

WRITE TO INFORMATION

**Sports and Gaming
April– June 2022**

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ABOUT US

TMT Law Practice is a boutique law firm providing a full suite of services in the TMT sectors. Over time, the firm's practice has expanded from a niche boutique IP practice, to include practice areas such as commercial disputes resolution & arbitration, regulatory litigation & advisory, corporate/commercial advisory and transactional support, and policy and legislative drafting across industry verticals. The Firm represents a broad range of clients including Fortune 500 companies, as well as MSMEs and Start-ups.

The firm engages in the practice of the conventional domains of law, and, is also heavily invested in the niche areas of emerging technology, including space technology and policy; healthcare and ICT; data privacy and protection; and, sports laws.

The Firm stresses on developing well-rounded, solution-oriented professionals, who specialize in client - focused service delivery.



1. SPORTS LAW UPDATES

A. SPORTS FEDERATIONS/ ASSOCIATIONS

i. Non-compliance by National Sports Federations (NSFs) of the provisions of National Sports Development Code of India, 2011 (Code).

a. All India Football Federation (AIFF): Appointment of a Committee of Administrators (COA) by Supreme Court (SC).¹

A 3-member COA has been appointed by the SC to manage the affairs of the AIFF and ensure that the AIFF constitution is adopted in compliance with the Code and model guidelines. The COA, upon its' appointment, recommended a 12-member advisory committee to assist the COA. However, the delegation of the Federation Internationale de Football Association (FIFA) and AFC, in a meeting with the COA, rejected the formation of the said advisory committee citing the reasons such as the involvement of an advisory committee amounting to 'third-party interference' in the working of the AIFF, which would be in violation of Article 14 Paragraph 1, Article 19 Paragraph 1 of the FIFA Statute, thereby, disbanding the committee. Further, to avoid facing immediate ban by FIFA, the AIFF has been directed to finalise a new constitution by July 31st; conduct its Special General Body Meeting by August 5th; and conduct the elections for appointment of president by September 15th.

b. Hockey India (HI) – Appointment of COA by the Delhi High Court (DHC).

The DHC has placed HI under a 3-member COA to run its day-to-day affairs after observing that the federation has violated the Code.² The judgement is in light of the petition filed challenging the appointment of the president of the Indian Olympic Association (IOA), Mr. Narinder Batra, as a life member of HI. The DHC observed that such life membership was ultra vires the Code, and as a result the DHC constituted the COA, headed by former SC judge, AR Dave, along with former Chief Election Commissioner, SY Quraishi, and ex-Indian hockey team captain, Zafar Iqbal, as members, to offer assistance in the preparation and adoption of the Constitution of the Executive Committee in accordance with the provisions of the HI's Constitution, as proposed.

c. All India Chess Federation (AICF) – SC allows the AICF Secretary to continue till the Chess Olympiad, 2022.

The DHC held³ that the position of Secretary, Mr. Bharat Singh Chauhan, has been filled on the basis of an invalid election, and ruled that the AICF had violated the model guidelines under the Code. The DHC further observed that the Mr. Chauhan had been occupying the post for the past 17 years when the limit for the administrative position has been set to a maximum of 8 years. Further, Mr. Chauhan had not fulfilled the criterion of attaining the two-third of the majority out of the 64 votes polled during the election. Being aggrieved by the order, Mr. Chauhan filed an appeal in the SC; wherein the SC observed that the India was hosting the Chess Olympiad from 28.07.2022 to 10.08.2022 and a change in the administrative position would adversely affect the smooth organization of the Olympiad. It is also pertinent to mention that the SC held that the DHC had not provided sufficient time to the parties to file their reply and hence, reinstated Mr. Chauhan as the interim Secretary until August 15th 2022 and directed the DHC to overlook the election after the parties had filed their replies.

d. Taekwondo Federation of India (TFI) – DHC orders fresh elections for the Executive Committee of the TFI and MYAS to thereafter recognize the TFI.

