

**STAFF AGENDA MEMORANDUM**

**TO:** Maryland Lottery and Gaming Control Commission

**FROM:** Jim Nielsen, Deputy Director / COO

**DATE:** December 2, 2021

**SUBJECT:** Proposed Non-Substantive Changes to Sports Wagering Regulations

**ATTACHMENTS:** Draft Regulations Incorporating Non-Substantive Changes, Staff Summaries of Non-Substantive Changes and Rejected Comments

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**Summary:**

We are presenting proposed non-substantive changes to the proposed sports wagering regulations, found at COMAR Title 36, new Subtitle 10, which the Commission approved on July 15, 2021. These proposed non-substantive changes are based on MLGCA Staff’s review of public comments on, and Staff’s ongoing review of, the new sports wagering subtitle. MLGCA is currently operating on the proposed emergency regulations that were approved by the Joint Committee on Administrative, Executive, and Legislative Review on August 5. Unless extended, these emergency regulations will expire on January 25, 2022.

The public comment period for the new sports wagering regulations ran from August 27 through September 27, 2021. During the public comment period, the Commission accepted written comments by mail, email via the MLGCA website, and verbally, during the public comment meeting held September 22, 2021. All public comments received during the public comment period are available on the Agency’s website.

These proposed changes to the proposed regulations do not substantively modify the July 15 Commission approved sports wagering regulations. They would, for example, replace incorrect references and internal inconsistencies, make technical corrections, provide clarifications, and eliminate unnecessary words.

We have provided you with a document showing Staff’s proposed non-substantive changes to the sports wagering regulations, which are incorporated into this Staff Agenda Memorandum. The Memorandum is publicly available on the MLGCA website. If the Commission approves these changes, they would be incorporated into the sports wagering regulations in COMAR Title 36, new Subtitle 10, which would be proposed for final adoption in the *Maryland Register*.

Separately, Staff has identified substantive changes to the sports wagering regulations based on

public and Staff comments, which will be the basis for a separate, and subsequent, agenda item.

**COMMISSION ACTION REQUESTED:**

- 1) After review and discussion, motion to approve Staff's proposed non-substantive changes to the proposed regulations found in COMAR Title 36, new Subtitle 10, as set forth in Staff's Agenda Memorandum.

**Staff Recommendation:** Staff recommends approval of the motion.

- 2) Motion to approve for final adoption COMAR Title 36, new Subtitle 10, as approved to include the non-substantive changes.

**Staff Recommendation:** Staff recommends approval of the motion.

- 3) Motion to delegate to Staff the authority to make any further non-substantive changes to the regulations found in COMAR Title 36, new Subtitle 10, that may be necessary for publication in the *Maryland Register* for final adoption.

**Staff Recommendation:** Staff recommends approval of the motion.

## **Sports Wagering Regulations – Proposed Non-Substantive Changes**

December 2, 2021

The following summarizes non-substantive changes staff is proposing, based on public comments and further staff review of the proposed sports wagering regulations.

1. Various corrections to citations and typographical errors
2. Various clarifications to align the language with the intent of the regulation
3. Replace “online wagering system” with “sports wagering platform”
4. Replace “sports book” with “sports wagering”
5. Replace “sports wagering interactive website” with “sports wagering website”
6. Replace “gross gaming receipts” with “proceeds”
7. Replace “sports betting” with “sports wagering”
8. Remove the requirement for creation of a list of employees and athletes eligible to wager
9. Redefine Personally identifiable Information to be an individual’s name plus other data points
10. Expand a definition to add “website or” to interactive wagering application
11. Clarify that wagering records must be maintained for 5 years from the date of the wager, not the date a license was issued
12. Clarify that prohibited individuals can’t knowingly be targeted with advertising
13. Clarify that the prohibition on transfer of a license for 3 years doesn’t apply to Class A licenses
14. Add Social Security number or other government issued ID to list of information used to identify individuals who have been mandatorily excluded
15. Clarify that players can access mobile accounts outside of Maryland, but may not place wagers
16. Changes to frequency of some reporting
17. Require player refunds in 7 days instead of 2
18. Require geolocation only to place a wager
19. Remove the requirement for an Internal Controls change log
20. Provide the Commission to access to SAR reports, but not copies
21. Remove requirement to retail vouchers at kiosks
22. Generally add “sports wagering voucher” where “sports wagering ticket” is used
23. Add “sports wagering platform” to references to “bettor tracking system”
24. Allow pre-approved remote access to sports wagering systems
25. Remove the requirement for anti-counterfeiting measures on vouchers
26. Add “vouchers” when sports wagering tickets are referenced
27. Modify requirements on segregated accounts for player accounts – they are not included in the calculation of minimum reserves
28. Inactive bettor accounts will be treated as abandoned property after 5 years
29. Allow submission of promotional plans 2 days before the promotion instead of 5
30. Add “pools” to approved wager list
31. Add “knew or should have known” to restrictions on accepting wagers from prohibited individuals
32. Clarify that athletes are prohibited from wagering in sports of the type they participate in
33. Allow limits on wagers in lieu of limits on losses
34. Allow employees to wager at facilities or on platforms other than those their employer utilizes
35. Clarify that mobile licensee may have both a website and an accompanying application
36. Include cash on premise in calculation of reserves

## **Sports Wagering Regulations – Requests Not Recommended**

December 2, 2021

The following summarizes public comments staff are not recommended for proposed changes.

1. Recommendations related to statutory changes or matters under the purview of the SWARC
2. Various clarification requests when we thought the regulation was already clear
3. Extending ticket and voucher expiration from 182 to 365 days
4. Expanding the definition of an institutional investor to include venture capital firms
5. Accepting testing labs not authorized by the Commission
6. Changes in which employees must be licensed
7. Reductions in what matters must be reported to the Commission and when
8. Allowing personal mobile devices to be used on a facility licensee’s in-house WiFi network for wagering
9. Minimum fonts of responsible gaming messaging
10. Allowing minors on the gaming floor or in the wagering area of a sports wagering facility
11. Requests to increase and decrease the established maximum wager
12. Requests to modify timeframes for submission of various plans and programs to the Commission
13. Requests to have individual wager catalogs instead of a statewide catalog
14. Requests to allow non-casinos to offer free food and beverages to customers as they wager
15. Removing the requirements to report player comps that exceed \$5,000 in a 5 day period
16. Reductions to facility security requirements (such as surveillance)
17. Removing the ability to accept a credit card to fund a mobile wagering account
18. Removing the 20% cap on promotional play after the first year of operation
19. Adding a requirement that licensees accept all wagers
20. Allowing a number of days to replenish reserve balances
21. Using less than the full Social Security number to identify voluntarily excluded individuals
22. Providing an expedited process to handle league complaints on new “risky” wager types

## Subtitle 01 GENERAL PROVISIONS

### 36.01.02 Administrative Procedures

Authority: General Provisions Article, §§ ~~3-101—3-501~~; 4-101—4-601; State Government Article, §§9-108—9-111, 9-1A-04, 9-1E-04, 10-201, 10-226, ~~and 10-301—~~  
10-305, ~~10-501—10-512, and 10-611—10-630~~; Annotated Code of Maryland

## Subtitle 10 SPORTS WAGERING PROVISIONS

### 36.10.01 General

Authority: Business Regulation Article, §§11-101, 11-524, 11-815 — 11-832; Criminal Law Article, §§12-301.1 and 12-308; State Government Article, §§9-110, 9-1A-01, 9-1A-04, 9-1A-05, 9-1A-11, 9-1A-14, 9-1A-24, 9-1E-01, and 9-1E-05, Annotated Code of Maryland; Ch. 603, §6, Acts of 2012, and Ch. 10, §23, Acts of 2018

#### .02 Definitions.

A. In addition to the terms defined in State Government Article, §§9-1A-01 and 9-1E-01, Annotated Code of Maryland, and COMAR 36.01, 36.03, and 36.04, which have the same meanings in this subtitle, the following terms have the meanings indicated.

#### B. Terms Defined.

(15) “Client software” means any software or application installed or operating on a bettor’s device for the purpose of interacting with ~~an online sports~~ wagering ~~system~~ platform and conducting online sports wagering.

