

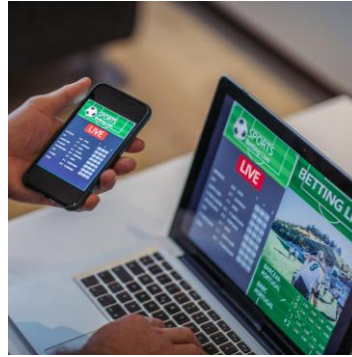
Agenda Overview

- Introduction to Football Index
- How it was licensed
- When the FCA knew about it
- Collapse of Football Index
- The FCA actions after collapse

Introduction to Football Index



What Was Football Index?



Online Trading Platform

Football Index was an innovative online platform for trading shares in football players, combining sports and investment.



Stock Market Analogy

The platform functioned similarly to a stock market, allowing users to buy and sell shares based on player performance. Financial Services terms such as traders, dividends and yields were extensively used.



Dividends from Performance

Users could earn daily dividends based on the performance and popularity of the players they invested in. These contractual payouts meant that this was never a bet but instead met the definition of a derivative.

The Business Model and How It Operated

User Engagement

The business model heavily relied on user engagement and a vibrant social media community where users actively participate in purchasing shares of players. Football Index leveraged on this engagement with dubious financial promotions (max out your credit cards that is your leverage) which the FCA would not have allowed.

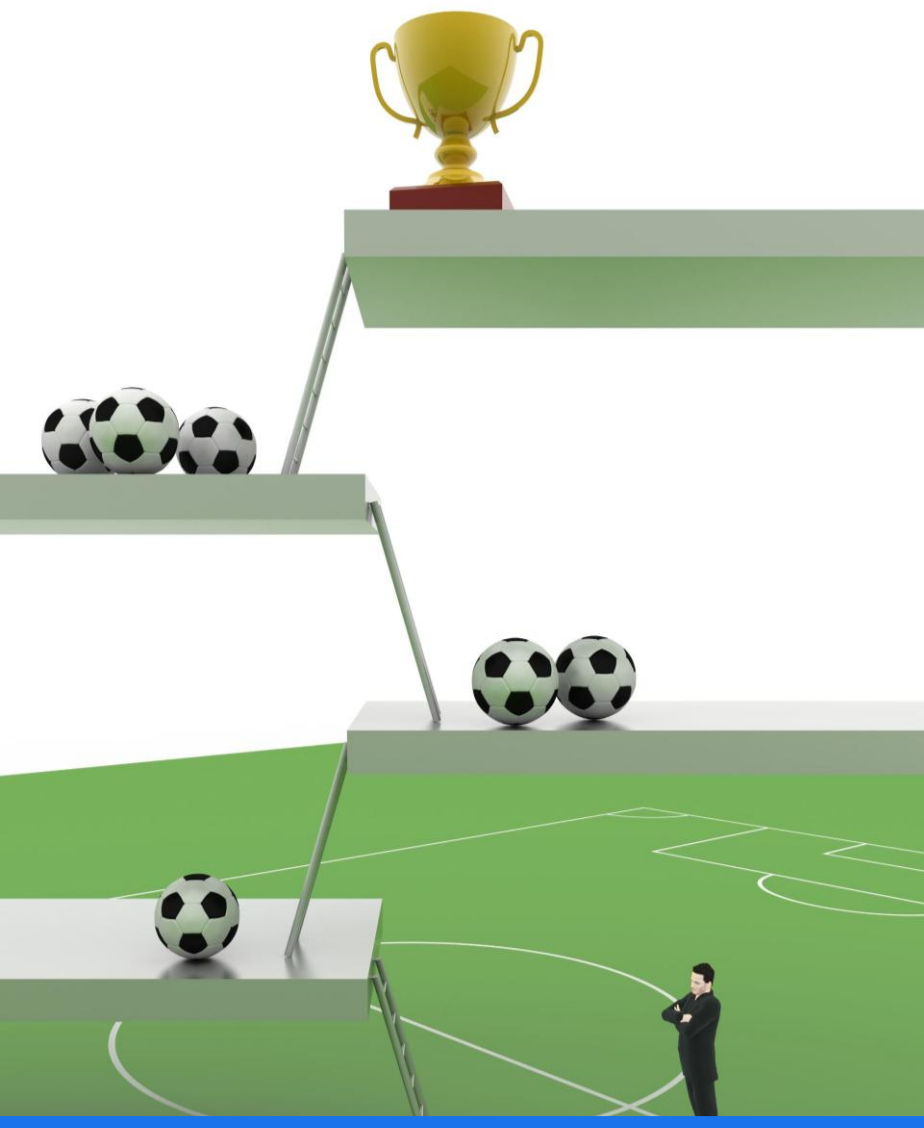
Transaction Fees

The platform charged transaction fees incurred during the buying and selling of player shares. However, the income was primarily derived from issuing new shares into the market for both new & existing players. This required prices to continually rise.

