruiting 'ready-made people with experience' would be 'expensive' and 'retraining people' would take 'time and effort'.⁹⁷

Proposed TSAs

- E.21 In relation to Spreadex's Remedy Proposal, where a purchaser would rely on a TSA from Spreadex while the purchaser recruited the staff it needed:
- (a) 10star told us that broadly, the [redacted], ie it would include trading support and back office support for compliance, but potentially additional support might be required [redacted]. 10star told us that it would take two to three years to hire staff and 'be out of' a TSA, but that this was an iterative process and that it would not take two to three years to get the 'first team running'.⁹⁸ 10star also told us that while the divestment business was being 'built up' by a purchaser, the Sporting Index business should be able to run as it currently was.⁹⁹
 - (b) Star Sports told us that a TSA with Spreadex would be required while a purchaser recruited the required staff, but added that there was a question of whether the FCA would be okay for a purchaser to operate under a TSA with a Spreadex until it recruited the relevant staff. It added that it was not sure how the FCA would look at a compliance TSA from Spreadex to a competitor, and that FCA approval would need to be a condition precedent to the transaction. Star Sports also told us that it would not want to rely on a TSA with a competitor for the continued support of a platform, and it would prefer support from third parties in this regard. It also told us that it should not take too long to recruit staff, although this depended on the size of the Sporting Index business.¹⁰⁰

⁹⁷ Sporting Group, Call note.

⁹⁸ 10star, Call note.

⁹⁹ 10star, Call note.

¹⁰⁰ Star Sports, Call note.

E.22 In more general terms, in relation to the potential scope of any TSAs being provided to the purchaser:

- (a) bet365 told us that the nature and scope of a TSA ‘all depends on the purchaser’, but generally a TSA would be required to make the divestment package attractive to purchasers.¹⁰¹
- (b) 10star told us that if it were to be a purchaser of the divestment business, in relation to whether it would have any issue with a TSA in connection with an acquisition of the divestment business, would depend on: (i) what was in the TSA; and (ii) who was providing the TSA services. In relation to the former, it explained that if it could be confident that the TSA would work and knew what services it would be receiving under the TSA (eg services for ‘migrating technology’ to its ‘own platform’ or services to ‘build up’ the ‘platform’), then it would not have any issue with a TSA. In relation to the latter, it told us that it would be ‘less concerned’ about a TSA from Sporting Group (if this was applicable).¹⁰²

Trading staff

E.23 In relation to the recruitment of traders:

- (a) Sporting Group told us that while [X] were offered to potential purchasers during the FDJ sale process, prior to the Merger, Sporting Index had access to Sporting Solutions’ B2B traders. Sporting Group considered that a standalone Sporting Index business would need up to 40 or 50 traders in total.¹⁰³
- (b) 10star told us that if a purchaser already had its own traders (eg if the purchaser was a fixed odds provider or a ‘B2B provider’), then there could be some scope for its own traders to do some of the ‘spread trading’, given the ‘large amount of automation’ involved (eg as was the case for ‘football pricing’) resulting in a ‘large amount of trading skill’ not being required. However, it told us that traders were required for some sports (including [X]), where there was less automation and a ‘generic trader’ could not be used. 10star explained that there were more ‘variables’ and ‘volatility’ involved in these types of sport (eg [X]) and traders were required to ‘interpret’ what they were seeing to ‘drive’ and ‘interact with’ the ‘model’ manually. It told us that if the divestiture package included ‘pricing models’, then there would be a need for traders to ‘run those models’. 10star also told

¹⁰¹ bet365, Call note.

¹⁰² 10star, Call note.

¹⁰³ Sporting Group, Call note.

us that it believed that it would generally be possible for new traders to be hired or trained for sports spread betting.¹⁰⁴

- (c) Star Sports told us that trading was something that it might already have the capacity to carry out, particularly given the sports spread betting traders [X]. Star Sports also told us it could not determine whether any further trading capabilities (beyond Star Spreads' current trading capabilities) would be required without first understanding the size of the current Sporting Index business, but generally, did 'not see this as an issue' given that it considered sports fixed odds traders could pick up sports spread betting skills in two weeks, and it had 'enough contacts to fill in the gaps'.^{105, 106}
- (d) Betfair told us that:¹⁰⁷
 - (i) hypothetically, if it were to acquire a sports spread betting business, then it might be able to use its own trading team by giving them additional training to use different models, given that traders in fixed odds and spread betting would use similar 'trading computational methods' and had similar 'backgrounds and skills'. However, it considered that if it was necessary to recruit new traders, then it would also be possible to do so, as there were 'plenty of people' either with the relevant market experience or with transferable skills from similar markets (eg for 'contracts for differences' and other financial exchange markets); and
 - (ii) some fixed odds providers did not want to have their own trading team and chose to outsource this capability, in order to focus their business on 'marketing' to customers.
- (e) bet365 told us that sports fixed odds traders would also have the capability to offer sports spread trading, and that if a purchaser had an in-house team of sports fixed odds traders, then it could also have the capability to offer sports spread trading. bet365 told us that it could retrain its traders to offer spread betting.¹⁰⁸