(29) “House rules” means a sports ~~book~~ wagering licensee’s Commission-approved requirements for its sports wagering operation that are in addition to the Commission’s regulations, and that shall include:

(a) A Method for calculating and paying winning wagers;

(b) A process for handling incorrectly posted events, odds, wagers, or results;

(c) An effect of sporting event schedule changes;

(d) A method of notifying patrons of odds or proposition changes;

(e) A procedure for accepting wagers other than those processes posted by the sports wagering licensee;

(f) A method of notifying bettors that a winning ticket expires 182 days after the wager is ~~won~~ settled;

(g) If the sports wagering ~~system~~ platform allows the bettor to place a wager that pays more than the stated maximum amount, the licensee’s policy and methods for:

(i) Limiting the maximum amount a bettor may win on a wager; and

(ii) Precluding a bettor from, or allowing a bettor to, collect, a payout in excess of the purported winnings;

(h) A method of contacting the sports ~~book~~ wagering licensee with questions and complaints;

(i) A method of preventing an excluded individual from participating in a sports wagering activity;

~~(j) A process for any employee of a sports governing body or member team who is not prohibited from wagering to register with the Commission prior to placing a sports wager;~~

~~(k) A method of funding a sports wager; and~~

~~(l) Any other item required by the Commission to be addressed in the licensee’s house rules.~~

(44) “Multi-factor authentication” means a procedure that requires more than one method to verify a bettor’s identity through a combination of two or more independent credentials, including:

(a) Information known only to the bettor, such as a password, pattern or answers to challenge questions; ~~and~~

(b) A bettor’s biometric data, such as fingerprints, facial or voice recognition, to the extent this data does not violate privacy laws; ~~and~~

~~(c) Using something the bettor has, such as the bettor’s phone.~~

(46) “Online sports wagering” means sports wagering that is conducted through ~~an online gaming system~~ a sports wagering platform that:

(a) Is accessed on a computer, phone, or other interactive device; and

(b) Is accepted by a mobile sports wagering licensee or an online sports wagering operator.

(53) “Personally identifiable information” means ~~a person’s name in addition to other~~ data or information that may be used, alone or combined with other data or information, to identify, contact, or locate a registered bettor, including:

(a) ~~Name, initials~~ Initials, or personal mark;

(b) Unique biometric or genetic print of an individual’s image;

(c) Social Security number;

(d) Date of birth;

(e) Identification number issued by the government of a state, or the United States;

(f) Passport or identification number issued by a government for the purpose of establishing identity or documenting citizenship-related status;

(g) Financial information, including an account number, taxpayer identification number, security code, access code, or password;

(h) Residential address; or

(i) Data or information determined by the Commission to identify an individual.

(55) “Pool wager” means a wager with a fixed entry cost where the bettor’s winnings ~~may~~ depend on the number of other bettors wagering on the sporting event.

(56) Predatory Marketing Practice.

(a) “Predatory marketing practice” means an advertisement or promotion of an activity, product, or service related to sports wagering that is:

(i) False or deceptive;

(ii) Illegal;

(iii) Knowingly directed to an individual who is younger than 21 years old **and is not a participant in the sporting event**;

(iv) Knowingly directed to an excluded individual; or

(v) Prohibited by law, regulation or court order.

(b) “Predatory marketing practice” includes an advertisement or promotion of an activity, product, or service related to sports wagering that:

(i) Uses or depicts an individual who is, or appears to be, younger than 21 years old;

(ii) By font, color, placement, or any other means, obscures or fails to disclose a material condition or limiting factor associated with the activity, product, or service being marketed; or

(iii) Fails to include or obscures the gambling assistance message required under COMAR 36.10.10.

(61) “Registered bettor” means a person who has registered with a sports wagering licensee **to make wagers or** for inclusion in the licensee’s bettor tracking system.

(70) “Sports wagering **account**” or “**bettor** account” means an electronic account that may be established by a bettor for the purpose of sports wagering, including making deposits and withdrawals, placing wagers, and receiving payouts on winning wagers.

(73) “Sports wagering contractor—Tier 1” or “Tier 1 contractor” means a sports wagering contractor that provides sports wagering equipment or services and:

(a) Does not accept wagers;

(b) Whose services may affect wagering outcomes;

(c) Manufactures self-service kiosks, devices, or machines that have been approved by the Commission for use in a sports wagering facility;

(d) May have contact with, or access to, sports wagering equipment or sports wagering **systems/platforms**;

(e) Supplies parts or software related to sports wagering operations;

(f) Provides security for sports wagering operations; or

(g) May employ a sports wagering employee that is a principal employee.

(74) “Sports wagering contractor—Tier 2” or “Tier 2 contractor” means a sports wagering contractor that supplies equipment or services related to a sports wagering licensee’s sports wagering operations, and:

(a) Whose services may not affect wagering outcomes;

(b) Has no contact with, or access to, sports wagering equipment or sports wagering **systems/platforms**; and

(c) May not employ a sports wagering employee that is a principal employee.

(75) “Sports wagering employee” or “wagering employee” means an individual who:

(a) Is or is seeking to be employed by an applicant for or holder of a sports wagering **license/licensee**, whose duties relate, or may relate to the operation of a sports wagering facility or sports wagering, and who performs or supervises or may perform or supervise the performance of:

(i) Operating, servicing, or maintaining sports wagering equipment or associated equipment or software;

(ii) Accounting, maintaining, or auditing a licensee’s sports wagering-related financial records;

(iii) Counting or processing sports wagering revenue, wagers, payouts, or proceeds;

(iv) Conducting security or surveillance in or around a sports wagering facility or the operation center of a mobile sports wagering licensee or online sports wagering operator licensee; or

(v) Operating or maintaining a sports wagering licensee’s information systems;

(b) Is employed by a sports wagering contractor, whose duties directly relate to the repair, service, or distribution of sports wagering equipment or associated equipment or software, or is otherwise required to be present at a wagering facility or in a restricted area of a wagering facility; or

(c) Is otherwise required by the Commission to be licensed as a sports wagering employee.

(76) “Sports wagering equipment” means any mechanical, electronic or other device, mechanism, **software** or equipment, and related supplies used or consumed in the operation of sports wagering, including a self-service kiosk on the premises of a sports wagering facility.

(80) “Sports wagering **interactive**-website” means the **website or** interactive wagering application through which a sports wagering licensee makes authorized mobile sports wagering available.

(83) “Sports wagering operation” or “sports wagering operations” means the entirety of a sports wagering licensee’s business of conducting sports wagering and related activities, including:

(a) Accepting and redeeming wagers;

(b) Maintaining financial accounting;

(c) Securing a sports wagering platform;

(d) Securing an **online**-sports wagering **system/platform**;

(e) Conducting surveillance of a sports wagering facility;

(f) Owning, leasing, or occupying a sports wagering facility;

(g) Developing marketing;

(h) Arranging advertising; and

(i) Performing any other related activity.

### 36.10.03 All Applicants and Licensees—Qualification Requirements

**.04 Ongoing Requirements and Continuing Obligations for All Licensees.**

A. The requirements in this regulation pertain to all licensees, the failure to comply with any of these requirements may subject the licensee to enforcement action under COMAR 36.10.08.

C. A licensee shall:

- (1) Comply with all State and federal data security laws; and
- (2) Maintain all sports wagering data securely for at least 5 years from the date of ~~license issuance or renewal~~the wager.

D. A licensee may not:

(1) Share any personally identifiable information with any third parties without permission, except as needed to operate sports wagering and administer the licensee's obligations under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland;

(2) ~~Target~~Knowingly target advertising to individuals who are prohibited from participating in sports wagering and other at-risk individuals; or

(3) Engage in false or deceptive advertising.

F. Other than an individual, a sports wagering licensee may sell or transfer an interest in the ownership of the license, if:

(1) The licensee, ~~if a Class B or Mobile licensee~~, was actively engaged in operating sports wagering authorized under its license in the State for at least ~~36 months~~3 years from the commencement of its sports wagering operations;

(2) Before the proposed sale or transfer, the licensee submits to the Commission notification of the proposed sale or transfer; and

(3) The Commission determines that the proposed sale or transfer of an interest is consistent, and complies, with State Government Article, §§9-1A-18 and 9-1A-19, Annotated Code of Maryland.

**36.10.04 Specific Requirements for Sports Wagering Facility Licensees**

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland.

**.01 General.**

A. The Commission may issue a sports wagering license that is a:

- (1) Class A-1;
- (2) Class A-2;
- (3) Class B-1; or
- (4) Class B-2.

D. Except as designated in ~~Business Regulation~~State Government Article ~~§11-524~~ Annotated Code of Maryland, 9-1E-02(a)(1)(i), a sports wagering facility license authorizes the licensee to conduct, offer, or operate sports wagering at a single facility in the State.

**.02 Process for Obtaining a Sports Wagering Facility License.**

A. An applicant for a sports wagering license shall submit an application to:

- (1) The SWARC in a format and time specified by the SWARC; and
- (2) As specified in COMAR 36.10.02, the Commission.

