

## Is a trading room licence required?

March 2011

---

### 1 Introduction

- 1.1 The Gambling Commission (the Commission) is frequently asked whether a particular business arrangement requires a Betting Intermediary (trading room only) operating licence. The answer to that question depends upon whether the business configuration is offering facilities for gambling as defined in section 5 of the Gambling Act 2005 (the Act).
- 1.2 This advice note sets out the framework which the Commission applies when deciding whether it considers that a particular business model requires a licence.
- 1.3 The interpretation of the Act is, of course, ultimately a matter for the courts. Nevertheless, the Commission hopes that it will be helpful to stakeholders and licensing authorities for it to set out how it approaches the question of whether a trading room style offer of facilities at a premises amounts to a licensable gambling activity.
- 1.4 The Commission may update this advice note from time to time to reflect developments in the market.

### 2. Background

- 2.1 Trading rooms have developed as a by-product of the emergence of betting exchanges and the popularity of 'in-running' betting. Typically, a trading room is characterised as premises which provide access to live sporting pictures and remote communication such as an internet-enabled computer intended to be used for betting via a betting exchange. Consumers wishing to bet in-running, most commonly through betting exchanges, pay the trading room operators for use of these facilities. The operator's involvement is limited to administering the arrangements for gambling by others.
- 2.2 Trading rooms are not defined in the Act. A definition is contained within The Gambling (Operating licence and Single-Machine Permit Fees) (Amendment) Regulations 2008. The explanatory memorandum to the Regulations explains that the definition is intended to include only those who operate trading rooms, that is those who provide facilities for individuals to place or accept bets through other intermediaries via remote communication, where the person providing the facilities does not place or accept any bet with those individuals.
- 2.4 The Commission has issued a number of trading room licences, which are typically sited at commercially based high street premises, offering remote communications (PCs and internet access) and providing access to live sporting pictures. Where it is considered the activity conducted at a premises requires an intermediary (trading room only) operating licence the operator should also obtain a betting premises licence from the local licensing authority.
- 2.5 The circumstances in each case will be a matter of fact and degree but in order to help businesses understand the Commission's approach to making a judgement in a particular case we have produced a list of characteristics of trading rooms. The characteristics set out below are not intended to be exhaustive, nor is any one of them by itself necessarily

determinative. They do however set out some of the key indicative features to be considered to establish the principal business intention of the premises.

### **3 Are facilities for gambling being offered?**

**3.1** In distinguishing whether the activity conducted at a premises requires a licence the Commission will have regard to the following indicative features amongst others.

#### **3.2 Business model**

##### **Does the business model depend on the provision of facilities for gambling?**

This might help, for example, to draw a distinction between a trading room and, say, an internet café. The business model of a trading room would depend on the provision of facilities for gambling; without that provision it would be hard for the business to remain viable. To take another example, if it were unlikely that corporate hospitality facilities at a racecourse would ever be expected to be used for purposes other than providing accommodation for in-running bettors, it may well indicate that those facilities should be treated as a trading room. A mixed use facility, not wholly dependent on gambling facilities, may still in some circumstances require an operating and premises licence to operate legally.

#### **3.3 Facilities**

##### **Are the facilities provided, or the investment in facilities, consistent with the purported business model (with reference to the local context)?**

The degree of investment in particular facilities will often provide an indication of the main purpose of the business. For example, the provision of a live feed to racing pictures will represent an expensive overhead for many businesses; it seems unlikely that an internet café would make such an investment; in contrast, it would usually be critical to the viability of a trading room business. However, consideration of this point needs to take place with reference to the local context. For example, a racecourse may provide live feeds throughout the complex, including to conference or hospitality facilities, and so the presence of such facilities may have less significance in the context of a track than it would, say, at purported conference facilities away from a track. Similarly, the provision of facilities at a hotel adjoining a racecourse should be viewed with reference to the local context and likely target clientele.

#### **3.4 Promotion**

##### **How is the premises advertised and marketed, and is this in keeping with the purported business model?**

How the business is marketed may provide an indication of its purpose. When considering this factor, the Commission is likely to look at both the positive presence of marketing relating to gambling and the absence of marketing relating to the purported purpose of the facilities. For example, not only would we expect a genuine corporate hospitality box **not** to be marketed on the basis of facilities provided for gambling in direct connection with that box, but we would also expect that it would be marketed positively in ways connected with its provision as corporate hospitality. As with the other factors, the Commission will consider the context within which the facilities are offered.

**3.5** For further information and frequently asked questions please consult the Commission's website ([www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)) or call (0121 230 6666).

**Gambling Commission March 2011**

---

Keeping gambling fair and safe for all

Gambling Commission  
Victoria Square House,

Victoria Square, Birmingham B2 4BP

T 0121 230 6666

F 0121 230 6720

E [info@gamblingcommission.gov.uk](mailto:info@gamblingcommission.gov.uk)

ADV 11/03