

Dear Sirs.

I am writing to you in response to the Starting Price Regulatory Commission's (SPRC's) consultation concerning the process for determining starting prices (SPs), as specified on the SPRC's website and mentioned in the media.

The opportunity for the public to make suggestions and observations about a matter that is of great consequence, and about which there have been concerns for some time, is to be welcomed.

In its notes accompanying the consultation, the SPRC acknowledges the limits to its powers and that it is not a statutory body or have statutory powers.

This in itself is unsatisfactory. For such an important entity as the betting market, there should be an overarching body without such limitations and with the ability to intervene in a meaningful manner, regarding not only SPs but other matters of importance in the betting environment.

In the presumed absence of such a body in the foreseeable future, my recommendations involve a refinement to the current system for determining SPs, with safeguards which should ensure increased integrity. The very existence of these safeguards should discourage the more egregious examples of excessive over-rounds at a race level.

Step one: industry and stakeholder agreement on "acceptable" levels of over-rounds according to nature of race and its field size (this likely to be revisited every few years). This would likely be a function of long-term median values, such as to be found in my 2014 blogs (with which you appear to be familiar), and acceptable deviations from them.

There would be a further safeguard which ensured no revised win and place book would together be over-broke.

I would expect the recently formed Horseracing Bettors Forum (of which I am Chair) to be involved in establishing and approving these parameters and safeguards, and the precise methodology to be implemented. Some HBF members have already done further research in the area of acceptable over-rounds which would happily be shared with SPRC if this proposal proceeds.

Following the first meeting of the HBF on 4th September 2015, that body voted to support the proposal which you are now reading.

Step two: whenever the over-round of a race falls outside these parameters, a pre-defined process ensures that the race-level over-round is corrected to an acceptable level by minor adjustments to individual horses within that race. This would involve increasing or decreasing the odds of individual horses to the next "rung" on the odds ladder which is accepted and already used in British racing.

Step three: in the rare instances in which the process comes into play, SPs are issued only after this correction has taken place.

As an illustration, if it were to be decided that, for instance, the over-round for a given 8-runner race should fall within parameters of 100.0% to 124.0%, and the over-round were to be 129.68%, corrections might be made as follows (original odds on left, as numerator and denominator, corrected odds on right):

Num, 1	Den, 1	% , 1		Num, 2	Den, 2	% , 2
2	1	33.33		2	1	33.33
3	1	25.00		3	1	25.00
5	1	16.67	→	11	2	15.38
6	1	14.29	→	13	2	13.33
7	1	12.50	→	15	2	11.76
8	1	11.11	→	9	1	10.00
10	1	9.09	→	11	1	8.33
12	1	7.69	→	14	1	6.67

Original O/R 129.68 Corrected O/R 123.82

The precise details of which parameters are acceptable, of what odds appear on the agreed odds ladder (e.g. the desire may be to avoid seldom-used values, such as 85/40 and 17/2), and of whether corrections start with outsiders and work inwards, or something else, would be determined as part of the joint industry/stakeholder approval process mentioned above.

The message would be clear: British racing will correct excessive over-rounds at a race level, where they occur, and in a manner which defeats any theoretical attempt to bring them to pass in the first place.

Instances of suspicious individual SPs should be lessened if one consequence may well be an adverse correction elsewhere in the same market.

I regard this as a sensible and easily-implemented measure to curb some of the worst excesses at the race level. It may, or may not, prove sufficient on its own. More radical solutions, such as an industry SP, may need to be explored if this did not have the desired effect.

In addition, I recommend that the sampling system itself be revisited to ensure greater robustness of the SP.

It is not clear why sampling is even necessary when there are a small number of bookmakers (say, fewer than 25) present and the whole population of available bookmakers could be feasibly taken into account.

Additionally, reassurances are needed regarding the anonymity of those involved in a given sample. If, as some suggest, it is easy to figure out which bookmakers are likely to be in the sample, then it would likely be easy to figure out how to influence that sample, too.

Any reconsideration of the sampling process should also assess whether or not anonymity of those in the sample (where a sample is actually required) is truly being achieved.

Lastly, HBF recommends that relevant bodies, presumably including SPRC, work towards the compulsory display of over-rounds on-course. While SPRC has pointed out that over-rounds are an imperfect way of gauging actual profitability, imperfect is not the same as inadequate.

Compulsory display of over-rounds would assist the public in assessing whether they were getting a fair deal and increase confidence in the on-course market.

So, in summary, my recommendations are:

*An auto-correcting process to SPs when over-rounds at a race level fall outside agreed parameters, with the HBF involved in the approval of this process.

**A review of the sampling process, with the intention of increasing the number of businesses that have an input into determining the SP, while at the same time achieving greater anonymity for those involved in any sampling.

***A move towards the compulsory display of over-rounds on-course.

Having contacted SPRC previously, without always receiving a response, I would appreciate an acknowledgement that this submission has been received and will be considered formally as part of the consultation process.

Regards

Simon Rowlands

This proposal is endorsed by the Horseracing Bettors Forum