Compliance staff

E.24 In relation to the recruitment of compliance staff:

- (a) Sporting Group told us that it would be possible to recruit staff with the relevant compliance experience for the divestment business, from the 'FCA-

¹⁰⁴ 10star, Call note.

¹⁰⁵ Star Racing, [Star Racings comments on the CMA's Remedies Notice](#), 7 August 2024.

¹⁰⁶ Star Sports, Call note.

¹⁰⁷ Betfair, Call note.

¹⁰⁸ bet365, Call note.

regulated financial sector' (noting that Sporting Group had in the past employed a consultant from the 'financial industry' to assist it with regulatory compliance), but added that it would require 'significant investment to attract them'.¹⁰⁹

- (b) 10star told us that a divestment business would require compliance staff, in particular in relation to compliance with the FCA's regulations.¹¹⁰
- (c) Star Sports told us it [REDACTED], and based on when it spoke to the FCA, it understood the FCA's regulations to be more strenuous and it would therefore require the 'right people to deliver the right processes'.¹¹¹
- (d) bet365 told us that a divestment business would need senior compliance staff, and that recruiting specialised compliance staff would be 'a major challenge' given the niche nature of licensed online sports spread betting market. However, bet365 told us that it may be possible to recruit the required compliance staff from FCA regulated financial services firms, who have experience with financial spread betting.¹¹²
- (e) Betfair told us that hypothetically, if it did acquire a sports spread betting business, it did not believe that its own business would have the relevant staff from a regulatory 'compliance perspective', given the different regulatory regimes which applied to sports fixed odds betting and sports spread betting.¹¹³

IT staff

E.25 In relation to the recruitment of IT staff:

- (a) 10star told us that recruiting IT staff who were 'familiar' with the spread betting platform, who could carry out R&D on the technology, would be 'the most difficult' category of staff to recruit (eg compared to traders), and added that there was 'always pressure on hiring tech staff'.¹¹⁴
- (b) Star Sports told us that [REDACTED], the IT staff required in this case would require a different skillset as they must be able to understand and have 'intimate knowledge' of the source code being used. Star Sports told us it would need to have these capabilities in-house to avoid being reliant on Spreadex, and

¹⁰⁹ Sporting Group, Call note.

¹¹⁰ 10star, Call note.

¹¹¹ Star Sports, Call note.

¹¹² bet365, Call note.

¹¹³ Betfair, Call note.

¹¹⁴ 10star, Call note.

that this would therefore require individuals who initially operated the platform being divested.¹¹⁵

- (c) Betfair told us that from a technology perspective, one of the biggest differences between a spread betting platform and a fixed odds betting platform would be in relation to ‘wallet management’, eg how much money a customer held in their betting account and ensuring that a customer could pay for what they had bet. Betfair explained that since spread betting could have many different betting outcomes (unlike fixed odds betting which had a binary outcome), and given the need to enable spread betting customers to ‘transact’ beyond what they held in their betting accounts, it was uncertain how a spread betting provider would mitigate that risk. However, it considered that if Betfair had acquired a sports spread betting platform, other than the ‘wallet management’ issue, the other technical aspects of the sports spread betting platform was ‘probably manageable’.¹¹⁶
- (d) bet365 told us a divestiture package would require an IT team, and the extent to which this capability could be covered by a purchaser would be dependent on who the purchaser was. [X].¹¹⁷
- (e) OddsMatrix told us that if Spreadex were to provide IT expertise via a TSA, then this would not be ‘unduly burdensome’ and a purchaser should be able to pick up the required IT knowledge during the TSA period.¹¹⁸

Purchaser risks

Identification of a suitable purchaser

E.26 We set out below the evidence from third parties on the criteria for a suitable purchaser of a sports spread betting business:

- (a) 10star told us that any purchaser of a sports spread betting business would need the FCA’s approval for a change in control and therefore, a suitable purchaser would be one which could pass the FCA’s requirements. In this regard, it considered that that ‘offshore bidders’ (such as ‘crypto providers’) had a ‘higher risk’ of not obtaining the FCA’s approval, eg by failing on their ‘KYC [Know Your Customer] and AML [Anti-Money Laundering] procedures’. It added that if the purchaser was also acquiring a fixed odds business, then it would require separate approval from the GC. 10star also told us that it was

¹¹⁵ Star Sports, Call note.

