



Maryland Register

Issue Date: November 15, 2024

Volume 51 • Issue 23 • Pages 1029—1075

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Pursuant to State Government Article, §7-206, Annotated Code of Maryland, this issue contains all previously unpublished documents required to be published, and filed on or before October 28, 2024, 5 p.m.

Pursuant to State Government Article, §7-206, Annotated Code of Maryland, I hereby certify that this issue contains all documents required to be codified as of October 28, 2024.

Gail S. Klakring
Administrator, Division of State Documents
Office of the Secretary of State



(2) For the preceding fiscal year, Maryland Correctional Enterprises shall report the length of time between each order and delivery of supplies and services.

.08 Minority Business Status.

In calculating compliance with the certified Minority Business Enterprise goals under COMAR 21.11.03 and for reporting purposes under COMAR 21.11.03.17, a procurement agency may not include in its MBE procurements the annual dollar value of contracts with the following:

A. [Include in its MBE procurements the annual dollar value of its contracts with:

- (1) Blind Industries and Services of Maryland;
- (2) Community service providers; and
- (3) Individual-with-disability-owned businesses.] A preferred

provider as defined in State Finance and Procurement Article, §14-101(d), Annotated Code of Maryland;

B. [Exclude from its total annual procurements the annual dollar value of its contracts with Maryland Correctional Enterprises.] A nonprofit entity in accordance with requirements mandated by State or federal law; or

C. Providers of family and individual support services, community residential services, resource coordination services, behavioral support services, vocational and day services, and respite services, as those terms are defined in regulations adopted by the Maryland Department of Health.

Subtitle 13 PROCUREMENT REPORTING REQUIREMENTS

21.13.01 Reporting Requirements

Authority: Election Law Article, §§14-101 and 14-107; State Finance and Procurement Article, §§12-101, 13-207, 14-305, 14-505, 15-110, 15-111, and 17-104; Annotated Code of Maryland

.03 Reports of the Small Business Reserve Program.

A. (text unchanged)

B. Each procurement unit shall submit a report on the small business reserve program to the Governor's Office of Small, Minority & Women Business Affairs within 90 days after the end of each fiscal year, in a format determined by the Governor's Office of Small, Minority & Women Business Affairs, that includes at a minimum:

(1) The total number and the dollar value of [payments] awards the unit made to certified small businesses under contracts designated as small business reserve contracts;

(2) The total number and the dollar value of [payments] awards the unit made to certified small businesses under contracts not designated as small business reserve contracts, including purchase card [payments] procurements;

(3) The total dollar value of [payments] awards the unit made under procurement contracts; and

(4) (text unchanged)

C. (text unchanged)

D. On or before December 1 each year, the certification agency designated under State Finance and Procurement Article, §14-303b, Annotated Code of Maryland, in consultation with the Governor's Office of Small, Minority & Women Business Affairs, shall submit to the Board of Public Works and, subject to State Government Article, §2-1257, Annotated Code of Maryland, to the Legislative Policy Committee a report on:

(1) The status of the outreach program required under State Finance and Procurement Article, §14-504.1, Annotated Code of Maryland; and

(2) The total number and dollar value of awards made to small businesses owned by economically disadvantaged individuals under designated small business reserve contracts.

JOHN GONTRUM
Executive Secretary

Title 36 MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Notice of Proposed Action

[24-151-P]

The Maryland Lottery and Gaming Control Agency proposes to:

(1) Amend Regulations .07, .12, .14, .20, .28, and .38, and adopt new Regulation .52 under COMAR 36.03.10 Video Lottery Facility Minimum Internal Control Standards;

(2) Amend Regulation .02 under COMAR 36.04.02 Video Lottery Terminal Machines;

(3) Amend Regulation .02 under COMAR 36.08.01 General;

(4) Amend Regulation .01 under COMAR 36.08.02 Registration;

(5) Amend Regulations .01—.04, and .06 under COMAR 36.08.03 Amusement Gaming License;

(6) Amend Regulation .01 and adopt new Regulation .03 under COMAR 36.08.04 General Standards;

(7) Amend Regulation .02 under COMAR 36.09.01 General;

(8) Repeal existing Regulation .01, adopt new Regulations .01, .02, and .06, and amend and recodify existing Regulations .02—.04 to be Regulations .03—.05 under COMAR 36.09.02 Registration;

(9) Amend Regulation .01, repeal existing Regulation .02, amend and recodify existing Regulations .03—.07 to be Regulations .02—.06 under COMAR 36.09.03 General Standards and Prohibitions;

(10) Amend Regulations .01—.07 under COMAR 36.09.04 Financial Standards;

(11) Amend Regulations .01—.03 under COMAR 36.09.05 Responsible Gambling;

(12) Amend Regulation .03 under COMAR 36.10.12 Collection of Taxes, Fees, and Penalties;

(13) Amend Regulations .06, .37, and .40, and adopt new Regulation .45 under COMAR 36.10.13 Sports Wagering Licensee Minimum Internal Control Standards;

(14) Amend Regulation .06 under COMAR 36.10.14 Sports Wagering Requirements and Limitations; and

(15) Amend Regulations .04 and .05 under COMAR 36.10.18 Sports Wagering Technical Standards.

