

# RACING CLUB CODE OF CONDUCT

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## RACING CLUB CODE

1. This Code applies to all Racing Clubs where:
  - 1.1 the Racing Club Manager is paid for their role; or
  - 1.2 the method of attracting participation in the Racing Club includes invitations to the public.

### Contract

2. The Racing Club Manager and each member must enter into a written contract when each member joins the Racing Club.
3. If there is more than one member, each written contract must be substantially the same.
4. Each contract must contain the following:
  - 4.1 a clause that acknowledges that participation in the Racing Club is for enjoyment, does not guarantee a financial return and that members of the Racing Club do not hold any ownership rights in the Racing Club's horse(s);
  - 4.2 the duration of the Racing Club membership;
  - 4.3 if applicable, how members may leave the Racing Club before it comes to an end;
  - 4.4 the horse(s) registered to the Racing Club;
  - 4.5 any rights each member has to sell, lease, transfer or assign their membership;
  - 4.6 the participation costs for each member, including whether such cost is fixed or variable and, where relevant, the consequences of any non-payment;
  - 4.7 the benefits of Racing Club membership including, but not limited to, how any prize and appearance money won will be treated;
  - 4.8 the time at which and procedure by which any payments to members will be made;
  - 4.9 details of the Trainer(s); and,
  - 4.10 the Racing Club decision making process relating to the management, training and sale of the horse(s); and,
  - 4.11 what process should be followed in the case of a dispute between the Racing Club Manager and a member.

**N.B. All Racing Clubs registered on or after 1<sup>st</sup> May 2021 must ensure they comply with this Code of Conduct. All Racing Clubs registered prior to this date must ensure they comply with this Code no later than 30<sup>th</sup> April 2022.**

# FREQUENTLY ASKED QUESTIONS

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## INTRODUCTION

### 1. What is the purpose/scope of this Code?

The Code is a response to the increasing prominence of Racing Clubs and a desire to improve the protection and information for participants involved in Racing Clubs. The Code has been introduced following a consultation into the regulation of shared ownership and is for individuals who manage, administer or promote Racing Clubs. The Code will help to ensure that there is a greater transparency in how these arrangements operate and provide clarification and protection for members.

The Code will apply to any ownership arrangement which is registered as a Racing Club and meets certain criteria, as outlined in paragraph 1.

The Code does not seek to stipulate how Racing Clubs should be run, save that it should meet the terms of the Code. The BHA has not sought to interfere with the commercial business of any Racing Clubs and is only looking to ensure that the arrangement between the Racing Club Manager and members is clear and understood by all parties.

### 2. Who should I contact if I think there has been a breach?

If any participant believes the Racing Club Manager is in breach of the Code, or is concerned with their practice, they should contact the BHA via [ownership@britishhorseracing.com](mailto:ownership@britishhorseracing.com).

## GENERAL POINTS

### 3. How do I know if I'm covered/required to comply?

All ownership entities that are registered as a Racing Club with the BHA and are:

- a.) managed by a Racing Club Manager who receives payment in relation to their role or
- b.) were formed through a public offering,

are required to comply with the Code.

### 4. Who is the Racing Club Manager?

The Racing Club Manager is the person registered with the BHA who assumes responsibility for the Racing Club under the Rules. The Racing Club Manager will be the person who manages, promotes and/or administered the Racing Club. There must be a *minimum* of one Racing Club Manager for each Racing Club.

### 5. What constitutes a public offering?

For the purpose of the Code, a public offering is the offer of membership to the general public. This is most commonly done by the Racing Club Manager, but it can be administered by someone else connected to the Racing Club. The most usual ways to offer membership to the public would be through a website or an advert.

### 6. Who is responsible for ensuring that the Racing Club adheres to the Code?

It is the Racing Club Manager's responsibility to ensure that the Racing Club always complies with the Code.

## **CONTRACT**

### **7. What form does the contract need to take?**

Each member must enter a contract with the Racing Club Manager as stipulated in the Code. This need not be a hard copy contract and instead can be done online – the member would simply need to actively accept the offer of membership which would need to include all terms outlined in paragraph 4.

### **8. Why should the contract stipulate that the involvement in the Racing Club is solely for enjoyment?**

In the vast majority of cases owners/members recover only a small percentage of their costs over the course of a year and, therefore, references to terms such as "investment", which can be inferred to mean that a financial return is likely, are potentially misleading.

