



VBA MEMBERSHIP JOINING CRITERIA AND FEE FRAMEWORK **(December 2020)**

Introduction

This document serves to overhaul and supersede the VBA's present Membership Joining Criteria and Fee framework ("Joining Framework"). With the bookmaking profession in its advanced stages of evolving from a traditional oncourse to digital environment, the present criteria is meaningfully outdated and unfit for the modern era of bookmaking.

The VBA Board approved the Joining Framework contained in this document on Monday 14th December 2020. This document supersedes the document approved on 25th August 2020).

Application Process

An Applicant must (at their own cost):

- Deliver a completed VBA Membership Application Form, including additional detailed documentation evidencing their financial position, employment records (letters of record of employment from past and present employers) in support of relevant work / business experience in bookmaking, and any other information the Board considers relevant to the Application, in a form acceptable to the Board;
- Deliver and certify (under statutory declaration) details of the bookmaker-entity ownership structure (including disclosure of all direct and indirect beneficial interests) under which such entity will operate. Applicants should note that if their Membership application is approved, the certified ownership structure will be a continuing condition of their Membership (with any changes requiring approval of the Board);
- Deliver confirmation of sufficient funds availability to subscribe to the maximum number of Joint & Several Guarantee Units (19) and additional security for guarantee above the maximum guarantee level under the Guarantee Fund (cash and/or real estate);
- Deliver a business plan containing 3-year projections for turnover, gross margin, and operating margin;
- Deliver requisite payments for the Joining Fee and Base Guarantee amounts, as well as any other fees, costs and expenses that become payable under the Application process;
- Deliver a Federal Police check certificate;
- Deliver a credit report derived from a reputable credit agency;
- Make themselves available for a formal interview with the VBA Board, as well as any other meeting requests made by the VBA;
- Demonstrate to the Board's satisfaction a sound knowledge of the commercial and regulatory environment

in which a bookmaker operates, including: AML / CTF laws, the Rules of Racing (Vic), Club Bookmaker' Licence Rules, Bookmakers' Sports Telephone and Internet Rules (including Harness and Greyhound), Approved Bet Types, and VBA Bookmaker Policies (including notably the Responsible Gambling Code of Conduct).

An Application can be made in the following manners:

- As a sole proprietor;
- As a partnership (two or more persons);
- As a corporation (one or more directors / shareholders).

Joining Criteria and Application Fees

The following table outlines the Joining Framework which must be read in conjunction with the table footnotes.

<u>Class Code⁽¹⁰⁾</u>	<u>Class⁽⁶⁾</u>	<u>Min. Age</u>	<u>Work Experience</u>	<u>Minimum Qualifying Net Assets⁽⁴⁾⁽⁵⁾</u>	<u>Joining Fee⁽⁸⁾</u>
I	Internet⁽⁷⁾⁽⁹⁾	25+	3-5 years corporate employment. ⁽²⁾	\$1,000,000, of which at least \$250,000 must be cash at bank and/or cash equivalents.	\$5,000
R	Rails⁽⁹⁾	25+	100 race meetings. ⁽¹⁾	\$750,000, of which at least \$150,000 must be cash at bank and/or cash equivalents.	\$1,500
O	Other⁽⁹⁾	21+	100 race meetings. ⁽¹⁾	\$500,000, of which at least \$100,000 must be cash at bank and/or cash equivalents.	\$1,500
C	Country⁽⁹⁾	21+	100 race meetings. ⁽¹⁾	\$250,000, of which at least \$50,000 must be cash at bank and/or cash equivalents.	\$1,500
F	Family⁽³⁾	18+	50 race meetings. ⁽¹⁾	Not applicable.	\$750

Notes:

- (1) For **Class F**, not less than 50 race meetings' experience, and for **Classes R, O, and C**, not less than 100 race meetings' experience, as a key employee and/or a bookmaker's clerk, with demonstrated exposure in the following disciplines: operating keyboard / ledger, cash management (collection and payment), customer dispute resolution, assisting the managing bookmaker of race day operations, and liability management / hedging (laying off). The VBA Board may reduce the required number of meetings' experience or impose any Membership conditions it sees fit, having regard to the specific circumstances of the Application (e.g. quality of work experience, the aptitude of the Applicant, and other relevant circumstances).
- (2) For **Class I**, not less than three (3) years, but preferably five (5) years', corporate experience, with demonstrated middle-to-senior management experience in the following disciplines: phone operations, trading (hedging or laying off), analytics (wagering), business development management (client origination), end-to-end affiliate (client) management, customer dispute resolution, raceday operations, responsible gambling, AML/CTF, and other regulatory.
- (3) The Applicant must, prior to the date of first operating as a bookmaker, enter into a partnership / corporation with an existing VBA Member, which Member is related by marriage or blood (under Australian law). **Class F** Applicants are not required to submit financial statements as reliance is taken on the existing VBA member's financial position.
- (4) Minimum Qualifying Net Assets must be of an acceptable nature to the VBA, i.e. gross assets must be in the nature of cash, real estate, financial investments, etc. Cash at bank and/or cash equivalents must be held in the Applicant's name for at least six (6) months prior to the date recorded on the VBA Membership Application Form received by the VBA. For the avoidance of doubt, trusts, superannuation accounts (except where it can be established the account owner can legally readily access assets in the account), motor vehicles, furniture and other intangible depreciable and disposable assets are excluded from Minimum Qualifying Net Assets.
- (5) Minimum Qualifying Net Assets equals gross assets minus gross liabilities.
- (6) A newly approved Member under **Classes R, O, C, and F** shall be permitted to operate only as an oncourse / telephone bookmaker for an initial period of two (2) years ("Initial Period"). A newly approved Member under **Class I** shall be permitted to operate only as an online / telephone bookmaker for the Initial Period. Should a Member wish to change their initially approved Class status prior to the expiry of the Initial Period, then they must make application to, and obtain approval from, the VBA Board. Under such circumstances, the Member will be required to pay additional Joining Fees, if applicable. For the avoidance of doubt, the conditions contained in this note have no application to existing Members as at the date of this document.
- (7) A newly approved "**Class I**" Member must for a period of not less than two (2) years and which period can be extended for any further period of time by the VBA Board entirely at its discretion (the "Initial Period"):

- (a) from the date of first operating as a bookmaker, deposit with the VBA a \$50,000 Customer Deposit Surety, which Surety may be applied by the VBA in its total discretion, to any unpaid customer deposit claims made by customers against such Member. The Customer Deposit Surety shall be released by the VBA after the Initial Period provided that no complaints have been made by any customer against the Member. Any such costs associated with creating and executing the Surety shall be borne by the Applicant; and
 - (b) from the date of first operating as a bookmaker, deliver to the VBA a Customer Deposits Ratio Certificate (the ratio of cash balances held in the Member's bookmaker operating bank account/s divided by outstanding customer deposits), demonstrating a ratio of not less than 80% at all times during the relevant testing period. The Certificate, signed by the Member, must be delivered to the VBA within two (2) weeks after the end of each calendar month for the first twelve (12) months from the commencement of operations, and thereafter within two (2) weeks after the end of each calendar quarter. The onus to deliver the Certificate to the VBA as required falls entirely upon the Member. Any such costs associated with creating and executing the form of Certificate shall be borne by the Applicant; and
 - (c) prior to the date of first operating as a bookmaker, deliver to the VBA the bookmaker website's terms and conditions (including privacy policy and other relevant content) in its entirety for the VBA's approval. Any such costs associated with that approval shall be borne by the Applicant.
- (8) Amounts expressed are exclusive of GST. Any Applicant under **Classes I, R, O, and C** who is related to an existing Member (by marriage or blood) shall be entitled to a discount of 50% of the relevant Class Joining Fee. The Joining Fee shall become payable immediately upon VBA Board approval of an Application and is non-refundable (regardless of whether Applicant proceeds with the Application), unless otherwise determined by the VBA Board.
- (9) Historically, Applicants would typically apply for a basic Membership and then seek working opportunities through the city and country allocation ballot systems. However, nowadays, with bookmaking businesses being tradeable assets, new Members are able to enter the profession via acquisition. In such circumstances, the VBA Board would determine the applicable Class of the business proposed to be acquired (or joined via partnership / incorporation) by the new Member.
- (10) The Membership Classes contained in this table reflect a contemporary revision of pre-existing Member classes. For the purposes of understanding consistency and relating to the relevant provisions of the VBA Constitution, the reflection is as follows:

Class I reflects Class R (RA and RC) Corporates under the pre-existing schedule

Class R reflects Class A (AA and AC) Rails under the pre-existing schedule

Class O reflects Class B (BA and BC) Paddock under the pre-existing schedule

Class C reflects Class C (CA and CC) Country under the pre-existing schedule

Class F reflects Class D under the pre-existing schedule