



“Bidders are directed to the relevant sections of the ITA for full details of the changes.”

Substantive amendments to the Draft Invitation to Apply (ITA)

1.0 Background

- 1.1 This document indicates the sections of the final version of the ITA that have been subject to substantive amendments since the Draft ITA was published in April 2006. It is provided to assist Bidders in reading the ITA but it is not intended to be an exhaustive or comprehensive summary of all amendments, substantive or otherwise, made to the Draft ITA and Bidders should not rely upon it as such. Bidders are directed to the relevant sections of the ITA for full details of the changes. In order further to assist Bidders, a version of the ITA, highlighting the specific changes made, can be obtained either through the Virtual Data Room or by contacting:

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2.0 Timetable

Bidders should note that the date for submission of Bids has been extended by a further two weeks to 15th December 2006. The time periods allocated for each subsequent stage remain the same, resulting in a reduction to the Transition Period of two weeks.

3.0 Executive Summary

Section 1.3 - The Commission has removed the text relating to Ancillary Activities, providing further clarification on their treatment in a new section 6.4.

4.0 Overview of the Lottery

Section 2.3.5.4 - This section provides new guidance on the Responsibility in Gambling Trust.

Section 2.5.4 - The amendments provide further information on payments made to the Secretary of State.

Section 2.5.4.3 - The amendments provide further information for Bidders on the Commission's requirements regarding arrangements in the event of Licensee default.

Section 2.6.6 - This is a new section setting out the Commission's requirements in respect of system function proving tests.

Section 2.7.4 - The amendments regard the licensing of complex lotteries.

Section 2.7.5 - The amendments provide clarity on the proposed change to the existing Regulations regarding unmanned vending machines.

Section 2.7.7 - This new section provides further guidance for Bidders on the possible extension of the Lottery to the Channel Islands.

Section 2.8 - The amendments reflect changes made to the Draft Licence issued on 28 April 2006. Further clarity is given on the Commission's ability to vary the conditions of the Draft Licence and Licence.

5.0 The current Lottery

No changes.

6.0 Process

Section 4.5 - This section has been amended to provide further clarity to Bidders on the ability to discuss Bid proposals with the Commission.

Section 4.7 - This section has been amended to provide further guidance on the delivery date for Bids.

Section 4.8.1 - Bidders should note the amendments regarding the presentation of the Draft Licence with their Bids.

Section 4.11 - The amendments provide further clarity on the Commission's position in respect of presentations.

Section 4.15.2 - The amendments provide clarity on the position of debt providers participating in more than one Consortium.

Section 4.15.3 - Amendments to this section provide further clarity on the Commission's position in respect of changes to a Bidder's consortium.

7.0 Handover

Section 5.4 - The amendments provide further clarity on the transfer of the Current Operator's shares in EuroMillions and on the ownership of certain elements of the existing EPOS solution.

8.0 Evaluation

Section 6.4 - This new section provides detailed clarification of the Commission's position on Ancillary Activities.

9.0 Propriety

Section 7.3.1 - The amendments set out further detail on the Commission's requirements in respect of corporate social responsibility.

Section 7.4.2 - The amendment removes the requirement for a nominated director to take responsibility for compliance with Section 5 and 6 Licences.

10.0 Player protection

Section 8.2.1 - The amendments provide further guidance on the requirement to provide access to the Lottery other than at retail outlets and on requirements in respect of performance standards.

Section 8.4 - The amendments refer to the further guidance relating to arrangements in the event of Licensee default, and request Bidders to provide further evidence regarding their proposals in this area.

Section 8.5.1 - The amendments provide further clarity on the Commission's requirements in respect of test purchases to establish whether underage sales have been or are being made.

11.0 Transition

Section 9.2.6 - The amendment provides further guidance on the Commission's evaluation criteria for processes and standards.

Section 9.3.6 - The amendment requests Bidders to provide information on their approach to system function proving tests.

12.0 Organisation

Section 10.1.3 - The amendments to item 4 provide further clarity on the level of commitment of senior management required by the Commission.

Section 10.2.2 - The amendments provide further clarity on the definition of Key Contractors. These changes should be read in conjunction with changes made to Appendix A.6. The Commission also sets out further detail on the evaluation of Key Contractors.

Section 10.3.2 - The amendments provide further clarity on the evaluation criteria relating to consortium capability, and in particular in respect of individuals within the Consortium.

Section 10.3.3 - The amendments reflect changes subsequent to those described in 10.3.2 above.

Section 10.4.3 - The amendments provide further clarity on the evidence required in respect of key positions within the Bidder's proposed organisation.

13.0 Financial soundness

Section 11.2 - The amendment provides further clarity on the Commission's position with respect to additional scenario testing.

