

1 **QUALIFIED PRINCIPAL ENTITY – NO NEW APPLICATION**

2 **Title 36 MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY**

3 **Subtitle 03 GAMING PROVISIONS**

4 **Chapter 02 Investigation and Licensing**

5 **Authority: State Government Article, §§ 9-1A-04, Annotated Code of Maryland**

6 **.06 Owners.**

7 A. – K. (text unchanged)

8 L. Principal Entities as Approved Institutional Investors.

9 (1) A principal entity may request the Commission to waive the requirement of conducting a  
10 full background investigation of the principal entity.

11 (2) The Commission may approve a principal entity’s request for a waiver if the principal  
12 entity:

13 (a) Meets one of the definitions of institutional investor in State Government Article, §9-  
14 1A-01, Annotated Code of Maryland; and

15 (b) Satisfactorily completes and submits an institutional investor waiver application as  
16 required by the Commission.

17 (3) A principal entity for which the Commission has approved a waiver request under §L(2)  
18 of this regulation is an approved institutional investor.

19 (4) An institutional investor may maintain an approved waiver as an institutional investor by:

20 (a) Maintaining an ownership interest in an applicant or licensee; and

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*For September 22, 2022 Commission Meeting.*

Principal entities are not “licensed,” but they must meet the same qualification requirements as license applicants, so they submit a qualification application and undergo a background investigation. For principal entities that are identified in more than one application, the proposed amendments would streamline the qualification process. After the Commission determines that a principal entity is qualified, its qualifications are recognized for five years. If the same entity is identified in a second or subsequent license application during the five-year period, there is no need for a new application or background investigation.

1 (b) Providing the Commission with the statement of ownership percentage it reported to  
2 the Securities and Exchange Commission:

3 (i) Annually, before the last day of April; or

4 (ii) As otherwise directed by the Commission.

5 (5) If an approved institutional investor complies with §L(4) of this regulation, the  
6 Commission's approval is valid for 5 years from the date of approval, and:

7 (a) The waiver may apply to one or more applicants or licensees in which the entity is an  
8 institutional investor; and

9 (b) The institutional investor shall submit an institutional waiver application every 5 years  
10 from the date of the Commission's last approval.

11 (6) If an approved institutional investor does not meet the requirements of §L(4) of this  
12 regulation with respect to one or more applicants or licensees:

13 (a) The approved institutional investor shall notify the Commission in writing if the  
14 institutional investor's ownership interest falls below 5 percent; and

15 (b) The Commission may require the institutional investor to submit a new waiver  
16 application if the institutional investor acquires an ownership interest of 5 percent or greater in  
17 any applicant or licensee.

18 **M. Qualified Principal Entities.**

19  
20 (1) **This section does not apply to a principal entity that is an approved institutional**  
21 **investor under §L of this regulation.**

22  
23 (2) **If the Commission investigates a principal entity's application for qualification**  
24 **and determines that the principal entity is qualified:**

25  
26 (a) **The Commission shall recognize the qualification determination for five**  
27 **years from the date the Commission finds the principal entity qualified; and**

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*For September 22, 2022 Commission Meeting.*

Principal entities are not "licensed," but they must meet the same qualification requirements as license applicants, so they submit a qualification application and undergo a background investigation. For principal entities that are identified in more than one application, the proposed amendments would streamline the qualification process. After the Commission determines that a principal entity is qualified, its qualifications are recognized for five years. If the same entity is identified in a second or subsequent license application during the five-year period, there is no need for a new application or background investigation.

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(b) If the same qualified principal entity is identified in a subsequent license application within the same five-year period, the principal entity is not required to submit a new principal entity application.