This action was considered at the Maryland Lottery and Gaming Control Commission open meeting held on August 29, 2024, notice of which was given pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

Statement of Purpose

The purpose of this action is to Under COMAR 36.03.10 Video Lottery Facility Minimum Internal Control Standards

(1) Require Maryland specific audited financial statements if the Maryland operations represent less than 75% of the licensees' parent's total revenue;

(2) Allow a facility operator to utilize an electronic surveillance incident log that documents changes made by a user

(3) Correct an erroneous cross reference, and fix grammar;

PROPOSED ACTION ON REGULATIONS

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(4) Increases the value of a check or multiple checks a facility operator may accept from an individual in a single day from \$250,000 to \$500,000;

(5) Correct an error in the regulation to be consistent with the personal check limit;

(6) Allow operators to use an approved electronic jackpot or credit meter payout system, which would allow them to use newer technology; and

(7) Clarify that a facility operator must advise the Agency of offers and tournaments it plans to conduct 14 days before the planned start date of the offer or tournament.

Under COMAR 36.03.04 Video Lottery Terminals, correct the basis for calculating VLT assessments for responsible gaming.

Under COMAR 36.08.01 General, increase the minimal value from \$30 to \$40.

Under COMAR 36.08.02 Registration, clarify that the Agency does not assign a registration number to each device, but instead, provides stickers that must be affixed to each device.

Under COMAR 36.08.03 Amusement Gaming License, comport with the Style Manual for Maryland Regulations, correct references, clarify the discretionary aspect of requesting a corrective action plan, and use accurate definitions from the regulations.

Under COMAR 36.08.04 General Standards:

(1) Clarify that the value of skills-based amusement device prizes may not be accumulated and exchanged for prizes of more than the defined minimal value consistent with statute; and

(2) Describe enforcement actions available if a skill-based amusement device owner does not comply with the subtitle.

Under COMAR 36.09.01 General, reorganize the definitions, and include new definitions, consistent with statute, that clarify what a fantasy competition is and is not to make it easier for operators to determine which types of competitions are permitted in Maryland.

Under COMAR 36.09.02 Registration and Enforcement:

(1) Describe the application process for operator registration, and for the Agency approval of a fantasy competition;

(2) Clarify that Agency approval of a new competition is required before an operator can offer it, and permit minor modifications to a previously offered contest;

(3) Increase the annual registration fee from \$100 to \$1,000 to better reflect the efforts of Agency Staff to process fantasy competition operator registrations, and review contest rules for statutory compliance;

(4) Simplify the renewal process in that a fantasy competition operator remains registered if its registration invoice is paid; and
(5) Specify possible enforcement actions for non-compliance with statute or regulations.

Under COMAR 36.09.03 General Standards and Prohibitions:

(1) Clarify language used so that it is consistent with definitions used in the regulations and consistent with existing law;

(2) Remove Regulation .02 from this chapter since the use of betting kiosks is already prohibited by existing law;

(3) Simplify language used to prohibit affiliates of an operator from participating in a contest, and remove redundancies based on defined terms;

(4) Simplify language used to prohibit athletes and their affiliates from participating in a contest based on the definitions in this subtitle, and to add "handler" to the list of individuals prohibited from fantasy competition play, which is consistent with the sports wagering regulations;

(5) Simplify and clarify language used to describe the player protections including scripts and highly experienced players; and

(6) Clarify and make adjustments to comport with the Style Manual for Maryland Regulations

Under COMAR 36.09.04 Financial Standards:

(1) Simplify and clarify language used for consistency with definitions and comport with the Style Manual for Maryland Regulations;

(2) Clarify and specify the dates by which tax returns and tax payments must be submitted to the Commission;

(3) Simplify and clarify language used regarding tax reporting and the value of prizes to be reported; and

(4) Simplify and clarify language used to identify tax information that must be provided to players, and make adjustments to comport with the Style Manual for Maryland Regulations.

Under COMAR 36.09.05 Responsible Gambling:

(1) Clarify language used regarding voluntary direct exclusion by players, in which the player is only prohibited from entering competitions offered by the operator;

(2) Clarify language used and make adjustments to comport with the Style Manual for Maryland Regulations; and

(3) Clarify and simplify language used for consistency with the definitions and to comport with the Style Manual for Maryland Regulations, and to clarify that that if a player selects direct exclusion, the operator is prohibited from sending the individual any marketing materials.

Under COMAR 36.10.12 Collection of Taxes, Fees and Penalties, delay the date tax payments are due to the State to allow Agency Staff time to review tax returns before payments are made.

Under COMAR 36.10.13 Sports Wagering Licensee Minimum Internal Control Standards:

(1) Clarify language to make regulations consistent with current Agency practice, and require Maryland specific audited financial statements if the Maryland operations represent less than 75% of the licensee's parent's revenue;

(2) Allow additional time for licensees to investigate and resolve bettor complaints, and require licensees to maintain records of complaints in a retrievable format;

(3) Allow licensees to share information about a bettor with a third party if the bettor agrees; and

(4) Manage the cessation of sports wagering operations and required notice to bettors, and identify what information must be provided to the Agency and to bettors if a licensee intends to wind down its business operations in the State.

