

Title 36
MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY
Subtitle 09 ONLINE FANTASY COMPETITION
Chapter 01 General

Authority: State Government Article, §§9-1D-01, 9-1D-02, 9-1D-03, and 9-1D-05, Annotated Code of Maryland; Ch. 853, Acts of 2018

.01 Scope.

A. This subtitle applies to fantasy competitions regulated by the Commission under State Government Article, §§9-1D-01—9-1D-05, Annotated Code of Maryland.

B. This subtitle applies to fantasy competitions that are offered to individuals by means of a fantasy competition platform.

.02 Definitions.

A. In addition to the terms defined in COMAR 36.01.01, in this chapter the following terms have the meanings indicated.

B. Terms Defined.

(1) “Beginner player” means ~~any~~ a fantasy competition player who:

(a) Has entered fewer than 51 fantasy competitions offered by a single fantasy competition operator; and

(b) ~~Does not meet the definition of highly~~ Is not a highly experienced player.

(2) “Entry fee” has the meaning stated in State Government Article, §9-1D-01, Annotated Code of Maryland.

(3) Fantasy Competition.

(a) “Fantasy competition” means any online fantasy or simulated game or contest such as fantasy sports, in which:

(i) Participants own, manage, or coach imaginary teams;

(ii) All prizes and awards offered to winning participants are established and made known to participants in advance of the game or contest;

(iii) The winning outcome of the game or contest reflects the relative skill of the participants and is determined by statistics generated by actual individuals (players or teams in the case of a professional sport);

(iv) No winning outcome is based solely on the performance of an individual athlete or

on the score, point spread, or any performances of any single real-world team or any combination of real-world teams;

~~[and includes a competition in which:~~

~~(a) A prize is awarded;~~

~~(b) One or more players are subject to and may]~~ (v) Players may pay an entry fee;

~~[(e)The]~~ (vi) The ~~[the fantasy competition]~~ operator offering the competition receives compensation ~~[in connection with the competition regardless of the outcome]~~ for organizing the fantasy competition;

~~[(d) The winning outcome is not based on :~~ (i) The score, point spread, or any performance of any single actual team;

~~(ii) The score, point spread, or any performance of any combination of teams; or~~

~~(iii) Any single performance of an individual athlete or player in any single actual event; and~~

~~(e) Fantasy]~~ (vii) Fantasy competition players compete against other fantasy competition players and not the ~~[fantasy competition]~~ operator.

(b) “Fantasy competition” does not include:

(i) Sports wagering under State Government Article, §§ 9-1E-01 et seq.;

(ii) A fantasy competition where a player competes directly or only against another player’s fantasy lineup;

(iii) A wager in which a player chooses between two or more lineups, athletes, outcomes, or similar statistical groupings, and commonly referred to as pick em;

(iv) A wager in which a fantasy competition operator sets a number for a statistic in a fantasy competition, and a player wagers that the actual result in the competition will be higher or lower than the number set by the operator and commonly referred to as an over-under wager or bet;

(v) A wager the involves two or more wagers combined into one wager and commonly referred to as a parlay; or

(vi) A wager on an individual action, statistic, occurrence, or non-occurrence which is determined during a fantasy competition and commonly referred to as a proposition wager or bet.

(4) “Fantasy competition operator”, or “operator”, has the meaning stated in State Government Article, §9-1D-01, Annotated Code of Maryland.

(5) “Fantasy competition platform” means:

(a) Hardware and software used for a website, application, or other platform which is accessible via the internet or mobile, wireless, or similar communications technology that allows players to participate in fantasy competitions; or

(b) Hardware, software, firmware, communications technology, or other equipment that a registered fantasy competition operator uses to:

- (i) Allow a player to participate in fantasy competitions;
- (ii) Display the fantasy competition outcomes and other similar information necessary to facilitate fantasy competitions;
- (iii) Review player accounts and generate financial reports;
- (iv) Suspend a fantasy competition;
- (v) Input outcomes for fantasy competitions; and
- (vi) Set any configurable parameters.