Dividends Linked to Performance

Traders were promised returns through dividends that were tied to the performance of the players they invested in. The amount & variety of these daily payouts increased during the platform's lifetime.





Popularity and Growth of the Platform

Rapid User Growth

Football Index saw a rapid increase in users, especially among football enthusiasts and betting fans. Because of the incremental pricing algorithm this gave the appearance to consumers that their portfolio values were always increasing.

Media Attention

The platform's unique features attracted significant media coverage, enhancing its visibility in the market combined with aggressive and visible marketing strategies. The Marketing spend was excessive featuring shirt sponsorship and perimeter advertising.

Increased Investment

The growing customer base led to increased investments, further fuelling the platform's expansion and features. Consumers were encouraged to view Football Index as a savings account and transferred liquid cash savings but also ISA's and Investments into their accounts.

The Regulatory Framework

Overview of the UK Gambling Regulations



Regulatory Framework

Despite Football Index using financial services and markets terminology they successfully obtained licences from the Gambling Commission in 2015. Even without the ability to trade shares via the market, that Football Index did advise the Gambling Commission of, the long-term contractual nature of the product means it is classified as a derivative.

Consumer Protection

The only protection consumers were entitled to was the amount left in e-wallets prior to players being bought. The portfolio values were unprotected. Correct licencing by the FCA means that a minimum cash value of £10m is required plus the ability to claim under FSCS.

Fairness in Gambling

Regulations aim to ensure fairness in gambling, allowing players to engage in games without manipulation or unfair advantage. There is evidence that Football Index manipulated prices and adjusted internal algorithms.

Responsible Gambling

The UK gambling regulations address responsible gambling, promoting safe play and preventing gambling addiction among consumers.



Football Index's Regulatory Status

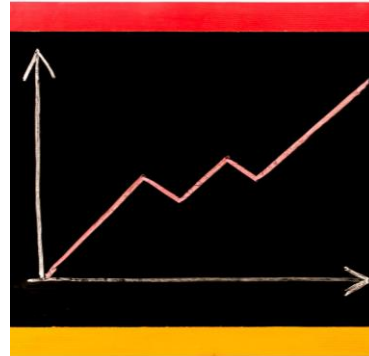
Regulatory Framework

Football Index was allowed to trade for almost 4 years before the Gambling Commission became aware of the online trading platform they had allowed.

Regulatory Concerns

The Gambling Commission had concerns that the platform they had licenced and enabled wasn't within their remit and contacted the FCA in May 2019 to discuss a solution.

Responsibility of FCA in relation to Football Index



Initial Contact and Feedback from FCA

GC initially contacted FCA on 29th May 2019 regarding the platform with the 1st telephone conference between the regulators held in July. In September, the FCA provided the GC with "a substantive response that the platform should be dual regulated.

Unauthorised Business Department

The UBD was 1st made aware of FI on 2/8/19 as the General Counsel Division emailed that FI was an article 85 instrument.

1st proactively contacted on 12/9/19 they confirmed to the GC they would write to Football Index in October. This never happened.

UBD allegedly told GC that they would not be prioritising Football Index or taking action during the Spring of 2020 (February to June) but that is not the GC's understanding, and no notes were taken by the FCA during this time.

FCA inaction

UBD did not write to Football Index in October 2019 as promised. Despite agreeing with GCD analysis that the firm is breaching s.10 of FSMA.

Internal emails from General Counsel Division ignored for weeks at a time with multiple chaser emails sent.

On 5th February 2020 the UBD states that whilst sports betting indices do breach FSMA the approach is to "try and avoid getting involved in sports betting"

On 4th March 2020 UBD states this is not about whether activities fall within scope but whether we are likely to prioritise.

FCA Inaction



FCA Inaction

Prioritized Appetite over Legislation

The Independent Report into the collapse of Football Index provided a comprehensive timeline of the FCA's inactions but one thing remained constant until collapse, that the FCA confirmed that Football Index needed their regulation in part or in full.

Solely concerned with perimeter than consumer protection

Again, the Sheehan Report confirms in detail that the FCA did not wish to get involved due to their internal appetite and preference to avoid this type of sports indices.

Leading London Law Firm, Mishcon de Reya, confirmed this on their website in September 2021.