¹¹⁶ Betfair, Call note.

¹¹⁷ bet365, Call note.

¹¹⁸ OddsMatrix, Call note.

‘essential’ for a purchaser to have experience in the spread betting market or in ‘adjacent’ markets.¹¹⁹

(b) Star Sports told us that:¹²⁰

- (i) a purchaser having a background in sports spread betting or fixed odds services was vital, particularly for a purchaser to be able to compete quickly with Spreadex. It added that a purchaser that did not have this background, or a purchaser that had ownership links with Spreadex, might fail to meet the CMA’s standard purchaser suitability criteria; and
- (ii) any purchaser could ‘bring in the right people’ to obtain the regulatory approval required from the FCA to operate the divestment business, as a purchaser would just have to prove to the FCA that it had the ‘right people in place’. It also told us that a purchaser would not need everything to be in place in order to receive FCA approval, but that the FCA would need to see the completion and operation of the spread betting platform before granting approval.

(c) Sporting Group told us that:¹²¹

- (i) it was ‘not essential’ but ‘desirable’ for a purchaser to operate in the ‘same or adjacent market’;
- (ii) while a purchaser did not have to be FCA-regulated itself, [redacted];
- (iii) in order for a purchaser to obtain the FCA’s approval for its acquisition of the divestment business, the purchaser would require the financial resources in the form of ‘cash in the bank to cover all positions and any losses at any moment in time’, which Sporting Group estimated would be around £10 million for Sporting Index – the actual figure would need to be calculated based on a ‘complex financial formula’;
- (iv) a purchaser would need to ‘demonstrate’ to the FCA that it had ‘risk and compliance at the forefront of everything’ it did. In this regard, Sporting Group told us that ‘spread betting’ was ‘low down on the FCA’s priorities’, and therefore, the FCA put more emphasis on individuals rather than the ‘product out there in the market’ (eg having a risk and compliance director). It therefore considered that if the purchaser had individuals with experience of previously running a spread betting firm, or having experience in ‘financial markets’ (eg in an investment

¹¹⁹ 10star, Call note.

¹²⁰ Star Sports, Call note.

¹²¹ Sporting Group, Call note.

company or broking company), this could help with obtaining FCA approval; and

- (v) the spread betting platform would also need to be approved by the FCA, and that there would be an ongoing requirement to submit an annual compliance report to the FCA to demonstrate that the platform was still compliant. Sporting Group could not comment on whether the platform needed to be fully set up and operational before requesting FCA approval and/or completion of any divestiture.
- (d) A sports fixed odds betting provider told us that it would be 'essential' for a purchaser to understand the 'compliance nature of gaming', eg this could be a UK financial spread betting provider as it would be FCA-regulated, or a GC-regulated operator, which would have 'compliance experience' which was transferrable for sports spread betting.¹²²
- (e) Betfair told us that a potential purchaser would require a 'certain level of understanding' and knowledge of the relevant market, and noted that in the past, new entrants into the fixed odds market had quickly exited the market as they did not have the requisite 'knowledge'. Betfair also told us that if a divestiture remedy involved the transfer of a fixed odds business to a purchaser, then the GC would need to approve the 'change in control', which would typically take around six weeks, but that this approval could be obtained following completion of the transaction.¹²³
- (f) bet365 told us that:¹²⁴
 - (i) it agreed with the CMA's purchaser suitability criteria, and that experience in an adjacent market such as financial spread betting or sports fixed odds betting was 'probably desirable not essential';
 - (ii) if the purchaser only had the money required to acquire the divestment, such as a private equity firm with 'nothing to bring to the table', then it would be a substantial challenge to successfully operate a divestment business and an extremely broad and long TSA would be required – however, it added that if the purchaser was a private equity firm with experience in the industry, then it 'would not write them off'; and
 - (iii) anyone licensed by the GC should also be able to obtain an FCA licence.

¹²² Third party, Call note.

¹²³ Betfair, Call note.

¹²⁴ bet365, Call note.