(6) “Fantasy competition player” ~~or “player” [has the meaning stated in State Government Article, §9-1D-01, Annotated Code of Maryland]~~ means an individual who participates in a fantasy competition offered by an operator.

(7) “Fantasy contractor” means any person or entity who:

- (a) Is registered to do business in the State;
- (b) Operates in the State;
- (c) Manages a fantasy competition platform;
- (d) Works under ~~[an independent]~~ a contract with a fantasy competition operator; and
- ~~[(b)](d)~~ Has regular access to:
 - (i) Nonpublic portions of a fantasy competition operator’s system;
 - (ii) Information on ~~[a fantasy competition]~~an operator’s computer network that is not publicly available; or
 - (iii) ~~[A fantasy competition]~~An operator’s proprietary information that may affect ~~[gameplay]~~ the outcome of a competition.

(8) “Highly experienced player” means ~~[any]~~ a fantasy competition player who has:

- (a) Entered more than 1,000 fantasy competitions offered by a single ~~[fantasy competition]~~ operator; or
- (b) Won more than three fantasy competition prizes valued at \$1,000 or more.

(9) “Location percentage” has the meaning stated in State Government Article §9-1D-01, Annotated Code of Maryland.

(10) “Minor” means any individual younger than 18 years old.

(11) “Player funds” means funds deposited by a fantasy competition player into an account to facilitate entry into a fantasy ~~[competitions]~~competition.

(12) “Private fantasy ~~[sports]~~ competition” means a fantasy ~~[sports]~~ competition that is only open to:

(a) Employees of [~~a fantasy competition~~] an operator;
(b) Immediate family members of an employee of [~~a fantasy competition~~] an operator;
and

(c) Friends of an employee of [~~a fantasy competition~~] an operator.

(13) “Prize” means anything of monetary value, including:

- (a) Cash;
- (b) Competition credits;
- (c) Merchandise;
- (d) Monetary equivalents, subject to the approval of the Commission; or
- (e) Admission to another competition in which a prize may be awarded.

(14) “Proceeds” has the meaning stated in State Government Article, §9-1D-01, Annotated Code of Maryland.

(15) “Prominently display” or “prominently displayed” means information or material that is placed directly, or via link, on one or more of the pages or dashboards or on similar conspicuously visual tools that are properly labeled and clearly accessible as approved by the Commission.

(16) “Scripts” means commands that a computer program can execute to automate processes on a fantasy competition platform created by:

- (a) A fantasy competition player; or
- (b) A third party for use by a fantasy competition player.

(17) “Segregated account” means a financial account that [~~segregates~~] separates funds owned by a fantasy player from the operational funds of [~~a fantasy competition~~] an operator.

Title 36
MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY
Subtitle 09 ONLINE FANTASY COMPETITION
Chapter 02 Registration and Enforcement

Authority: State Government Article, §§9-1D-01, 9-1D-03, 9-1D-04, and 9-1D-05, Annotated
Code of Maryland; Ch. 853, Acts of 2018

36.09.02 Registration.

~~A. Before offering services in connection with a fantasy competition to players physically located in Maryland, a fantasy competition operator shall register with the Commission.~~

~~B. A fantasy competition operator may not conduct an online fantasy competition unless registered to do so by the Commission.~~

~~C. A fantasy competition operator shall register with the Commission every year not more than 365 days from the date of its previous registration, if it is offering services in connection with a fantasy competition in Maryland.~~

~~D. A person required to register shall provide, in the manner specified by the Commission:~~

~~(1) The name and principal address of the fantasy competition operator;~~

~~(2) If a corporation, the state of incorporation and the full name and address of each officer, director, trustee, and principal salaried executive staff officer;~~

~~(3) If a foreign corporation, evidence of qualification to conduct business in the State;~~

~~(4) If a partnership or joint venture, the name and address of each owner and officer;~~

