

AGT'S LIST POSITION TRANSFER FEE POLICY

Administration of Gambling on Tracks Limited (AGT) is the sole body authorised to manage, maintain and update the existing Bookmakers Lists on each of the 59 British racecourses¹. This authority emanates from the Policy and Procedure for Allocating Positions in Existing Betting Rings and the Special Conditions E issued by the Racecourse Association (RCA), which identify AGT as the official holders of the Bookmakers Lists and which bind bookmakers to observe the Lists as a condition of entry into the racecourses.

Transfers of List Positions may only be effected through AGT. There are six ways of transferring List Positions: -

- At a conventional auction arranged by AGT, in accordance with the auction terms and conditions;
- Via online auction administered by AGT, in accordance with the published terms and conditions;
- On retirement, or by Will, or to a family member;
- Through the setting up, or dissolution of a partnership
- By incorporation or disincorporation; or
- By private sale.

This document deals only with transfers applicable to the final four methods above. Transfers via conventional or online auctions are subject to their own terms and conditions which are available at such times when those auctions occur.

Implications of the Gambling Act 2005

All List Positions are bought and sold on the basis that vendors and purchasers are aware of, understand and have taken into account the possible impact of the Gambling Act 2005 on the status of List Positions. Attention is drawn specifically to the announcement made by the Racecourse Association (RCA) on 14 March 2007, which stated that racecourses would not recognise List Positions after 31 August 2012. All other representations regarding the status of List Positions are hereby excluded.

Neither RCA, individual racecourses nor AGT shall have any liability to any vendor or purchaser in respect of any loss or damage arising in connection with the transfer of any List Positions.

Minimum requirements for the transfer of List Positions

AGT will register private transfers of List Positions only in accordance with the written policy agreed with each racecourse, as detailed on the official transfer form which must be completed for each transfer. In order for a List Position transfer to be registered, the following minimum standards apply: -

1. The vendor must be the rightful owner of the List Position.
2. A vendor will normally hold a current betting operating licence issued by the Gambling Commission. In exceptional circumstances dictated by historical factors,

¹ The 59 racecourses are those which on 31 August 2007, were in possession of a Certificate of Approval issued by the Horserace Betting Levy Board. 'Existing' refers to rings and locations that were in existence on that date i.e. betting areas officially approved by the HBLB through the Certificate of Approval.

however, it is possible that the vendor may have a lapsed operating licence or bookmaker's permit.

3. A vendor may also be an unlicensed inheritor of a List Position, being the next of kin of a deceased bookmaker or a nominated beneficiary in a will.
4. The purchaser must hold a current betting operating licence issued by the Gambling Commission.
5. List Position transfers may only be registered during the appropriate periods (known as 'transfer windows') approved by the relevant racecourse. Any transfers outside of these periods must be approved in writing by the relevant racecourse, at its sole discretion.
6. As stated on the transfer form, a List Position transfer shall not be effective on any bookmakers' list until the transfer has been duly registered by AGT. AGT will not register a transfer until all appropriate documents have been signed by both the vendor and the purchaser and lodged at the office, and all fees paid and cleared.

Transfers by retirement or Will, or to a family member

On retirement or by Will, or by simple transfer for no money or money's worth, a Licensed Operator may transfer List Positions to his spouse, parents, children, brothers or sisters. In order to trade from such List Positions, the relevant family member must have an operating licence in their own right. In the event that the operating licence has been applied for but has not been granted, the List Positions will not be transferred until the licence application has been approved by the Gambling Commission and the necessary paperwork has been provided to AGT. Bookmakers should note that under section 114 of the Gambling Act 2005, an operating licence issued to an individual (i.e. a sole trader as opposed to a company licence) automatically lapses on death. Consequently, any List Positions belonging to an individual bookmaker cannot be used for trading purposes on the racecourse until they are appropriately transferred.