G. Commission staff shall determine whether the awardee has met applicable technical and operational requirements in this chapter for a Class A-1, A-2, B-1, or B-2 sports wagering facility license, and determine whether it meets the Commission's requirements for:

- (1) Payment of the application fee in the amount specified for the license category;
- (2) Evidence of a bond in the amount specified for the license category;
- (3) Fees and qualification requirements under COMAR 36.10.02 and 36.10.03;
- (4) Hours of operation;
- (5) Facility specifications;
- (6) Applicable zoning laws under State Government Article, §9-1E-03, Annotated Code of Maryland;
- (7) Internal controls under COMAR 36.10.13;
- (8) Sports wagering ~~system~~ platform;
- (9) Sports wagering equipment;
- (10) Sports wagering operations;
- (11) Types of sporting event wagers to be offered;
- (12) Testing and controlled demonstrations;
- (13) Unless the awardee already has a collective bargaining agreement, the awardee's labor peace agreement as required under State Government Article, §9-1E-07(e)(6)(v), Annotated Code of Maryland;
- (14) Awardee's employees are:
  - (a) Licensed as sports wagering employees; and
  - (b) Trained in the performance of their responsibilities;
- (15) Awardee's and facility's preparations to receive the public and conduct safe and secure sports wagering; and
- (16) Awardee has complied with any additional pre-opening conditions imposed by the Commission.

**.04 Class A-2 Sports Wagering Facility License.**



A. The Commission shall issue a Class A-2 Sports Wagering Facility License to an applicant that meets all applicable licensing requirements under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the Commission's regulations.

B. A Class A-2 Sports Wagering Facility License may only be issued to:

(1) A Video lottery operator with 1,000 or fewer video lottery terminals; or

(2) A horse racing licensee under Business Regulation Article, §11-510(b) that is licensed by the Racing Commission to hold racing at:

(a) A race track located at Laurel Park; ~~or~~

(b) Pimlico Race Course.

#### **.08 In-person Wagering at Sports Wagering Facilities.**

C. Unless a sports wagering facility licensee has obtained a mobile sports wagering license, a sports wagering ~~licensee~~ licensee may:

(1) Offer or conduct only in-person wagering on its premises; and

(2) ~~Conduct~~ Offer or conduct sports wagering at its facility, or otherwise on its premises, by using an in-house WiFi network only on devices provided by the sports wagering licensee for use on the gaming or wagering floor.

### **36.10.05 Specific Requirements for Mobile Sports Wagering Licenses**

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

#### **.02 Process for Obtaining a Mobile Sports Wagering License.**

A. An applicant for a mobile sports wagering license shall submit an application to:

(1) The SWARC in the format and time specified by the SWARC; and

(2) As specified in COMAR 36.10.02, the Commission.

G. Commission staff shall determine whether the awardee has met applicable technical and operational requirements in this chapter for a mobile sports wagering license, and determine whether it meets the Commission's requirements for:

(1) Payment of the application fee of \$500,000;

(2) Evidence of a bond in the amount of \$1,500,000;

(3) Fees and qualification requirements under COMAR 36.10.02 and 36.10.03;

(4) Hours of operation;

(5) Technical specifications;

(6) Internal controls under COMAR 36.10.13;

(7) Sports wagering ~~system~~ platform;

(8) Sports wagering equipment;

(9) Sports wagering data information center;

(10) Sports wagering operations;

(11) Types of sporting event wagers to be offered;

(12) Testing and controlled demonstrations;

(13) Awardee's employees are:

(a) Licensed as sports wagering employees; and

(b) Trained in the performance of their responsibilities;

(14) Awardee's preparations to conduct safe and secure sports wagering; and

(15) Awardee has complied with any additional pre-commencement conditions imposed by the Commission.

#### **.04 Ongoing Requirements for a Mobile Sports Wagering Licensee.**

A. A mobile sports wagering licensee shall:

(1) Use technical and operational measures to prevent ~~access to its~~ online wagering by individuals who are underage or physically located outside the State, including:

(a) Age verification procedures, which may require the use of a third party acceptable to Commission staff that is in the business of verifying an individual's personally identifiable information; and

(b) Geolocation technology to accurately verify a bettor's geographic location within the State as determined by MD iMAP; ~~Maryland's Mapping & GIS Data Portal;~~

(2) Include on its sports wagering website a description of the possible consequences for unauthorized wagering by an:

(a) Underage bettor; or

(b) Out-of-state bettor;

(3) Provide a description of consequences required under §A(2) of this regulation, which may include:

(a) Immediate stoppage of play;

(b) Account closure; and

(c) Forfeiture and confiscation of winnings or unredeemed items;

(4) Establish procedures to prevent excluded individuals from engaging in wagering activity or being paid winnings as provided in COMAR 36.10.10 and 36.10.11;

(5) Comply with all State and federal data security laws; and

(6) Maintain all sports wagering data securely for at least 5 years from date of ~~licensure or most recent renewal~~ the wager.

B. A mobile sports wagering licensee may enter into a contract with only one online sports wagering operator at a time.

(1) For purposes of enforcing the limitation, the Commission shall treat all mobile sports wagering licensees that are related entities as the single mobile sports wagering licensee.



(2) Except for a person conducting testing of a licensee's ~~online~~-sports wagering ~~system~~platform, as required by the Commission, only a person to which the Commission has issued a mobile sports wagering license, or an online sports wagering operator license with which the mobile sports wagering licensee has a current contract, may access the online sports wagering operating system or associated equipment.

### **36.10.06 Specific Requirements for Other Licenses Required for Sports Wagering**

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

#### **.02 Online Sports Wagering Operator License.**

A. Unless a person holds a valid online sports wagering operator license issued by the Commission, the person may not conduct, offer, or operate online sports wagering on behalf of a mobile sports wagering licensee.

F. Commission staff shall determine whether the applicant has met applicable technical and operational requirements for a license, and determine whether it meets the Commission's requirements for:

- (1) Payment of the application fee as set forth in §D of this regulation;
- (2) Evidence of a bond in the amount as set forth in §D of this regulation;
- (3) Fees and qualification requirements under COMAR 36.10.02 and 36.10.03;
- (4) Hours of operation;
- (5) Technical specifications;
- (6) Internal controls under COMAR 36.10.13;
- (7) Sports wagering ~~system~~platform;
- (8) Sports wagering equipment;
- (9) Sports wagering data information center;
- (10) Types of sporting event wagers to be offered;
- (11) Testing and controlled demonstrations;
- (12) Applicant's employees are:
  - (a) Licensed as sports wagering employees; and
  - (b) Trained in the performance of their responsibilities;
- (13) Applicant's preparations to conduct secure sports wagering; and
- (14) Applicant has complied with any additional pre-commencement conditions imposed by the Commission.

#### **.03 Sports Wagering Facility Operator License.**

A. Unless a person holds a valid sports wagering facility operator license issued by the Commission, the person may not conduct, offer, or operate sports wagering at a sports wagering facility on behalf of a sports wagering facility licensee under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland.

F. Commission staff shall determine whether the applicant has met applicable technical and operational requirements, and determine whether it meets the Commission's requirements for:

- (1) Payment of the application fee as set forth in §D of this regulation;
- (2) Evidence of payment of a bond in the amount as set forth in §D of this regulation;
- (3) Fees and qualification requirements under COMAR 36.10.02 and 36.10.03;
- (4) Hours of operation;
- (5) Technical specifications;
- (6) Internal controls under COMAR 36.10.13;
- (7) Sports wagering ~~system~~platform;
- (8) Sports wagering equipment;
- (9) Sports wagering operations;
- (10) Types of sporting event wagers to be offered;
- (11) Testing and controlled demonstrations;
- (12) Applicant's employees are:
  - (a) Licensed as sports wagering employees; and
  - (b) Trained in the performance of their responsibilities;
- (13) Applicant's preparations to conduct secure sports wagering; and
- (14) Applicant has complied with any additional pre-commencement conditions imposed by the Commission.

#### **.10 Identification Cards for Sports Wagering Employees.**

A. The Commission shall issue an identification card to an individual who is licensed as a sports wagering employee.

C. Licensee Obligations. A licensee:

- (1) Unless otherwise approved by the Commission for a specific date and time, shall wear or otherwise prominently display the licensee's identification card at all times while working in a sports wagering facility or a data center located in Maryland;
- (2) Shall immediately report a loss or theft of the card to the licensee's employer and the Commission;
- (3) May not allow another individual to possess the card; and
- (4) Shall comply with an order of the Commission to surrender the card.