~~(5) The name and address of the fantasy competition operator's resident agent in the State;~~

~~(6) The place where and the date when the fantasy competition operator was legally established and the form of its organization;~~

~~(7) Information concerning each fantasy competition offered by the fantasy competition operator as described in Regulation .02 of this chapter;~~

~~(8) Evidence satisfactory to the Commission that the fantasy competition operator has established and will implement procedures that prevent those individuals identified in COMAR 36.09.03.03 from participating in fantasy competitions;~~

~~(9) A plan that describes how the fantasy competition operator will maintain compliance with COMAR 36.09.04;~~

~~(10) A responsible gaming plan required under COMAR 36.09.05; and~~

~~(11) Any additional information required by the Commission.~~

~~E. For each fantasy competition operator registered under this chapter, the Commission shall issue a registration certificate.~~

~~F. A fantasy competition operator registered under this chapter may operate fantasy competitions in accordance with this subtitle.~~

~~G. Information provided by the fantasy competition operator shall be available for public review.~~

~~H. In the event that information provided by the fantasy competition operator is no longer accurate due to a change in circumstances, a fantasy competition operator shall provide the Commission with the corrected information within 10 work days.]~~

.01 Application for Registration.

A. Unless an operator is registered with the Commission, the operator may not offer a fantasy competition in the State.

B. An operator seeking to offer a fantasy competition in the State shall request registration with the Commission by submitting a registration request in the manner specified by the Commission.

C. A request for registration shall include:

(1) The name and principal address of the operator;

(2) The name and address of each fantasy competition contractor, if applicable;

(3) The name and address of the operator's resident agent in the State;

(4) The name and address of the fantasy competition contractor's resident agent in the State, if applicable;

(5) A point of contact for the operator and each named fantasy competition contractor;

D. If information in the registration application changes the operator shall notify the Commission within 10 work days after the change occurs.

.02 Approval of a Fantasy Competition.

A. For each fantasy competition to be offered by an operator, the competition's rules as required under Regulation .03 of this chapter shall be approved by the Commission.

B. An operator shall ensure that Agency staff may access the fantasy competition platform to:

(1) Test the fantasy competition offering;

(2) Verify that the fantasy competition's terms, instructions, and rules are:

(i) Consistent with applicable laws and Agency regulations

(ii) Consistent with State Government Article, Title 9-1D, Annotated Code of Maryland and this subtitle; and

(iii) Prominently displayed;

(3) Verify that the fantasy competition operates in compliance with State Government Title 9, Subtitle 1D, Annotated Code of Maryland and this subtitle; and

(4) Monitor the fantasy competition to verify ongoing compliance with State Government Article, § 9-1D-01(d), Annotated Code of Maryland and this subtitle.

C. An operator shall provide evidence satisfactory to the Commission that it has established and will implement procedures to:

(1) Restrict fantasy competition play as required under COMAR 36.09.03.03;

(2) Comply with financial standards as required under COMAR 36.09.04;

(3) Comply with its Agency-approved responsible gaming plan as required under COMAR 36.09.05; and

(4) Any additional information required by the Commission.

D. If the Commission determines that an operator's offering is not a fantasy competition then that offering may not be provided in the State by the operator.

E. A determination under this regulation is final and not appealable.

F. The Commission may maintain a publicly available list of approved registered fantasy competition operators.

[.02].03 New or Modified Fantasy Competition Rules.

A. New fantasy competition.

(1) If a registered fantasy competition operator seeks to offer a fantasy competition that the Commission has not yet approved, the operator shall submit to the Commission the information about the offering required under COMAR 36.09.02. ~~[Prior to conducting a new type of fantasy competition, a fantasy competition operator shall submit proposed fantasy competition rules to the Commission.]~~

(2) An operator may not offer a fantasy competition until the Commission has approved the offering.

