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**ATP Tour, Inc.:
Submission to the
Independent
Review Panel**

**Independent
Review
of Integrity
in Tennis**

APPENDIX



ATP International Headquarters
201 ATP Tour Boulevard

Ponte Vedra Beach
Florida 32082 USA

T +1 (0)904 285 8000
F +1 (0)904 285 5966

www.ATPWorldTour.com

Submission of ATP Tour, Inc.

The integrity of tennis competition is essential to the continued success of men's professional tennis. ATP makes this submission to the Independent Review Panel ("IRP") to provide additional information regarding these topics:

- I. ATP's historical response of corruption in men's professional tennis;
- II. The sale of ATP match data to betting houses;
- III. ATP's observations of corruption at lower level tennis events; and
- IV. ATP's intended review of ATP ranking rules.

I. ATP's historical response to corruption in men's professional tennis.

ATP publishes an Official Rulebook each calendar year that governs men's professional tennis tournaments organized by ATP. The ATP Rulebook has historically contained anti-corruption rules prohibiting (i) bribes and other payments that may influence a player's on-court efforts and (ii) wagering on tennis by a player, coach or immediate family member of a player.

The growth of the internet in the early 2000's increased the availability and popularity of online wagering sites, which facilitated betting on the results of professional tennis matches, as well as spot betting and in-play betting. In response to the increasing online wagering, ATP began to routinely remind ATP members of ATP's anti-corruption rules through ATP Players' Weekly and the PlayerZone website¹. ATP also began educating its newer members about the anti-corruption rules during new player orientations, ATP University and other player educational events.

¹ ATP Players' Weekly is the Official Newsletter of Men's Professional Tennis Players, which is circulated weekly among ATP player members. PlayerZone was first launched in 1999 and is a private player intranet used for entry, withdrawal and informational ATP requirements. In 2006, the ATP Rulebook was revised to clarify that Players' Weekly and the PlayerZone website are ATP's official means of communicating with its player members, and that all player members have a duty to stay informed of all information published by ATP through these official channels of communication.

Prior to 2005, the ATP Rulebook's prohibitions against wagering were addressed as "Major Offenses," which were investigated and adjudicated by ATP staff. In an effort to further address corruption concerns, ATP developed a stand-alone Tennis Anti-Corruption Program (the "ATP Program"), effective January 1, 2005. The ATP Program expanded the scope of ATP's anti-corruption rules to include corruption offenses at all levels of tennis competition (including events not organized by ATP). The ATP Program also provided more severe penalties for corruption activities, including a lifetime ban for match fixing.

The ATP Program assisted ATP in containing the increasing threat of corruption emanating from online betting. The ATP Program also provided a neutral enforcement mechanism that obviated the appearance of influence by internal ATP decision-makers through adjudication of corruption offenses by an independent Anti-Corruption Hearing Officer ("AHO"). The ATP Program also provided a right to a *de novo* review of an AHO's decision to the Court of Arbitration for Sport. These new measures ensured that players accused of corruption offenses received an impartial hearing (and, if applicable, just sanctions for offenses committed).

Between 2005 and 2009, ATP disciplined eight players for corruption offenses under the ATP Program. The evidence used to discipline these players was obtained as a result of ATP's information requests to online betting sites. One of those players, Potito Starace, had a singles ranking of 27. ATP's prosecution of corruption offenses was, however, without regard to any player's ranking or status.

When the ATP Program was implemented, ATP also undertook to obtain information about tennis corruption by entering into memoranda of understanding with the European Sports Security Association ("ESSA") and several large online betting sites, including Betfair. At the

time, British Horseracing was the only other sport that had similar agreements with betting companies. Pursuant to those agreements, ATP began to receive regular notifications regarding suspicious betting patterns on professional tennis matches.

In August 2007, pursuant to its information-sharing agreement with Betfair, ATP was informed of irregular betting patterns on a match in Sopot, Poland between 4th-ranked player Nikolai Davydenko and 87th-ranked player Martin Vassallo-Arguello. Recognizing the need for a thorough investigation, ATP engaged investigators from the British Horseracing Authority, experienced in investigating match fixing and corruption offenses in sports. After a lengthy investigation, including interviews of witnesses, friends, family members and other tennis professionals, these investigators concluded there was insufficient evidence to prosecute Davydenko, Vassallo-Arguello or anyone else for corruption offenses as a result of the Sopot betting patterns. ATP's decision not to bring corruption charges resulting from the Sopot match was based on the conclusions from this independent investigation.

The Sopot investigation revealed that the ATP Program's process for obtaining information regarding apparent corruption offenses was cumbersome and time consuming. Mr. Davydenko's wife and brother, for example, waged a lengthy battle to avoid producing banking and phone billing records. Upon finally being ordered by an AHO to produce the requested records, the Davydenkos told ATP that the requested records had been destroyed.