Assessing a purchaser's commitment to the relevant market

E.27 In relation to our question of how the CMA should assess a potential purchaser's commitment to competing in the relevant market:

- (a) Betfair told us that a potential purchaser should be able to provide the CMA with a 'good business plan', including details of its customer acquisition and retention plans, which could be compared with what Spreadex and Sporting Index had done in the market.¹²⁵
- (b) 10star told us that it believed that a purchaser having knowledge or prior experience of running a 'spreads business' could demonstrate its commitment to competing in the relevant market. It added that some purchasers (eg B2B providers) might only be interested in acquiring the sports 'pricing models' to use in their own 'B2B process' rather than to use them for spread betting, given that 'modelling resource' was 'scarce' and it took a 'long time to develop' these 'pricing models', therefore, making 'pricing models' an 'attractive' acquisition opportunity.¹²⁶
- (c) A sports fixed odds betting provider told us that in terms of a potential purchaser demonstrating its commitment to operating in the relevant market for a long time, a purchaser's 'longevity' in terms of how long it had operated in the UK, might give an indication of its commitment going forwards.¹²⁷
- (d) bet365 told us that a purchaser should show an understanding of the regulatory environment, and its business plan should balance compliance with this regulatory environment alongside building up profitability of the Sporting Index business.¹²⁸

Availability of a suitable purchaser

E.28 In relation to the availability of a potential purchaser:

- (a) Sporting Group told us that 'every traditional sportsbook' would have the 'capability' to acquire a sports spread betting divestment business, but that they would not have the 'appetite' to do – eg it told us that Entain, Flutter and Bet365 would have the 'human resources' in place to operate a divestment business but not the 'appetite', noting that Entain, William Hill, IG Index and City Index had all 'pulled out from spread betting' as they 'saw that the returns were not there'.¹²⁹

¹²⁵ Betfair, Call note.

¹²⁶ 10star, Call note.

¹²⁷ Third party, Call note.

¹²⁸ bet365, Call note.

¹²⁹ Sporting Group, Call note.

- (b) bet365 told us that it could not see the purchaser being anyone other than an existing sports betting provider.¹³⁰
- (c) One online betting provider told us that:¹³¹
- (i) [redacted] it would be 'interested in theory'. However, it highlighted some 'nervousness' about what might have happened to the Sporting Index 'technology' since the Merger had completed and the current 'state of the business', as well as the potential prospects of entering into a TSA with Spreadex and separately with the new owner of Sporting Solutions (Betsson Group);
 - (ii) it considered that a potential purchaser would likely be a sports betting provider, or possibly, a 'financial spread betting provider' (albeit the latter would have a 'different skillset' to that required for sports spread betting). It added that it did not consider a private equity buyer would be interested in acquiring a sports spread betting business in the UK given that it was uncertain whether there was 'room for growth now' in the UK market. However, it added that a private equity buyer might still be potentially interested in acquiring the divestment business if it was looking to expand the business into the US.¹³²
- (d) A sports fixed odds betting provider told us that:¹³³
- (i) it did not consider Sporting Index's spread betting business to be an 'attractive proposition' for potential purchasers. The sports fixed odds betting provider told us that since Sporting Index's 'technology' had been 'switched off' since the Merger completed, it estimated that it would cost a purchaser around £5 million just 'to get it running', and therefore, it could not imagine a purchaser would pay any purchase price to acquire this divestment business. It added that it believed that none of the 'big gambling businesses' who could take on the divestment business, would be interested in acquiring it, given also that sports spread betting was a 'niche market'; and
 - (ii) the issue of compliance with the FCA and GC raised 'challenges' for potential purchasers. It explained that 'large operators' were moving away from 'high staking' customers and more towards a 'lottery' / 'low stakes' model, and therefore, if an operator decided to offer spread betting, which involved more 'high staking customers', then by having such customers with a 'common wallet' for both say, fixed odds and

¹³⁰ bet365, Call note.

¹³¹ Third party, Call note.

¹³² Third party, Call note.

¹³³ Third party, Call note.

spread betting, this could ‘attract greater scrutiny’ from the GC for its existing GC-licensed activities. It added that while Spreadex had sufficient resources to take on multiple fines from regulators, it did not consider that ‘other providers’ would be prepared to take on that ‘sort of scrutiny’. It also told us that the need to offer ‘credit lines’ to customers would ‘scare off bigger bookmakers’.