#### **11. Sports Wagering Vendor Registration and Certification.**

A. Definition.

(1) In this regulation, the following term has the meaning indicated.

(2) Term Defined. "Sports Wagering Vendor" means a person who provides goods or services to a licensed sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering

contractor, and who is not required to be issued a sports wagering license or sports wagering contractor license under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and is a:

- (a) Supplier of alcoholic beverages;
- (b) Supplier of food and nonalcoholic beverages;
- (c) Refuse handler;
- (d) Vending machine provider, and its service personnel;
- (e) Janitorial and maintenance company;
- (f) Tenant business or franchise located within a sports wagering facility if such goods and services are not related to sports wagering;
- (g) Provider of transportation services if such services are not related to sports wagering;
- (h) Person involved in the construction of a portion of a sports wagering facility where sports wagering is conducted;
- (i) Lessor of real property or goods;
- (j) Provider of payroll, recruiting, and other employer-related services; and
- (k) Person whose services the Commission reviews and determines must be registered or certified under this regulation.

M. A sports wagering facility, mobile sports wagering licensee, online sports wagering operator, sports wagering facility operator, or sports wagering contractor Applicant or Licensee shall:

- (1) Submit to the Commission a **monthly/quarterly** sports wagering vendor payments report in a format prescribed by the Commission; and
- (2) Ensure that a sports wagering vendor appearing on its **monthly/quarterly** sports wagering vendor payments report is:
  - (a) Registered;
  - (b) Certified; or
  - (c) Exempt.

### **36.10.08 Enforcement**

Authority: State Government Article, §§9-1A-02, 9-1A-04, 9-1A-20, 9-1A-25, and 9-1E-01—9-1E-15, Annotated Code of Maryland

#### **.02 Violations.**

A licensee may not:

- A. Violate:
  - (1) A provision of State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland;
  - (2) A regulation adopted under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland; or
  - (3) A directive of the Commission or the Director;
- B. Take, or attempt to take, any action that is:
  - (1) Cheating;
  - (2) Influence the governing entity of a sporting event;
  - (3) Influence any person or unit of government that is involved in implementing or enforcing State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland; or
  - (4) Interfere with the regular operation of:
    - (a) A sports wagering platform or its software;
    - (b) Sports wagering equipment; or
    - (c) A sports wagering **interactive**-website; or

### **36.10.10 Enforcement of Voluntary Exclusion Program**

Authority: State Government Article, §§9-1A-24 and 9-1E-01—9-1E-15, Annotated Code of Maryland

#### **.02 Responsible Gaming Plan.**

A. A sports wagering licensee shall establish a responsible gaming plan that sets forth its plan for addressing problem gambling that shall include at least the following elements of the plan:

- (1) Goals;
- (2) Procedures and deadlines for implementation;
- (3) Procedures for retrieving and securely maintaining the voluntary exclusion list;
- (4) Procedures for notifying the Commission of an unauthorized access to the list within twelve hours of the unauthorized access;
- (5) Identification of a sports wagering licensee's personnel responsible for implementation;
- (6) Responsibilities of a sports wagering licensee's personnel identified as responsible for implementation;
- (7) Training for a sports wagering licensee's personnel on problem gambling and voluntary exclusion;
- (8) Means of controlling access to records pertaining to voluntary exclusion;
- (9) Means of educating bettors about:
  - (a) Problem gambling;
  - (b) Problem gambling treatment resources, including treatment and prevention programs established under State Government Article, §9-1A-33, Annotated Code of Maryland; and
  - (c) Voluntary exclusion;
- (10) Placement of responsible gambling awareness information:
  - (a) In the premises of a sports wagering facility licensee; and

- (b) On a sports wagering licensee's sports wagering platform;
- (11) Ensuring that an individual on the voluntary exclusion list is not permitted to:
  - (a) Enter the part of the premises of a sports wagering licensee where sports wagering is conducted;
  - (b) Participate in sports wagering; or
  - (c) Claim winnings;
- (12) The sports wagering licensee's response to the discovery of an individual who is enrolled in the voluntary exclusion list in the part of the premises of a sports wagering licensee where sports wagering is conducted, which may include pursuing criminal charges against the individual;
- (13) The sports wagering licensee's response to the discovery of a bettor who is enrolled in the voluntary exclusion list using a sports wagering platform, which may include an action up to and including permanent suspension of the bettor's account;
- (14) The sports wagering licensee's procedures for returning to a bettor the funds in the bettor's account that were placed by the bettor prior to the bettor's application for voluntary exclusion, including the requirement that:
  - (a) Funds be returned as soon as practicable after the time the bettor is placed on the voluntary exclusion list; and
  - (b) The sports wagering licensee return the funds to the bettor within 57 days of the bettor's placement on the voluntary exclusion list, by:
    - (i) Crediting the bettor's personal bank account; or
    - (ii) Paying the bettor by check; and

**.03 Requirements.**

**A. Definitions.**

- (1) In this regulation, the following terms have the meaning indicated.
- (2) Terms Defined.
  - (a) "Advertisement" means any material that is:
    - (i) Disseminated to the public through broadcasting, publication, mail, or any other means; and
    - (ii) Intended to encourage sports wagering.
  - (b) "Billboard advertisement" means a roadside sign, aviation banner, or event banner that is intended to encourage sports wagering.
  - (c) "Gambling assistance message" means a phrase approved by the Commission to encourage responsible play.
  - (d) "Printed advertisement" means an advertisement that appears in or on a sign, direct mailing, poster, brochure or other written material and is intended to encourage sports wagering.
  - (e) "Responsible gambling awareness materials" means a sticker, a brochure, a wallet card, or other material that conveys only problem gambling resource information.
  - (f) "Underage warning message" means the phrase: "No bettor under the age of 21 is permitted to participate in sports wagering".

**B. A sports wagering licensee shall:**

- (1) Post signage approved by the Commission that prominently bears the gambling assistance message and the underage warning message at each customer entrance;
- (2) Include banners or other notifications on the sports wagering ~~interactive~~ websites that bear the gambling assistance message and the underage warning message;
- (3) Include the gambling assistance message on an advertisement that is intended to encourage sports wagering;
- (4) Ensure that a printed advertisement bears the gambling assistance message and meets requirements of COMAR 36.03.06.10.13.43 and 36.03.03.08;
- (5) Ensure that a billboard bearing a printed advertisement bears the gambling assistance message and meets requirements of COMAR 36.03.06.10.13.43 and 36.03.03.08;
- (6) Ensure that a radio, television, video, online, or social media advertisement bears the gambling assistance message and meets requirements of COMAR 36.03.06.10.13.43 and 36.03.03.08;
- (9) Place in the sports wagering facility and sports wagering platform responsible gambling awareness information according to its responsible gaming plan required under 36.10.12.10.02.

**36.10.11 Mandatory Exclusion**

Authority: State Government Article, §§9-1A-24, 9-1E-04, and 9-1E-01—  
9-1E-15, Annotated Code of Maryland

**.04 Mandatory Exclusion List.**

A. The Commission shall establish a mandatory exclusion list for the Sports Wagering Program.

E. The information used to identify an excluded individual may include:

- (1) The individual's:
  - (a) Name and any nickname or alias;
  - (b) Residential address;
  - (c) Telephone numbers;
  - (d) Gender;
  - (e) Physical description, including any birthmarks, scars, or tattoos;
  - (f) Race or ethnic origin;
  - (g) For non-United States citizens, country of origin; ~~and~~
  - (h) Photograph; ~~and~~
  - (i) Social security number or other government issued identification number.
- (2) Date of placement on the mandatory exclusion list;

- (3) Brief statement of the basis for placing the individual on the mandatory exclusion list; and
- (4) Any other information the Commission requires.

F. The mandatory exclusion list and related records are public records under General Provisions Article, §4-101, Annotated Code of Maryland.

**.09 Sports Wagering Licensee’s Mandatory Exclusion Plan.**

A. A sports wagering licensee shall establish a plan for identifying and:

- (1) Excluding or ejecting ~~excluded individuals~~ from a sports wagering facility or from participating in sports wagering; ~~and~~  
~~(a) Excluded individuals; and~~  
~~(b) Individuals who may be eligible for placement on the mandatory exclusion list; and~~
- (2) Ensuring that excluded individuals and individuals younger than 21 years old are not allowed to:
  - (a) Participate in sports wagering; and
  - (b) Enter the part of the premises of a sports wagering licensee where sports wagering is conducted.