The DHC passed an order⁴ appointing a Court Commissioner-cum-Returning Officer to conduct fresh elections to the executive committee of the TFI. The DHC opined that due to the absence of a recognized NSF for the discipline of Taekwondo, players are not being awarded the opportunity to represent the country in international events, causing the sport to suffer. The DHC directed, that upon the elections being held, the MYAS should take necessary steps for the recognition of the NSF for the sport of Taekwondo.

ii. **New Financial Sustainability Regulations have been introduced by the Union of European Football Associations (UEFA)⁵.**

The UEFA Executive Committee has approved the new UEFA Club Licensing and Financial Sustainability Regulations to help the clubs to address these uncharted challenges. These regulations are the first major reform of UEFA's finance regulations since they were introduced in 2010; and are now in effect since June, 2022.

iii. **FIFA is preparing to launch an Online Platform for handling Legal Proceedings⁶.**

As part of its ongoing commitment to modernising FIFA's regulatory framework, FIFA will launch the FIFA Legal Portal, an online platform through which proceedings can be held before the relevant FIFA Football dispute resolution tribunal which encompasses the Dispute Resolution Chamber, Player's Status Chamber and the Agents Chamber. The FIFA Legal Portal will enable the football players to lodge a claim with the relevant FIFA decision-making body and will replace the current email communication system. The notification of communications, submissions, decisions and other documents will be handled through the FIFA Legal Portal, which aims to ensure simple, secure and transparent communication between FIFA and the parties involved.

iv. **Temporary Employment Rules to be Extended by FIFA to address issues relating to War in Ukraine⁷.**

This decision follows the Regulations on the Status of Transfers of Players' (RSTP) amendments approved by the Bureau of the Council on 7th March 2022 and 16th March 2022, which provided urgent legal certainty and clarity on a number of important regulatory matters. Under the RSTP provisions, should clubs affiliated to the Ukrainian Association of Football (UAF) or the Football Union of Russia (FUR) not reach a mutual agreement with their respective foreign players and coaches on or before 30th June 2022, and unless otherwise agreed in writing, these players and coaches will have the right to suspend their employment contracts with their clubs until 30th June 2023. These provisions give players and coaches the opportunity to train, play and receive a salary, while protecting Ukrainian clubs and facilitating the departure of foreign players and coaches from Russia.

v. **The All-England Lawn Tennis Club (AELTC) announces ban on players from Russia and Belarus from Wimbledon 2022⁸.**

The organiser of the Wimbledon Championships, the AELTC, announced a ban on the participation of Russian and Belarusian players in the 2022 Wimbledon Championships in response to Russia's invasion of Ukraine. AELTC said that the ban was imposed in accordance with the United Kingdom government's guidelines for sporting bodies on measures to limit Russia's influence in sports and to prevent sports platforms from being used for state propaganda by Russia. AELTC's decision received criticism from the Association of Tennis Professionals (ATP) and the Women's Tennis Association (WTA), the principal organizing bodies of men's and women's professional tennis, respectively. Russian and Belarussian players are currently allowed to participate in ATP and WTA events but are barred from competing under the name or flag of their countries. In May, the Chief Executive of the WTA threatened to impose sanctions against Wimbledon as the decision was a breach of the prevailing Grand Slam and WTA rules, as a result of which the ATP Ranking points were removed from Wimbledon for 2022.⁹

vi. **Policy pertaining to Transgender Athletes.**

a. The International Swimming Federation (FINA) - FINA has voted to approve a new policy that will restrict most transgender athletes from competing in elite women's aquatics competitions¹⁰. The policy states that athletes who have previously used testosterone as part of female-to-male gender-affirming hormone treatment will only be eligible to compete in women's competitions if the testosterone was used for less than a year in total, the treatment did not take place during puberty and testosterone levels in serum are back to pre-treatment levels.

b. The International Rugby League (IRL) - The IRL announced that transgender women who had experienced male puberty could not compete in women's events, unless they began medical treatments to suppress production of testosterone before going through one of the early stages of puberty, or by age 12, whichever occurred later.

c. The German Soccer Federation (GSF) – GSF passed a new regulation for gender non-confirming players with civil status ‘diverse’ or ‘unspecified’, allowing them to decide for themselves, whether to play in men’s or women’s teams. The said regulation also applies to transgender players who can now switch at a self-determined time or remain initially in the team in which they’d been playing previously. The rules take effect in the coming season and will be incorporated into the GSF’s game regulations for youth, futsal and amateur football.¹¹

vii. International Skating Union (ISU) raises minimum age limit to 17¹².

