



**NORTH CAROLINA  
STATE LOTTERY COMMISSION**

Ripley Rand  
*Chair*

Mark Michalko  
*Executive Director*

**DATE:** November 12, 2024

**ACTION:** Notice of Changes to Proposed Rule Text and Additional Public Comment Period regarding proposed Rule Text Noticed September 18, 2024 (“Notice”)

**DEADLINE FOR SUBMITTING COMMENTS:** Wednesday, November 27, 2024

Note: Submissions to the North Carolina State Lottery Commission after this deadline are non-responsive and will not be formally considered.

**PUBLIC COMMENT SESSION:** Monday, November 18, 2024, at 9:00 a.m. ET, located at the North Carolina State Lottery Commission Headquarters, 2728 Capital Boulevard, Suite 144, Raleigh, NC 27604. *Please note that Commission staff will conduct the public comment session; this is not a regular meeting of the Commission or its committees.* Instructions on registering to offer remarks at the public comment session are outlined below.

All web links and forms identified below are accessible at: <https://ncgaming.gov/>

**NOTICE OF CHANGES TO PROPOSED RULE TEXT:**

In a public meeting on September 18, 2024, the Sports Betting Committee (“Committee”) of the North Carolina State Lottery Commission (“Commission”) directed staff to publish and disseminate a Notice of Proposed Rulemaking containing the fourth set of proposed rules and rule amendments (“Rulemaking Package #4”) to appear in the Commission’s Rules Manual for Sports Wagering and Pari-Mutuel Wagering.

Between September 18, 2024, and October 18, 2024, staff collected public comments from interested parties and facilitated a public comment session on October 8, 2024. In total, eleven distinct individuals and entities submitted comments. Staff reviewed the public comments in detail. This stakeholder feedback prompted staff to incorporate changes to certain proposed rules that appeared in the September 18, 2024, Notice of Proposed Rulemaking.

With this Notice and in accordance with in accordance with Section 5(c) of its Rulemaking Policy and Procedure, the Commission opens a public comment period and seeks additional public comment regarding certain revised proposed rules and amendments to the rule text originally proposed on September 18, 2024, including all proposed rules pertaining to pari-mutuel wagering that would appear in Subchapter C – Pari-Mutuel Wagering in the Commission’s Rules Manual.



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Proposed new rules and rule amendments noticed here and open for public comment include the following<sup>1</sup>:

- Rule 24 NCAC 06A .0101 Definitions
- Rule 24 NCAC 06A .0228 Notification to Director Regarding Certain Events
- Rule 24 NCAC 06A .0713 Responsible Gaming Limits
- Rule 24 NCAC 06C .0101 Definitions
- Rule 24 NCAC 06C .0201 Advanced Deposit Wagering Operator Licensing\*
- Rule 24 NCAC 06C .0202 Payment of License Application Fee; Expenses for Denied License Applications\*
- Rule 24 NCAC 06C .0203 Pari-Mutuel Wagering Vendor Identification
- Rule 24 NCAC 06C .0204 Simulcasting Agreements
- Rule 24 NCAC 06C .0205 Compliance with Interstate Horseracing Act of 1978\*
- Rule 24 NCAC 06C .0301 Authorized Horse Races and Wager Types
- Rule 24 NCAC 06C .0302 Pari-Mutuel Wagering and Horse Race Information
- Rule 24 NCAC 06C .0303 Contents of Wagering Rules
- Rule 24 NCAC 06C .0304 Computations and Payoffs
- Rule 24 NCAC 06C .0305 Cooperation with Investigations; Confidentiality of Certain Reported Information
- Rule 24 NCAC 06C .0306 Canceled or Voided Wagers
- Rule 24 NCAC 06C .0307 Monthly Summary\*
- Rule 24 NCAC 06C .0401 Pari-Mutuel Wagering Standards
- Rule 24 NCAC 06C .0402 Testing and Approval of Pari-Mutuel Wagering System
- Rule 24 NCAC 06C .0403 Registered Player Location Requirements
- Rule 24 NCAC 06C .0404 Change Management Policy and Processes\*
- Rule 24 NCAC 06C .0405 Records of Pari-Mutuel Wagering
- Rule 24 NCAC 06C .0406 Location of Servers, Security, and Cloud Storage\*

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<sup>1</sup> The inclusion of an asterisk (\*) next to the citation and name of a proposed rule indicates that the text of the proposed rule is unchanged and, therefore, the same as it appears in the September 18, 2024, Notice of Proposed Rulemaking.