**36.10.12 Collection of Taxes, Fees, and Penalties**

Authority: State Government Article, §§9-1A-02, 9-1A-04, 9-1A-33, and 9-1E-01—9-1E-15, Annotated Code of Maryland

**.01 General.**

This chapter establishes the manner and method by which the Commission may collect from an applicant or licensee a tax, fee or civil penalty established under State Government Article, Title 9, Subtitle 1E, Annotated Code of Maryland, and the manner by which a sports wagering licensee may reconcile ~~gross gaming receipts/proceeds~~ under State Government Article, §9-1E-07, Annotated Code of Maryland.

**36.10.13 Sports Wagering Licensee Minimum Internal Control Standards**

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

**.03 Content of Internal Controls.**

A. At least 60 days prior to commencing sports wagering and any time a change is made thereafter, a sports wagering licensee shall submit to the Commission for approval internal controls for:

- (1) Sports wagering at the sports wagering licensee’s facility; or
- (2) Online sports wagering.
- (14) Procedures for suspending or terminating a dormant ~~sports wagering~~ account and the return of any funds remaining in the dormant ~~sports wagering~~ account to the registered bettor;
- (27) Procedures ~~to verify each registered bettor’s physical location and appropriate measures implemented to deter, detect and prevent cheating;~~  
~~(a) Each time a registered bettor logs into their bettor account; and~~  
~~(b) In near real time as the application is being used;~~
- (28) Procedures ~~and appropriate measures implemented to deter, detect and prevent cheating;~~
- (29) Procedures ~~for identifying and reporting fraudulent, suspicious, or unusual wagering activity;~~
- (30) Procedures to govern emergencies, including suspected or actual cyber-attacks, hacking or tampering with the sports wagering licensee’s sports wagering platform, sports wagering website and sports wagering equipment;
- (31) Procedures for the reconciliation or repayment of a registered bettor’s sports wagering account;
- (32) Procedures for automated and manual risk management;
- (33) Procedures for compliance with AML standards;
- (34) Description of all integrated third-party hardware, software, or systems;
- (35) Procedures to identify a wager or attempts to wager above any maximum wager threshold set by the sports wagering licensee;
- (36) Procedures to be utilized by an employee of a sports wagering licensee in the event of a malfunction of sports wagering licensee’s:
  - (a) Sports wagering website;
  - (b) Sports wagering platform; or
  - (c) Sports wagering equipment; and
- (37) Any other items the Commission may request in writing to be included in the internal controls.

**.04 Review of Internal Controls.**

A. At least 60 days before sports wagering operations are to commence or another timeframe as approved by the Commission, a sports wagering licensee shall submit its internal controls to the Commission for review and written approval.

G. The process developed by the Commission under §F of this regulation shall, at a minimum, require the sports wagering licensee to:

- (1) Submit a redlined copy of any section of the approved internal controls to be changed or amended with added text underlined and deleted text lined out;
- (2) Document on the redlined copy the date the Commission approved the section to be changed or amended and the date the revision was submitted to the Commission for review;
- (3) Submit a narrative explaining the reason for the change or amendment which includes the sports wagering licensee’s target date for implementation;

(4) Submit the written representations required in §B(1) and (2) of this regulation with regard to the proposed change or amendment; ~~and~~

~~(5) Maintain a log of all changes or amendments in approved internal controls which includes the initial approval date and the effective date of any change or amendment approved by the Commission; and~~

~~(6) Mark each page of approved internal controls with the date on which it was approved by the Commission.~~

#### **.06 Annual Audit and Other Regulatory Reports.**

A. A sports wagering licensee shall cause its annual financial statements to be audited in accordance with generally accepted auditing standards by an independent certified public accountant.

N. No later than 7 days after the date of filing with the Financial Crimes Enforcement Network, a sports wagering licensee shall ~~file with~~ provide the Commission ~~a copy of~~ with access to each Suspicious Activity Report filed under 31 CFR §103.21.

#### **.07 Record Retention.**

A. All original books and records shall be:

(1) Prepared and maintained in a complete, accurate, and legible form;

(2) Stored in a format that ensures readability, regardless of whether the technology or software that created or maintains it has become obsolete;

(3) Retained in a secure location equipped with a fire notification system:

(a) At the sports wagering licensee's facility; or

(b) An off-site location approved by the Commission under §F of this regulation for the express purpose of document storage;

(4) Kept immediately available for inspection by the Commission during all hours of operation;

(5) Organized and indexed in a manner designed to provide immediate accessibility to the Commission; and

(6) Destroyed only after expiration of the minimum retention period required under this regulation.

E. Exceptions. The following exceptions apply to the retention period in §D of this regulation:

(1) A minimum retention period of 5 years shall apply to documentation pertaining to cashiers' cage transactions;

(2) A minimum retention period of 5 years shall apply to:

(a) Signature cards of terminated employees;

(b) Insurance records relating to claims by bettors;

(c) Surveillance and security department:

(i) Employee duty logs;

(ii) Visitor logs;

(iii) Incident logs;

(iv) Recording logs; and

(v) Equipment malfunction reports; and

(d) Documentation pertaining to sports wagering tickets or promotional play instruments reported to the Commission as possibly counterfeit, altered, or tampered with;

(3) A minimum retention period of 30 days shall apply to:

(a) Cancelled promotional play instruments for which all reconciliations required by the sports wagering licensee's approved internal controls have been conducted and resolved;

(b) Voided sports wagering tickets; and

(c) Sports wagering tickets ~~and vouchers~~ redeemed at a facility, other than through ~~a ticket redemption unit; and~~

~~(4) A minimum retention period of 7 days shall apply to sports wagering tickets redeemed at a ticket redemption unit or kiosk.~~

#### **.20 Internal Audit Department Standards.**

A. Except as set forth in §B, this regulation is only applicable to the holder of a Class A sports wagering facility license.

F. If applicable, the audit department shall audit at least annually:

(1) Responsible gaming program;

(2) Security department;

(3) Currency transaction reporting;

(4) Suspicious activity reporting;

(5) Information technology controls;

(6) Accounts payable;

(7) Purchasing;

(8) Surveillance department; ~~and~~

(9) Bettor tracking system; ~~and~~

~~(10) Sports wagering platform.~~

#### **.21 Access to Sports Wagering ~~Systems~~ Platforms.**

A. The sports wagering licensee shall limit and control administrative access to the sports wagering platform and associated equipment by ensuring the following:

(1) Maintain access configurations and procedures that meet industry best practices and adhere to nationally recognized information technology compliance standards;

(2) Maintain logs of user access and review the logs daily to identify security incidents and unusual transactions;

(3) Coordinate and develop an education and training program on information security and privacy matters for employees and other authorized users;

(4) Ensure compliance with all State and federal information security policies and rules;



- (5) Prepare and maintain security-related reports and data;
- (6) Develop and implement an incident response plan to address security breaches, policy violations and complaints from external parties;
- (7) Develop and implement an ongoing risk assessment program that targets information security and privacy matters by identifying methods for vulnerability detection and remediation and overseeing the testing of those methods; and
- (8) Ensure remote access to a sports wagering licensee's sports wagering platform and associated equipment is only permitted from within the local network and not directly accessible from the internet unless secured and monitored and approved by the MLGCC on a case by case basis.

**.30 Sports Wagering Ticket or Voucher.**

A. A sports wagering licensee may issue a sports wagering ticket or voucher and utilize a sports wagering ticket system meeting the requirements of this subtitle.

B. A sports wagering licensee shall issue a sports wagering ticket or voucher which expires 182 days after the date of the sporting event or voucher issuance.

C. Except for mobile sports wagering, a sports wagering licensee shall:

(1) Configure its sports wagering ticket system to:

- (a) Prevent issuance of a sports wagering ticket from a kiosk exceeding \$10,000; and
- (b) Require sports wagering tickets or vouchers of \$3,000 or more to be redeemed only at the cashiers' cage;

(2) Configure a ticket redemption unit under Regulation .31 of this chapter to:

- (a) Redeem only a sports wagering ticket or voucher of less than \$3,000; and
- (b) Direct a bettor attempting to redeem a sports wagering ticket or voucher of \$3,000 or more to the cashiers' cage; and

(3) Redeem at its cashiers' cage a sports wagering ticket or voucher of \$3,000 or more by:

- (a) Cash or check; or
- (b) Check on the request of a bettor.

D. A sports wagering licensee shall immediately report to the Commission evidence that a sports wagering ticket or voucher has been counterfeited, tampered with, or altered in any way which would affect the integrity, fairness, or reliability of the sports wagering ticket.