B. Modifications.

(1) ~~As provided in §B(2) of this Regulation,~~ A fantasy competition operator may offer ~~[minor variations of a fantasy competition without having to submit new fantasy competition rules to the Commission.]~~ a modified fantasy competition without submitting a new set of rules to the Commission.

~~[C.]~~(2) Minor ~~[variations]~~ modifications ~~[of a]~~ to an approved fantasy competition are permitted and may include:

~~[(1)]~~(i) A previously offered competition that is in the same ~~[Offering a contest-]~~ format ~~[for any sport, league, association, or organization previously offered for any fantasy competition];~~

(2) Offering a fantasy competition only to employees of a fantasy competition operator;

- ~~[(3)](ii)~~ The prize value or entry fee of ~~[a]for the~~ fantasy competition;
- ~~(iii)~~ ~~[and]~~ The number of entries permitted;
- ~~(4)~~ ~~Nonmaterial changes to entry fee and prize structure;~~
- ~~(5)~~ ~~The number of athletes that a player selects to fill a roster when completing an entry;~~
- ~~(6)~~ ~~The fields that a player must fill in when completing an entry;~~
- ~~(7)](iv)~~ Adjustments to a scoring system related to number of points a player may obtain for a particular event; and
- ~~(8)](v)~~ Adjustments to a salary cap or budget related to the fantasy team a player creates.

~~[:03].04~~ [Fees]Registration Fee.

~~[A.]~~ An operator shall pay the Commission [A] a nonrefundable registration fee of ~~[\$100]~~\$1,000 with the operator's registration application. ~~[shall be paid to the Commission to process a registration application of a fantasy competition operator.]~~

~~[B. The fees paid under this regulation are nonrefundable.]~~

~~[:04].05~~ Renewal Requirements.

A. Unless a registration is renewed, ~~[a fantasy competition]~~ an operator's registration expires 1 year from the last date of registration.

~~[B. The Commission may renew a fantasy competition operator's registration if, before the term of the registration expires, the fantasy competition operator:~~

- ~~(1) Applies for renewal no later than 45 days prior to the expiration of its current registration;~~
- ~~(2) Submits updated and current copies of all of the documents and information required under Regulation .01 of this chapter; and~~
- ~~(3) Pays a renewal registration fee in the amount of \$100 to the Commission.]~~

B. Upon receipt of an invoice from the Commission for renewal, an operator shall pay the non refundable renewal fee of \$1,000 to continue conducting fantasy competitions in the State.

ALL NEW REGULATION

.06 Enforcement Action

A. The Commission may take enforcement action against an operator for noncompliance with State Government Article, § 9-1D-01(d), Annotated Code of Maryland or this subtitle.

B. Enforcement action may include:

- (1) Suspension of an operator's registration; or
- (2) Termination of an operator's registration;

C. An operator whose registration is suspended or terminated shall:

- (1) Cease offering fantasy competitions in the State; and
- (2) Take action directed by the Commission.

D. The Commission may consider an enforcement action taken under this Regulation when evaluating the operator's qualification for a license, registration or certification issued by the Commission.

Proposed

Title 36
MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY
Subtitle 09 ONLINE FANTASY COMPETITION
Chapter 03 General Standards and Prohibitions

Authority: State Government Article, §§9-1D-01, 9-1D-03, 9-1D-04, and 9-1D-05, Annotated Code of Maryland; Ch. 853, Acts of 2018

.01 ~~[Prohibition on]~~ Individuals Affiliated with the Agency Prohibited from Fantasy Competition Play.

Participation in a fantasy competition ~~[for which there is an entry fee]~~ is prohibited for:

- A. ~~[A minor, who is an]~~ An individual under the age of 18;
- B. A Commission member;
- C. An ~~[officer or an]~~ employee of the Agency;
- D. An individual who lives in the same principal residence as a Commission member or an ~~[officer or]~~ employee of the Agency and is the member's ~~[, officer's,]~~ or employee's:
 - (1) Spouse ~~[or domestic partner]~~;
 - (2) Child;
 - (3) Sibling; or
 - (4) Parent or parent-in-law; or
- E. An individual who has ~~[asked to be excluded]~~ requested direct exclusion under COMAR 36.09.05.