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- Rule 24 NCAC 06C .0407 Integrity and Security Assessments
- Rule 24 NCAC 06C .0408 Quarterly Vulnerability Scans

In the interest of transparency and clarity, Commission staff has utilized typographical conventions to show how the text of the proposed rules included in this Notice differs from the prior version of the text that appeared in the September 18, 2024 Notice. Changes are identified as follows:

- Text added to a proposed rule in the September 18, 2024 Notice is **underlined and highlighted.**
- Text that originally appeared in a proposed rule in the September 18, 2024 Notice but is now deleted is **struck through and highlighted.**
- Existing rule text that was proposed to be deleted in the September 18, 2024 Notice but is now being restored is **highlighted.**
- Text that was proposed to be added in the September 18, 2024 Notice but is now being deleted is **enclosed in brackets, struck through, and highlighted.**

After this additional public comment period closes, staff will review new and existing public comments submitted in response to Rulemaking Package #4. Staff will compile and summarize those materials for Commissioners' review and formally offer recommendations for certain rules to be considered for adoption, likely during the Commission's regularly-scheduled December 2024 meetings. Please monitor <https://ncgaming.gov> for future updates.

In the event the Commission ultimately adopts proposed rules included in the Notice of September 18, 2024, and/or revised proposed rules included in the present Notice, staff recommends that such amendments and new rules take effect thirty (30) days after such adoption.<sup>2</sup>

**STAFF NOTE REGARDING PUBLIC COMMENTS RECEIVED (9/18/2024 – 10/18/2024)**

Commission staff appreciate the submissions that stakeholders provided during the initial public comment period. Staff offer the following general remarks regarding Rulemaking Package #4 for purposes of clarity and to provide additional context.

- The launch of pari-mutuel wagering on horse racing events in North Carolina is a distinct implementation for the Commission – and different from its efforts to implement sports wagering. Feedback from interested parties resulted in the Commission offering revised text in 16 of 21 rules proposed for inclusion in *Subchapter C – Pari-Mutuel Wagering* in the Commission's Rules Manual.
- The Commission has publicly noted its plan to utilize a phased, deliberate approach to open a new, regulated market for pari-mutuel wagering on horse race events in North Carolina. The first phase of authorized horse racing bets will be exclusively through online and mobile platforms of Commission-licensed advance deposit wagering (ADW) operators. Other aspects of

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<sup>2</sup> In the future the Commission will authorize a start date upon which North Carolina-licensed ADW Operators may begin to offer and accept pari-mutuel wagers for horse race events via mobile applications and online platforms.



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implementation of Article 10 of Chapter 18C of the North Carolina General Statutes will follow in the future.

- A limited number of public comment submissions concerned existing Commission Rules that are not “open” for public comment in Rulemaking Package #4. Staff have retained these comments, which will inform future rulemaking proposals.
- As a reminder to stakeholders and the public and, in particular, potential applicants for ADW licenses issued by the Commission, *Subchapter A – General Wagering* in the Commission’s Rules Manual applies to Persons whose conduct makes the subject to Articles 9 (“Sports Wagering”) or 10 (“Pari-Mutuel Wagering”) of the North Carolina State Lottery Act.

### **ABOUT THE RULEMAKING PROCESS:**

The Commission adopted a rulemaking policy in September 2023, to establish a transparent, deliberative rulemaking process for implementing Articles 9 and 10 of the North Carolina State Lottery Act, which is located in Ch. 18C of the North Carolina General Statutes. Taking into consideration the evolving nature of authorized gaming and wagering in North Carolina, the Rulemaking Policy and Procedure provides the Commission flexibility to act in a timely manner to serve the public interest, while including provisions that ensure the public and stakeholders have an opportunity to be heard through public comment.

The Commission’s Rulemaking Policy and Procedure can be found at [this link](#).

If you are interested in receiving future notices of the Commission’s rulemaking process via email, please register to the Commission’s rulemaking interested persons list by completing the registration form available at [this link](#).

### **PUBLIC COMMENT SESSION:**

*Where:* The Commission has directed its staff to conduct a public comment session to collect comments and feedback regarding the proposed rules on November 18, 2024. The session will begin at 9:00 a.m. at the North Carolina State Lottery Commission Headquarters, 2728 Capital Boulevard, Suite 144, Raleigh, NC 27604. The session will adjourn no later than 12:00 p.m., though it may conclude earlier once registered parties present at Commission Headquarters have been provided their opportunity to speak.

*Security:* All those who wish to attend the public hearing may do so by visiting the Commission’s Headquarters at the address above. Attendees are subject to the security protocols, which include presentation of a government issued ID. Attendees are encouraged to arrive approximately 15-20 minutes before the public comment hearing to complete the check-in process.

*Register to Speak:* Individuals who wish to make an oral presentation at the public comment session must register to speak at least one business day in advance of the hearing via web portal at [this link](#). Thus, registration must be submitted online by 9:00 a.m. ET on Friday, November 15, 2024. Note, however, registration to make an oral presentation does not guarantee the opportunity to speak. The Commission staff may limit the number of registrations and/or speakers due to time constraints.



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*Oral Presentations:* All registered speakers should be present at Commission Headquarters and ready to speak by 9:00 a.m. ET on November 18, 2024. Registrants must identify themselves and any organization or entity on whose behalf they intend to speak. Oral presentations at the public hearing will be limited to three (3) minutes per speaker. Any deviation from this limit is at the discretion of Commission staff conducting the hearing. The public hearing will be memorialized by a stenographer or by a suitable technologic solution. The hearing will conclude after all registered speakers have had a chance to speak on the record, or at 12:00 p.m., whichever occurs earlier.