E. A sports wagering licensee shall develop and include in the internal controls submitted to and approved by the Commission under Regulation .04 of this chapter procedures addressing the issuance and redemption of a sports wagering ticket or voucher.

F. A sports wagering licensee's internal controls shall:

(1) Require a sports wagering ticket or voucher to include:

- (a) Name or trade name of the sports wagering licensee;
- (b) Date and time of issuance;
- (c) A description of the wager;
- (d) Amount of the sports wagering ticket;
- (e) Unique series number automatically generated by the sports wagering ticket system;
- (f) Asset number of the ticket redemption unit or point of sale device dispensing the sports wagering ticket;
- (g) At least one anti-counterfeiting measure, which appears on one or both sides of the sports wagering ticket;

~~(h)~~ Sports wagering facility facilities where the sports wagering ticket may be redeemed and any restrictions applicable to redemption;

~~(i)~~ A bar code which enables the sports wagering ticket system to identify the numeric information required by this section; and

~~(j)~~ Notice to the bettor of the terms of expiration; and

(2) Include procedures and controls which:

(a) Require a sports wagering ticket system to perform the following prior to payment:

- (i) Verify the validity of the ticket number and amount of the sports wagering ticket or voucher; and
- (ii) Electronically cancel the sports wagering ticket or voucher;

(b) Require the sports wagering ticket system to be configured to:

(i) Permit access to the complete ticket number of an unredeemed sports wagering ticket or voucher only to sports wagering ticket system administrative employees and accounting department employees not assigned to the cashiers' cage; and

(ii) Maintain a record of all unredeemed sports wagering tickets or vouchers for a minimum of 2 years from the date of the sporting event or issuance of the sports wagering ticket/voucher unless a request to remove or relocate system records is submitted in writing and approved in writing by the Commission;

(c) Address the following events:

(i) Calculation and transmittal by the sports wagering licensee of its outstanding expired unredeemed sports wagering ticket or voucher balance to the State; and

(ii) An election by a sports wagering licensee to pay a sports wagering ticket or voucher when the sports wagering ticket system is inoperable or otherwise unable to verify the validity of the sports wagering ticket at the time of payment; and

(d) Require generation, at the conclusion of each wagering day, of reports detailing:

- (i) Sports wagering tickets or vouchers issued;
- (ii) Sports wagering tickets or vouchers redeemed and cancelled by redemption facility;
- (iii) Unredeemed liability for sports wagering tickets or vouchers; and
- (iv) Any exceptions.

**.31 Ticket Redemption Unit or Kiosk.**

A. A sports wagering licensee may utilize a ticket redemption unit or kiosk meeting the requirements of this subtitle.

B. A sports wagering licensee shall locate a ticket redemption unit or kiosk in the sports wagering facility subject to the surveillance coverage requirements of Regulation .11 of this chapter.

C. A ticket redemption unit or kiosk:

(1) Shall, in accordance with this regulation, be configured to:

(a) Redeem a sports wagering ticket or voucher of less than \$3,000; and

(b) Direct a bettor attempting to redeem a sports wagering ticket or voucher of \$3,000 or more to the cashiers' cage; and

(2) May be configured to function as a bill breaker changing bills of one denomination into bills of a smaller denomination.

D. A sports wagering licensee shall develop and include in the internal controls submitted under Regulation .04 of this chapter, procedures addressing a ticket redemption unit or kiosk.

E. A sports wagering licensee's internal controls shall address:

(1) Distribution of cash to a ticket redemption unit;

(2) Removal of sports wagering tickets and cash accepted by a ticket redemption unit;

(3) Reconciliations associated with the replenishment process;

(4) Generation of the following reports by a ticket redemption unit or ancillary system or application for the reconciliation period, which may be by wagering day, shift, or drop cycle:

(a) A sports wagering ticket transaction report which details:

(i) Disposition, as paid, partially paid, or unpaid, of sports wagering tickets or vouchers accepted by a ticket redemption unit;

(ii) Sports wagering ticket validation number or voucher identification number;

(iii) Date and time of redemption;

(iv) Amount requested; and

(v) Amount dispensed;

(b) A reconciliation report which details:

(i) Date and time;

(ii) Unique asset identification number of the ticket redemption unit;

(iii) Total amount of cash in the currency and coin cassettes;

(iv) Total number of bills accepted by denomination; and

(v) Total amount of sports wagering tickets accepted; and

(vi) Total amount of sports wagering vouchers accepted; and

(c) A sports wagering ticket and currency storage box report which details the following data whenever a storage box is removed from the ticket redemption unit:

(i) Date and time;

(ii) Unique asset identification number of the ticket redemption unit;

(iii) Unique identification number for each storage box in the ticket redemption unit;

(iv) Total amount of currency dispensed;

(v) Total number of bills dispensed by denomination;

(vi) Total amount of sports wagering tickets accepted;

(vii) Total count of sports wagering tickets accepted; and

(viii) Total amount of sports wagering vouchers accepted;

(ix) Total count of sports wagering vouchers accepted; and

(1) Details required to be included in the sports wagering ticket transaction report required under §E(4)(a) of this regulation; and

### **.32 Wager Payouts.**

A. A sports wagering licensee shall prepare and timely file IRS Form W-2G, Certain Gambling Winnings, in accordance with IRS rules and regulations.

B. A sports wagering licensee shall pay a sports wager payout of \$50,000 or more:

(1) By cash or check; or

(2) On the request of a bettor, any combination of cash, sports wagering ticket or voucher, check, or other method of payment approved by the Commission.

### **.34 Collection of Cash Storage and Drop Boxes.**

A. At least 30 days before sports wagering operations are to commence or other time period approved by the Commission, a sports wagering licensee shall submit to the Commission in writing a drop schedule setting forth specific pick-up days and times for collection of cash storage drop boxes, including:

(1) Specifications as to what areas of the sports wagering facility will be covered on each pick-up day; and

(2) Specific transportation routes to be utilized from the sports wagering facility floor to the count room on each pick-up day.

I. Immediately prior to the commencement of the count process, the security department may issue its key to the storage cabinet or trolley required under §G of this regulation to a count room supervisor for the purpose of allowing count room personnel to gain access to the cash storage or table game drop boxes to be counted.

### **.35 Count Room Design Standards.**

A. This regulation is only applicable to the holder of a sports wagering facility licensee.

D. A sports wagering licensee shall install in its count room a table constructed of clear glass or similar transparent material to be used for the emptying, counting, and recording of the contents of cash storage and table game drop boxes.

### **.36 Accounting Controls for a Count Room.**

A. This regulation is only applicable to the holder of a sports wagering facility licensee.



F. Internal Controls. A sports wagering licensee's internal controls shall:

- (1) Detail all hardware, software, and related equipment utilized by the sports wagering licensee to conduct the count;
- (2) Detail the actual procedures to be performed and documentation to be generated;
- (3) Require equipment utilized to count and strap currency, **winning** sports wagering tickets, **sports wagering vouchers**, and promotional play instruments to:
  - (a) Conduct two separate counts;
  - (b) If the separate counts are not in agreement, document the discrepancy; and
  - (c) If a sports wagering **platform, point of sale** system, or promotional play system is utilized to obtain the amount of a **winning** sports wagering ticket, **sports wagering voucher** or promotional play instrument, require the system to perform a calculation or integrity check to ensure that the amount of a sports wagering ticket or promotional play instrument has not been altered in the system in any manner since the time of issuance; and
- (4) Require a count room employee to wear a one-piece, pocketless garment.

G. A **winning** sports wagering ticket, **sports wagering voucher** or promotional play instrument accepted by a cash storage drop box shall be counted and included in the calculation of proceeds without regard to the validity of the sports wagering ticket or promotional play instrument.

I. Within 72 hours of the count, a licensee shall report in writing to the Commission:

- (1) Any variance between:
  - (a) The actual count of cash, **winning** sports wagering tickets, **sports wagering vouchers** and promotional play instruments in a cash storage box as determined in the count room; and
  - (b) The amount for the cash storage box recorded on the sports wagering licensee's **sports** wagering **platform or point of sale** system;
- (2) The reason for the variance; and
- (3) Corrective action taken or adjustments made.

#### **.40 Security of Funds and Data.**

A. A sports wagering licensee shall comply with all applicable state and federal requirements for data security.

D. ~~A corporate entity that maintains a special purpose segregated account shall:~~ A sports wagering licensee shall maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, bond, or a combination of these in an amount approved by the Commission and sufficient to pay all winnings and awards offered to a winning bettor as described in 36.10.14.06.