ISU voted to raise the minimum age for senior competition to 17, months after an Olympics drug scandal involving teenage Russian Kamila Valieva. Figure skater Valieva, then 15, was allowed to compete at February’s Beijing Winter Olympics despite failing a drug test beforehand but broke down after falling multiple times during her final performance. The ISU said that raising the age limit was on its agenda well before the Valieva case and acknowledged it had a duty of care to elite adolescent athletes.

B. GOVERNANCE

i. Advisory issued to media platforms by Ministry of Information and Broadcasting (MIB)¹³.

The MIB has issued an advisory to print, electronic and digital media to refrain from advertising online betting platforms. The advisory comes in light of instances of a number of advertisements of online betting websites/platforms appearing in print, electronic, social and online media. Betting and gambling, illegal in most parts of the country, pose significant financial and socio-economic risk for the consumers, especially youth and children, the advisory states. It has further added that these advertisements on online betting have the effect of promoting this largely prohibited activity.

ii. UK Government approves Sale of Chelsea to Todd Boehly Consortium¹⁴.

After the Chelsea owner, Roman Abramovich, was sanctioned over his links with Russian President Vladimir Putin, the club was put up for sale. Chelsea was operating on a special government license which was set to expire on 31st May 2022. Before the last date, the Government approved the sale of the London-based club for 4.25 billion Pounds. In a statement later released it was stated that an amount of 2.5 billion pounds from the sale proceeds of Chelsea Football Club will be utilized to set up a humanitarian aid foundation (focusing on Ukraine) with approval having been received from the UK Government.¹⁵

2. GAMING LAW UPDATES

i. **The Online Gaming (Regulation) Bill, 2022 (Bill) introduced in the Lok Sabha¹⁶.**

The Bill, as introduced in the Lok Sabha on April 1st, 2022, seeks to prevent illegal online gaming and regulate the operation of online gaming platforms by establishing an Online Gaming Commission (Commission). The Commission will be empowered to grant, suspend, and revoke licenses of online gaming websites and penalise any person operating an online gaming server or platform without a licence. Additionally, the Commission would have the authority to formulate rules pertaining to licensing, notices to be placed on online gaming websites, persons permitted to play, conditions for admissions of participants, regulation of participation by proxy, fees to be charged, and conditions regarding providing credit facilities to players, etc.

ii. **DHC Issues Notice on Plea Seeking Regulation, Differentiation Between Games of Skill & Chance¹⁷.**

A writ petition was filed in the form of a Public Interest Litigation¹⁸ in the DHC seeking the writ of mandamus to take steps for the formation of a regulatory body for online gaming, as well as the cessation of games that are not games of skill. This writ referred to the recommendations of the Report of the Law Commission of India ("LCI"), 'Legal Framework: Gambling and Sports Betting Including in Cricket in India'. The petitioner stated that despite the recommendation of the LCI, there are still online betting games running under the pretext of being games of skill, and accordingly sought action against Cricket Millionaire Pvt. Ltd., which allegedly hosts gambling by running games of chance. In issuing notice in this plea, the DHC also requested the petitioner to implead the Delhi government as gambling falls under Entry 34, List II of Schedule VII of the Constitution, which is a state subject.

iii. **Rajasthan Virtual Online Sports (Regulation) Bill, 2022 (Rajasthan Bill)¹⁹.**