**HOW TO SUBMIT COMMENTS:**

To submit comments, utilize the Commission public comment webform located at [this link](#). The webform offers a place to easily comment on a specific rule or set of rules and provide any suggested changes.

If you prefer to submit comments in another format, please email comments to [PublicComment@ncgaming.gov](mailto:PublicComment@ncgaming.gov), along with your name and contact information, business or organization (if applicable), and the rule numbers to which your comments relate. All public comments must be submitted no later than Wednesday, November 27, 2024 to be considered. The Commission and staff favor use of the webform for submission of comments.

Only comments submitted in accordance with the instructions contained herein will be considered. Note that all comments are subject to the public records provisions of G.S. 132-1, et seq.

**ABOUT THE COMMISSION:**

The North Carolina State Lottery Commission is an independent, self-supporting, and revenue-raising agency of the State of North Carolina. It has been in operation since 2006 and is governed by Chapter 18C of the North Carolina General Statutes. The Commission's primary purpose is to generate funds for educational purposes through operation of the North Carolina Education Lottery. The Commission is also the licensing and regulatory body for authorized sports wagering and pari-mutuel wagering on horse race events. The Commission's wagering licensees generate tax revenues and fees that the General Assembly statutorily allocates to support numerous programs. The Commission is empowered to adopt any rules necessary to carry out the provisions of the Act.

**FOR FURTHER INFORMATION:** Email the Commission at [GamingCompliance@ncgaming.gov](mailto:GamingCompliance@ncgaming.gov) or visit <https://ncgaming.gov/>.



- 1 (11) "Commission" has the meaning provided in G.S. 18C-103(1).
- 2 (12) "Commissioner" has the meaning provided in G.S. 18C-103(2).
- 3 (13) "Communication Technology" means the methods used and the components employed to facilitate
- 4 the transmission of information, including electronic communications, and transmission and
- 5 reception systems based on wire, cable, radio, microwave, light, optics, or computer data networks
- 6 or similar electronic agents, including the internet and intranets.
- 7 (14) "Confidential Player Information" means:
- 8 (a) the amount of money credited to, debited from, withdrawn from, or present in a particular
- 9 Wagering Account;
- 10 (b) the amount of money Wagered by a particular Player on one or more Wagering events;
- 11 (c) the unique Wagering Account ID or username and authentication credentials that identify
- 12 the particular Registered Player;
- 13 (d) the identities of particular Wagering Events or Wager Types on which the Player is
- 14 Wagering or has Wagered; and
- 15 (e) unless otherwise authorized by the Player, the name, address, and other information in
- 16 possession of the Operator that would identify the Player to anyone other than the
- 17 Commission or the Operator.
- 18 (15) "Day" means a calendar day, unless otherwise specified in the Rule. In computing any period
- 19 prescribed or allowed by the Rule, the day of the act, event, or default from which the designated
- 20 period begins to run shall not be included.
- 21 (16) "Director" has the meaning provided in G.S. 18C-103(3).
- 22 (17) "Disciplinary Action" means action taken by the Commission or Director against a Responsible
- 23 Party to assess a civil penalty, suspend a License, or revoke a License.
- 24 (18) "Disciplinary Hearing" means a proceeding set forth in Section .0300 of this Subchapter to comply
- 25 with the hearing requirement of G.S. 18C-916.
- 26 (19) "Event Corruption" means an intentional arrangement, act, or omission aimed at an improper
- 27 alteration of the result or the course of a Wagering Event in order to remove all or part of the
- 28 unpredictable nature of the event with a view to obtaining an undue advantage for oneself or for
- 29 others. By way of illustration, Event Corruption includes, but is not limited to, instances of: bribery,
- 30 Match Fixing, misuse of insider information, officiating abnormalities, or any illegal, immoral, or
- 31 unethical activity that attempts deliberately to distort the result of a Wagering Event for the personal
- 32 material gain of one or more parties involved in that corrupting activity.
- 33 (20) RESERVED FOR FUTURE USE.
- 34 (21) "Gaming Day" means a twenty-hour period which begins at 12:00 a.m. Eastern Time and ends the
- 35 following Day at 11:59 p.m. Eastern Time.
- 36 (22) "Independent Testing Laboratory" means a laboratory which:
- 37 (a) holds an active accreditation in accordance with:

- 1 (i) ISO/IEC 17020, ISO/IEC 17025, and ISO/IEC 17065 by an accreditation body  
2 that is a signatory to the International Laboratory Accreditation Cooperation  
3 Mutual Recognition Agreement; or  
4 (ii) other active accreditation satisfactory to the Commission from a recognized  
5 accrediting body;
- 6 (b) has a reputation for honesty, independence, competence, and timeliness that is  
7 demonstrably competent and which is qualified to scientifically test and to evaluate gaming  
8 equipment for compliance with the Act, state and federal law, applicable case law, and  
9 these Rules; and  
10 (c) is approved by the Commission.
- 11 (23) "Indian Lands" has the meaning provided in the Indian Gaming Regulatory Act of 1988, 25 U.S.C.  
12 2703(4).
- 13 (24) "Individual" means a natural person.
- 14 (25) "Ineligible Person" means:
- 15 (a) a Commissioner;
- 16 (b) an Underage Individual;
- 17 (c) for Sports Wagering, an Individual prohibited from engaging in Sports Wagering pursuant  
18 to G.S. 18C-902(i);
- 19 (d) for Pari-Mutuel Wagering, an Individual prohibited from engaging in Pari-Mutuel  
20 Wagering pursuant to G.S. 18C-1015(b);
- 21 ~~(d)~~(e) an Involuntarily Excluded Person;
- 22 ~~(e)~~(f) a Voluntarily Excluded Person;
- 23 ~~(f)~~(g) an Individual Wagering while not in the authorized geographic boundaries within the State  
24 of North Carolina;
- 25 ~~(g)~~(h) a Person Wagering in violation of State, local, or federal law;
- 26 ~~(h)~~(i) an Individual Wagering on behalf of another Individual or Person;
- 27 ~~(i)~~(j) except for the purpose of Layoff Wagers, as defined in Rule 24 NCAC 06B .0101(18), a  
28 Person that is not an Individual; or
- 29 ~~(j)~~(k) other Persons as determined by the Commission.
- 30 (26) "Integrity Monitoring" means the monitoring of Sports Wagering or Pari-Mutuel Wagering to  
31 identify Abnormal Wagering Activity or Suspicious or Illegal Wagering Activities from an Event  
32 Corruption standpoint, to include reporting these activities to required or other appropriate parties.
- 33 (27) "Internal Controls" means a system of internal procedures, as well as administrative and accounting  
34 controls, related to the integrity of Sports Wagering and Pari-Mutuel Wagering.
- 35 (28) "Internet" means the international computer network of interoperable packet switched data  
36 networks, inclusive of additional technological platforms, including mobile, satellite, and other  
37 electronic distribution channels.

- 1 (29) "Involuntarily Excluded Person" means an Individual who has been involuntarily prohibited from  
2 establishing a Wagering Account or participating in Sports Wagering Activities or Pari-Mutuel  
3 Wagering Activities under the jurisdiction of the Commission.
- 4 (30) "Key Person" has the meaning provided in G.S. 18C-901(10).
- 5 (31) "License" means a License applied for by an Applicant or issued by the Commission under these  
6 Rules and the Act.
- 7 (32) "Match Fixing" means the act of playing or officiating a Wagering Event with the intention of  
8 achieving a pre-determined result, violating the rules of the event.
- 9 (33) "Multi-Factor Authentication" means a type of authentication which uses two or more of the  
10 following to verify an Individual's identity:
- 11 (a) information known only to the Individual, including a password, pattern, or answers to  
12 challenge questions;
- 13 (b) an item possessed by an Individual, including an electronic token, physical token, or an  
14 identification card; or
- 15 (c) an Individual's biometric data, including fingerprints, voice recognition, or recognition of  
16 any physiological characteristic, including facial recognition.
- 17 (34) "Operator" for purposes of these Rules means:
- 18 (a) an Interactive Sports Wagering Operator as defined in G.S. 18C-901(9); or  
19 (b) an advance deposit wagering (ADW) licensee as defined in G.S. 18C-1001(2).
- 20 (35) "Operator License" for the purposes of these Rules means a License issued by the Commission to:
- 21 (a) an Interactive Sports Wagering Operator under G.S. 18C-904; or  
22 (b) an advance deposit wagering (ADW) licensee under G.S. 18C-1005.
- 23 (36) "Pari-Mutuel Wager" or "Pari-Mutuel Wagering" has the meaning provided in G.S. 18C-1001(3).
- 24 (37) "Person" has the meaning provided in G.S. 18C-103(7).
- 25 (38) "Personal Information" has the meaning provided in G.S. 75-61(10).
- 26 (39) "Player" means a Person who Wagers on Wagering Events.
- 27 (40) "Registered Player" means an Individual who has established a Wagering Account with an Operator.
- 28 (41) "Responsible Party" means Operators, Sports Wagering Service Providers, and Sports Wagering  
29 Suppliers.
- 30 (42) "Revocation" means action taken by the Commission or Director to terminate the rights and  
31 privileges associated with a License and to permanently prohibit the Responsible Party from  
32 applying for or receiving a License within the State.
- 33 (43) "Rule" means a requirement, condition, or directive adopted by the Commission in this Rules  
34 Manual or any technical manual authorized herein that is applicable to an Applicant, Responsible  
35 Party, Player, Person, Individual, or other party subject to the authority, oversight, or supervision of  
36 the Commission.