Legal Counsel confirmed RAO September 2020

Sean Martin (FCA GC from February 2013 to June 2021) personally advised Football Index that the product was likely to fall within Article 85 and that the trading of shares was not the reason for this view.



Post Collapse Actions



Nikhil Rathi Letter to Ministers March 2021

On 24 March 2021 Rathi wrote to Ministers confirming that sports or non-financial spread bets can be a specified investment if it meets the criteria of a “contract for difference” which is the definition Leading Counsel for the GC provided.

Departure of General Counsel Sean Martin

In May 2021 the FCA received Leading Counsel advice that no part of the Football Index product fell within the FCA’s regulatory perimeter. This contradicts the position of the FCA during the platform's tenure. On 23 June 2021 Rathi announced the recent departure of Sean Martin but FOI shows he did not tender his resignation on the HR system until 2 days later.

Complaint Response

After 11 months the FCA responded to my complaint letter stating that Football Index was a sports spread bet and therefore was not within the FCA perimeter.

Post Collapse Actions



FCA Perimeter Report

The FCA published its 1st annual report on the perimeter on 19th June 2019 & 2nd was published on 29th September 2020. There was no mention of sports or non-financial spread bets.

The subsequent FCA Perimeter Report raised the issue of Sports and non-financial spread betting and stated this issue was first publicly raised in September 2020 (I can find no article so does this relate to the individual guidance issued to Football Index) and that clarification from Treasury regarding the perimeter would be useful.

Spread Bet Legislation

Despite an extensive search I am unable to find any differentiation between financial and non-financial spread bets.

I am also unable to find any changes in legislation or Treasury guidance regarding the regulation of sports spread bets.

The FCA have licenced and continue to regulate the 2 sports spread bet providers in the UK.

The recent Gambling White Paper makes no mention of any change to the legislation of sports spread bets either.

Evidence of FCA “lies”

FCA Letters to MPs

Emily Shepperd (COO and Director of Authorisations) stated in 2022 that “product was outside of the FCA remit and did not require authorisation”

Lucy Castledine (Director Consumer Investments) stated on 21 February 2025 that Football Index “was never, nor needed to be, authorised by the FCA” and that “we do not agree the product fell within our perimeter”

FCA response to FRCC October 2024

The stated that “Betindex operated a gambling product and so was not regulated by the FCA” and that “we will also continue to engage with our regulatory partners and HMT about gambling products”



Evidence of Spread Bet Regulation

CMA Report into Spreadex/Sporting Index Merger

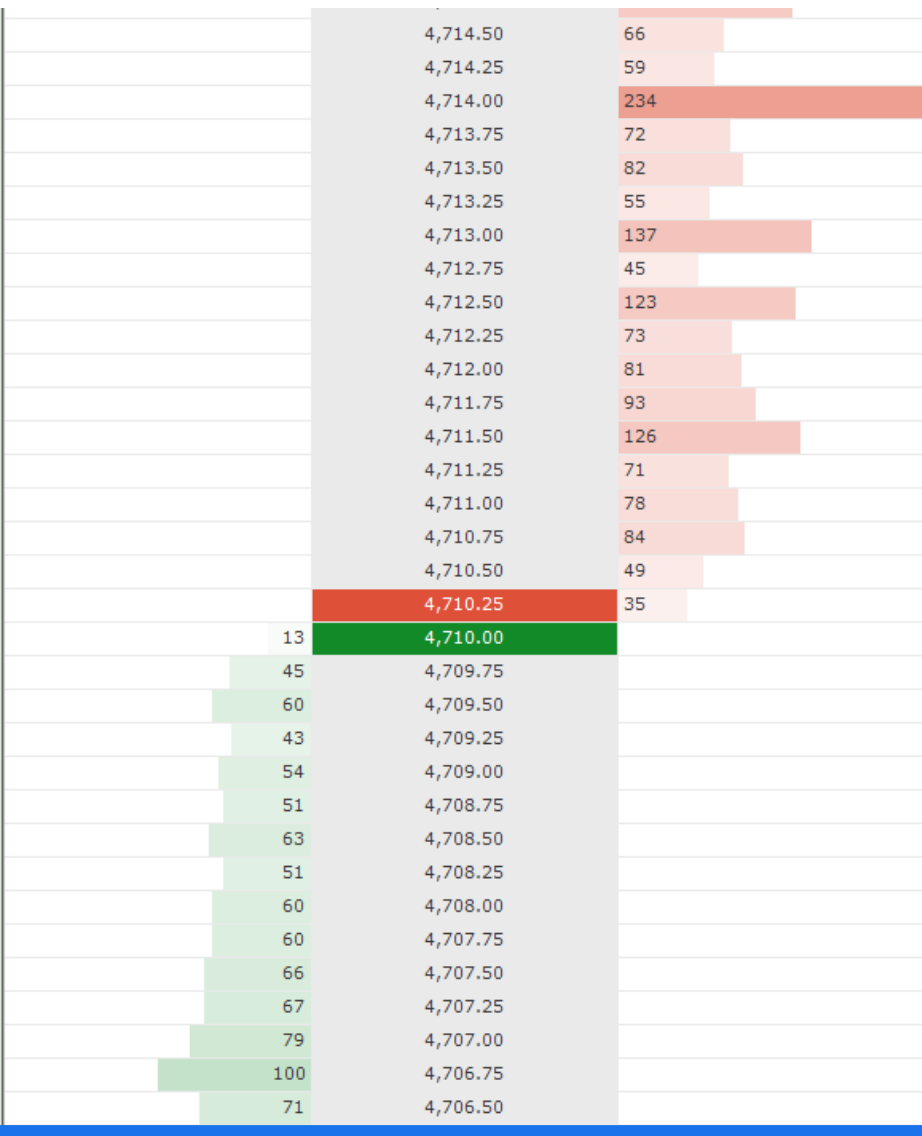
Published on 22 November 2024 this 252-page report mentions FCA 172 times and confirms repeatedly that sport spread betting providers must obtain FCA authorisation. The FCA themselves provided evidence to the report.