~~.[02 Prohibition on Fantasy Competition Kiosks.~~

~~Fantasy competitions may not be offered through a kiosk or machine physically located in the State.]~~

~~.[03].02 [Restrictions on Fantasy Competition Play by]~~ Individuals [Associated] Affiliated with Operators Prohibited from Fantasy Competition Play.

- A. Except as provided in §B of this regulation an employee, principal, officer, director ~~[, or contractor of fantasy competition]~~ of an operator, a fantasy competition contractor, or a member of that individual's immediate family, is prohibited from participating in a fantasy competition offered by ~~[any fantasy competition]~~ that operator ~~[, and]~~.
- B. ~~[Exception.]~~ An affiliated individual ~~[associated with a fantasy competition operator]~~ may participate in a fantasy competition ~~[only]~~ if:
 - (1) Participation is for testing purposes ~~[and]~~

(a) The individual uses a clearly marked test account for testing purposes including evaluating a fantasy competition platform;

(b) The individual fully discloses affiliation with a fantasy competition operator to each fantasy competition player in the fantasy competition;

(c) The individual is not eligible to win a prize; and

(d) The individual awards any prize won in a fantasy competition to the participant who would have won the prize if the individual associated with a fantasy competition operator had not participated; or]

(2) The [fantasy] competition is a private fantasy competition [that is:

[(a) Clearly marked as a private fantasy competition;

(b) Limited by the fantasy competition operator to:

(i) Employees of the fantasy competition operator;

(ii) Immediate family members of an employee of the fantasy competition operator;

and

(iii) Friends of an employee of a fantasy competition operator; and

(e)

and

~~Contains a prominently displayed statement informing players that the fantasy competition may include players with specialized knowledge and expertise that could affect their odds of winning.]~~

~~[.04 Prohibition on Fantasy Competition Play by]~~ **.03 Athletes [and Others.] and Affiliates Prohibited from Fantasy Competition Play.**

A. An athlete, sports agent, team employee, handler, referee, or league official, or a member of [that]the individual's immediate family, is prohibited from [entering] participating in a fantasy [competitions] competition that is based on an underlying sporting [events] event in which the individual [is a participant] is affiliated.

B. An athlete, sports agent, team employee, handler, referee, or league official, or a member of that individual's immediate family, may not enter fantasy competitions based on underlying sporting events in which the individual is a participant through another person as a proxy.

~~[.05 Ensuring Fair Outcomes in Fantasy Competitions.]~~ **.04 Player Protections.**

A. [Fantasy Competition] Scripts.

(1) A fantasy competition operator may not permit the use of [unauthorized scripts] a script on a [fantasy competition] platform [and shall use commercially reasonable efforts to monitor for and prevent use of such scripts.] if the script would allow a player to gain a competitive advantage by:

~~[(2) For the purpose of §A(1) of this regulation, scripts shall be treated as offering a competitive advantage if potential uses include:]~~

- (a) Facilitating changes in many ~~[line-ups]~~ lineups at one time;
- (b) Facilitating use of a commercial [products]product designed ~~[and distributed by third parties]~~ to identify advantageous game strategies;
- (c) Submitting entry fees or adjusting the athletes selected by a fantasy competition player; or
- (d) Gathering information about the performance of others for the purpose of identifying or entering competitions against other less successful fantasy competition players ~~[who are less likely to be successful]~~.

(3) ~~[Authorized scripts]~~ Scripts shall be available to all fantasy competition players by incorporation [shall either be incorporated] as a game feature or ~~[be]~~ prominently displayed ~~[and [thereby] made available to all fantasy competition players]~~.

B. Beginner Games and Identification of Highly Experienced Players.

(1) ~~[Fantasy competition operators shall]~~ An operator may offer ~~[some]~~ fantasy competitions that are limited to beginner players and exclude highly experienced players.