Under COMAR 36.10.14 Sports Wagering Requirements and Limitations, clarify when a licensee is required to increase the balance in its reserves when it is unable to transfer funds

Under COMAR 36.10.18 Sports Wagering Technical Standards:

(1) Update and strengthen the requirements for geolocation systems and their testing; and

(2) Require multi-factor authentication at certain times, such as account creation and when a new device is used, and also require that multi-factor authentication be repeated at least every 14 days to help protect user accounts.

Estimate of Economic Impact

I. Summary of Economic Impact. Certain proposed amendments to existing regulations should have positive economic impacts to players and operators. For example, these amendment(s) would:

- Allow a video lottery facility to accept larger checks from players from \$250,00 to \$500,000.

- Increases the minimum value from \$30 to \$40 for a skill-based amusement device prize.

Other proposed amendments to existing regulations could have a negative impact on operators. For example, a few amendment(s) would:

•Require Maryland specific audited financial statements to be prepared if operations represent less than 75% of the licensee's parent's total revenue.

•Clarify that skills-based amusement device prizes may not be accumulated and exchanged for prizes of more than the defined minimum value.

•Increase the annual fantasy operator registration from \$100 to \$1,000, to better reflect the Agency's cost for registration and oversight responsibilities.

II. Types of Economic Impact.

Impacted Entity	Revenue (R+/R-) Expenditure (E+/E-)	Magnitude
A. On issuing agency:	NONE	
B. On other State agencies:	NONE	
C. On local governments:	NONE	
	Benefit (+) Cost (-)	Magnitude
D. On regulated industries or trade groups:		
(1) Skills-Based Amusement Operators	(-)	Potentially Material
(2) Skills-Based Amusement Operators	(+)	Not Material
(3) Video Lottery Facility Licensees	(+)	Not Material
(4) Video Lottery Facility Licensees	(-)	Moderate
(5) Fantasy Competition Operators	(-)	Moderate
E. On other industries or trade groups:	NONE	
F. Direct and indirect effects on public:	NONE	

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

D(1). A few large chain amusement skills-based amusement operators have been allowing players to players to accumulate their prize winnings to exchange for prizes of more than the defined minimum value of \$30. It is the Agency's belief that this is in conflict with statutory restrictions, so we are updating the regulation to match the statute.

D(2). Increasing the minimum value of prizes from \$30 to \$40 keeps pace with inflation and allows Skills-Based Amusement Operators to offer more prizes to players at or below the updated minimum value.

D(3). Authorizing Video Lottery Facility Licensees (Casinos) the ability to accept larger checks from players (high rollers) allows these licensees to provide a service to their customers.

D(4). This proposed amendment(s) would require Maryland specific audited financial statements if the Maryland operations represent less than 75% of the licensee's parent's total revenue. While this has cost implications, the audits provide a better view of the operator's Maryland business.

D(5). The cost to register as a Fantasy Competition Operator in Maryland had been set by the Commission almost 10 years ago. The proposed amendment increases the annual registration fee from \$100 to \$1,000 to better reflect the efforts of Agency Staff to process fantasy

competition operator registrations, and review contest rules for statutory compliance. There are currently 17 registered Fantasy Competition operators.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to James B. Butler, Assistant Deputy Director, Chief of Staff, Maryland Lottery and Gaming Control Agency, 1800 Washington Blvd., Suite 330, Baltimore, MD 21230, or call 410-230-8781, or email to jbutler@maryland.gov. Comments will be accepted through December 16, 2024. A public hearing has not been scheduled.

Subtitle 03 GAMING PROVISIONS

36.03.10 Video Lottery Facility Minimum Internal Control Standards

Authority: Family Law Article, §10-113.1; State Government Article, §§9-1A-01(u)] 9-1A-01, 9-1A-02, 9-1A-04, and 9-1A-24; Annotated Code of Maryland

.07 Annual Audit and Other Regulatory Reports.

A. (text unchanged)

B. [The annual financial statements shall be prepared on a comparative basis for the current and prior fiscal year and present financial position and results of operations in conformity with generally accepted accounting principles in the United States.] *The annual financial statements shall be:*

(1) *Prepared on a comparative basis for the current and prior fiscal year and present financial position and results of operations in conformity with generally accepted accounting principles in the United States; and*

(2) *If the revenue and assets of the Maryland facility operator operations are less than 75 percent of the combined total of the operator's parent, Maryland specific audited annual financial statements of the facility operator revenue and assets.*

C.—R. (text unchanged)

.12 Surveillance Department Operating Procedures.

A.—B. (text unchanged)

C. A facility operator's surveillance department operating procedures shall, at a minimum, require:

(1)—(2) (text unchanged)

(3) A surveillance incident log:

(a) Maintained by monitor room employees in:

(i) (text unchanged)

(ii) An electronic format equipped with software that prevents modification of an entry after it has been initially entered into the system; [and] *or*

(b) (text unchanged)

(4)—(7) (text unchanged)

D.—F. (text unchanged)

.14 Security Department Operating Procedures.

A.—B. (text unchanged)

C. A facility operator's security department operating procedures shall, at a minimum, include:

(1)—(3) (text unchanged)

(4) A requirement that a facility operator notice the Commission on detection of:

- (a) (text unchanged)
- (b) An individual possessing a firearm, electronic control device, dangerous weapon, or other device or object prohibited under Regulation [.49] .48 of this chapter; or
- (c) An individual who is:
 - (i)—(iii) (text unchanged)
 - (iv) Voluntarily excluded in accordance with State Government Article, §9-1A-24(e), Annotated Code of Maryland.

