



Bill: SB 176

Testifying: Alex Kane

Representing: Sporttrade¹

Testimony:

- Thank you Chairman Schuring and members of the Select Committee on Gaming
- My name is Alex Kane, Founder and CEO of Sporttrade.
- It's my privilege to speak here today about SB 176.
- Sporttrade is a venture-backed, US founded and based sports betting operator. We are over 40 employees, and growing. This summer, We are launching our licensed mobile sports betting operation in NJ with our partner Ballys Casino.
- As an American startup company, we are finding that there are several states that have barriers to entry so high that we are unable to contest those jurisdictions. These barriers discourage innovation and entrepreneurship, and ultimately hurt the customer.
- In my research on this bill I came across a quote of the Chairman that really resonates with our company.
- To paraphrase; "What we've done and the way we've drafted this is everybody has an opportunity based on free-market principles," "But we're not going to hand anybody in the revised code something on a silver platter." "They have to compete"
- Just like your proposed free-market approach to awarding licenses, we are applying capital markets principles to bring customers a fairer, more transparent sports betting experience.
- Sporttrade is a sports betting exchange. Think of our business model like you think of Nasdaq. Whereas Nasdaq lists securities on its exchange and matches buyers and sellers of shares of those companies, we list outcomes of sporting events on our exchange, like "Cleveland Cavaliers to beat the New York Knicks", or "Serena Williams to win the US Open", then we match buyers and sellers of sports bets in a safe, transparent, and efficient manner.

¹ For more information on Sporttrade, please visit <https://getsporttrade.com>.

- Our model is expressly allowed under SB 176 as “exchange wagering”.

- The genesis for Sporttrade started when I was attending Drexel University.
- As a finance major, I became one of the tens of millions of retail traders trading financial products, directly from my phone at zero cost and with zero friction.
- I quickly learned that it wasn’t always this way, and that the safe and efficient trading experience that I and tens of millions Americans enjoyed was the result of incredible disruption and innovation **spurred by open competition** in the financial industry over the previous 20 years.
- When I began to learn about sports betting, I noticed that sports betting looked like what capital markets did 20 years ago. The parallels were so clear.

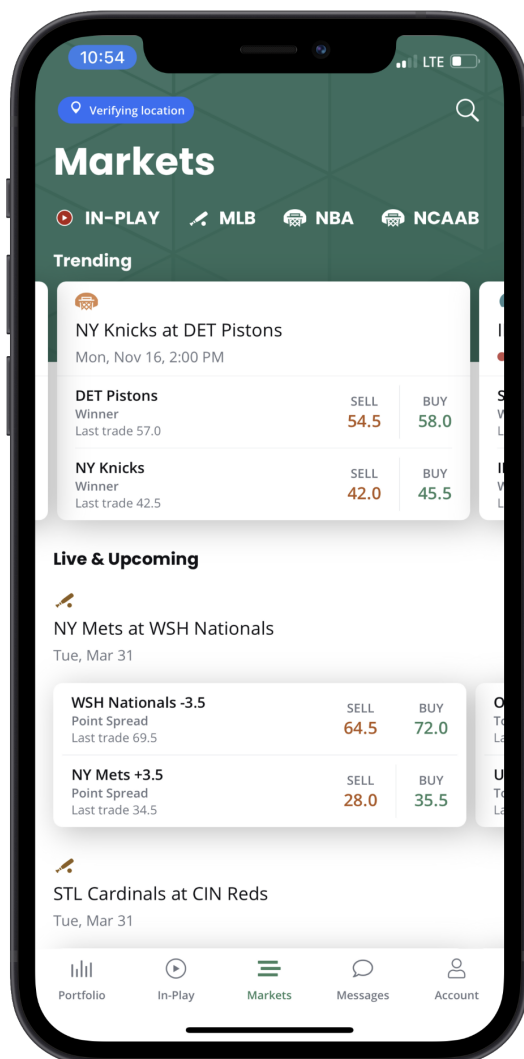
Decades prior to businesses like Robinhood and Coinbase, the financial industry was riddled with inefficiencies;

- Incredibly high transaction fees - (do the committee members remember when they had to pay \$30 for a stock trade?)
 - Lack of transparency
 - Wide spreads and unequal access
 - Limited customer protections
- I wanted to change that, I wanted the sports betting customer to enjoy the same efficiency, transparency, and customer protection that the everyday investor currently enjoys. And that’s why we started sporttrade.

- What’s so great about SB 176 is that by taking a merit-driven, free-market approach, it gives companies like Sporttrade the opportunity to innovate and compete to deliver the best customer experience for Ohioans.
- As this committee is aware, most of the potential licensees and brands that will ultimately enter the Ohio market are going to apply the traditional sportsbook model. Unlike those companies, our exchange model offers consumers a multitude of unique benefits:
 1. More control
 2. Better pricing
 3. The ability to trade in and out of bets at any time

4. Always on in-play betting - unlike sportsbooks, we don't lock out customers out from placing bets

- In more mature markets like the UK, exchange wagering brings in 7-10% of the revenue and tax contribution. So in any given year, We project Sporttrade would contribute millions of dollars in annual taxes to the Ohio government.
- In closing, we welcome the opportunity to continue to be involved in this discussion and we're encouraged by the SB 176 proposal because it will allow innovative startup companies like ours the chance to bring innovative customer experiences and additive tax revenue to Ohio.
- I would like to thank you for your time and look forward to your questions.



Built like a stock exchange, Sporttrade gives customers the ability to buy and sell sports outcomes before and during sports contests for a more dynamic, transparent, and efficient sports betting experience. For more information, visit <https://getsporttrade.com>.