Sections 11.2.3 and 11.3.3 - The amendments give further guidance on the minimum headroom requirement set out in the Draft Licence.

14.0 Technology

Section 12.2.3.1 - The amendments provide further guidance on the term 'modern technology'. The Commission has also amended the text regarding third party sales channels for clarity.

Section 12.2.3.2 - The amendments to item 1 provide further guidance on the evidence required. Item 4 has also been amended to clarify the Commission's evidence requirement.

Section 12.2.4.1 - The amendment provides additional detail on evaluation criteria.

Section 12.2.5.1 - The deletion removes an evaluation criterion.

Section 12.2.5.2 - The amendments provide further clarity on the Commission's position with regard to the timing of any accreditations sought.

Section 12.4.2 - The amendments refine the Commission's evaluation criteria in this area and clarify the position on the use of third party sales channels.

Section 12.5.2 - The amendments clarify the position on the use of third party sales channels.

Section 12.6.2 - The amendment provides further guidance on the Commission's requirements regarding the use of PC-based architectures and clarifies the position on the use of third party sales channels.

Section 12.9.3 - The amendment to item 2 provides further clarity on the evidence required regarding the process for software assurance.

15.0 Operational risk management

No changes made.

16.0 Business Plan

Section 14.3 - The amendments here provide further detail on the assumptions to be used for a Bidder's financial projections. Bidders should note the requirement to provide financial forecasts in nominal terms rather than real terms.

Section 14.4 - The amendments provide further clarification on the form of the business plan to be submitted. Bidders should note that Appendix C now provides the form of the outputs required.

Section 14.5.3 - This section now includes the sensitivity tests to be carried out by each Bidder and provides further guidance on the purpose and presentation of these tests.

17.0 Contributions to good causes

Section 15.1 - The amendments notify Bidders of additional information provided on the retention structure and remove the guidance on Ancillary Activities.

Section 15.6 - This section has been deleted. Guidance on Ancillary Activities is now provided at section 6.4 (see above).

18.0 Marketing - Guidance

Section 16.5 - The amendment provides further clarity on the provision of

supporting work regarding the evolution of technology, consumer / player behaviour and competition.

Section 16.9 - This is a new section explaining the treatment of player protection within the marketing requirements.

19.0 Marketing - Executive summary

A number of minor changes have been made to this chapter for clarification.

20.0 Game plan

A number of minor amendments have been made to this chapter for clarification.

Section 18.3.3 - Items 2 and 3 have been amended to clarify the evidence required over years 1 - 3 and years 4 - 10 of the Licence Period.

21.0 Player access plan

Section 19.3.1 - The amendments provide further guidance on the requirements regarding reasonable community access.

Section 19.3.3 - Item 4 is a new section clarifying the evidence required in respect of the minimum number of retail outlets.

22.0 Marketing communications plan

Section 20.3.3 - The text in item 4, previously in 20.7, clarifies the supporting evidence required.

Section 20.4.1 and 20.4.3 (item 3) - The amendments provide further clarity on the requirements regarding the link between the marketing communication activity plan and minimum marketing expenditure.

Section 20.4.3 - The amendments to item 2 provide further clarity on the evidence required. New item 7, previously contained in section 20.7, clarifies the supporting evidence required.

20.6.3 - The deletion in item 1 provides further guidance on the evidence required.

23.0 Marketing resource and sales plan

Section 21.1.1 - The amendments provide further clarity on the requirements in this section.

Section 21.1.3 - Item 3 has been substantially amended to clarify the Commission's position in respect of key marketing personnel.

Section 21.2.3 - Item 3 has been substantially amended to provide further guidance on minimum marketing expenditure.

Section 21.3.2 - This change amends the evaluation criteria applied to Bidders' responses to this section.

24.0 Further information requirements

Section 22.3 - The amendments to this section provide further guidance on the proposals required.

25.0 Appendix A

Section A.6 - The changes provide further clarification on the definition of Key Contractors.

26.0 Appendix B

Section B.3 - The Common Sales Scenario has been reproduced in nominal terms, consistent with the amendments to the business plan assumptions set out in 14.3 above.

27.0 Appendix C

The business plan outputs have now been included.

28.0 Appendix D

No changes made.

29.0 Appendix E

The worked example has been adjusted to reflect changes to the Common Sales Scenario.

30.0 Appendices F and G

Appendices F and G have been deleted. New appendix F sets out the relevant vetting forms that Bidders should request from the Commission.

31.0 Appendix G

No changes made.

32.0 Appendix H

This appendix now includes the information and clarification request form, which will also be made available on the Commission's website.

33.0 Appendix I

Minor amendments have been made to clarify the position on the transfer of shares in EuroMillions.

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Ensuring a fair lottery
for the nation