.20 Checks Accepted from a Player.

- A.—J. (text unchanged)
- K. On a single gaming day, a facility operator may accept a check or multiple checks which:
 - (1) In the aggregate do not exceed [\$250,000] \$500,000; and
 - (2) (text unchanged)

.28 Counter Check Substitution, Consolidation, and Redemption.

- A.—B. (text unchanged)
- C. If a personal check is accepted in an amount less than or equal to the amount of a counter check being partially or fully redeemed, the [\$30,000] \$50,000 limitation on acceptance of personal checks in Regulation .20F(2) of this chapter does not apply.
- D.—L. (text unchanged)

.38 Jackpot Payout.

- A.—G. (text unchanged)
- H. *Electronic Jackpot or Credit Meter Payout System.*
 - (1) *A facility operator may use an electronic jackpot or credit meter payout system approved by the Commission to process jackpot or credit meter payout transactions.*
 - (2) *A facility operator may process jackpot or credit meter payouts using a portable device or other method approved by the Commission.*
 - (3) *The electronic jackpot or credit meter payout system shall be capable of maintaining independently, or in conjunction with another computer system:*
 - (a) *A record of each IRS Form W-2G in accordance with §C of this regulation;*
 - (b) *A record of each jackpot or credit meter payout document in accordance with §G of this regulation;*
 - (c) *All signatures required by this regulation;*
 - (d) *A record of a voided transaction and the reason for the void; and*
 - (e) *Any other information the Agency staff requires.*

.52 Promotional Offers and Tournaments.

- A. *A facility operator shall submit terms and conditions of each promotion or tournament to the Commission no later than 14 days before the planned start of the promotion or tournament.*
- B. *Submission shall include:*
 - (1) *A description of the promotion or tournament;*
 - (2) *The dates and times of the promotion or tournament;*
 - (3) *The participation requirements for the promotion or tournament;*
 - (4) *If applicable, the procedure for a claim or to redeem the promotional offer;*
 - (5) *Registration procedures;*
 - (6) *Limitations on participation;*
 - (7) *The gambling assistance message required by COMAR 36.03.06.03; and*
 - (8) *Any other information the Commission requires.*

Subtitle 04 VIDEO LOTTERY TERMINALS

36.04.02 Video Lottery Terminal Machines

Authority: State Government Article, §§9-1A-04 and 9-1A-21, Annotated Code of Maryland

.02 Authorized Video Lottery Terminals.

- A.—B. (text unchanged)
- C. Implementation of Approved Request for Reduction.
 - (1)—(5) (text unchanged)
 - (6) [For each authorized video lottery terminal on its license, a facility operator shall pay the annual fee of \$425 required by State Government Article, §9-1A-33, Annotated Code of Maryland] *A facility operator shall pay the annual fee of \$425 required by State Government Article, §9-1A-33, Annotated Code of Maryland, for each terminal at the beginning of each calendar year.*
 - (7) *The annual fee is based on the highest number of video lottery terminal positions in use on any day during the prior calendar year.*
 - [(7)] (8) (text unchanged)
- D. Request to Increase Number of Authorized Video Lottery Terminals on a License.
 - (1)—(4) (text unchanged)
 - (5) [For each authorized video lottery terminal on its license, a facility operator shall pay the annual fee of \$425 required by State Government Article, §9-1A-33, Annotated Code of Maryland] *A facility operator shall pay the annual fee of \$425 required by State Government Article, §9-1A-33, Annotated Code of Maryland.*
 - (6) *The annual fee is based on the highest number of video lottery terminals in use on any day of the calendar year.*
 - [(6)] (7)—[(7)] (8) (text unchanged)
- E. (text unchanged)

Subtitle 08 SKILLS-BASED AMUSEMENT DEVICES

36.08.01 General

Authority: Criminal Law Article, §§12-301 and 12-301.1; State Government Article, §§9-101 and 9-1B-02; Annotated Code of Maryland

.02 Definitions.

- A. (text unchanged)
- B. Terms Defined.
 - (1) (text unchanged)
 - (2) “Minimal value” means having a wholesale value of not more than [\$30] \$40.
 - (3)—(6) (text unchanged)

36.08.02 Registration

Authority: Criminal Law Article, §§12-301 and 12-301.1, Annotated Code of Maryland

.01 Registration.

- A.—B. (text unchanged)
- C. For each device registered under this chapter, the Commission shall:
 - (1) [Assign a skills-based amusement device registration number; and
 - (2)] Issue a registration certificate [and sticker.] ; and
 - (2) Issue a sticker for each device.

D. The owner of a skills-based amusement device required to register under this chapter shall [adhere] *affix* the registration sticker to the device in a location visible to inspection.

E. (text unchanged)

36.08.03 Amusement Gaming License

Authority: Criminal Law Article, §§12-301 and 12-301.1; State Government Article, §§ 9-1B-01—9-1B-02; Annotated Code of Maryland

.01 Definition.

A. (text unchanged)

B. Term Defined. “Family entertainment center” has the [same definition as provided under] *meaning stated in* State Government Article, [Title 9, Subtitle 1B,] §9-1B-01, Annotated Code of Maryland.