- 1 (44) "Segregated Account" means a financial account that separates funds, to include Cash and Cash  
2 Equivalents, owned by Players and that is restricted to funds owned by Players in the United States,  
3 and has funds that are not commingled with the Operator's operational funds.
- 4 (45) "Sensitive Information" means information about an Individual, including Personal Information,  
5 transactional Wagering data, authentication credentials, secure seeds and keys used in encryption,  
6 and other data that shall be handled in a secure manner.
- 7 (46) "Service Provider" or "Sports Wagering Service Provider" has the meaning provided in G.S. 18C-  
8 901(15).
- 9 (47) "Sports Facility" has the meaning provided in G.S. 18C-901(17).
- 10 (48) "Sports Governing Body" has the meaning provided in G.S. 18C-901(18).
- 11 (49) "Sports Wager" or "Sports Wagering" has the meaning provided in G.S. 18C-901(19).
- 12 (50) "Sports Wagering Operator" means an Interactive Sports Wagering Operator as defined in G.S. 18C-  
13 901(9).
- 14 (51) "State" means the State of North Carolina not to include the Indian Lands within its boundaries.
- 15 (52) "State Lottery Act" or "Act" means Chapter 18C of the General Statutes.
- 16 (53) "Sufficient Clarity" means the capacity of a Surveillance System to record images at a resolution  
17 determined by the Commission to clearly identify the intended activity, Individual, object, or  
18 location.
- 19 (54) "Supplier" or "Sports Wagering Supplier" has the meaning provided in G.S. 18C-901(22).
- 20 (55) "Surveillance Operation Room" means the secured area where surveillance takes place or where  
21 active surveillance equipment is located.
- 22 (56) "Surveillance System" means a system of video cameras, monitors, recorders, video printers,  
23 switches, selectors, and other equipment used for surveillance.
- 24 (57) "Suspension" means action taken by the Commission or Director to temporarily deauthorize the  
25 rights and privileges associated with a License after which the Responsible Party shall cease all  
26 activity regulated by these Rules for the requisite period of Suspension as defined in the Commission  
27 decision or order.
- 28 (58) "Suspicious or Illegal Wagering Activity" means activities, actions, or behaviors that raise concerns  
29 about the integrity of the Wagering Activity or the Wagering Event itself. This includes, but is not  
30 limited to: Match Fixing or point-shaving, misuse of insider information, Abnormal Wagering  
31 Activity, Wagering by Ineligible Persons, money laundering, use of multiple Accounts, collusion or  
32 cheating, Wager or Wagering Event manipulation, unauthorized use of bots or automated systems,  
33 and potential breaches of internal rules or code of conduct related to Wagering for a Sports  
34 Governing Body, racing regulatory body, or equivalent.
- 35 (59) "Ticket Writer" means a cashier employed by an Operator who is assigned the responsibility for the  
36 operation of a Ticket Writer Station.

- 1 (60) "Ticket Writer Station" means a point-of-sale system used by a Ticket Writer for the execution or  
2 formalization of Wagers placed on behalf of a Player.
- 3 (61) "Tribal Gaming Enterprise" has the meaning provided in G.S. 18C-901(25).
- 4 (62) "Underage Person" means an Individual under twenty-one years of age.
- 5 (63) "Void Wager" or "Voided Wager" means a Wager that was not valid at the time it was placed or a  
6 Wager that was valid at the time it was placed but has since become invalid for reasons, including  
7 but not limited to the change in eligibility status of an event participant or subject of the Wager.
- 8 (64) "Voluntarily Excluded Person" means an Individual who is included, at their own request, in the  
9 Voluntary Exclusion Program.
- 10 (65) "Voluntary Exclusion Program" means a program operated by the Commission to maintain a list of  
11 Individuals who voluntarily exclude themselves from Sports Wagering or Pari-mutuel Wagering  
12 and from establishing or maintaining a Wagering Account with an Operator for such Wagering.
- 13 (66) "Wager" means a sum of money or Cash Equivalent risked on an uncertain occurrence.
- 14 (67) "Wagering Account" or "Account" means:
- 15 (a) an Interactive Sports Wagering Account used for placing Sports Wagers as defined in G.S.  
16 18C-901(8); or
- 17 (b) an advance deposit account used for placing Pari-Mutuel Wagers as contemplated in G.S.  
18 18C-1015.
- 19 (68) "Wagering Activity" means Sports Wagering Activity or Pari-Mutuel Wagering Activity unless  
20 otherwise specified.
- 21 (69) "Wagering Event" means:
- 22 (a) for Sports Wagering, a Sporting Event as defined in G.S. 18C-901(16); or
- 23 (b) for Pari-Mutuel Wagering, a horse race.
- 24 (70) "Wagering Facility" means:
- 25 (a) a place of public accommodation operated by an Interactive Sports Wagering Operator and  
26 approved by the Commission for in-person Sports Wagering; or
- 27 (b) a simulcast facility operated by an ADW licensee and approved by the Commission for in-  
28 person Pari-Mutuel Wagering.
- 29 (71) "Wagering Kiosk" or "Kiosk" means a self-service automated device, computer terminal, or other  
30 similar machine that a Player may use in a Wagering Facility to place a Wager using Cash and Cash  
31 Equivalents. A Wagering Kiosk may also be used to redeem a Wager and for other regulated  
32 functions where supported.
- 33 (72) RESERVED FOR FUTURE USE.
- 34 (73) "Wagering Rules" means the comprehensive rules established by an Operator for governing  
35 Wagering Activities with that Operator.
- 36 (74) "Wagering Ticket" or "Ticket" means a printed record, or digital representation thereof, that contains  
37 information pertaining to a Wager in connection with a Wagering Event.

