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

**Subtitle 09 ONLINE FANTASY COMPETITION**

**Chapter 01 Fantasy Competition**

Authority: State Government Article, §9-1D-01, Annotated Code of Maryland

### .01 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) “Beginner player” means any 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 experienced player.

(2) “Entry fee” means cash or cash equivalents that may be required to be paid by a fantasy competition player to a fantasy competition operator in order to participate in a fantasy competition.

(3) “Fantasy competition” has the meaning stated in State Government Article, §9-1D-01(a), 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; and

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

(4) “Fantasy competition platform” means any website, program, application, or other portal providing access to a fantasy competition.

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

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

(b) Has regular access to:

(i) Nonpublic portions of a fantasy competition operator’s office;

(ii) Information on a fantasy competition operator’s computer network that is not publicly available; or

(iii) A fantasy competition operator’s proprietary information that may affect gameplay.

(6) Fantasy Competition Operator.

(a) “Fantasy competition operator” means any person that offers services in connection with fantasy competitions to individuals by means of:

(i) The Internet;

(ii) A smart phone application; or

(iii) Any other electronic, digital media, communication technology, or device.

(b) “Fantasy competition operator” does not include an individual who:

(i) Organizes a fantasy competition in which the individual also participates;

(ii) Receives no compensation for organizing the fantasy competition; and

(iii) Is not affiliated with any fantasy competition operator as defined under §B(7)(a) of this regulation.

(7) "Fantasy competition player" means an individual who participates in a fantasy competition offered by a fantasy competition operator.

(8) “Highly experienced player” means any 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) “Minor” means any individual younger than 18 years old.

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

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

(a) Money;

(b) Competition credits;

(c) Merchandise; or

(d) Admission to another competition in which a prize may be awarded.

(12) “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.

(13) “Segregated account” means a financial account that segregates funds owned by a fantasy player from the operational funds of a fantasy competition operator.

### .02 Prohibition on Fantasy Competition Play.

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

1. A minor;
2. A Commission member;
3. An officer or an employee of the Agency;
4. 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:
5. Spouse or domestic partner;
6. Child;
7. Sibling; or
8. Parent or parent-in-law; or
9. An individual who has asked to be excluded under Regulation .06 of this chapter.

### .03 Prohibition on Fantasy Competition Kiosks.

Fantasy competition operators may not permit players to enter a competition using a kiosk or machine physically located within a retail business location.

### .04 Restrictions on Fantasy Competition Play by Individuals Associated with Operators.

A. Except as provided in §B of this regulation an employee, principal, officer, director, or contractor of a fantasy competition operator, or a member of that individual’s immediate family, is prohibited from participating in a fantasy competition offered by any fantasy competition operator; and

B. Exception. An individual associated with a fantasy competition operator may participate in a fantasy competition only if:

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

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

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

(4) 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.

### .05 Prohibition on Fantasy Competition Play by Athletes and Others.

A. An athlete, sports agent, team employee, referee, or league official, or a member of that individual’s immediate family, is prohibited from entering fantasy competitions based on underlying sporting events in which the individual is a participant.

B. An athlete, sports agent, team employee, 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.

### .06 Self Exclusion.

A. An individual may request exclusion from entering a fantasy competition by submitting to the fantasy competition operator a:

(1) Completed Commission-approved self-exclusion request; or

(2) Notarized self-exclusion request.

B. If an individual requests exclusion, a fantasy competition operator shall take reasonable measures to prevent that individual from entering a fantasy competition.

### .07 Limits on Deposits.

A. Except as provided in §B of this regulation a fantasy competition player is prohibited from depositing more than $1,000 in a single calendar month with a fantasy competition operator; and

B. Exception. A fantasy competition player may request a fantasy competition operator to temporarily or permanently increase a deposit limit above $1,000 per calendar month only if:

(1) The fantasy competition operator has established and prominently published 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) After a 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.

### .08 Prohibition on Extensions of Credit.

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

### .09 Prohibition on Fantasy Competitions Based on Amateur Sports.

A fantasy competition operator may not offer a fantasy competition that includes:

A. Amateur sporting events;

B. College sporting events;

C. High school sporting events; or

D. Student sporting events.

### .10 Ensuring Fair Outcomes in Fantasy Competitions.

A. Fantasy Competition Scripts.

(1) A fantasy competition operator may not permit the use of unauthorized scripts on a fantasy competition platform and shall use commercially reasonable efforts to monitor for and prevent use of such scripts.

(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 at one time;

(b) Facilitating use of commercial products designed and distributed by third parties to identify advantageous game strategies; or

(c) Gathering information about the performance of others for the purpose of identifying or entering competitions against fantasy competition players who are less likely to be successful.

(3) Authorized scripts shall either be incorporated as a game feature or be prominently published and thereby made available to all fantasy competition players.

B. Beginner Games and Identification of Highly Experienced Players.

(1) Fantasy competition operators shall offer some fantasy competitions that are limited to beginner players and exclude highly experienced players.

(2) Fantasy competition operators shall clearly and conspicuously identify a highly experienced player 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 operator shall disclose 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.

(1) A fantasy competition operator may not permit a player to establish more than one username with a fantasy competition operator.

### .11 Financial Account Protections.

A. A fantasy competition operator that conducts competitions that require an entry fee shall create segregated accounts separating player funds from operational funds and maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination thereof in an amount sufficient to pay all prizes offered to winning fantasy competition players.

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

### .12 Notification.

A. Before offering services in connection with a fantasy competition to players physically located in Maryland, a fantasy competition operator shall notify the Commission that the fantasy competition operator is qualified to do business in the State.

B. The notification to the Commission shall include:

(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; and

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

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

D. 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.

### .13 Financial Auditing.

A. A fantasy competition operator that conducts competitions that require an entry fee shall have a financial audit performed annually by a certified public accountant that:

(1) Complies with generally accepted accounting principles; and

(2) Is submitted to the Agency within 90 days of the operator’s fiscal year end.

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

C. The same certified public accountant may not perform more than two consecutive financial audits for a fantasy competition operator.

### .14 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 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.

### .15 Advertising.

Fantasy competition operator advertisements may not depict:

A. Minors, except professional athletes who may be minors;

B. Students;

C. Schools or colleges; or

D. School or college settings.