Rathi letter to Meg Hillier 9 December 2024

Rathi refers to the FRCC Report and the importance of seeking clarity from Government. But they already have this. HMT has never advised that sports spread bets sit outside their perimeter and legislation, precedent & recent evidence plus AI check confirms that (publicly) there has been no changes to regulation and FCA are responsible and should have protected consumers and taken action.



Collapse of Football Index



Chronology of Events Leading to the Collapse

COVID

Regulators & Government have blamed the suspension of European football for the collapse, but Betting Duty Returns to GC confirmed that this was not the case and they traded successfully until the return of football in June. The collapse commenced in July 2020 and was due to the phased & inefficient introduction of an order books system without the robust regulatory supervision required.

Financial Promotions & increased “dividends”

In response to negative Gaming Duty in July 2024 the Directors of Football Index doubled payouts to attract fresh deposits.

Gambling Commission Actions

Gambling Commission woefully out of their depth regarding financial assessments, market conditions & logistics plus licencing of Market Maker during Spring 2020. During Summer 2020 they enabled Football Index to become even more of a trading platform with full visibility of the change to a full order books platform but neither operator or regulator had the skills to ensure this was fit for purpose.

The Collapse of Football Index in March 2021

Financial Losses

£124.5m of open contractual positions (bets/trades) outstanding at the time of collapse

Government Response

DCMS commissioned an Independent Report into the collapse of the platform which was drafted in 6 weeks with restricted terms of reference.

Customer Impact

By the end of 2021 it was clear administration had failed and applications for liquidation were submitted to the Jersey Court. Return of circa 1% expected to be returned to Creditors.





Regulatory Actions Post-Collapse

Gambling Commission Actions

Stated they would not licence products that used financial services terminology.

FCA Actions

Nothing was recommended in the Independent Report.

FRCC made recommendation in September 2024 that FCA raise regulatory issues with HM Treasury to resolve these issues moving forward.

Memorandum of Understanding between Regulators

This document has been published and named points of contact for each Regulator to contact made available.

Football Index Action Group

Sole aim of FLAG is redress for victims due to regulatory failure

The initial assessment by the Gambling Commission

Heavily flawed

Failed to spot the trading aspect of the platform

Was a financial services product even without the trading function.