(2) ~~[Fantasy competition operators]~~ An operator shall ~~[clearly and]~~ prominently ~~[display indicate]~~ that a highly experienced player is participating in a fantasy competition by attaching a symbol to the username of a highly experienced player~~[, or by other easily visible means]~~.

C. Fantasy Competition Entries.

~~[(1) A fantasy competition]~~ An operator shall ~~[disclose]~~ identify the number of entries a fantasy competition player may submit for each fantasy competition.

~~[(2) A fantasy operator shall take reasonable steps to prevent fantasy competition players from submitting more than the allowable number of entries.]~~

D. Limit on Number of Accounts. ~~[A fantasy competition]~~ An operator may not permit a player to establish more than one account ~~[with a fantasy competition operator]~~.

E. Disputes. ~~[Fantasy competition operators]~~ An operator shall provide ~~[an opportunity for fantasy competition]~~ a mechanism for a [players]player to ~~[file a player]~~ raise a dispute with an operator.

F. Data. ~~[Fantasy competition operators]~~ An operator shall prominently display the source of the data utilized in determining results.

~~[-06].05~~ Prohibition on Fantasy Competitions Based on Amateur Sports.

~~[A fantasy competition]~~ An operator may not offer a fantasy competition based on a sporting event featuring amateur athletes who are primarily under 18 years old.

~~[-07].06~~ Prohibition on Advertising.

~~[Fantasy competition operator advertisements]~~Except for professional athletes and sports, an operator's advertisement may not depict:

- A. Minors ~~[, except professional athletes who may be minors];~~
- B. Students; or
- C. Schools or colleges ~~;~~or
- D. School or college settings].

Proposed

Title 36
MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY
Subtitle 09 ONLINE FANTASY COMPETITION
Chapter 04 Financial Standards

Authority: State Government Article, §§9-1D-01, 9-1D-02, 9-1D-03, and 9-1D-05, Annotated Code of Maryland; Ch. 853, Acts of 2018

.01 Financial Account Protections.

A. ~~[A fantasy competition]~~An operator shall hold a fantasy competition player's funds:

(1) In a segregated account that separates player funds from the operator's operational funds ~~[of the operator]~~; or

(2) In a special-purpose, segregated account that is maintained and controlled by a properly constituted corporate entity that:

(a) Is not the fantasy competition operator;

(b) Has a governing board that includes one or more corporate directors who are independent of the operator and of any corporation related to or controlled by the operator;

(c) Requires a unanimous vote of all corporate directors to file for bankruptcy;

(d) Has articles of incorporation that prohibit commingling of fantasy competition player funds with those of the ~~[fantasy competition]~~ operator, except as necessary to reconcile the accounts of fantasy competition players with sums owed to the ~~[fantasy competition]~~ operator by those fantasy competition players;

(e) Is restricted from incurring debt other than to fantasy competition players pursuant to the ~~[fantasy competition]~~ operator's rules governing the accounts of its fantasy competition players;

(f) Is restricted from taking on obligations of the ~~[fantasy competition]~~ operator other than obligations to its fantasy competition players pursuant to the ~~[fantasy competition]~~ operator's rules governing the accounts of its fantasy competition players; and

(g) Other than a special purpose corporate entity established by another ~~[fantasy competition]~~ operator that meets the requirements of this subtitle, may not dissolve, merge, or consolidate with another company while there are unsatisfied obligations to fantasy competition players.

B. ~~[A fantasy competition]~~An operator shall comply with all applicable State and federal requirements for data security.

.02 Limits on Deposits.

A. This regulation does not apply to a season-long fantasy ~~[competitions]~~ competition.

B. Except as provided in §C of this regulation, a fantasy competition player may not deposit more than \$5,000 in a single calendar month with ~~[a fantasy competition]~~an operator.