.02 Amusement Gaming License.

A. (text unchanged)

B. A family entertainment center applying for an amusement gaming license shall provide in a manner specified by the Commission:

(1)—(3) (text unchanged)

(4) A listing of the skills-based amusement devices that award merchandise or prizes with a wholesale value of more than [\$30] *a minimal value* but [less than \$600] *does not exceed \$599* including:

(a)—(g) (text unchanged)

C.—D. (text unchanged)

E. A family entertainment center that holds an amusement gaming license may operate up to 10 skills-based amusement devices that award noncash merchandise or prizes with a wholesale value that is more than [\$30] *a minimal value* but [less than \$600] *does not exceed \$599*.

F. (text unchanged)

G. Upon review of the information provided under §B of this regulation, the Commission may conduct a hearing in accordance with [Regulation .06 of this chapter] *COMAR 36.01.02.06* to deny the license.

H. (text unchanged)

.03 Corrective Action.

A. Deficiency. If [the Director] *Agency staff* determines that an amusement gaming licensee under this chapter no longer meets an amusement gaming license requirement of this subtitle, or that there is cause for imposing sanctions under Regulation .04 of this chapter, the [Director] *Agency* may:

(1) (text unchanged)

(2) Require the amusement gaming licensee to develop a corrective action plan[;] *and if required*:

[(3)] (i) Conduct periodic monitoring of an amusement gaming licensee [for which the Director required a corrective action plan] to assess the licensee’s progress toward remedying the deficiencies;

[(4)] (ii) Evaluate and, if acceptable to the [Director] *Agency*, approve the corrective action plan;

[(5)] (iii) Determine appropriate timelines for the completion of corrective action; and

[(6)] (iv) Determine whether it is necessary during the pendency of the corrective action process to emergently suspend the amusement gaming license; and

[(7)] (3) Recommend that the Commission impose a sanction under Regulation .04 of this chapter.

B. Deficiency Notice. [Upon determining that corrective action] *If Agency staff determines that a corrective action plan* is required to remedy a deficiency, the [Director] *Agency* shall give written notice to an amusement gaming licensee that includes:

(1)—(2) (text unchanged)

(3) The requirement for the licensee to submit a corrective action plan to the [Director] *Agency* within a time frame established by the [Director] *Agency*.

C. Corrective Action Plan.

(1) Within 10 days of receipt of a deficiency notice under §B of this regulation, the amusement gaming licensee shall submit a corrective action plan to the [Director] *Agency* for the [Director’s] *Agency’s* approval.

(2) The [Director] *Agency* shall review the corrective action plan and inform the licensee whether the corrective action plan is acceptable.

(3) If the licensee fails to submit an acceptable corrective action plan within the time described under §C(1) of this regulation, the [Director] *Agency* may:

(a)—(b) (text unchanged)

(4) If the [Director] *Agency* provided a licensee notice under §B of this regulation and received no timely written response, the Commission may adopt as final the [Director’s] *Agency’s* decision to impose a sanction under Regulation .04 of this chapter.

D. Corrective Action Outcomes.

(1) If at any time during the corrective action plan period the [Director] *Agency* determines that the amusement gaming licensee has failed to fulfill a requirement of the corrective action plan or has made insufficient progress toward remedying a deficiency, the [Director] *Agency* may:

(a)—(b) (text unchanged)

(2) If at the end of the corrective action plan period the licensee has failed to adequately remedy a deficiency, the [Director] *Agency* may [impose] *recommend the imposition of* a sanction under Regulation .04 of this chapter.

.04 Sanctions.

A. The [Director] *Commission* may impose sanctions on an amusement gaming licensee for:

(1)—(4) (text unchanged)

(5) [Failing] *If a corrective action plan is required by the Agency failing* to prepare, submit, or implement an adequate corrective action plan under Regulation .03C of this chapter; or

(6) Other activities or action deemed by the [Director] *Commission* to require the imposition of a sanction.

B. Types of Sanctions. Sanctions may include emergency suspension, suspension, revocation, and placement of [conditions] *a condition* on the amusement gaming license.

C. Suspension, Revocation, and Conditions.

(1) Except as set forth in §D of this regulation, the [Director] *Agency* shall give the amusement gaming licensee notice of the intended [suspension, revocation, or imposition of a condition] *sanction* at least 15 days before the imposition of the intended sanction.

(2) A licensee may appeal the [Director’s] *Agency’s recommendation* to impose a sanction before the date the sanction is imposed by submitting a *timely written* request for a hearing before the Commission.

(3) *A hearing on the Agency’s recommendation to impose a sanction shall be in accordance with COMAR 36.01.02.06.*

[(3)] (4) (text unchanged)

D. Emergency Suspension.

(1) (text unchanged)

(2) If the Director emergently suspends a license, the Director shall provide the licensee with written notice that includes:

(a)—(c) (text unchanged)

(d) *If the Agency permits a corrective action plan*, [Information] *information* about the licensee’s obligation to submit to the Agency a corrective action plan; and

(e) A statement of the licensee’s right to request a Commission hearing *under COMAR 36.01.02.06*.