- (e) Betfair told us that it was neither in the sports spread betting market nor looking to enter, and that it did not have the relevant expertise or experience in spread betting.¹³⁴

Ensuring an effective divestiture process

Asset risks

E.29 In relation to third-party views on the extent to which the Sporting Index’s assets may have degraded since Merger completion:

- (a) Sporting Group told us that in terms of Sporting Index’s own spread betting technology, the extent to which it had degraded, would depend on how long it would take to reactivate it and then ‘integrate the pricing and front-end’ – it estimated that this would take around 12 months and be a ‘sizeable task’. It told us that keeping Sporting Index on a ‘white label’ Spreadex platform in the interim had the risk that Sporting Index was ‘dependent’ on Spreadex. Sporting Group told us that the ‘player database’ would also be ‘sensitive’ to degradation, and therefore, there was a need to continue to invest into it in order to ‘maintain’ it (it estimated this to be between [X]).¹³⁵
- (b) 10star told us that if Sporting Index’s own pre-Merger ‘technology’ had not been maintained or updated since the Merger completed, then there were risks around how ‘regressed’ Sporting Index’s ‘technology’ had become, and whether it was still ‘fit for purpose’. It added that it was better to have Spreadex operating Sporting Index’s website as a ‘white label’ version of Spreadex’s website, than the Sporting Index website not operating at all.¹³⁶
- (c) Star Sports told us that:¹³⁷
 - (i) there had already likely been Sporting Index asset deterioration, due to the lack of product differentiation between Spreadex and Sporting Index

¹³⁴ Betfair, Call note.

¹³⁵ Sporting Group, Call note.

¹³⁶ 10star, Call note.

¹³⁷ Star Sports, Call note.

and the loss pre-Merger Sporting Index staff as a result of the Merger;
and

(ii) [REDACTED].^{138,139}

- (d) A sports fixed odds betting provider told us that Spreadex would have attempted to solicit Sporting Index customers shortly after completing the Merger, and therefore, there was a risk that Spreadex would ‘pick off the best clients from Sporting Index’. It told us that if this was the case, then this would be ‘irreversible’ and Sporting Index would cease to exist, such that it would already be ‘too late’ to implement a divestiture remedy.¹⁴⁰
- (e) bet365 told us that it would be ‘interesting to know’ what was happening to the Sporting Index customer base given that Sporting Index now offered an identical product to Spreadex, and customers might therefore be moving as a result. It also told us that understanding how Spreadex was treating the two customer bases would be important in understanding any risk of asset degradation.¹⁴¹

E.30 In relation to the risk of asset deterioration during a divestiture process:

- (a) Star Sports told us that under a scenario where Spreadex was responsible for putting together such a platform, [REDACTED]; or damage the spread betting platform included as part of a potential divestiture package.¹⁴²
- (b) A sports fixed odds betting provider told us that there was a risk that Spreadex would ‘run Sporting Index down to zero’ and try to do this without detection. It estimated that around 80% of spread betting revenues would be generated from around 5% of the customer base, and therefore, Spreadex should deliver to the CMA, customer reports on its ‘top 20’ customers which would track whether since Merger completion, a Sporting Index customer had migrated to Spreadex. It also told us that the CMA should look at Spreadex’s correspondence with these Sporting Index customers, which should be ‘on file’.¹⁴³
- (c) Betfair told us that it would expect there to be risks associated with a possible divestiture process, but could not comment on specific risks.¹⁴⁴

¹³⁸ Star Sports, [Star Racing Comments on the CMA's Remedies Notice](#), 7 August 2024.

¹³⁹ Star Sports, Call note.

¹⁴⁰ Third party, Call note.

¹⁴¹ bet365, Call note.

¹⁴² Star Sports, Call note.

¹⁴³ Third party, Call note.

¹⁴⁴ Betfair, Call note.

Timescales for developing the reconstituted platforms and completing a divestiture

E.31 In relation to the appropriate timescale for completing a divestiture:

(a) 10star told us that:¹⁴⁵

- (i) while a divestiture remedy should be completed ‘as soon as possible’, it would need to be ‘realistic’ about the timings needed to ‘migrate the technology’ to a purchaser. It considered that the Sporting Index assets which had been acquired by Spreadex, could be transferred to a purchaser in around six to nine months;
- (ii) in relation to the [redacted] timeframe given by Spreadex for the development of the Bespoke Platform Solution, it told us that there were ‘too many unknowns’, but from a business perspective, it considered this to be ‘bullish’. It told us that ‘the more upfront the purchaser can get involved the better’, in order for the purchaser to better understand the platform it would be acquiring. It added that while Spreadex’s development timelines assumed that there would be no material issues, it considered that there would ‘be material issues’ as part of the development of the platform. It also told us that this development might be quicker if the platform was based on the Spreadex platform, [redacted]; and
- (iii) Atlas was developed over a decade ago, and that it was in active development for two to three years. It added that ‘no matter how well’ Atlas was specified, there was ‘ongoing work for a significant period of time afterwards’ and ‘there was a lot of iterative improvement after initial release’.

