

**BRITISH HORSERACING AUTHORITY (BHA) REVIEW OF THE BUYING AND SELLING OF
BLOODSTOCK AND RACEHORSES WITHIN BRITISH RACING**

TERMS OF REFERENCE

1. Background

- 1.1 On 4 August 2017, the BHA informed relevant stakeholders that it was commencing a review of the buying and selling of bloodstock and racehorses within British Racing (the **Review**), following concerns raised by the BHA Board regarding unsatisfactory experiences for owners and prospective owners.
- 1.2 The BHA, like many stakeholders in British Racing, wishes to see fair, transparent and responsible practices in place to remove significant actual and perceived barriers to new owners joining the sport, to retain those who have already become racehorse owners and to protect the integrity and reputation of British Racing.
- 1.3 The bloodstock sales industry is currently subject to a set of principles, as documented in The Bloodstock Industry Code of Practice, which has been in effect in its current form since 1 January 2009.

2. Scope of the Review

- 2.1 The scope of the Review is:
 - 2.1.1 to review the nature and integrity of the practices involved in the buying and selling of bloodstock and racehorses within British Racing and to report its findings to the BHA Board; and
 - 2.1.2 to consider what (if any) action the BHA should take, by way of enhanced regulation or otherwise, to ensure legally and ethically robust, fair, transparent and responsible practices in the buying and selling of bloodstock and racehorses within British Racing and to make recommendations accordingly to the BHA Board.
- 2.2 The areas to be addressed by the Review shall include:
 - 2.2.1 the role and relevant activities of sales houses;
 - 2.2.2 the role and relevant activities of agents;
 - 2.2.3 buyer and seller practices;
 - 2.2.4 bidding processes;
 - 2.2.5 the buying and selling of horses in training other than through a sales ring, including the link to training agreements;
 - 2.2.6 the equivalent practices and regulatory approach in other relevant jurisdictions;
 - 2.2.7 whether The Bloodstock Industry Code of Practice is fit for purpose;
 - 2.2.8 the approach in other industries which involve comparable auction processes; and
 - 2.2.9 the process for the sale and purchase of stallion nominations.

3. Steering Group

- 3.1 The BHA has appointed a Steering Group to lead the Review, comprising Sir Paul Stephenson, BHA independent regulatory non-executive director, as Chair, Steve Harman, BHA Chair, Nick Rust, BHA Chief Executive and the BHA's Chief Regulatory Officer. Other members of the BHA Executive team may be co-opted as appropriate.

4. Project Leader

- 4.1 The Steering Group has appointed Justin Felice OBE, an external independent advisor with expertise in anti-corruption, oversight, ethics and integrity to carry out the Review project (the **Project Leader**), with the assistance of a project team (the **Project Team**). The Project Leader will report to the Steering Group.
- 4.2 Onside Law shall act as Solicitors to the Project Team and shall provide assistance to the Project Team as required.
- 4.3 The Project Leader will:
- 4.3.1 conduct interviews with individuals and organisations who are identified by the Steering Group or who otherwise wish to participate in the Review;
 - 4.3.2 consult with any person with expertise in a relevant field, if deemed appropriate by the Steering Group;
 - 4.3.3 carry out any necessary investigations and research;
 - 4.3.4 have the right to refer to the Steering Group any potential misconduct or other disciplinary matters which are brought to his attention;
 - 4.3.5 produce written interim updates for the BHA Board on the progress of the Review, in consultation with the Steering Group; and
 - 4.3.6 produce a final Review report, including but not limited to key findings and reasoned recommendations, for the BHA Board, in consultation with the Steering Group.

5. Methodology

- 5.1 In carrying out the Review, the Project Leader will engage with all relevant parties as directed by the Steering Group. This may include British Racing's relevant stakeholders, participants and media, other relevant sports governing bodies and regulators outside sport, including law enforcement agencies.
- 5.2 Any minutes, working papers and communications entered into by the Steering Group and the Project Team shall be confidential and proprietary to the BHA.

6. Reporting and timescales

- 6.1 The Steering Group will report to the BHA Board.
- 6.2 The BHA intends interim updates to be provided to the BHA Board during the Review as required and a final Review report to be provided to the BHA Board in late 2018.
- 6.3 The interim updates and full final Review report shall be confidential and proprietary to the BHA.
- 6.4 The BHA Board shall publish the key findings and reasoned recommendations of the final Review report (subject to any relevant duties of confidentiality and data protection requirements).
- 6.5 Any amendments to these Terms of Reference must be approved by the Steering Group.

7 March 2018