The State Government of Rajasthan has released the draft Rajasthan Bill to regulate online skill-based games and competitions operating in the state of Rajasthan. The Bill follows a similar approach as other states desirous of regulating the industry, and introduces (a) a Licensing regime in the State, i.e., it mandates each virtual gaming operator to procure necessary licenses as per the applicable rules; and (b) set up of a Sports Commission to ensure proper functioning of, and compliance with the provisions of the Bill by the gaming operators in the State. The Bill, inter alia, attempts at drawing a novel distinction between the various online gaming formats: (a) Esports; (b) Fantasy Sports; and (c) Derivative Formats for the purpose of identifying online competition, something which has not been previously done in other legislations/ draft bills.

iv. **Group of Ministers (GoM) recommends GST Council to levy Good and Services Tax (GST) @ 28% on Online Gaming, equivalent to that levied on Casinos and Horse Racing²⁰.**

GoM that was set up by the Ministry of Finance in 2021, re-examined the GST levied on online gaming considering the GST levied on gambling activities, casino and horse racing. It, proposed to levy a flat 28% GST (a) on services offered by online gaming entities - i.e., an increase from 18% to 28%; and (b) in case of casinos to be modified to be levied on the amount paid at the entry point, i.e., while purchasing the chips and not on every betting transaction, as currently being done. While it appeared that the discussion by the GST Council (through the GOM) was conclusive as a final report was submitted for deliberation in the next GST Council meeting held on 28th and 29th June, 2022, however, the discussion has been deferred to the first week of August. Accordingly, the GOM is directed to submit a report by July 15th, 2022.

v. **Accused network of individuals booked and arrested by the Central Bureau of Investigation (CBI)²¹ and Delhi Police²² (respectively) in connection with alleged match fixing, betting in the Indian Premier League (IPL); Pak angle is being probed.**

The CBI initiated a country-wide probe and was carrying out searches at seven locations in Delhi, Hyderabad, Jaipur and Jodhpur. Based on the findings, CBI has alleged that maximum cash transactions found in the accounts of the alleged accused are of pan-India nature which further substantiates the allegation of unusual financial transactions being linked with cricket betting and other criminal activities.

Further, the Outer District Wing of the Delhi Police busted a gambling racket at Nihal Vihar, where six people have been arrested and 10 mobile phones, 2 LED TVs, voice recorders and a sum of 75000 in cash were seized from the premises. Also, a police raid led to the discovery of a suitcase which contained of a device that was connected to 5 mobile phones to conduct gambling over multiple IPL games simultaneously. All the accused have been booked under Sections 3, 4, 9, and 55 of the Delhi Public Gambling Act 1955.

vi. Transactional Updates

a. An Indian-based Fantasy start-up, Fanclash raises \$40million²³.

FanClash, a two-year-old Indian start-up, is attempting to bring esports such as sleeper hit titles PUBG Mobile, COD and DOTA 2 to this fantasy sports world. Investors are predicting that this model and the FanClash team will deliver, and said on Friday they have poured \$40 million of fresh funding into the start-up. Alpha Wave Global, formerly known as Falcon Edge Capital, led FanClash's Series B financing round. Sequoia Capital India, Info Edge and Polygon also participated in the round. FanClash previously raised \$10.5 million, including a \$10 million Series A funding round.

b. NODWIN Gaming buys 35% stake in Wings²⁴.

NODWIN Gaming, a material subsidiary of Nazara Technologies Limited, has announced a strategic investment in Wings Lifestyle, a gaming accessories brand that designs and deals in high-quality and affordable gaming audio gear. Through this association, NODWIN aims to scale up and strengthen its retail presence and accelerate its direct-to-consumer approach for the gaming and esports audiences in India. As part of this investment, the plan will be to roll out custom series of gaming headphones themed around popular Indian gaming and esports talents and influencers under NODWIN Gaming's umbrella and popular esports organizations in the country.

c. Nazara Pte. Ltd. invests \$2.5 million in BITKRAFT Ventures²⁵

Nazara Pte. Ltd., a wholly owned subsidiary of Nazara Technologies Limited an India based, diversified gaming and sports media company announced their investment in US Based Game Fund BITKRAFT Ventures. Nazara will invest USD 2.5 Million in BITKRAFT Ventures out of which USD 0.875 Million will be invested upfront, while the balance investment amount of USD 1.625 Million will be deployed over a period of three years. BITKRAFT Ventures is a leading investment platform for gaming and Web3 / blockchain projects globally. Nazara, with the above proposed investment, aims to build a network with Limited Partners as well as the investee companies to gain access into the global gaming ecosystem.

