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Report Type: Evaluation

Report Date: 2 September 2020

Issuing Laboratory: GLI Europe B.V.

Evaluating Laboratory: GLI Africa (Pty) Ltd
Ground Floor, 7 River Road
River View Park, Janadel Avenue
Halfway Gardens, Midrand
South Africa

Report Recipient:



Jurisdiction: UK Remote

Technical Standards for Testing: Remote Gambling and Software Technical Standards (June 2017).
Testing Strategy for Compliance with Remote Gambling and Software Technical Standards November 2018.

Software Supplier:



**Submitting Party/
Licensee Name:**



Product Tested: Football Index - Offer Engine

Request Date: As requested per submitter's request received on 21 August 2020.

Evaluation Period: 27 August 2020 / 27 August 2020

Internal Reference: SY-246-IL2-20-02

Testing Result: Subject to the Conditions of Evaluation section of this Report:
Complies

Internal methods used reference: WIP 24



Software Product Details

GLI's evaluation scope was limited to demonstration and documentation review of the inclusion and intention of usage of the Offer Engine.

A remote shared session of the software functionality of the Offer Engine has been reviewed by GLI.



Gaming Platform Evaluation

GLI's Gaming Platform Evaluation included documentation review and demonstration provided:

Football Index is a Betting Platform that allows validated account holders (Users) to bet on the individual performance of up to 4000 Football Players by entering into a 3-year Fixed Odds bet with the Operator. Transactions are allowed to take place online via the Web and Mobile apps. The payout is based on either the Media rankings of that player or their Individual performance in Matchdays as well as In-Play. These payouts are called 'Dividends'. Users can continue to hold onto their 3-year bet or cash out. The cash out price is set by an algorithm that keeps track of the underlying Player's 'supply and demand'. Meaning that highly regarded Players will naturally have a higher price for the bet and those players seen as less likely to pay a return may have a lower price by comparison. A User can have multiple bets concurrently and therefore will build up a 'portfolio' of Bets that referred to as 'Shares'. For entertainment purposes comparisons are made to the 'Stock Market'. In this regard, users are displayed what the aggregate Buy Price of their shares are at any given time by showing them a "Profit and Loss" or P/L" amount which is basically a 'Portfolio Valuation'.

The **Bid Engine** facilitates the continuation of the Instant Sell functionality where users can cash out their bet immediately at a price that other users have indicated they are willing to Buy. The Instant Sell price is based on the aggregation of user Bids (the Volume Weighted Average Price (VWAP) of the Bids for 300 shares). The Instant Sell price is the amount that a Liquidity Provider is willing to buy each lot of the bet (Shares). The pricing for a Market Buy is based on either the Sell Queue (if there is a queued cash-out bet in) or from Share Issuance (house issued bets or 'shares' priced in accordance with our internal pricing curve).

Offer Engine (Offers) – The introduction of Offers produces a two-sided matching engine. This is an iterative step which fits within the proposed Nasdaq matching engine program. The benefits to users are the ability to have discretion over what price they cash their bet out at within a set range of prices known as the "Offer Zone" and more control over their trading activity.

- The top end of this 'Offer zone' is currently 10 ticks (10p) above the displayed VWAP Buy Price. The bottom end of the zone will be the Offers floor. The floor is calculated by the following logic: $VWAP\ Buy\ Price * (1 - \text{player's spread percentage})$.
- A user will be restricted to entering a maximum of 5 Offers per player, each up to a maximum clip size of 300 shares. Should a user wish to liquidate anymore of their portfolio they would need to either wait until their Offers match or use the Instant Sell option. Offers rest on the market until they are either matched by a buyer, cancelled by the user or expired after a year.

Portfolio Valuation:

To introduce a portfolio more representative of the current market conditions, a new benchmark price has been introduced for valuing portfolios. The current benchmark price is the Buy Price. This can result in an inflated value since we cannot assume that all shares could be sold at the current Buy price.