C. ~~[Exception.]~~ A ~~[fantasy competition]~~ player may request ~~[a fantasy competition]~~ an operator to temporarily or permanently increase ~~[a]~~the player's deposit limit above \$5,000 per calendar month ~~[only]~~ if:

~~[(1) The fantasy competition operator has established and prominently displayed procedures for considering a request from a fantasy competition player to increase the deposit level;]~~

~~[(2)]~~(1) Procedures for considering a request from a fantasy competition player to increase a deposit level include evaluation of information, including evidence of income or assets, sufficient to confirm the financial ability of a ~~[fantasy competition]~~ player to afford losses which may result from fantasy competition play at the deposit level requested by the ~~[fantasy competition]~~ player; and

~~[(3)]~~(2) After the operator approves a player's temporary or permanent deposit level increase has been approved, the ~~[fantasy competition]~~ player undergoes an annual evaluation by the ~~[fantasy competition]~~ operator of information sufficient to confirm the continued financial ability of the ~~[fantasy competition]~~ player to afford losses that may result from fantasy competition play at the increased deposit level.

.03 Prohibition on ~~[Extensions]~~ Extension of Credit.

A fantasy competition operator may not extend credit to a fantasy competition player.

.04 Financial Auditing.

A. ~~[A fantasy competition operator that conducts competitions that require an entry fee and]~~ An operator that generates gross annual revenues of \$250,000 or more ~~[in Maryland]~~ shall ensure that a financial audit of its fantasy competition operations is performed annually by a certified public accountant.

B. The certified public ~~[accounting firm]~~ accountant that conducts the financial audit shall:

(1) Comply with generally accepted accounting principles; and

(2) Submit the financial audit report to the Commission within 180 days ~~[of]~~ after the ~~[fantasy competition]~~ operator's fiscal year end.

~~[C. The financial audit does not preclude any State or federal agency from conducting an audit of a fantasy competition operator.]~~

~~[D.]~~C. Auditor Exception.

(1) The same certified public accountant may not perform more than five consecutive financial audits for a fantasy competition operator unless:

(a) The fantasy competition operator requests and obtains preapproval of the Commission; and

(b) A different audit partner manages the audit after 5 years.

(2) If a different audit partner cannot be assigned, a fantasy competition operator shall advise the Agency prior to the beginning of the audit.

~~[E. If the Commission deems it necessary, the]~~ D. Nothing in this regulation precludes the Commission's authority to require a fantasy competition operator [that is not otherwise] to obtain more than one financial audit annually and provide the Commission with [required by §A of this regulation to have a financial audit performed by a certified public accountant.] the audit report.

.05 ~~[Taxation.]~~ Proceeds; Tax.

A. ~~[A fantasy competition]~~ An operator shall retain 85 percent of its fantasy competition proceeds [from players in Maryland] and pay the remaining 15 percent to the Commission.

B. ~~[A fantasy competition operator shall pay 15 percent of its Maryland player proceeds to the Commission.]~~ A fantasy competition operator shall submit its 15 percent share of proceeds and tax return to the Commission quarterly:

(1) No later than the 15th day of the month that follow the end of each quarter;

(2) For the tax return, by email as designated by the Commission; and

(3) For the tax, by wire transfer.

D. If an operator fails to submit its quarterly tax and a properly completed tax return to the Commission by the end of the month following the end of a quarter, the Commission may suspend the operator's registration.

E. If the Commission suspends an operator's registration under §D of this regulation, the Commission may lift the suspension after the operator submits the tax return and the tax payment.

.06 ~~[Reporting]~~ Reports.

~~[A. Fantasy competition operators shall report fantasy]~~ For a fantasy competition prize [payouts] paid [larger than] that is \$600 or greater, the operator shall:

A. Report the prize to the Comptroller of Maryland and the Internal Revenue Service in accordance with applicable tax laws; and

~~B. [A fantasy competition operator shall provide]~~ Provide the player a 1099 MISC. tax form [to players that receive a prize payout larger than \$600].