1 (75) "Wagering Voucher" or "Voucher" means a printed record, or digital representation thereof, that  
2 may be used to fund a Sports Wager or may be redeemable for Cash or Cash Equivalents.

3 (76) "Wagering Window" means a window in a structure approved by the Commission within a  
4 Wagering Facility from which a Ticket Writer conducts Wagering Activity by accepting or  
5 distributing Cash or Cash Equivalents.

6 (77) "Wager Type" for purposes of these Rules means:

7 (a) ~~means~~ the form of a Wager offered by a Sports Wagering Operator, including but not  
8 limited to Single-Game Wagers, Teaser Wagers, Parlays, Over-Under, Moneyline, Pools,  
9 Exchange Wagering, In-Game Wagering, In-Play Wagers, Proposition Wagers, Straight  
10 Wagers, and other Sports Wagers approved by the Commission.

11 (b) the form of a Wager offered by an ADW Operator, including but not limited to Win, Place,  
12 Show, Daily Double, Daily Triple, Exacta, Quinella, Trifecta, Superfecta and [Pick Six]  
13 Pick(n).

14 (78) "Winnings" means the total Cash value of property or sums, including Cash, Cash Equivalents, or  
15 instruments of monetary value paid, to a Player by an Operator as a direct result of a winning Wager.

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17 *History Note: Authority G.S. 18C-114(a)(14);*  
18 *Previously adopted as Rule 1A-001;*  
19 *Eff. January 8, 2024;*  
20 *Readopted Eff. March 27, 2024;*  
21 *Amended Eff. June 22, ~~2024~~ 2024; [DATE].*

1 **24 NCAC 06A .0228 NOTIFICATION TO DIRECTOR REGARDING CERTAIN EVENTS**

2 Each Responsible Party shall provide written notification to the Director when it is subject to or experiences any of  
3 the events or occurrences identified in this Rule. Notification shall be provided in writing in a manner designated by  
4 the Director, and Responsible Party shall provide the notification as soon as it learns of the event or occurrence and,  
5 in any event, within 72 hours. The Responsible Party's notification requirement arises from the following events and  
6 occurrences:

- 7 (1) A violation ~~or~~ apparent violation ~~or material deficiency in the compliance with~~ of a Rule of the  
8 ~~Commission~~ these Rules or the Act by any of the following:  
9 (a) the Responsible Party;  
10 (b) a substantial owner, Key Person, or employee of the Responsible Party; or  
11 (c) a Person or entity acting, or authorized to act, on behalf of or in furtherance of the interests  
12 of the Responsible Party.
- 13 (2) Any denial, suspension, or revocation by a governmental agency or regulatory body in any state,  
14 federal, or tribal jurisdiction of a ~~Sports-Wagering~~ related License, registration, certification, permit,  
15 or approval held by or applied for by the Responsible ~~Party~~ Party, or the Responsible Party's  
16 employee or Key Person.
- 17 (3) Any discipline, including a fine or warning, related to ~~Sports-Wagering~~ Activity imposed upon the  
18 Responsible Party or the Responsible Party's employee or Key Person by any governmental agency  
19 or regulatory body in any state, federal, or tribal jurisdiction.
- 20 (4) Civil litigation filed against the:  
21 (a) Responsible Party's North Carolina operations;  
22 (b) Responsible Party that could significantly impact its North Carolina operations; or  
23 (c) Responsible Party's Key Person arising from or related to regulated gaming activity in  
24 North Carolina or other domestic jurisdictions.
- 25 (5) A criminal, civil, or administrative action, threatened action, or investigation initiated by any  
26 governmental agency or regulatory body in any state, federal, or tribal jurisdiction against the ~~sports~~  
27 Responsible Party.
- 28 (6) Any arrest, indictment, charge, or criminal conviction of any Key Person in North Carolina or in  
29 any jurisdiction where such criminal matters concern or are connected with gaming activities;  
30 gaming operations; a felony; any gambling offense; a criminal offense involving moral turpitude or  
31 obstruction of justice; or any criminal offense involving dishonesty, breach of trust, or fraud.
- 32 (7) Claims made by a governmental agency or regulatory body in any state concerning the tax liability  
33 of Responsible Party or a Key Person or substantial owner of the Responsible Party.
- 34 (8) A civil, criminal, administrative, or tax action initiated:  
35 (a) by or against an employee or Key Person of the Responsible Party if the action relates to  
36 the gaming activity conducted by Responsible Party; or