In addition, by clearly stating that Racing Club is for enjoyment, it helps to prevent the Racing Club Manager inadvertently advising on, or arranging, investments which might otherwise only be permitted if regulated under the Financial Services and Markets Act 2000.

### **9. Why should the contract stipulate that members of the Racing Club do not own the Club's horses?**

Unlike Partnerships and Syndicates, members signed up to a Racing Club do not own (or hold any rights to) the horses involved (instead ownership is retained by the Racing Club). This is a fundamental rule of the Racing Club registration and should be articulated in the contract to prevent any confusion.

Similarly, any promotional material produced by the Racing Club (including the Racing Club's website) should not contradict this term. As such the Racing Club should not advertise ownership of, or shares in, racehorses. Instead, Racing Clubs should be minded to advertise/offer membership in the Club and promote the chance to experience the thrill of racehorse ownership through the Club's horses.

### **10. What information is required in relation to how a member may leave the Racing Club?**

Within the contract it should be clearly detailed whether a member can leave the Racing Club before the end of their membership. In the instance that there is an option for the member to leave, it should be outlined how they would go about doing this and also the repercussions of their decision (either financially or otherwise).

### **11. What information on the Racing Club's prize money should be presented to the members?**

The contract must stipulate the Club's arrangements relating to any prize money received and if any is due to members. The contract should explain how and when prize money will be paid and how the final amount will be calculated.

### **12. What detail is required in relation to the decision-making process of the Racing Club?**

The process by which decisions relating to the Racing Club must be laid out clearly in the contract. This should include who is responsible for making any decision and how these decisions will be made and communicated.

**13. What detail is required in relation to the Racing Club's benefits?**

Along with explaining whether members are entitled to a share of any prize money won, the benefits of Racing Club membership should be outlined in the contract. This will likely include reference to accessibility to owners' badges and yard visits/events and should detail what the membership fee entitles any prospective member to.

**14. In addition to the matters raised in paragraph 4 is there anything else a Racing Club Manager should consider when drafting a contract?**

In keeping with the aims of the Code, the Racing Club Manager should not mislead members by failing to provide them, within the contract, the information they require to make an informed choice. As such, the Racing Club Manager should not omit material information or provide it in a way that is unclear, ambiguous or in an untimely manner.

The Code does not look to dictate how a Racing Club should be run, but there are certain rules of fairness that should still be adhered to. While fairness is not a rigid requirement, Racing Club Managers are recommended to consult the [Unfair Contract Terms Guidance](#) when drafting their Racing Club contract.

In addition, it is highly likely that members entering into Racing Club agreements as individuals (as opposed to businesses) fall under the definition of "consumers" according to UK consumer protection legislation.

Racing Club Managers are therefore advised to take independent legal advice to ensure that their agreements with members acting in an individual capacity meet the requirements of UK consumer protection legislation. Further general information on UK consumer protection legislation is available both [here](#) and [here](#).

**15. What are the penalties for non-compliance with the Code?**

A failure to comply with the Code will be used when considering a Racing Club Manager's suitability to continue being registered as a Racing Club Manager or, if considered appropriate, more generally registered, permitted or licensed under the Rules of Racing.

**TRAINER SPECIFIC ISSUES**

**16. If a trainer manages a Racing Club, but does not receive any additional payment for their role as Racing Club Manager other than normal training fees is that entity required to comply with the Code?**

If the entity is registered as a Racing Club, no public offering was made and the trainer is the Club Manager, but does not get paid extra for this role, the Code does not apply.

If, however, the trainer does not receive any remuneration for their role as Racing Club Manager, but does advertise for members publicly, the Code does apply.

**RACING CLUB MANAGER SPECIFIC ISSUES**

**17. When does my Racing Club need to comply with the Code of Conduct?**



Racing Club Managers are required to ensure that their Racing Club complies with the Code within six months of it being incorporated within the Rules of Racing at the latest. Following that date the Racing Club must always be in compliance.

**18. Do we still need a training agreement if we comply with the Code?**

In accordance with the Rules, a training agreement between the licensed trainer and the owner remains mandatory and is not superseded by the Code. Instead the Code should sit aside the training agreement to promote the safety of the participants.

**19. By adhering to the Code does this represent endorsement of the Racing Club by the BHA?**

While there is no restriction on Racing Clubs telling members they adhere to the Code, this does not represent endorsement of the Racing Clubs by the BHA.

**March 2021**