

Terms of reference and conduct of the inquiry

Terms of reference

1. On 3 May 2007 the OFT sent the following reference to the CC:
 1. Whereas in exercise of its duty under section 33(1) of the Enterprise Act 2002 (“the Act”) to make a reference to the Competition Commission (“the CC”) in relation to an anticipated merger the Office of Fair Trading (“the OFT”) believes that it is or may be the case that—
 - (a) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation in that:
 - (i) enterprises carried on by or under the control of **Sportech plc** will cease to be distinct from the **Vernons Football Pools business** being an enterprise or enterprises carried on by or under the control of Ladbrokes plc; and
 - (ii) as a result, the condition specified in section 23(3) and/or section 23(4) of the Act will prevail or will prevail to a greater extent with respect to the supply in the United Kingdom of football pools; and
 - (b) the creation of that situation may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services including the supply of football pools in the United Kingdom.
 2. Now, therefore, the OFT, in exercise of its duty under section 33(1) of the Act, hereby refers to the CC, for investigation and report within a period ending on 17 October 2007, the following questions in accordance with section 36(1) of the Act—
 - (a) whether arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and
 - (b) if so, whether the creation of that situation may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.
 3. In relation to the question whether a relevant merger situation will be created, the CC shall exclude from consideration one of the subsections (1) and (2) of section 23 of the Act if they find that the other is satisfied.

(signed) Simon Pritchard
Director, Mergers, Office of Fair Trading
3 May 2007

Conduct of the inquiry (up to provisional findings)

2. We placed an invitation to provide us with views on the inquiry on the CC website on 3 May 2007. A notice inviting interested parties to submit written evidence to the CC was also placed in the *Sunday Mirror* and the *Daily Telegraph* on 2 and 3 June respectively. In addition, we sought evidence directly from competitors, potential competitors, the relevant regulatory authorities and other interested parties.
3. The administrative timetable for the inquiry was published on the CC website on 21 May. The website also contains biographies of the members of the Group conducting the inquiry.
4. Members of the Group, accompanied by staff, visited the premises of Sportech and Vernons, and a Ladbrokes LBO, all in Liverpool.
5. We received evidence during oral hearings with selected third parties and in written submissions. Non-sensitive versions of submissions that we received from third parties can be found on our website, together with a summary of key third party arguments and views.
6. We also commissioned two customer surveys, one of current pools customers and one of recently lapsed customers. Reports outlining the results of both are on our website.
7. We received written evidence from Sportech, and from Ladbrokes/Vernons, and held two hearings with each of them. Non-sensitive versions of their main submissions can be found on our website.
8. We published an issues statement on 12 June 2007.

9. We would like to thank all those who assisted in our inquiry, particularly Sportech and Ladbrokes/Vernons and those of their customers who participated in our two surveys.

10. The text of this report has been placed on the CC website.