

## **FRAND policy**

In keeping with its objective of becoming a low-cost/low-margin supplier to the betting industry in order to minimise value leakage in the supply chain from rights holder to bookmaker, SIS has committed to a policy of offering SIS's "core" products and services to owners and operators of licensed betting offices in the United Kingdom and Ireland on FRAND terms.

These are terms which are **fair, reasonable** and **non-discriminatory**, as explained in more detail below.

**Fair** relates to terms which are not anti-competitive.

**Reasonable** relates mainly to pricing terms. A reasonable price is one which is not so high that if charged to all customers would significantly increase the cost burden to the whole industry and make it uncompetitive, but nor is it a price that is set so low as to deprive the supplier of an adequate return. An adequate return is one that enables the supplier to cover its costs and provides it with sufficient incentive to continue to offer the product on the market.

**Non-Discriminatory** relates to pricing and other terms of supply. This commitment means that SIS will treat customers in similar circumstances in a similar manner. This does not mean that the rates and payment terms cannot differ between customers. Differences may be justified due to various factors such as the length of the contract, the degree of risk shared, the range of products taken and the creditworthiness of the customer. This commitment will not prevent SIS offering "early-bird" discounts to customers to encourage the take up of a new product, provided that all customers have the opportunity to take advantage of the discount offer.

SIS anticipates that the other material commercial terms (for example, the content of the product, its permitted uses or the licensed territory) will be substantially the same for all customers. This approach has been adopted in order to maintain a level playing field for all customers to ensure that no one individual (or category) of customer is given an unfair competitive advantage by SIS.

These FRAND obligations will apply to retail licences of "Core" content products (being the UK and Irish horse racing and British greyhound racing media rights that SIS has obtained) and the provision of satellite transmission services by SIS for licensed retail use. SIS will endeavour always to ensure that its prices for its wider offering of products and services are reasonable in the terms outlined above.

Although the principle of non-discrimination is expected to apply principally to SIS's dealings with customers, where appropriate it will also apply to its dealings with suppliers.

This policy will apply to all relevant agreements entered into after its date of adoption. It will supersede any extant "Most Favoured Nation" (MFN) clauses when they expire. No new MFN clauses will be entered into.

Gary Smith  
Chief Executive

29<sup>th</sup> September 2016