~~(1) Require a unanimous vote of all corporate directors to file bankruptcy and have articles of incorporation that prohibit commingling of funds with those of the sports wagering licensee except as necessary to reconcile the accounts of a bettor with sums owed by those bettors to the sports wagering licensee;~~

~~(2) Be restricted from incurring debt other than to bettors pursuant to the rules that govern their user accounts;~~

~~(3) Be restricted from taking on obligations of the sports wagering licensee other than obligations to bettors pursuant to the rules that govern their user accounts; and~~

~~(4) Be prohibited from dissolving, merging, or consolidating with another company, other than a special purpose corporate entity established by another sports wagering licensee that meets the requirements of this section, while there are unsatisfied obligations to bettors;~~

~~E. A sports wagering licensee shall maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, bond, or a combination of these in an amount approved by the Commission and sufficient to pay all winnings and awards offered to a winning bettor.~~

**FF.** A sports wagering licensee shall implement and prominently publish the following on its platform:

- (1) Policies that prevent unauthorized withdrawals from a bettor's account by a sports wagering licensee or others;
- (2) Notices that make clear that the funds in the segregated account do not belong to the sports wagering licensee and are not available to creditors other than the bettor whose funds are being held;
- (3) Policies that prevent commingling of funds in the segregated account with other funds, including funds of the sports wagering licensee;
- (4) Procedures for responding to and reporting on complaints by bettors that their accounts have been misallocated, compromised, or otherwise mishandled;
- (5) Procedures that allow a bettor to request withdrawal of funds from their user account, whether such account is open or closed, including:
  - (a) The sports wagering licensee shall honor any bettor's request to withdraw funds by the later of 10 days after receipt of the request or 10 days after submission of any tax reporting paperwork required by law;
  - (b) The sports wagering licensee may decline to honor the request for withdrawal of funds for a reasonable investigatory period if it provides notice of the nature of the investigation to the bettor it believes has engaged in either:
    - (i) Fraudulent conduct; or
    - (ii) Other conduct that would put the sports wagering licensee in violation of COMAR 36.10.18; and
  - (c) A request for withdrawal shall be considered honored if it is processed by the sports wagering licensee but delayed by a payment processor or the custodian of a segregated account; and
- (6) Procedures that allow a bettor to permanently close a user account at any time and for any reason. The procedures shall allow for closing by any **reasonable** means, including by a bettor on any platform used by that bettor to make deposits into a segregated account.

**FF.** If winnings are awarded to a bettor with a closed account, the winnings, to the extent that it consists of funds, shall be distributed by the sports wagering licensee within 7 days.

**FG.** If an account is closed on the basis of the sports wagering licensee's good faith belief, after investigation, that the bettor has engaged in fraud or has attempted to engage in behavior that would put the sports wagering licensee in violation of this chapter, such winnings may be withheld and redistributed in a manner that reflects the outcome that would have resulted had that bettor not participated.

**H.** If a bettor's segregated account remains unclaimed for **53** years after the balances are payable or deliverable to the bettor, the sports wagering licensee shall presume the account to be abandoned and shall report and remit all segregated accounts presumed abandoned to the State Comptroller.

**H.** A sports wagering licensee shall prominently publish all contractual terms and conditions and rules of general applicability that affect a bettor's segregated account.

**K.** Presentation of such terms, conditions, and rules at the time a bettor initially acquires a segregated account may not be deemed sufficient to satisfy the provisions of this subsection.

#### **.41 Consumer Protection.**

##### **A. Automated Teller Machines.**

(1) **Withdrawal Limits.** Exclusive of transaction fees or surcharges, the maximum amount that a bettor may withdraw from **any bank** account by using an automated teller machine at the location is no more than \$2,500 per sports wagering day.

(2) **Temporary Cash Assistance Prohibited.** An automated teller machine or online **Sports Wagering Platform System sports wagering platform** may not accept an electronic benefit card, debit card, or similar instrument issued by the Department of Human Services for the purpose of accessing temporary cash assistance.

**B. Promotional Offers.** A sports wagering licensee shall, at least **23** days prior to implementing a promotion, submit terms and conditions of each promotion to the Commission and shall include, at a minimum, all of the following:

(1) A description of what is being offered as part of the promotion;

(2) The dates and times that the promotion is being conducted;

(3) The persons who are eligible to participate in the promotion;

(4) The required action to receive whatever is being offered as part of the promotion;

(5) The procedure to claim or redeem the promotional offer, if applicable;

(6) Registration procedures;

(7) Limitations on participation;

(8) Wagering requirements and limitations by type of game;

(9) The order in which funds are used for wagering;

(10) Eligible wagers;

(11) Any restrictions on the withdrawal of funds;

(12) Rules regarding cancellation;

(13) The statement "If you or someone you know has a gambling problem, help is available. Call 1-800-GAMBLER."; and

(14) Any other information the Commission may require.

**C.** A sports wagering licensee shall be responsible for the submission of the terms and conditions of promotions and the conduct of all promotions offered directly or indirectly by a third-party vendor or marketing affiliate on behalf of the sports wagering licensee.

**D.** ~~The~~ **A link to the** terms and conditions of all promotions communicated to bettors shall be posted on the sports wagering licensee's home website as well as any websites the sports wagering contractor operates on behalf of a sports wagering licensee.

#### **.42 House Rules.**

A sports **bookwagering** licensee shall ensure that its house rules are:

A. Conspicuously displayed in or immediately adjacent to its wagering location;

B. Posted on its website;

C. Included in the terms and conditions of use on its sports wagering platform; and

D. In hard copy, readily available to bettors.

### **36.10.14 Sports Wagering Requirements and Limitations**

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

#### **.01 Authorized Wagers.**

**A. Definition.** Unless context or the individual regulation dictates otherwise, for purposes of this regulation, "sports wagering licensee" includes:

(1) Sports wagering facility licensee;

(2) Mobile sports wagering licensee;

(3) Sports wagering facility operator licensee; and

(4) Online sports wagering operator licensee.

**B.** **Wager Limits.** The maximum wager that may be accepted by any sports wagering licensee from a patron on any one sporting event shall be limited to \$5,000,000.

#### **.02 Commission Approval of Specific Bet Types.**

**A.** A sports wagering licensee shall submit to the Commission for approval the events and types of wagers it proposes offering to bettors prior to accepting any sports wagering bets.

**B.** The Commission may permit a sports wagering licensee to offer wagering on any approved sporting event.

**C.** The Commission may permit a sports wagering licensee ~~on behalf of a sports wagering licensee~~ to offer ~~the~~ any of the following types of wagers on the events contained in §B of this regulation:

(1) Exchange wagers;

(2) In-game wagers;

(3) Parlay wagers;

(4) Proposition wagers;

(5) Straight wagers; ~~and~~

(6) Pools; and

(7) Other types of wagers as approved by the Commission.

### .03 Prohibited Wagers.

A. Sports wagering activity may not involve:

(1) Wagering on a high school athletic event governed by the Maryland Interscholastic Athletic Association, Maryland Public Secondary Schools Athletic Association, or a similar sports governing entity;

(2) Except for an amateur athletic event specifically approved by the Commission, wagering on an amateur athletic event;

or

(3) Any other wagering activity that is prohibited by the Commission.

B. A sports wagering licensee may not accept a wager that the licensee knew or should have known:

(1) ~~That involves~~ involves cheating;

(2) ~~From~~ Was made by an athlete on an athletic event of the type in which the athlete participates or an athletic event governed by the same governing entity under which the athlete competes;

(3) ~~From~~ Was made by a person who holds a position of authority or influence over the participants in a sporting event or is professionally connected to an athletic event or governing entity, including a:

(a) Referee;

(b) Official;

(c) Coach;

(d) Manager;

(e) Handler;

(f) Trainer;

(g) Medical professional; or

(h) Person with access to non-public information about a sporting event that is overseen by the governing entity;

(4) ~~From~~ Was made by a person who is placing a wager on behalf, or for the benefit, of a person that is prohibited from participating in sports wagering under applicable law or regulation; or

(5) ~~That encourages~~ Encourages or instructs a bettor to structure a wager to circumvent applicable law or regulation.

D. A sports wagering licensee may not accept or facilitate a wager:

(1) On a sporting event not approved by the Commission under this regulation;

(2) From an excluded individual;

(3) From a person who is placing the wager in violation of applicable law or regulation; or

(4) From any employee of a sports wagering licensee or sports wagering operator, on the premises or platform of the employee's employer, that may not participate in sports wagering because the person:

(a) Is licensed by the Commission under State Government Article, Title 9, Subtitles 9-1A or 9-1E, Annotated Code of Maryland; or

(b) Is an affiliate or agent of a sports wagering licensee or online sports wagering operator.