During the investigation of the Sopot matter, ATP initiated an effort among the four governing bodies of professional tennis (ATP, the Women's Tennis Association, the International Tennis Federation, and the Grand Slam Committee) (the "Governing Bodies") to address concerns related to the integrity of professional tennis. The Governing Bodies engaged two former U.K. law enforcement officers, Ben Gunn and Jeff Rees, to assess threats to the

integrity of professional tennis posed by corruption and make recommendations to address those threats. Messrs. Gunn and Rees were experienced corruption investigators for the British Horseracing Authority and the International Cricket Council. Gunn and Rees published their report (the “Gunn Rees Report”) in May of 2008. Material among the Gunn Rees Report’s recommendations were the harmonization of the corruption rules of the Governing Bodies into a single Uniform Tennis Anti-Corruption Program and the creation of a Tennis Integrity Unit (“TIU”) to investigate apparent corruption offenses.

The Governing Bodies adopted the recommendations in the Gunn Rees Report. After the TIU was created, ATP worked with the TIU and other Governing Bodies to ensure that the TIU had the requisite resources needed to address corruption in professional tennis.

From its inception, ATP has been committed to fighting corruption in tennis. Prior to creation of the TIU, ATP’s investigation and prosecution of corruption offenses was conducted without regard to an accused player’s ranking and irrespective of any financial impact of prosecuting any player. ATP is committed to ensuring the integrity of men’s professional tennis competition through its support of the Tennis Integrity Unit and its request for the IRP review.

II. The sale of ATP match data to betting houses.

ATP and WTA have a joint venture for the sale of tennis competition data to third parties. In September 2011, ATP and WTA entered a 5-year agreement (effective January 1, 2012) with eNetpulse, a Danish company that was subsequently acquired by IMG. In late 2014, ATP and WTA extended the agreement with IMG through 2020. The ATP/WTA agreement provides IMG with data regarding approximately 19,500 ATP and WTA matches worldwide (Men’s and Women’s, Single and Doubles, and Qualifying).

In deciding to supply and sell tennis competition data, ATP considered:

1. A market for buying “unofficial” tennis competition data existed before ATP began selling its data. Unofficial data sources had a corrupting influence on the market due to the large ineffective distribution of data, both quantitatively and qualitatively. The TIU recommended that ATP supply data to the marketplace to assist in the cleanup of a market operating primarily on unofficial data sources, and to reduce the large number of suspicious betting pattern alerts being generated by inaccurate data.
2. Some of the tennis wagering market can be regulated by governments who license bookmakers within their jurisdictions, but other bookmakers operate in unregulated jurisdictions, or jurisdictions with little or no active enforcement efforts.
3. ATP may impose restrictions on the use of its data, but the market for tennis competition data existed independently prior to ATP’s entry in 2012, and the market could continue to act independently as needed if ATP’s restrictions on use of its own data were insufficient to satisfy current or future market demand for tennis competition data.
4. The TIU also recommended that tennis competition data be distributed only to licensed and regulated bookmakers, and that each bookmaker sign a memorandum of understanding (“MOU”) with the TIU to assist in any investigation of possible corruption offenses. MOU’s are particularly helpful in jurisdictions where government regulations do not otherwise require bookmakers to cooperate with TIU investigations.
5. ATP would sell data only to parties who agree to purchase only official data in the marketplace respecting the rights of both tennis governing bodies.
6. ATP would develop its own intellectual property to collect and distribute the data sold.

7. ATP monitors the accuracy and timing of the competition data being distributed in real time (ATP's live scoring systems are now considered the "gold standard" by the industry).

8. ATP is the only sport in the world in which data describing the actions of the rules official (chair umpire) is provided in real time to the fans and market.

9. ATP streams most of its matches live to the market, providing an "everyone is watching" environment to mitigate the potential for corruption.

10. ATP distributes all its match data live to further enforce the concept that "everyone is watching."

ATP's approach to selling tennis competition data is state of the art and includes the following protections designed to prevent corruption:

1. ATP developed and owns the systems that apply advanced algorithms to competition data to monitor the timely and accurate collection and distribution of the data. The advanced algorithms (the "Toolbox") are used by ATP officiating and technical teams to monitor all matches being played in real time and provide for continuous feedback and training of the chair umpires.

2. ATP uses advanced computer technology mounted on the arm of the umpire's chair. This technology has key advantages:

a. Operated in clear sight of the fans and players.

b. Net Judge machine is used to signal a "Start of Point" when the ball is tossed.

c. A system specifically designed for ATP to detect when the chair umpire has left the umpire chair.

