



National Lottery
Commission

Invitation to Apply

Third Licence Competition

June 2006

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The Commission is subject to the provisions of the Freedom of Information Act 2000 and as such may be obliged to disclose information it holds in response to requests for information, subject to any relevant exemptions.

The Commission may be required to disclose certain information and/or documents relating to Bids to Parliament in connection with its powers and privileges or with the statutory functions of its officers, (such as the Comptroller and Auditor General), and also to a court in the course of legal proceedings or to any regulatory body in connection with the discharge of its statutory functions.

The English courts will have exclusive jurisdiction in relation to any disputes arising from this document.

Definitions

Certain key conventions apply throughout this document:

- *Bidder* is used to refer to any party that has, or intends to, submit a Bid.
- Following the evaluation, the Commission will determine which Bidder, if any, it wishes to enter into discussions with to finalise the *Draft Licence* and *Enabling Agreement*. That Bidder is referred to as the *Preferred Bidder*.
- Following successful finalisation of the Enabling Agreement and Draft Licence, the Licence shall be awarded (referred to as *Licence Award*).
- After Licence Award, the Preferred Bidder is referred to as the *Successful Bidder*.
- The Commission intends to *grant* the Licence on the 1 February 2009, at which point the Successful Bidder becomes the *Licensee*.

The following definitions apply throughout this document unless the context otherwise requires:

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| Ancillary Activities | Ancillary Activities shall have the same meaning as set out in Schedule 1 of the Draft Licence. |
| Bid | A bid as formulated in response to this ITA, or the process of submitting that bid. |
| Bid Group | The Bidder, any Significant Shareholders, Controlling Parties and ultimate parent companies, as set out in Appendix A of this ITA. |
| Bid Process Agreement | The agreement to be entered into between each Bidder and the Commission, which sets out the rules governing a Bidder's participation in the Competition. |
| Bid Submission Certificate | The certificate as set out in the Bid Process Agreement. |
| Bid Submission Checklist | The checklist made available by the Commission on its website. |
| Bidder | The legal entity that has or intends to submit a Bid. |
| Bond | The bond of £100,000 sterling to be provided in accordance with section 7 of the Bid Process Agreement. |
| Commission | The National Lottery Commission. |
| Common Forecast | The version of the Bidder's business plan based on the Common Sales Scenario. |
| Common Sales Scenario | The sales scenario as set out in Appendix B of this ITA. |
| Competition | The competition process undertaken to award the Licence. |
| Comptroller and Auditor General | The head of the National Audit Office and an officer of the House of Commons. |
| Confidential Information | Information as defined in section 1 of the Bid Process Agreement. |

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| Consortium | The Bidder, its Bid Group and Key Contractors. |
| Consortium Member | A person or entity that is part of a Consortium. |
| Controlling Party | A party as defined in section A.4 of Appendix A of this ITA. |
| Current Operator | Camelot Group plc. |
| Directions | Any directions issued by the Secretary of State for Culture, Media and Sport to the Commission (see section 2.4.4 for further details). |
| Draft Licence | The draft Section 5 licence to run the Lottery issued by the Commission to accompany the ITA. |
| Enabling Agreement | The agreement to be entered into by the Commission and the Preferred Bidder governing the Transition Period. |
| EPOS | Electronic Point of Sale. |
| Gross Sales Retention | The proportion of total turnover that each Bidder proposes to retain if awarded the Licence. |
| Handover | If applicable, the transfer of responsibilities for running the Lottery from the Current Operator to a Successful Bidder who is not the Current Operator, together with any associated transfer of assets, people, data, contracts, rights and other aspects of the current operation. This occurs at expiry of the current licence period and commencement of the Licence Period. |
| IEC | International Electrotechnical Commission. |
| IIA | Institute of Internal Auditors. |
| Information and Clarification Request Form | The information and clarification request form set out in Appendix H of the ITA. |
| ITA | The Invitation to Apply. |
| ISO | International Organization for Standardization (see www.iso.org). |
| Key Contractor | Contractors as defined under section A.6 of Appendix A of the ITA. |
| Licence | The Section 5 licence to run the Lottery to be entered into by the Commission and the Successful Bidder, the form of which is substantially set out in the Draft Licence. |
| Licence Award | See explanation at the start of this section. |

