

MEMORANDUM TO:

Canadian Horse Racing Associations

SUBJECT: Breakage Rules for Foreign Race Inter-Track Betting

The Canadian Pari-Mutuel Agency (CPMA) has recently reviewed the legislative provisions within the *Criminal Code* (the Code) and the *Pari-Mutuel Betting Supervision Regulations* (the Regulations) that pertain to the amounts associations may deduct and retain when participating in foreign-hosted pools.

Subsection 204(6) of the Code allows an association to deduct and retain a percentage not exceeding the percentage prescribed by the Regulations (currently 35%), plus any odd cents over any multiple of five cents ('nickel breakage'). Recognizing that some foreign jurisdictions use currencies and pay-out price calculations which do not accommodate nickel breakage, CPMA has sought an approach that would allow Canadians to participate in these popular pools.

As such, the CPMA will accept applications to conduct foreign race inter-track betting (FRITB) using gross pool pricing where the breakage rules are different from nickel breakage, provided the total amount retained by the association for any individual pool does not exceed 35%, plus an amount equal to that which would result from applying nickel breakage when determining the amount payable for each dollar bet.

This does not apply to authorizations that rely on net pool pricing, including all pari-mutuel pools hosted in Canada, as this pricing method accommodates nickel breakage.

Because the use of foreign breakage rules is new to Canadian bettors, CPMA will require associations to clearly demonstrate how patrons participating in foreign betting pools will be informed of the applicable breakage rules, in advance of the betting.

Applications for Foreign Race Inter-Track Betting should clearly indicate the breakage rules applied by the foreign pool host.

Should you have any questions please contact the CPMA at 1-800-268-8835, or by email at cpmawebacpm@agr.gc.ca.

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Canadian Pari-Mutuel Agency | Agence canadienne du pari mutuel