(3) If after a license is emergently suspended, the licensee does not submit a timely written request for a Commission hearing, the Director may move to revoke the license by giving the licensee notice under [§C(1)] *§C* of this regulation.

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.06 Hearings.

A. (text unchanged)

B. Denial of an Amusement Gaming License.

(1) After reviewing an application submitted under this chapter, the [Director] *Agency* may recommend that the Commission deny an amusement gaming license.

(2) If the [Director] *Agency* recommends that the Commission deny a license, the [Director, or the Director's designee,] *Agency* shall promptly provide the applicant with written notice of the:

(a)—(b) (text unchanged)

(c) Applicant's right to request a reconsideration meeting with the [Director or the Director's designee] *Agency*.

(3) An applicant may submit to the [Commission] *Agency* a written request for a reconsideration meeting within 15 days of the date of the notice described in §B(2) of this regulation.

(4) If an applicant fails to timely submit a request under §B(3) of this regulation, the Commission may adopt as final the recommendation of the [Director or the Director's designee] *Agency*.

(5) (text unchanged)

(6) If after the reconsideration meeting the applicant is dissatisfied with the recommendation of the [Director or the Director's designee] *Agency*, the applicant may submit to the Commission, in writing:

(a) A request for hearing before the Commission on the recommendation of the [Director or the Director's designee] *Agency*; and

(b) The applicant's legal and factual bases for disagreeing with the recommendation of the [Director or the Director's designee] *Agency*.

(7) An applicant may submit a hearing request to the Commission within 15 days of the date of the recommendation of the [Director or the Director's designee] *Agency* after the reconsideration meeting.

(8) If an applicant fails to timely submit a hearing request under §B(6) of this Regulation, the Commission may adopt as final the recommendation of the [Director or the Director's designee] *Agency*.

(9) A hearing request that complies with §B(6) of this regulation shall be the subject of a hearing before the Commission under COMAR 36.01.02.06, after which the Commission shall:

(a)—(b) (text unchanged)

(10) *The applicant shall have the burden to show by clear and convincing evidence it is qualified to hold an amusement gaming license.*

[(10)] (11) (text unchanged).

C. (text unchanged)

36.08.04 General Standards

Authority: Criminal Law Article, §§12-301 and 12-301.1, Annotated Code of Maryland

.01 General Standards.

A. A skills-based amusement device is not legally operated if:

(1) Unless authorized under COMAR 36.08.03, the merchandise, prizes, tickets, tokens, or other objects awarded [per play] exceeds the minimal value;

(2)—(8) (text unchanged)

B. The merchandise, prizes, tickets, tokens, or other objects that are awarded by a skills-based amusement device may be accumulated and exchanged for non-cash merchandise or prizes [of value that is similar to the cumulative value of the items exchanged] *that have a wholesale value of not more than the minimal value.*

C. *If a registered skills-based device owner offers a device described in §A of this regulation, the Commission may take enforcement action as provided in Regulation .03 of this chapter.*

.03 Enforcement Action.

A. *The Commission may take an enforcement action if a registered skills-based amusement device owner fails to comply with this subtitle.*

B. *The Commission may:*

(1) *Suspend a registered skills-based amusement device owner's registration;*

(2) *Determine that the registered skills-based amusement device owner is no longer qualified to offer skills-based amusement devices in Maryland; or*

(3) *Disqualify the registered skills-based device owner from qualification for any other license, registration, or certification from the Commission.*

C. *A skills-based amusement device owner whose registration is suspended or found no longer qualified to offer skills-based amusement devices in Maryland shall:*

(1) *Remove its skills-based amusement devices from locations in Maryland;*

(2) *Cease offering skills-based amusement devices in Maryland; or*

(3) *Take such action required by the Commission to come in compliance with this subtitle.*

**Subtitle 09 ONLINE FANTASY
COMPETITION**

36.09.01 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

.02 Definitions.

A. (text unchanged)

B. Terms Defined.

(1) "Beginner player" means [any] *a fantasy competition player who:*

(a) (text unchanged)

(b) [Does not meet the definition of highly] *Is not a highly experienced player.*

(2) (text unchanged)

[(3) "Fantasy competition" has the meaning stated in State Government Article, §9-1D-01, Annotated Code of Maryland, and includes a competition in which:

(a) A prize is awarded;

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

(c) The fantasy competition operator offering the competition receives compensation in connection with the competition regardless of the outcome;

(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 competition players compete against other fantasy competition players and not the fantasy competition operator.]

(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;

(v) Players may pay an entry fee;

(vi) The operator offering the competition receives compensation for organizing the fantasy competition; and

(vii) Fantasy competition players compete against other fantasy competition players and not the operator.

(b) “Fantasy competition” does not include:

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

(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 that 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) (text unchanged)

(6) “Fantasy competition player” [has the meaning stated in State Government Article, §9-1D-01, Annotated Code of Maryland], or “player” 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;

[(a)] (d) Works under [an independent] a contract with a fantasy competition operator; and

[(b)] (e) Has regular access to:

(i) (text unchanged)

(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) (text unchanged)

(9)—(10) (text unchanged)

(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)—(16) (text unchanged)

(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.

36.09.02 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

.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:

(a) Consistent with applicable laws and Agency regulations;

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

(c) Prominently displayed;

(3) Verify that the fantasy competition operates in compliance with State Government Article, 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.