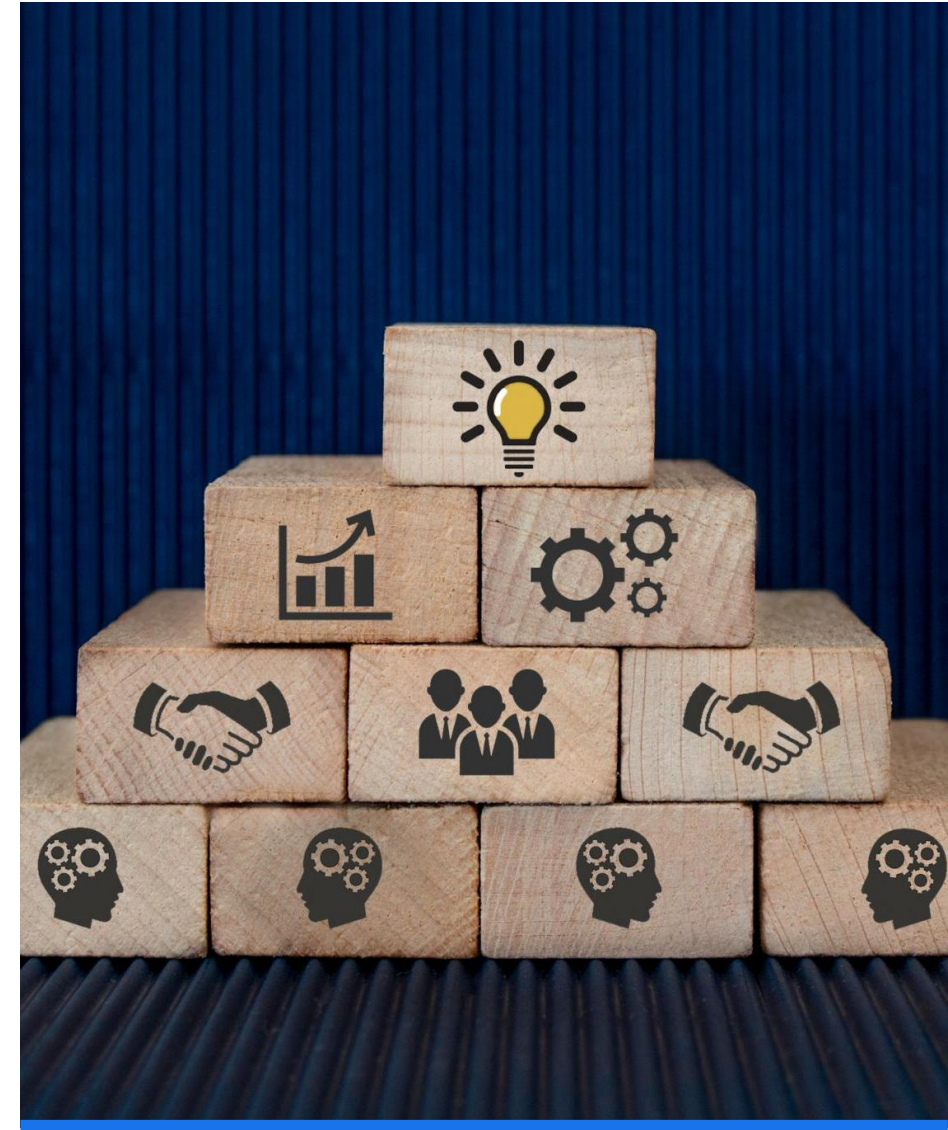
The lack of a joined-up approach within and between Regulators

GC continued to licence trading platforms even when they were investigating Football Index

FCA departments failed to act on instructions from other internal functions

Consumer Protection

Numerous FOIs have shown this was never a consideration when FCA were making decisions.



How redress should be funded for victims of FCA failure

FCA Fines & Settlements

These are paid to HM Treasury net of enforcement costs, and my argument is that these amounts can be notionally used to provide redress where the FCA has failed in its regulatory responsibilities;

- 2025 £11,296,762
- 2024 £176,045,385
- 2023 £53,354,600
- 2022 £215,834,156
- 2021 £567,765,220
- Total this decade: £1,024,296,123



Future of Gambling and Financial Gaming Platforms



Gambling Commission

When we met the CEO in November 2021 the SoRare platform was briefly mentioned. In September 2024 the GC announced they had charged the French based operator with providing gambling without holding a licence and court case commences 16 June 2025.



FCA

Announced on 10 December 2024 that Dutch based operator Stocks FC may be promoting financial services without our permission. Stocks FC is exactly the same concept as Football Index apart from a) subtle differences in daily payouts b) based on blockchain c) has a CEO who cares for his customers



Unregulated Sector

There are overseas based operators that have elements of NFTs, trading etc which are unregulated and will remain so as they chose to be.

Conclusion

Football Index

From incomplete applications to market manipulation, the Directors of Football Index acted appallingly. But this was a regulated platform, and it appears the GC just rubber stamped everything and failed to challenge the Directors during application and investigation.

Gambling Commission

A Regulator that does not assess the financial information, website and T&Cs for new operators launching a novel product with a forecast 80% Gross Profit Margin is not fit for purpose. The “in depth financial assessment” was anything but and licencing a Market Maker in July 2020 is totally unacceptable.

FCA

A total lack of interest, proactivity and responsibility from a Regulator who had a legislative duty to protect consumers from this type of product & platform. The FCA continue to cover up the issue and lie about their regulatory responsibility for “sports spread bets” which HM Treasury are supporting & condoning.