- d. All events that occur on court are recorded, including code violations, time violations, a player requesting a physiotherapist and medical time outs. The system tells a complete story based on all events that occur in a tennis match, from the coin toss through the final point being scored and confirmed.
3. ATP makes the Toolbox available to the TIU to monitor all live ATP matches and research of all completed ATP matches. ATP makes its entire statistical database available to the TIU.

In summary, the sale of data by ATP combats corruption because it (i) provides one official source of data to the market, (ii) contractually regulates the conduct of bookmakers who receive the data and (iii) provides additional investigatory tools to the TIU.

III. ATP's observations regarding corruption at lower level tennis events.

The greatest potential for corruption in tennis exists at the lowest levels of organized tennis, principally in the ITF Pro Circuit. Among the reasons lower level tennis events are more susceptible to corruption are: (i) events are operated and managed by small promoters or local tennis federations, (ii) umpires at events are trained by the promoters, tennis federations or clubs, (iii) there is little visibility of scoring data during matches (e.g., little or no use of scoreboards), (iv) chair umpires use unsophisticated Betradar cell phone scoring technology (or none at all) during matches, (v) the relatively low cost of each event has prompted some promoters to hold events at the same location for several consecutive weeks, increasing the likelihood of lower ranked players being approached and becoming involved in corruption and (vi) amateur competitors with little chance of becoming professional tennis players are willing to risk lifetime

bans and other severe sanctions in exchange for payouts which exceed the relatively low prize money awarded at Pro Circuit level events.

There also are differences in tournament management between ATP events and ITF events. An ATP Supervisor attends each of its events as the Rules Official, who manages the event and monitors the performance of the Chair Umpires. The Supervisor has full access to ATP computer systems with advanced algorithms that analyze tennis competition data real time and monitor the performance of each chair umpire on a global basis. In contrast, ITF uses local supervisors sourced through the individual federations with no known monitoring tools. ATP events also utilize chair umpires trained and certified as International Officials by the ITF/ATP/WTA training programs. In contrast, ITF events use local “white” badge chair umpires, who are certified by ITF and trained by the local tennis federations using materials provided by ITF.

Most corruption in tennis emanates from ITF Pro Circuit events. The notion that men’s professional tennis includes those ITF events (and the related corruption) has tainted the reputational integrity of the true professional levels of men’s tennis competition, which are organized and operated by ATP and the Grand Slam Committee. ATP therefore believes it should take measures (including those described in section IV below) to redefine men’s professional tennis as including only ATP Challenger, ATP World Tour Circuit and Grand Slam events.

IV. ATP’s intended review of ATP ranking rules.

Player rankings have changed significantly over the last 25 years. In 1990, 1,169 players had an ATP ranking, and there were 225 events in which players could earn ranking points. By

2015, 2,242 players had an ATP ranking and there were 920 events in which players could earn ranking points. The reason the number of ranked players almost doubled and the number of eligible events quadrupled from 1990 to 2015 was that in 1998, the ITF changed the format of their lowest level events by introducing “Futures” events, which allowed players to earn ranking points at many more events. These events typically involved lower caliber players. The proliferation of ranked players during the last 25 years is a direct result of the ITF’s expansion of lower level tennis events.

ATP is considering whether the ranking system for men’s professional tennis should be revised so that (i) a professional player’s career begins with the ATP Challenger circuit and then moves up to the ATP World Tour circuit based on ability, (ii) the ITF circuit would be a developmental circuit, and would only be used to qualify players for their first appearance on the professional stage at an ATP Challenger event and (iii) few, if any ranking points would be awarded to players competing at the ITF level of events. In order for ATP to implement these changes, complementary rule changes would need to be adopted and implemented by the other Governing Bodies.

Other potential adjustments to the ATP rankings system include spacing the points earned for winning to prevent players from “leapfrogging” various tiers of events. In addition, increasing the points won at qualifying and early main draw matches of ATP World Tour tournaments would incentivize players to play up and not drop down to Challenger tournaments to earn more ranking points. These changes would better reward winning at all levels, increasing the competition to win each match. A revised ranking system should emphasize that players progress up and drop down the rankings based on their results and consistent winning provides the best opportunity for players to improve their ranking.

Conclusion

ATP has a robust approach to addressing integrity, including its support of the TIU, ATP's sophisticated systems for distribution and monitoring of scoring, its responsible methods for selling competition data and its direct management of events. Notwithstanding the foregoing, ATP recognizes controls can be improved. ATP regularly reviews and improves its processes and controls to enhance integrity at every level of men's professional tennis competition. ATP welcomes suggestions from the IRP to make additional improvements.

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