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| Licence Period | The period over which the next Section 5 licence is intended to be in force, from 1 February 2009 to 31 January 2019. |
| Licensee | The party to whom the Licence is granted. |
| Lottery | The UK National Lottery. |
| Lottery Duty | The duty payable by virtue of Sections 24 to 27 Finance Act 1993 and in accordance with the Lottery Duty Regulations 1993 (SI 1993/3212), or subsequent amendment to, or replacement of, these provisions. |
| National Lottery Act | The National Lottery etc. Act 1993 (as amended). |
| Net Sales Retention | The proportion of turnover a Bidder proposes to retain net of Lottery Duty, prize payments, retailer commissions and the Gross Sales Retention. |
| NLDF | The National Lottery Distribution Fund. |
| NLPU | The National Lottery Promotions Unit. |
| OLDF | The Olympic Lottery Distribution Fund. |
| Preferred Bidder | The Bidder with whom the Commission intends to finalise the Draft Licence. |
| Principal Forecast | The version of the Bidder's business plan based on its own forecast revenues. |
| Redundancy Costs | Payments due on termination of employment by reason of redundancy (as defined in Section 139 of the Employment Rights Act 1996) including any entitlement to a statutory redundancy payment, any entitlement to an enhanced redundancy payment and any notice payment due. |
| Regulations | Any regulations issued by the Secretary of State for Culture, Media and Sport concerning the promotion of constituent lotteries of the Lottery (see section 2.4.3 for further details). |
| Required Standards | The standards set by the Commission in respect of certain areas of the evaluation that must be met if a Bidder is to be awarded the Licence. |
| Reserve Bidder | The Bidder, with whom the Commission would intend to finalise the Draft Licence in the event that finalisation of the Draft Licence were not achieved with the Preferred Bidder. |
| Restrictive Agreements | Agreements used by one party to restrict the actions of another party e.g. an agreement between a Bidder and a technology supplier, which restricts the ability of that technology supplier to provide terms and/or supply another Bidder. |

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| Retail Outlet | Any premises where tickets in a constituent lottery are sold to players who attend personally at the premises. |
| Significant Shareholder | A party as defined in Appendix A of this ITA. |
| SOAP | Simple Object Access Protocol, as defined by the World Wide Web Consortium (WC3). |
| Specified Sensitivity Tests | The sensitivity tests set out in section 14.5.3 of this ITA. |
| Statement of Main Principles | The document released by the Commission on the 8 November 2005 outlining the main principles, guidelines and timetable relating to the Competition. |
| Successful Bidder | The Bidder, to whom the Licence is awarded. |
| Superdraw | An arrangement whereby a guaranteed jackpot is declared for a particular Lottery draw. |
| Technology Operation | Any aspect of the Lottery operation associated with the provision and operation of technology, including the Technology Solution, technology processes and the technology organisation. |
| Technology Solution | All computer hardware, software, data, gaming technology, telecommunications, data centre(s) and other facilities associated with the Lottery operation whether operated by the Bidder or a third party. |
| Transition | The process of preparing for the next Lottery operation, including any activities necessary for Handover. |
| Transition Organisation | The Bidder's proposed organisation to manage and deliver the Transition, including Consortium Members and key employees. |
| Transition Period | The period of time from Licence Award until grant of the Licence. |
| Transition Plan | Description of how the Transition will be achieved by the Bidder's Transition Organisation, including activities, timescales, dependencies, resourcing and other supporting information. |
| TUPE | Transfer of Undertakings (Protection of Employment) Regulations 2006. |
| W3C | World Wide Web Consortium, see www.w3.org . |
| XML | Extendible Markup Language, as defined by the World Wide Web Consortium (WC3). |

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