- 1 (b) against a Key Person, substantial owner, or an Affiliate of a Responsible Party, if the action  
2 relates to a gaming operation under the jurisdiction of a governmental entity.
- 3 (9) A bankruptcy, receivership, or debt adjustment initiated by or against the Responsible Party, or an  
4 Affiliate thereof, or the Responsible Party's substantial owners.
- 5 (10) ~~A compliance review conducted by the Internal Revenue Service under the Bank Secrecy Act of~~  
6 ~~1970, 31 U.S.C 5311. The Responsible Party shall provide a copy of the compliance review report~~  
7 ~~or the equivalent within 10 Days of the receipt of the report.~~ RESERVED FOR FUTURE USE.
- 8 (11) An action, event, or omission, with respect to which the Director has instructed the Responsible  
9 Party to provide notice so that the Director can ensure that the Responsible Party continues to  
10 maintain suitability for licensure.
- 11 (12) Any information known or that should reasonably be known to the Responsible Party or Key Person,  
12 including but not limited to the receipt of a subpoena or other official notification, that the  
13 Responsible Party or Key Person is or may be the subject of a criminal investigation by a law  
14 enforcement or regulatory agency or a civil investigation by regulatory agency concerning fraud,  
15 securities, or taxation.
- 16 (13) Any material pending legal proceedings required to be reported in accordance with 17 CFR 229.103.
- 17 (14) Any pending legal proceeding which includes any allegation of fraudulent conduct by the  
18 Responsible Party or its Key Persons that may reasonably threaten the Responsible Party's economic  
19 viability or that alleges a pattern of improper conduct by the Responsible Party or its Key Persons  
20 over a sustained period of time.
- 21 (15) Any significant financial event related to a Responsible Party. For purposes of this provision, a  
22 significant financial event means a merger, acquisition, consolidation, debt restructuring, material  
23 change in debt rating by major national or international credit rating agencies, legal entity change,  
24 material ownership change, the assessment of a fine or penalty of two hundred and fifty thousand  
25 dollars (\$250,000) or greater by the U.S. Securities and Exchange Commission, a similar state  
26 agency, or the international equivalent thereof, restatement of previously issued financial  
27 statements, late filing of financial statements with the U.S. Securities and Exchange Commission, a  
28 similar state agency, or the international equivalent thereof, US or international equivalent  
29 bankruptcy petition, default of financial debt covenants and receivership, disposal of a material  
30 business segment or asset, or adverse actions taken by the Internal Revenue Service.
- 31 (16) Issuance of an "Adverse" or "Qualified" audit opinion, or the international equivalent, by an  
32 independent accountant to the Responsible Party.
- 33 (17) A change in accounting firm engaged to perform attestation or assurance services for the  
34 Responsible Party.
- 35 (18) Issuance of a delisting notice from a United States or international stock exchange relative to the  
36 Responsible Party.
- 37

1 *History Note: Authority G.S. 18C-114(a)(14);*  
2 *Previously adopted as Rule 1B-028;*  
3 *Eff. January 8, 2024;*  
4 *Readopted Eff. March 27, ~~2024~~, 2024;*  
5 *Amended Eff. [DATE].*

1 **24 NCAC 06A .0713 RESPONSIBLE GAMING LIMITS**

2 (a) An Operator shall allow a Registered Player to limit the amount of player funds that may be deposited into a  
3 Wagering Account and spent through such Account.

4 (1) A deposit limit shall be offered on a daily, weekly, and monthly basis and shall specify the maximum  
5 amount of player funds a Registered Player may deposit into their Wagering Account during a  
6 particular period.

7 (2) A Wager limit shall be offered on a daily, weekly, and monthly basis and shall specify the maximum  
8 amount of player funds that may be put at risk during a particular period.

9 (b) Decreases to these limits shall become effective immediately upon being authorized by the Player or at the point  
10 in time that was clearly stated to the Registered Player. Increases to these limits shall become effective only after the  
11 expiration of the Player's previously authorized time period limit.

12 (c) An Operator shall allow a Registered Player to block themselves from wagering on the Operator's platform for a  
13 period not less than 72 hours and up to a permanent exclusion, as chosen by the Registered Player. For purposes of  
14 this Rule, "block" means to prevent a Registered Player from accessing the Operator's platform to place a wager or  
15 make a deposit. [ view wager offerings, promotions, or bonuses.] The Operator shall, at minimum, undertake  
16 commercially reasonable efforts to:

17 (1) Prevent Individuals blocked from the Operator's platform from opening a new wagering account or  
18 from entering any of the Operator's Wagering Facilities;

19 ~~[(2) — Seize and convey any Winnings that accrue while an Individual is blocked from the Operator's~~  
20 ~~platform to the Commission to be used solely to support gambling addiction education and treatment~~  
21 ~~programs;]~~

22 ~~[(3)](2) Refund any remaining Account balances upon request of the Individual blocked from the Operator's~~  
23 ~~platform, provided the Operator acknowledges that the funds have cleared;~~

24 ~~[(4) If the blocked period is for greater than three months, immediately refund any remaining Account~~  
25 ~~balances to the Individual blocked from the Operator's platform, provided the Operator~~  
26 ~~acknowledges that the funds have cleared;]~~