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

A. [Prior to conducting a new type of fantasy competition, a fantasy competition operator shall submit proposed fantasy competition rules to the Commission] *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.*

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

B. [A fantasy competition operator may offer minor variations of a fantasy competition without having to submit new fantasy competition rules to the Commission] *Modifications.*

(1) *As provided in §B(2) of this regulation, a fantasy competition operator may offer a modified fantasy competition without submitting a new set of rules to the Commission.*

(2) *Minor modifications to an approved fantasy competition are permitted and may include:*

(a) *A previously offered competition that is in the same format;*

[C. Minor variations of a fantasy competition include:

(1) 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)] (b) *The prize value or entry fee of [a] for the fantasy competition;*

(c) [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)] (d) *Adjustments to a scoring system related to number of points a player may obtain for a particular event; and*

[(8)] (e) *Adjustments to a salary cap or budget related to the fantasy team a player creates.*

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

[A. A registration fee of \$100 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.]

An operator shall pay the Commission a nonrefundable registration fee of \$1,000 with the operator's registration application.

[.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.

.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.*

36.09.03 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. (text unchanged)

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)—(4) (text unchanged)

E. An individual who has [asked to be excluded] under COMAR 36.09.05.

[.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 a 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

(c) 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].03 [Prohibition on Fantasy Competition Play by Athletes and Others] *Athletes 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].04 [Ensuring Fair Outcomes in Fantasy Competitions] *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] *products* designed [and distributed by third parties] to identify advantageous game strategies;

(c) (text unchanged)

(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)] (2) [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 professional 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].

36.09.04 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)—(c) (text unchanged)

(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)] 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.

(text unchanged)

.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) (text unchanged)

(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) (text unchanged)

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

C. *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.*

D. *If the Commission suspends an operator's registration under §C 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 competition prize payouts larger than \$600 to the Comptroller of Maryland and the Internal Revenue Service in accordance with applicable tax laws] *For a fantasy competition prize paid 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. (text unchanged)

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 the fantasy competition begins and again at the time of award of any prize in excess of \$600]:*

(1) *Before a fantasy competition begins; and*

(2) *When a player receives winnings in excess of \$600.*

36.09.05 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 under COMAR 36.01.03] *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) (text unchanged)

.02 Responsible Gaming Plan.

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

(1)—(8) (text unchanged)

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) (text unchanged)

B. [A fantasy competition operator may not market a contest by phone, text, email, or knowingly directing any form of individually targeted advertisement or marketing material to an individual if the individual is self-excluded or otherwise barred from playing in that fantasy competition.] *If an individual is directly self-excluded or on the Commission's Voluntary Exclusion List for fantasy competition play, an operator may not:*

(1) *Market a fantasy competition by phone, text, email; or*

(2) *Knowingly direct any form of individually targeted advertisement or marketing material to the individual.*

Subtitle 10 SPORTS WAGERING PROVISIONS

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

.03 Obligation to Pay.

A.—B. (text unchanged)

C. If monthly sports wagering taxes are due, the licensee shall pay them to the Commission by wire transfer by the [5th] 7th day of the following month.

D. If, by the [seventh] 10th calendar day of the month, a sports wagering licensee fails to submit a properly completed sports wagering tax return and all taxes due to the Commission, the sports wagering license shall be automatically suspended.

E.—G. (text unchanged)

36.10.13 Sports Wagering Licensee Minimum Internal Control Standards

Authority: Education Article §§10-101 and 26-801; State Government Article, §§9-1A-02, 9-1A-04, 9-1A-33, 9-1E-01—9-1E-15; Annotated Code of Maryland

.06 Annual Audit and Other Regulatory Reports.

A. (text unchanged)

B. [The annual financial statements shall be prepared on a comparative basis for the current and prior fiscal year and present financial position and results of operations in conformity with generally accepted accounting principles in the United States.] *The annual financial statements shall be:*

(1) *Prepared on a comparative basis for the current and prior fiscal year and present financial position and results of operations in conformity with generally accepted accounting principles in the United States; and*

(2) *If the revenue and assets of the Maryland sports wagering licensee operations are less than 75 percent of the combined total of the sports wagering licensee's parent, Maryland specific audited annual financial statements of the sports wagering licensee revenue and assets.*

C.—R. (text unchanged)

.37 Bettor Complaints.

A. A sports wagering licensee shall attempt to timely resolve a dispute with a bettor concerning the licensee's sports wagering operation or payment of alleged winnings *within 7 days after receiving the complaint.*

B. [A sports wagering licensee who is unable to satisfactorily resolve a dispute with a bettor within 3 days of notice of the dispute shall notify the Commission of the dispute] *A sports wagering licensee shall maintain, in a retrievable format approved by the Commission, a copy of all bettor complaints and all documentation of the licensee's response.*

C. [On receipt of notice by the sports wagering licensee of the dispute, the Commission shall provide the bettor with a Commission bettor complaint form together with instructions for completing and submitting the form.

D. The Commission shall investigate a complaint submitted to the Commission and notify the bettor and sports wagering licensee of its determination.

E. The Commission may provide a bettor with a complaint form at any time upon request.] *On receipt of a complaint, the Commission shall investigate and notify the bettor and sports wagering licensee of its determination.*

.40 Security of Funds and Data.