(b) Star Sports told us that from a technical perspective, building a platform that could use new data feeds took it two and a half years, and that this was with ‘all incentives aligned’.¹⁴⁶ Star Sports also told us that intuitively the timelines proposed by Spreadex to build the Bespoke Platform Solution did not seem feasible based on its own experience, but to provide a definitive answer it would need to see technical documentation, languages, database, and servers.¹⁴⁷

(c) A sports fixed odds betting provider told us that all of Sporting Index’s customers should ideally be migrated to the purchaser in one go, and that the migration process should take no longer than six months to ensure the customers did not go ‘someplace else’. It explained that the customer base

¹⁴⁵ 10star, Call note.

¹⁴⁶ Star Sports, Call note.

¹⁴⁷ Star Sports, Call note.

would become 'worthless' in around six months if the customer base was not maintained, and in this regard, considered that the current 'white label' arrangement which Sporting Index had with Spreadex, was better than not having Sporting Index at all.¹⁴⁸

- (d) OddsMatrix told us that based on its experience, it would take around 12 months to build a 'minimum viable product' from scratch, with the key markets required to compete, but building 'something that was competitive' and covered 'more markets' would take around three years.¹⁴⁹
- (e) Software Mind told us that it would take one to two years to build a platform from scratch, but this would be 'closer to two years'.¹⁵⁰

TSA

E.32 In relation to the extent to which certain elements of any divestiture transaction could be dealt with following completion of the divestiture transaction, and under a TSA:

- (a) 10star told us that if the purchaser could have certainty over what it was acquiring, then the timing of completion and the duration of any post-completion transitional arrangements would be 'less of a concern'. However, it told us that conversely, if there was less 'certainty', then a purchaser would want to acquire 'more upfront' and leave less to any post-completion TSA.¹⁵¹
- (b) Star Sports told us that recruitment of staff would take place post-completion, but there was a question of whether the FCA would be 'okay' for a purchaser to operate under a TSA with a Spreadex until it recruited the relevant staff. It added that it was not sure how the FCA would look at a 'compliance TSA' from Spreadex to a competitor, and so FCA approval would need to be a condition precedent to the transaction.¹⁵²

Need for a Divestiture Trustee

E.33 Two third parties were generally in favour of the appointment of a Divestiture Trustee at the outset of the divestiture process:

- (a) 10star told us that appointing an independent Divestiture Trustee at the outset of the divestiture process would make it more likely that a 'competitive

¹⁴⁸ Third party, Call note.

¹⁴⁹ OddsMatrix, Call note.

¹⁵⁰ Software Mind, Call note.

¹⁵¹ 10star, Call note.

¹⁵² Star Sports, Call note.

purchaser' would be found, than if the process of selecting potential purchasers was run by Spreadex.¹⁵³

- (b) Star Sports told us that appointing an independent Divestiture Trustee at the outset of the divestiture process might help, given the 'amount of work that needs to be taken'.¹⁵⁴

Views on other possible remedies

E.34 No third party told us that we should be considering behavioural remedies as a primary remedy:

- (a) 10star told us that while a structural remedy would not be 'straightforward', it would be 'more effective' than a behavioural remedy. For example, 10star told us that if the Merged Entity committed to keep Spreadex and Sporting Index separate and offer customers some 'differentiation', then while it would appear as if there was competition, this would not 'improve competition' given that all of the benefits would go to one entity.¹⁵⁵
- (b) Star Sports told us that a structural remedy was the only sensible option and that it did not believe a behavioural remedy would effectively remedy the SLC.^{156,157}
- (c) Betfair told us that there were no other remedies that we should consider, and added that it did not have the expertise to comment on possible behavioural remedies.¹⁵⁸
- (d) In relation to behavioural remedies, bet365 told us that it did not know if it was possible to control spreads, but even if this was possible, then this would 'be artificial'. It also told us that controlling spreads would have to be perpetual, but that this 'surely [...] cannot run forever'.¹⁵⁹
- (e) A sports fixed odds betting provider told us that in light of not only the challenges of including the spread betting technology as part of any divestment business, but also more generally, the 'big challenge' of doing the pricing in-house, it might be possible for Spreadex to provide a new market entrant with a licence to use Spreadex's 'technology stack', and receive certain 'services' from Spreadex in order to enable the licensee to compete with Spreadex.¹⁶⁰ However, the sports fixed odds betting provider outlined a

¹⁵³ 10star, Call note.

¹⁵⁴ Star Sports, Call note.

¹⁵⁵ 10star, Call note.

¹⁵⁶ Star Racing, [Star Racings comments on the CMA's Remedies Notice](#), 7 August 2024.

¹⁵⁷ Star Sports, Call note.

¹⁵⁸ Betfair, Call note.

¹⁵⁹ bet365, Call note.