3. DIGITAL ASSETS UPDATES

i. **Personal NFT launched by Rohit Sharma on FanCraze²⁶**

Rohit Sharma, announced his first personal NFT, which contains an artwork of a Rhino along with Rohit's image, personalized with an autograph, on FanCraze. This NFT raises awareness on the conservation of the Great One-Horned Rhinoceros. FanCraze is an entity engaged in building the official cricket NFTs, the marketplace of which went live in early February and has already recorded millions of dollars in revenue while it is still in early beta. The entity's current partners inter alia include the ICC and Cricket West Indies, offering the entity an NFT portfolio of more than 20,000 cricketers.

ii. **Rario, a Non-Fungible Token issuing Platform raises \$120 million²⁷.**

Rario, creators of a cricket NFT platform, announced a \$120 Million Series A funding round led by Dream Capital, the Corporate Venture Capital and M&A arm of Dream Sports. Rario has signed a multi-year exclusive partnership with Cricket Australia and the Australian Cricketers' Association to create an Australian cricket metaverse of collectibles and gaming.

iii. **Indian Premier League franchise, Lucknow Super Giants (LSG), launch metaverse team in partnership with Gigabyte Technology²⁸.**

In a bid to maximize the online fan engagement experiences of the LSG's fans, Gigabyte Technology and its gaming brand 'AORUS', have launched a metaverse of the franchise. This platform will serve as a one-of-a-kind experience for those fans who have been unable to visit the stadium to watch the LSG play this season. The experience features a virtual creation of a Cricket Stadium with a curved facade and a spiral walkway at the front, along with exclusively designed panels along the stadium's internal walls, where visitors to the experience can view player stats and try on their jerseys. The external walls of the stadium are covered in vibrant custom artwork evoking the unique spirit of Lucknow through dancers, musicians and place-specific details.

iv. **Football Reaches Metaverse as first match is broadcasted over Metaverse²⁹.**

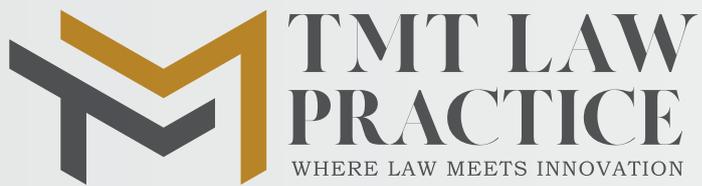
AC Milan's 1-0 win over Fiorentina in Serie A, was the first football match ever broadcast on the metaverse. The stream, exclusively in the Middle East and North Africa region, was available to watch in the Lega Serie A room in 'The Nemesis metaverse'. The match allowed for users to watch whilst engaging in activities around the live game in a virtual-reality space in which users can interact with a computer-generated environment and other users.

v. **Real Betis sign deal with Fancurve which would help them create Digital Jerseys³⁰.**

An NFT start-up, Fancurve, has announced its first football club partnership with the LaLiga outfit, Real Betis, allowing it to create digital jerseys for fans to wear across the metaverse. The officially licenced collection will be sold directly on Fancurve's platform, and the designs will commemorate the Seville-based club, Copa del Rey's victory, as well as the heritage and structures of the Andalusian city. The kits can be worn by avatars and traded on Fancurve's own metaverse, which includes social characteristics and digital surroundings such as locker rooms. Nevertheless, unlike other digital collectible environments, the Betis jersey NFTs will be exchangeable on partner metaverse portals. Fancurve's partner clubs can also add functionality to the tokens, boosting their value.

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