.07 Tax Laws and Disclosures.

A. A fantasy competition operator shall comply with all applicable tax laws and regulations.

B. A fantasy competition operator shall ~~[disclose]~~ provide a player with notice of State and federal tax reporting and withholding requirements ~~[to fantasy competition players before]:~~

- (1) ~~Before [the]~~a fantasy competition begins; and
- (2) ~~[again at the time of award of any]~~When a player receives winnings [prize] in excess of \$600.

Proposed

Title 36
MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY
Subtitle 09 ONLINE FANTASY COMPETITION
Chapter 05 Responsible Gambling

Authority: State Government Article, §§9-1D-01, 9-1D-02, 9-1D-03, and 9-1D-05, Annotated Code of Maryland; Ch. 853, Acts of 2018

.01 Direct Exclusion Through Fantasy Competition Operator.

A. An individual may request exclusion from ~~[entering a]~~ fantasy competition play by submitting to the ~~[fantasy competition]~~ operator a self-exclusion request using a self-exclusion tool provided by the ~~[fantasy competition]~~ operator on its website.

B. ~~[A fantasy competition]~~ An operator shall implement and prominently display procedures for players to self-exclude themselves.

C. Self-excluded persons may not collect ~~[any prizes]~~ a prize or recover ~~[any losses]~~ a loss. ~~[arising as result of any prohibited participation in a fantasy competition operator's fantasy competition]~~.

D. A request for self-exclusion from a fantasy competition may result in exclusion from other gaming platforms that the operator offers.

~~[D.]~~ E. A request for exclusion submitted to ~~[a fantasy competition]~~ an operator:

(1) Is not ~~[an application for voluntary exclusion through the Commission]~~ a request to be placed on the Commission's Voluntary Exclusion List for participating in fantasy competitions under COMAR 36.01.03;

(2) Will not result in inclusion on the Commission's Voluntary Exclusion List for participating in fantasy competitions; and

(3) Is not administered or maintained by the Commission.

.02 Responsible Gaming Plan.

A. ~~[A fantasy competition]~~ An operator shall establish a responsible gaming plan that includes at least the following elements:

(1) Goals;

(2) Procedures and deadlines for implementation;

(3) Identification of personnel responsible for implementation;

(4) Responsibilities of personnel identified as responsible for implementation;

(5) Training for personnel on problem gambling and identifying compulsive play;

(6) Means of educating fantasy competition players about:

(a) Problem gambling, including compulsive play; and

- (b) Problem gambling treatment resources, including treatment and prevention programs;
 - (7) Placement of responsible gambling awareness materials on the fantasy competition platform; and
 - (8) Any other element required by the Commission.
- B. ~~[A fantasy competition]~~An operator shall submit to the Commission the responsible gaming plan required under §A of this regulation for review and approval.
- C. ~~[A fantasy competition]~~An operator shall submit any amendments to a responsible gaming plan to the Commission prior to implementation.
- D. ~~[A fantasy competition]~~An operator shall submit to the Commission an annual report describing the operation of the responsible gaming plan.

.03 Fantasy Competition Operator Responsibilities.

A. ~~[A fantasy competition]~~An operator shall:

- (1) Prevent the participation in fantasy competitions by individuals who have self-excluded themselves from ~~[entering fantasy competitions]~~ participating in a fantasy competition; and
- (2) Train employees on compulsive play.

B. ~~[A]~~ If an individual is directly self-excluded or on the Commission's Voluntary Exclusion List for fantasy competition play, an ~~[fantasy competition]~~ operator may not:

- (1) ~~[market]~~ Market a ~~[contest]~~ fantasy competition by phone, text, email^[5]; or
- (2) ~~[knowingly directing]~~ Knowingly direct any form of individually targeted advertisement or marketing material to ~~[an]~~ the individual ~~[if the individual is self-excluded or otherwise barred from playing in that fantasy competition]~~.