¹⁶⁰ Third party, Call note.

number of potential issues with licensing the platform, eg because the purchaser would be 'dependent' on its competitor's technology, and would 'need to go through Spreadex' to 'create a new market'.¹⁶¹

- (f) Betfair told us that while there were commercial arrangements between fixed odds providers for supplying each other 'pricing feeds', it was not aware of any platform licensing arrangements, where an entrant would be granted a licence to use a competitor's betting platform.¹⁶²

¹⁶¹ Third party, Call note.

¹⁶² Betfair, Call note.

GLOSSARY

Terms	Definition
2023 Sale Process	FDJ's sale process of the B2C-dedicated Perimeter , which commenced in January 2023 and resulted in the Merger .
ABPU	Average bets per user.
Acquired Assets	All of the Sporting Index assets which Spreadex acquired under the Merger .
Acquired Assets Element	One of the three key elements of Spreadex's Remedy Proposal , whereby Spreadex will divest the Acquired Assets to a purchaser.
Acquired Modules	The [X] modules relating to Sporting Index's pre- Merger platform, which Spreadex acquired under the Merger , and which Spreadex proposes would either be used or newly-built by Spreadex , to build and develop the Bespoke Platform Solution .
Acquired Source Code	The source code for the applications for the spread betting platform used by Sporting Index prior to the Merger , which Spreadex acquired under the Merger .
Act	Enterprise Act 2002 .
Alternative Bidder(s)	Either [X] or [X].
Alternative Purchaser Condition	The second of two cumulative conditions to the exiting firm counterfactual, namely that there would not have been an alternative, less anti-competitive purchaser for the firm or its assets to the acquirer in question.
AMS	Account Management Systems, one of the applications which formed part of Sporting Index's pre- Merger 'back-end' platform.
API	Application Programming Interface.
API Integration	The component that will be developed by Spreadex and connected to the Bespoke Platform Solution to enable

Terms	Definition
	third-party Trading Models to connect to the Bespoke Platform Solution .
ARPU	Average revenue per user.
AWS	Amazon Web Services.
B2B	Business-to-business.
B2B Business	The B2B business carried on by Sporting Solutions .
B2C	Business-to-consumer.
B2C Business	The B2C (spread betting and fixed odds) business carried on by Sporting Index .
B2C Sale Process	FDJ's sale process of the B2C-dedicated Perimeter , which commenced in January 2023.
B2C-dedicated Perimeter	The transaction perimeter relating to the B2C Business offered to all potential purchasers during the B2C Sale Process .
Bespoke Platform Solution	The 'back-end' platform, which Spreadex proposes to develop and include within the divestiture package under Spreadex's Remedy Proposal.
Business Support TSA element	One of the three key elements of Spreadex's Remedy Proposal , whereby Spreadex will provide a purchaser with the Proposed TSAs .
CAT	Competition Appeal Tribunal.
CMA	Competition and Markets Authority.
CMA Purchaser Suitability Criteria	The CMA's standard purchaser suitability criteria set out in CMA87 .
Customer Non-Solicitation Period	[X] following completion of the divestiture remedy, during which Spreadex will be prohibited from contacting, soliciting or entertaining Restricted SPIN HVCs .

Terms	Definition
DMCCA2024	The Digital Markets, Competition and Consumers Act 2024.
Exchange betting	Fixed Odds betting where customers set their own odds and bet against each other.
Excluded Modules	The four modules relating to Sporting Index’s pre-Merger platform, which Spreadex proposes would not form part of the Bespoke Platform Solution .
Exit Condition	The first of two cumulative conditions to the exiting firm counterfactual, namely that the firm was likely to have exited (through failure or otherwise).
FCA	The Financial Conduct Authority.
FDJ	La Française des Jeux SA, the ultimate parent company of Sporting Group , and former owner of Sporting Index prior to the Merger . Also referred to as the Seller .
Former [X] MD	The former Managing Director of [X] who led [X] bid during the B2C Sale Process.
FSMA	Financial Services and Markets Act 2000 .
FY	Financial year.
GC	The Gambling Commission.
GDPR	General Data Protection Regulation.
HVC	High-value customer.
Independent Technical Monitor	A suitable independent technical monitor to be appointed to monitor Spreadex’s platform development obligations.
Initial Divestiture Period	The period normally commencing from the date of the CMA’s acceptance of final undertakings or the CMA’s making of a final order to the date of legal completion of the divestiture remedy.