E. The prohibition under §D(4) of this regulation is not applicable to persons who are registered or certified as a vendor under COMAR 36.10.06.11.

### .04 Limits on Accepting Wagers.

A. A sports wagering platform shall be capable of allowing a registered bettor to establish the following responsible wagering limits:

(1) A deposit limit on a daily, weekly and monthly basis that specifies the maximum amount of money a registered bettor may deposit into their sports wagering account during a particular period of time;

(2) A limit on the amount ~~of~~ wagered on money lost within a daily, weekly or monthly basis that:

(a) Renders the registered bettor unable to place an additional wager for the remainder of the time selected once the registered bettor reaches the loss limit; and

(b) Does not allow a wager placed prior to reaching the loss limit to be cancelled or refunded;

C. An increase to financial limits in §A of this regulation must become effective only after the time period of the previous limit has expired.

D. A decrease to the chronological limits in §A of this regulation may not be effective later than the registered bettor's next login. shall become effective only after the time period of the previous limit has expired.

D. A decrease to the chronological limits in §A of this regulation shall become effective only after the time period of the previous limit has expired.

E. The self-imposed limitations set by a registered bettor shall not override more restrictive sports wagering licensee-imposed limitations.

### .05 Funding Wagers.

A. A bettor's sports wagering account may be funded by:

(1) A cash deposit made directly with a sports wagering licensee;

(2) A cash equivalent, personal check, or wire transfer made directly or mailed to the sports wagering licensee;

(3) A bettor's debit card or prepaid card;

(4) A bettor's deposit of a winning sports wagering ticket at a sports wagering facility approved by the Commission;

(5) A cash complimentary, promotional credit, or bonus credit;

(6) If there is documented notification to the bettor, an adjustment made by a sports wagering licensee following the resolution of a dispute; or

(7) Any other means as approved by the Commission.

E. The sports wagering licensee shall update bettor account balances after each ~~game cycle~~ ~~bet settles~~ to reflect the funds available for any future wagers the bettor may choose to place.

~~FF. A sports wagering licensee may not accept or facilitate a wager:~~

~~(1) On a sporting event not approved by the Commission under §A(1) of this regulation;~~

~~(2) From an excluded individual;~~

~~(3) From a person who is placing the wager in violation of applicable law or regulation; or~~

~~(4) From a person that may not participate in sports wagering because the person:~~

~~(a) Is licensed by the Commission under State Government Article, Title 9, Subtitles 9-1A or 9-1E, Annotated Code of Maryland; or~~

~~(b) Is an affiliate or agent of a sports wagering licensee or online sports wagering operator.~~

~~G. The prohibition under §F(4) of this regulation is not applicable to persons who are registered or certified as a vendor under COMAR 36.10.06.12.~~

H. Adjustment to a sports wagering account for an amount of \$500 or under shall be periodically reviewed by supervisory personnel as set forth in the sports wagering licensee's internal controls.

IG. Supervisory personnel shall authorize an adjustment for an amount above \$500 before the adjustment may be entered into the bettors' account.

#### .06 Reserve.

A. A sports wagering licensee shall maintain a reserve in cash, cash equivalents, irrevocable letter of credit, bond, or a combination thereof in an amount approved by the Commission to cover the outstanding liability of the sports wagering licensee to bettors.

B. A sports wagering licensee may not remove, release, or withdraw funds from its reserve without the written approval of the Commission.

C. The amount in the reserve shall be at least \$500,000 and equal or exceed the aggregate sum of:

~~(1) Funds held by the sports wagering licensee in bettor accounts;~~

~~(2) The total amount of funds to cover the potential liability for all wagers accepted by the sports wagering licensee on sporting events with outcomes that have not been determined; and~~

~~(3) Money owed but unpaid by the sports wagering licensee to bettors on winning wagers.~~

D. A sports wagering licensee shall ensure that the reserve is held by a financial institution insured by the Federal Deposit Insurance Corporation and licensed to transact business in the State ~~or in cash held on premise by a sports wagering facility licensee.~~

### 36.10.15 Sports Wagering Licensee Facility Standards

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

#### .03 Facility Design Standards.

The holder of a Class A or Class B license shall, at its own expense, construct its facility in accordance with specifications established by the Commission, including:

A. For any sports wagering licensee that does not currently hold a video lottery facility operator's license, at least 100 square feet of office space or an amount approved by the Commission that is available for use by the Commission staff and equipped with:

(1) Partitioned workspace, telephones, all-in-one printer, and office supplies sufficient to meet the Commission staff's operational needs;

(2) A secure high-speed wireless internet connection; and

(3) Computer terminals permitting read only access by authorized Commission staff to any ~~computerized~~ sports wagering platform, ~~player management~~ ~~promotional play~~ system, ~~point of sale system, or~~ surveillance ~~system or bettor tracking~~ system used by the sports wagering licensee;

### 36.10.16 Wagering Using Online, Web-Based, or Mobile Applications

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

#### .02 One Website.

A mobile sports wagering licensee may utilize only one individually branded website ~~and an accompanying app~~ to accept and pay sports wagers.

### 36.10.18 Sports Wagering Technical Standards

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

#### .01 General.

Unless context or the individual regulation dictates otherwise, for purposes of COMAR 36.10. ~~4618~~, "sports wagering licensee" includes:

A. Mobile sports wagering licensee; ~~and~~

B. Online sports wagering operator licensee;

C. Sports wagering facility licensee; and

D. Sports wagering facility operator licensee.

**.03 Sports Wagering Platform Requirements.**

A. All sports wagers shall be initiated, received, and otherwise made within the State unless otherwise licensed by federal law.

**Q. Data Feeds.**

(1) A sports wagering platform shall have controls in place to review the accuracy and timeliness of any data feeds used to offer or settle wagers.

(2) If an incident or error occurs that results in a loss of communication with the data feeds used to offer or redeem wagers, the sports wagering licensee shall record the error in a log capturing:

(a) The date and time of the error;

(b) The nature of the error; and

(c) A description of its impact on the system's performance.

(3) The sports wagering licensee shall maintain the information required by § ~~PC~~(2) for a minimum period of 2 years.

R. A sports wagering licensee that provides a sports wagering platform shall grant the Commission ~~read only~~ access to the platform in the manner required by the Commission.

**.05 Bettor Accounts.**

A. Only a registered bettor may place an online wager.

B. The sports wagering licensee shall record and maintain the information necessary to initiate a bettor account for a period of 5 years.

(2) When a bettor account is created, the ~~bettor or~~ sports wagering licensee shall establish a unique username and password for the bettor authorized to use the bettor account that prevents unauthorized access to the bettor account by an individual other than the bettor.

G. A bettor may have only one bettor account for each sports wagering licensee.

H. A bettor account may be funded using:

(1) A debit card;

(2) A credit card subject to COMAR 36.10.13.28;

(3) An electronic bank transfer, including a transfer through third parties;

(4) An online or mobile payment system that supports online money transfers;

(5) Winnings or payouts;

(6) Bonuses and promotions;

(7) Reloadable prepaid card, which has been verified as being issued to the bettor and is non-transferable; and

(8) Any other means approved by the Commission.

J. Within ~~5~~ days of a bettor request for withdrawal of funds, the sports wagering licensee shall complete the withdrawal unless there is a pending:

(1) Unresolved bettor dispute; or

(2) Investigation prompted by a bettor dispute or the Commission.

Q. A sports wagering licensee shall:

(1) Offer an easily accessible method for a bettor to close the bettor's account; and

(2) Refund the balance remaining in a bettor's account:

(a) Pursuant to the sports wagering licensee's internal control standards; and

(b) No later than ~~5~~ days after receiving notice from the bettor of the intent to close the bettor's account.

S. A sports wagering licensee shall:

(1) ~~DisableLock~~ a bettor's account after 3 failed log-in attempts; and

(2) Require multi-factor authentication to recover or reset a password or username after being ~~disabled/locked~~.

**.06 Information Security.**

A. A sports wagering licensee shall:

(1) Implement, maintain, regularly review and revise, and comply with a comprehensive information security system that takes reasonable steps to protect the confidentiality, integrity, and availability of a bettor's personally identifiable information; and

B. A sports wagering licensee shall:

(1) Perform vulnerability testing of the sports wagering platform, associated equipment, and networks to assess the effectiveness of security controls; and

(2) Have the testing set forth in §B(1) of this regulation conducted by a Commission approved third party as set forth in Regulation ~~02B03B~~ of this chapter.