By introducing a new benchmark price of the 'Mid-Price'. This Mid-Price is the median of the Buy and Sell prices. If there is no Sell price i.e. if there are no Bids for that player. Then we will use the Floor Price of that player as the Bid price.

Floor Price = $VWAP\ Buy\ Price * (1 - \text{Player's Spread Percentage})$

The changes made will give the Football Index market a more dynamic and reliable price, combined with more natural liquidity providing a better and fairer experience.



Conditions of Evaluation

GLI’s compliance evaluation of the Football Index - Offer Engine is subject to the following conditions:

Note: Please note this is not a Certification for Football Index. The purpose of this report is to make clear that the product “Football Index – Offer Engine” stated herein works as described as intended. A test environment was not provided for testing and evaluation, the evaluation was limited to documentation review and remote shared session demonstration of the stated functionality.

GLI’s compliance evaluation of the Football Index - Offer Engine was related only to the technical scope of work elements discussed herein. This specifically excludes any other features or functions provided by the submission not related to these elements.

GLI’s evaluation to the Technical Standard was limited only to the requirements applicable to the Football Index - Offer Engine. In addition, the following sections of the applicable Technical Standard were excluded from the scope of work for this evaluation:

Technical Standard Section(s)	Reason for Exclusion
Testing Required/Assurance Activities (Table 1: General risk and compliance assurance activities from the testing strategy document(November 2018))	Test environment not provided. Evaluation was limited to documentation and demonstration of functionality.
Scope of Games testing required by the UKGC (Section 3.2 from the testing strategy document(November 2018))	Test environment not provided. Evaluation was limited to documentation and demonstration of functionality.
RTS 5 – Result determination All gambling	Test environment not provided. Evaluation was limited to documentation and demonstration of functionality.
Testing Required/Assurance Activities (Table 1: General risk and compliance assurance activities from the testing strategy document(November 2018))	Operator requirement
RTS 2 - Displaying transactions	Test environment not provided. Evaluation was limited to documentation and demonstration of functionality.
RTS 12 – Financial limits	Test environment not provided. Evaluation was limited to documentation and demonstration of functionality.
RTS 13 – Time requirements and reality checks	Test environment not provided. Evaluation was limited to documentation and demonstration of functionality.
RTS 10 – Interrupted gambling	Test environment not provided. Evaluation was limited to documentation and demonstration of functionality.
RTS 10 – Interrupted gambling	Test environment not provided. Evaluation was limited to documentation and demonstration of functionality.
RTS 8 – Auto-play functionality	Test environment not provided. Evaluation was limited to documentation and demonstration of functionality.
RTS 14 – Responsible product design	Test environment not provided. Evaluation was limited to documentation and demonstration of functionality.



Conditions of Evaluation

GLI's compliance evaluation of the Football Index - Offer Engine is subject to the following conditions (continued):

GLI has performed an evaluation only on articles 7B, 7C, 7E, 5A, 9B of the RTS based on receiving confirmation from the license holder that they comply with the guidelines of good practice as stipulated in section 6 of the "Testing strategy for compliance with remote gambling and software technical standards", titled "In-house development, testing and release - good practice".

GLI generated the checksums of the software and source code files using the methods stated below:

Verify+ by Kobetron™ - Verification Procedure for Files or Directories:

1. Open Verify+ by Kobetron™.
2. Select the "File" or "Directory" radio button option.
3. Select the "Browse" button and then choose the file or the top directory for which a signature is being requested.
4. Click the "Verify" button.
5. The current File/Directory being checked will be displayed in the window.
6. The program will generate the aforementioned signatures and display the results.



Conclusion

Subject to the Conditions of Evaluation, GLI has determined that the evaluated elements comply with the requirements of the applicable Technical Standards of the aforementioned jurisdiction. This report is not intended to be, nor can it be considered as a certification.

If you should have any questions regarding this information, please feel free to contact our office.

Sincerely,