A. (text unchanged)

B. [A sports wagering] *Unless a bettor provides documentable consent to the sports wagering licensee, the licensee may not share information that could be used to personally identify a bettor or their gaming habits with any third party other than the Commission, law enforcement with a warrant or subpoena, or a credit-reporting agency when determining whether an individual is credit-worthy.*

C.—J. (text unchanged)

.45 Wind Down and Cessation of Operation.

A. *Definitions. In this regulation, the following terms have the meaning indicated:*

(1) *"Cease operations" or "cessation of operations" means the date and time after which a sports wagering licensee temporarily or permanently stops accepting wagers in Maryland.*

(2) *"Wind down" means the process before and after a cessation of operations by which a sports wagering licensee ends its sports wagering operations in Maryland.*

B. *A sports wagering licensee that intends to cease operations shall submit to the Commission notice of its intent to cease operations at least 7 days before its proposed cessation of operations.*

C. *No more than 5 business days after submitting notice of its intent to cease operations, a sports wagering licensee shall submit to the Commission a wind down plan that specifies how the licensee will:*

(1) *Announce to its bettors, vendors, and the public when it will cease operations and wind down, including timelines;*

(2) *In clear and conspicuous terms, explain to bettors their rights and remedies associated with the licensee's cessation of operations and wind down;*

(3) *Distribute winnings to a bettor holding an unredeemed winning sports wagering ticket;*

(4) *Distribute winnings to a bettor holding a sports wagering ticket for sporting events with outcomes that have not yet been determined;*

(5) *Pay all amounts in a bettor's sports wagering account to the bettor;*

(6) *Close a bettor's account;*

(7) *Close its platform to further public access;*

(8) *Distribute funds representing unredeemed winning tickets to the Problem Gambling Fund 182 days after the wager outcome has been determined;*

(9) *Transfer funds from bettor accounts to the State Comptroller if funds cannot be paid to the account owner;*

(10) *Satisfy current and future financial and reporting obligations related to its sports wagering operations; and*

(11) *Ensure the Commission has all information necessary to access and use a letter of credit, bond, or similar assurance mechanism to satisfy financial obligations, if needed.*

C. *A sports wagering licensee's submissions required under §B of this regulation shall include verbatim, the communications it proposes to use to notify bettors of rights and remedies associated with its cessation of operations and wind down.*

D. *The Commission may:*

(1) *Approve a sports wagering licensee's wind down plan;*

(2) *Approve submissions required in the wind down plan;*

(3) *Require changes to a wind down plan; or*

(4) *Reject the wind down plan.*

E. *A sports wagering licensee may only notify a bettor after the Commission approves the wind down plan.*

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F. At the conclusion of the wind down, a sports wagering licensee shall submit a report to the Commission as notification that it has completed all actions necessary and is terminating all operations in the State.

G. Nothing in this regulation is intended to change a requirement or obligation imposed under another statute or regulation.

36.10.14 Sports Wagering Requirements and Limitations

Authority: State Government Article, §§9-1E-01—9-1E-15, and 9-1E-17, Annotated Code of Maryland

.06 Reserve.

A.—E. (text unchanged)

F. A sports wagering licensee may satisfy the reserve requirements in this regulation if the licensee adds sufficient funds to cover the calculated requirement prior to the end of the following business day.

[F.] G. (text unchanged)

36.10.18 Sports Wagering Technical Standards

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

.04 Geolocation Systems.

A.—D. (text unchanged)

E. [The Commission may require additional geolocation requirements.] *A sports wagering licensee shall:*

(1) Prior to commencing operations, and annually thereafter, ensure its geolocation system is tested by a Commission approved testing laboratory;

(2) Ensure that testing of the geolocation system includes:

(a) Attempts to place wagers at locations from outside of the State from multiple locations within varying distances from the State border;

(b) Attempts to place wagers at locations within the State from multiple locations within varying distances from the State border; and

(c) Attempts to place wagers in which the tester crosses the State border;

(3) For all geolocation testing, ensure that the frequency of geolocation check is documented and tested;

(4) Ensure that testing confirms that a geolocation check occurs immediately upon a change of IP address;

(5) Ensure that testing includes static and mobile connections; and

(6) Ensure that testing is completed on all device types using the most prevalent versions available.

F. A sports wagering licensee shall grant the Commission read only access to its geolocation system as required by the Commission.

G. In addition to the requirements in this regulation, the Commission may require a sports wagering licensee to implement other geolocation features.

.05 Bettor Accounts.

A.—E. (text unchanged)

F. Creation of a Bettor Account.

(1)—(2) (text unchanged)

(3) A sports wagering licensee shall implement a required multi-factor authentication process for all bettor accounts.

(4) A sports wagering licensee may use a multi-factor authentication process that uses a:

(a) One-time password or code sent to a device or account that is confirmed to be owned by the owner of the bettor account;

(b) Software token generated from an authentication application;

(c) Face ID or fingerprint verification application; or

(d) Different method approved by the Commission.

(5) The bettor must successfully complete a multi-factor authentication at account creation before the bettor may access their account and for each new device used to login to the account.

(6) The bettor must repeat multi-factor authentication at least every 14 days for each device.

G.—V. (text unchanged)

JOHN MARTIN
Director