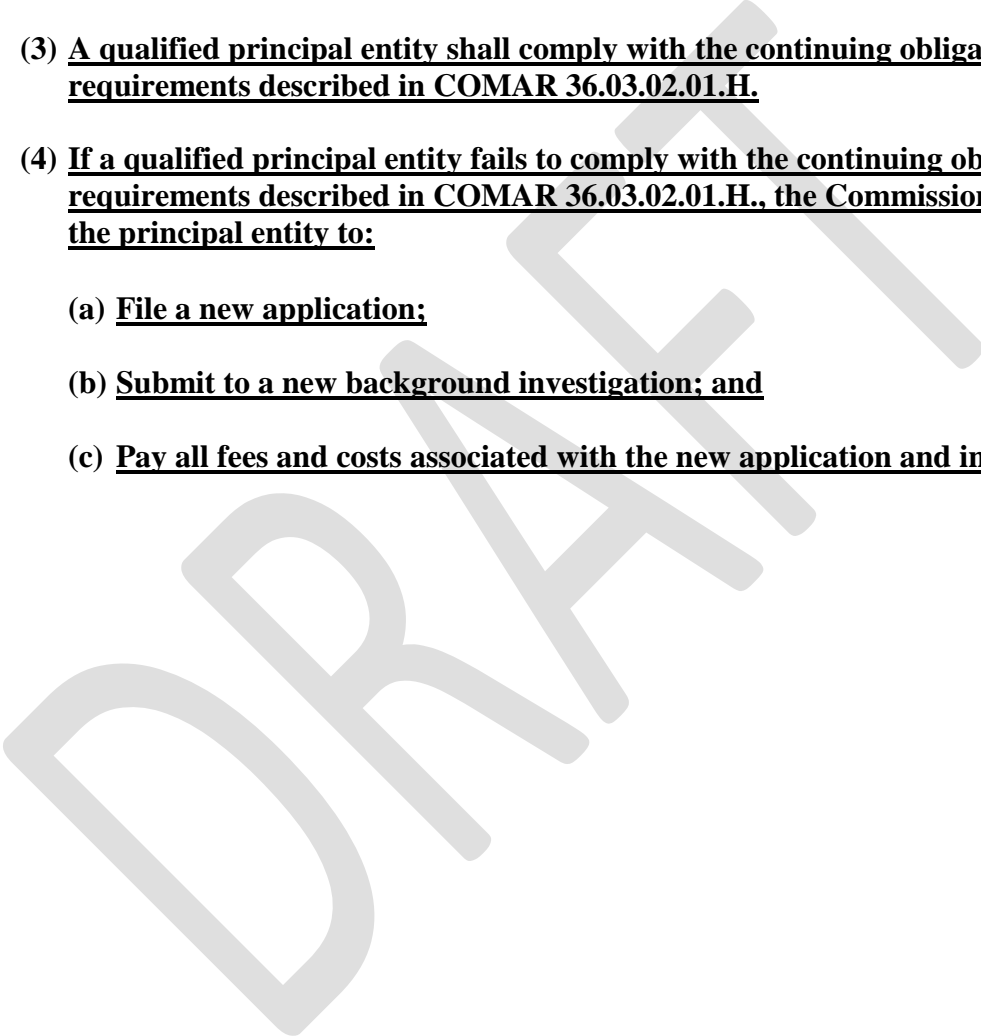
(3) A qualified principal entity shall comply with the continuing obligation requirements described in COMAR 36.03.02.01.H.

(4) If a qualified principal entity fails to comply with the continuing obligation requirements described in COMAR 36.03.02.01.H., the Commission may require the principal entity to:

(a) File a new application;

(b) Submit to a new background investigation; and

(c) Pay all fees and costs associated with the new application and investigation.



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*For September 22, 2022 Commission Meeting.*

Principal entities are not “licensed,” but they must meet the same qualification requirements as license applicants, so they submit a qualification application and undergo a background investigation. For principal entities that are identified in more than one application, the proposed amendments would streamline the qualification process. After the Commission determines that a principal entity is qualified, its qualifications are recognized for five years. If the same entity is identified in a second or subsequent license application during the five-year period, there is no need for a new application or background investigation.

1 Title 36

2 MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

3 Subtitle 10 SPORTS WAGERING PROVISIONS

4 Chapter 02 All Applicants and Licensees - Applications and Investigations

5 Authority: State Government Article, §§9-1A-02, 9-1A-04, 9-1-07, 9-1A-08, 9-1A-20, 9-1A-  
6 25, and 9-1E-01 - 9-1E-15, Annotated Code of Maryland.

7 .10 Principal Entity.

8 A. (text unchanged)

9 B. Principal Entities as Approved Institutional Investors.

10 (1) A principal entity may request the Commission to waive the requirement of conducting a  
11 full background investigation of the principal entity.

12 (2) The Commission may approve a principal entity's request for a waiver if the principal  
13 entity:

14 (a) Meets one of the definitions of institutional investor in Chapter .01 of this subtitle; and

15 (b) Satisfactorily completes and submits an institutional investor waiver application as  
16 required by the Commission.

17 (3) A principal entity for which the Commission has approved a waiver request under §B(2)  
18 of this regulation is an approved institutional investor.

19 (4) An institutional investor may maintain an approved waiver as an institutional investor by:

20 (a) Maintaining an ownership interest in an applicant or licensee; and

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*For September 22, 2022 Commission Meeting.*

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1 (b) Providing the Commission with the statement of ownership percentage it reported to  
2 the Securities and Exchange Commission:

3 (i) Annually, before the last day of April; or

4 (ii) As otherwise directed by the Commission.

5 (5) If an approved institutional investor complies with §B(4) of this regulation, the  
6 Commission's approval is valid for 5 years from the date of approval, and:

7 (a) The waiver may apply to one or more applicants or licensees in which the entity is an  
8 institutional investor; and

9 (b) The institutional investor shall submit an institutional waiver application every 5 years  
10 from the date of the Commission's last approval.

11 (6) If an approved institutional investor does not meet the requirements of §B(4) of this  
12 regulation with respect to one or more applicants or licensees:

13 (a) The approved institutional investor shall notify the Commission in writing if the  
14 institutional investor's ownership interest falls below 5 percent; and

15 (b) The Commission may require the institutional investor to submit a new waiver  
16 application if the institutional investor acquires an ownership interest of 5 percent or greater in  
17 any applicant or licensee.