Terms	Definition
Initial Order	The CMA’s initial enforcement order issued on 15 January 2024.
Initial Stake	In Online Sports Betting, The amount of money a customer stakes on the outcome of a sports event, or on the likelihood of an event occurring or not occurring
Inquiry Group	The group of CMA panel members constituted to investigate and report on the Merger .
IP	Intellectual property.
Key Staff	Staff required for obtaining FCA approval
KPIs	Key performance indicators.
MAGs	CMA ‘Merger Assessment Guidelines’ (CMA129), 18 March 2021.
Merged Entity	Spreadex and Sporting Index together, for statements relating to the situation post-Merger.
Merger	The completed acquisition by Spreadex of the B2C business of Sporting Index , which completed on 6 November 2023.
Merger Remedies Guidance or CMA87	CMA Merger Remedies (CMA87), December 2018.
Monitoring Trustee	Monitoring trustee formally appointed on 7 May 2024 pursuant to the CMA’s written directions issued on 29 April 2024 under the Initial Order .
New Build Models	The four new modules which Spreadex submits it will need to build and develop, which together with the Acquired Modules , will enable the Bespoke Platform Solution to be fully functional.
Online sports betting services	Licensed online sports spread betting and online sports fixed odds betting services.

Terms	Definition
Parties	Spreadex and Sporting Index together.
Platform Development Element	One of the three key elements of Spreadex’s Remedy Proposal , whereby Spreadex will develop a new sports spread betting platform, which would form part of the divestiture package.
[X] TSA	A TSA , under which Spreadex proposes to [X] for a limited transitional period.
Proposed Front-End Platform	The new Sporting Index desktop website and mobile sites, which Spreadex proposes to develop under the Platform Development Element of Spreadex’s Remedy Proposal .
Provisional Findings	The CMA’s provisional findings report on the Merger , published on 25 July 2024.
RCBs	Relevant customer benefits as defined in the Act .
Remedies Notice	The CMA’s Notice of possible remedies, published on 25 July 2024, in relation to the Merger .
Restricted SPIN HVCs	SPIN HVCs who: (a) [X]; and (b) [X].
RMS	Relevant merger situation.
Rules	CMA rules of procedure for merger, market and special reference groups (CMA17), March 2014 version (corrected November 2015).
RWP	The CMA’s Remedies Working Paper setting out the CMA’s provisional decision on remedies.
RWP Response	Spreadex’s response to the CMA’s RWP , received on 23 October 2024.
[X] Document	The sale marketing document [X] during the B2C Sale Process .
SLC	Substantial lessening of competition.

Terms	Definition
SMM	Spreads Market Management, one of the applications which formed part of Sporting Index’s pre-Merger ‘back-end’ platform.
SPA	Sales and purchase agreement.
SPIN Customer List	Sporting Index’s sports spread betting and sports fixed odds betting customer list (including all trading history) acquired by Spreadex under the Merger .
SPIN Employees	The five current employees who transferred to Spreadex from Sporting Index ([X] in Customer Relations, [X] in Customer Services and [X] in Marketing).
SPIN HVCs	Sporting Index’s HVCs.
Sporting Group	Sporting Group Holdings Limited, the holding company of Sporting Index (prior to the Merger) and Sporting Solutions .
Sporting Index or SPIN	Sporting Index Limited.
Sporting Solutions	Sporting Solutions Services Limited; the B2B activities of Sporting Group .
Sportsbook Betting	Fixed Odds betting where the odds are determined by the bookmaker.
Spreadex	Spreadex Limited.
Spreadex Development Clean Team	A ‘clean team’ of Spreadex development team members to work with the purchaser on the platform development. on terms acceptable to the purchaser (Spreadex Development Clean Team)
Spreadex’s Remedy Proposal	Spreadex’s proposed divestiture remedy, as described in its written response to the Remedies Notice dated 20 August 2024 and subsequent submissions made prior to this RWP .
SSNIP	Small but significant non-transitory increase in price.

Terms	Definition
Technical Support TSA	A TSA proposed by Spreadex under Spreadex's Remedy Proposal to provide transitional technical support to the purchaser of the divestiture package.
Third-Party Remedy Calls	The CMA's calls with various third parties to discuss possible remedies following the publication of the Remedies Notice .
Trading Models	The spread pricing models, containing the algorithms needed to calculate spread prices.
Trustee Divestiture Period	The specified period granted to a Divestiture Trustee (if appointed) to dispose of the divestiture package.
TSA	Transitional Services Agreement.
UILs	Undertakings in lieu.
UK	United Kingdom.
UX/UI	User Experience/User Interface.
ZMS	Middleware delivering the Sporting Index services to Sporting Index's desktop website and mobile apps, and one of the applications which formed part of Sporting Index's pre-Merger 'back-end' platform.