All transfers by retirement or Will must be confirmed in writing, either by the Licensed Operator or, if applicable, by the estate. The fee charged in respect of a family transfer on retirement is £50 +VAT per List Position. In the event of death, however, there is a single fee of £50 +VAT regardless of the number of List Positions that are transferred.

Standard fees apply if the estate or inheritor chooses to sell any List Position to a third party.

Transfers relating to partnerships

The defining point at which transfer fees become payable is where any List Position is transferred from one Licensed Operator to another. In respect of partnerships, any partnership which is a Licensed Operator incurs standard transfer fees when it buys/sells any List Position from/to another Licensed Operator.

However, in cases where the new partnership consists of persons including one of the original owners of the relevant List Position(s), the fee charged will be £50 +VAT per List Position.

In the event of the subsequent dissolution of the partnership, there will be a fee of £50 +VAT for each List Position that reverts to the original owner. Standard fees will apply for each List Position that is transferred to anybody other than the original owner, including any other member of the partnership.

Transfers by incorporation or disincorporation

The defining point at which transfer fees become payable is where any List Position is transferred from one Licensed Operator to another. Where an individual bookmaker or partnership wishes to transfer a List Position to a company, he may do so where the majority of the company (i.e. in excess of 50%) is owned by the person(s) registered as being the Licensed Operator from which the List Position is being transferred. The company to which the List Position(s) is (are) transferred must have its own operating licence.

The fee charged in respect of such an incorporation will be £50 +VAT per List Position.

Where the corporate licence holder is less than majority-owned by the original bookmaker, standard transfer fees will be payable.

For disincorporation, mirrored arrangements apply.

Inter-corporate transfers

Occasionally there are complex corporate situations where it is unclear whether there has been a 'change of control' in the running of the company and, consequently, the situation with transfer fees may be equally complex. Such situations may include a purchase by a venture capitalist, a management buy-out or a flotation. Upon written application, AGT will consider cases of complex inter-corporate transfers that fall outside those circumstances previously described in this policy. At its sole discretion, the Board will have authority to decide the appropriate transfer fees based on the specific circumstances presented. Wherever possible, we will use reference to guidance and procedures contained within this policy to determine the fees payable in these instances. No overall fee will be levied that is higher than the total fee which would have applied if each List Position had been transferred individually.

General provisions

The AGT Board has approved the following policy in relation to List Position transfers: -

1. List Positions transfer fees (LPTFs) will be reviewed at least annually.
2. The Board confirmed that the Executive retains the ability, at its absolute discretion, to vary fees as appropriate at the request of any bookmaker, subject to the provision by such bookmaker of suitable written evidence or reasons in support of their request that AGT exercise its discretion. Such evidence may include details of a lesser List Position valuation than the indicative values advised by the BPAs, reflecting AGT's continuing desire to ensure that fees are reasonable and commensurate with the value of the List Position concerned. The Executive will provide a response in writing to any request submitted. The Board will be informed in writing of any variations to fees granted by the Executive.
3. In common with established precedents, the Board is satisfied that it would not be appropriate for AGT to charge 'double fees' where one person purchases one or more List Positions and then sells on some or all of those List Positions within 21 days to a third party without operating from the List Position(s) and all relevant fees have been paid to AGT. Where there is a difference in fees between the original sale and the onward sale within 21 days (for instance, where the original sale is a private sale and the onward sale is done via an online auction), the higher fee will apply. Where the onward sale takes place more than 21 days after the original sale, the full

prescribed fee per List Position will be charged on both the original sale and the onward sale.

4. The Board is also satisfied that where bookmakers swap List Positions in the same ring (direct swaps completed as one double-headed deal only), the lower of the two fees will be charged at 50% of the full prescribed fee as the second transfer is, in effect, a function of the first one.
5. The Board further confirmed that AGT will not consider claims for repayment of any fees for List Positions that have previously been registered, regardless of the circumstances.

Amendments to this policy

AGT is entitled to make changes to this policy at its absolute discretion. Minor changes may be enacted without notice. A minimum of one month's notice will be given for substantive changes. All such changes will be published on the AGT website.