18 **C. Qualified Principal Entities.**

19  
20 (1) **This section does not apply to a principal entity that is an approved institutional**  
21 **investor under §B of this regulation.**

22  
23 (2) **If the Commission investigates a principal entity's application for qualification**  
24 **and determines that the principal entity is qualified:**

25  
26 (a) **The Commission shall recognize the qualification determination for five**  
27 **years from the date the Commission finds the principal entity qualified; and**

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*For September 22, 2022 Commission Meeting.*

Principal entities are not "licensed," but they must meet the same qualification requirements as license applicants, so they submit a qualification application and undergo a background investigation. For principal entities that are identified in more than one application, the proposed amendments would streamline the qualification process. After the Commission determines that a principal entity is qualified, its qualifications are recognized for five years. If the same entity is identified in a second or subsequent license application during the five-year period, there is no need for a new application or background investigation.

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**(b) If the same qualified principal entity is identified in a subsequent license application within the same five-year period, the principal entity is not required to submit a new principal entity application.**

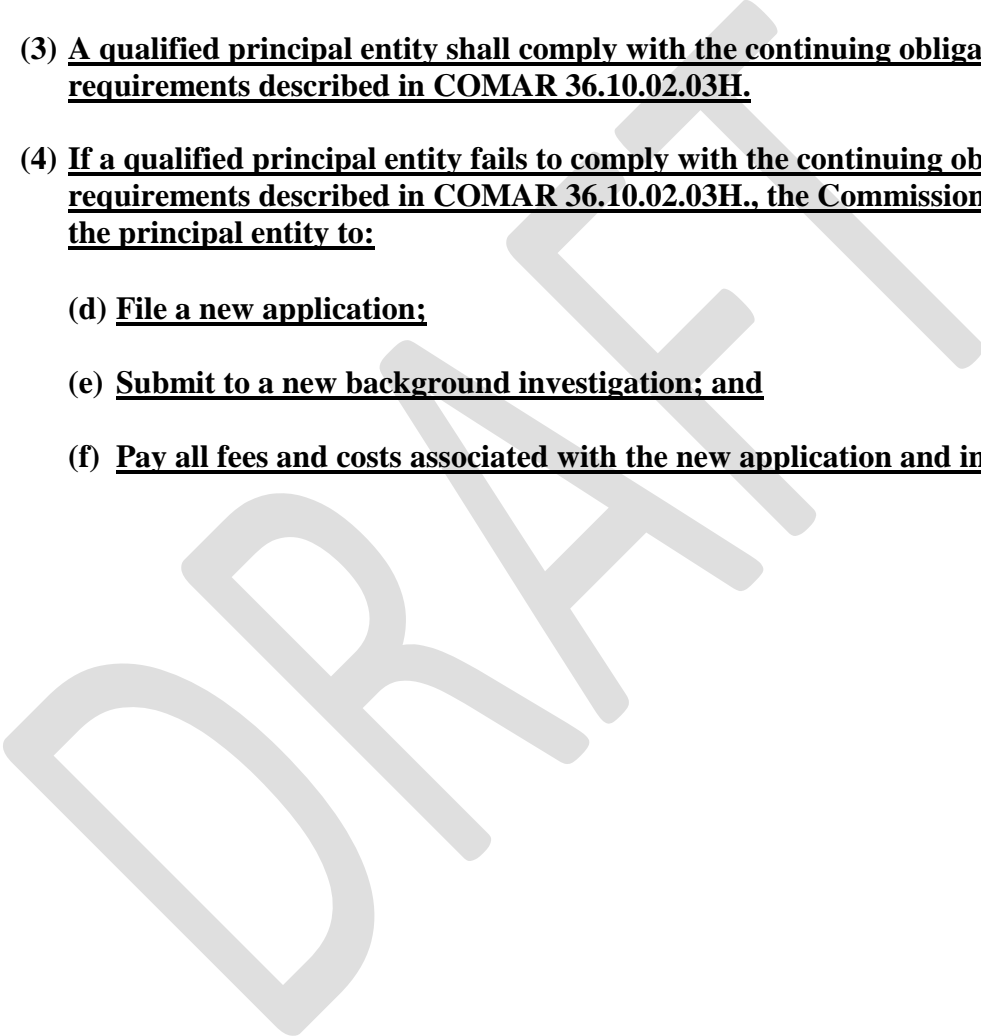
**(3) A qualified principal entity shall comply with the continuing obligation requirements described in COMAR 36.10.02.03H.**

**(4) If a qualified principal entity fails to comply with the continuing obligation requirements described in COMAR 36.10.02.03H., the Commission may require the principal entity to:**

**(d) File a new application;**

**(e) Submit to a new background investigation; and**

**(f) Pay all fees and costs associated with the new application and investigation.**



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*For September 22, 2022 Commission Meeting.*

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