27 ~~[(5)](3) Ensure that it and its affiliates or agents do not transmit to~~ Individuals blocked from the Operator's  
28 ~~platform [do not receive]~~ targeted or personalized mailings, Advertisements, marketing materials,  
29 ~~promotions, Player club materials, reward materials, or other promotional materials or incentives~~  
30 ~~related to Wagering via any channel, including, but not limited to U.S. Mail, email, text message,~~  
31 ~~push notification, social media messaging, or phone. For purposes of this Subparagraph, "targeted"~~  
32 ~~means that materials or messages are sent directly to a blocked Individual at an address, email~~  
33 ~~address, telephone number, or other contact associated with the Individual; and~~

34 ~~[(6)](4) If a Player has pending Wagers prior to being blocked, handle these Wagers in accordance with the~~  
35 ~~Operator's terms and conditions.~~

36 (d) If an Operator restricts or suspends a Registered Player's account due to responsible gaming concerns, as  
37 determined by the Operator, and without the Registered Player's express request to be excluded or blocked, the

1 Operator shall undertake commercially reasonable efforts to comply with the requirements under Paragraph (c) of this  
2 Rule.

3

4 *History Note: Authority G.S. 18C-114(a)(14);*  
5 *Previously adopted as Rule 1G-013;*  
6 *Eff. January 8, 2024;*  
7 *Readopted Eff. March 27, ~~2024~~, 2024;*  
8 *Amended Eff. [DATE].*

1 **SUBCHAPTER C – PARI-MUTUEL WAGERING**

2  
3 **SECTION .0100 – GENERAL PROVISIONS**

4  
5 **24 NCAC 06C .0101 DEFINITIONS**

6 In addition to defined terms in G.S. 18C-901 and G.S. 18C-1001, and 24 NCAC 06A .0101, the following definitions  
7 apply to this Subchapter of the Rules Manual:

- 8 (1) “Advance Deposit Account Wager,” “Advance Deposit Account Wagering,” or “ADW,” have the  
9 meaning provided in G.S. 18C-1001(1).
- 10 (2) “ARCI Tote Standards” means the Association of Racing Commissioners International, Totalisator  
11 Technical Standards, Version 1.2a, Published December, 2020, including amendments or  
12 subsequent editions.
- 13 (3) “Breakage” means the fractional cents arising from the computation of payouts on amounts wagered  
14 on a Horse Race, as determined by the law governing the Sending Track.
- 15 (4) “Exotic Wager” means a Pari-Mutuel Wager placed on a Horse Race other than a Win, Place, and  
16 Show Wager placed on a Horse Race.
- 17 (5) “Guaranteed Minimum Pool” means a Pari-Mutuel Wagering Pool in which the gross wagering  
18 amount is guaranteed by the Sending Track and any deficiency between the guaranteed amount less  
19 the actual gross wagering amount is contributed by the Sending Track.
- 20 ~~(5)~~(6) “Horse Race” means an individual Horse Race conducted in real time at a Sending Track that is  
21 transmitted by Simulcast to an ADW Operator for Pari-Mutuel Wagering. This may include races  
22 among Appaloosas, Arabians, Mules, Paints, Standardbreds, Thoroughbreds, Quarter Horses, and  
23 any other regulated race exclusively among equine animals as approved by the Director. Horse  
24 Race does not include a race that occurred in the past or a virtual race with animated representations  
25 of horses.
- 26 ~~(6)~~(7) “Minus Pool” means a Mutuel Pool in which the amount to be distributed on winning Wagers  
27 exceeds the amount contained in that Mutuel Pool after takeout and deductions.
- 28 ~~(7)~~(8) “Mutuel Pool” or “Pari-Mutuel Wagering Pool” means any pool into which Pari-Mutuel Wagers  
29 made by a Registered Player are placed. For every Wager placed into a Mutuel Pool by a Registered  
30 Player, that Registered Player is eligible to receive at least a minimum payout on a winning Wager  
31 as determined by the law governing the Sending Track.
- 32 ~~(8)~~(9) “Pari-Mutuel” means a system of wagering whereby the winners divide the total amount bet, after  
33 deducting takeout, fees, breakage, and taxes, in proportion to the amount individually wagered.
- 34 ~~(9)~~(10) “Pari-Mutuel Wagering Platform” means [a website]one or more websites, mobile application, or  
35 other interactive platform accessible via the internet, mobile, wireless, or similar communication  
36 technology that a Registered Player may use to place Pari-Mutuel Wagers authorized under the Act.

1 ~~(10)~~(11) “Pari-Mutuel Wagering System” means the hardware, software, firmware, Communication  
2 Technology, and other equipment used in connection with a Pari-Mutuel Wagering Platform, as  
3 well as procedures implemented to allow Registered Players’ participation in Pari-Mutuel  
4 Wagering, and, if supported, the corresponding equipment related to the display of the Wager  
5 outcomes, and other similar information required to facilitate Registered Player participation,  
6 including Pari-Mutuel Wagering Platforms themselves.

7 ~~(11)~~(12) “Pari-Mutuel Wagering Vendor” means any Individual or Person that supplies goods, software,  
8 services, or other components necessary for the creation of Pari-Mutuel Wager markets and  
9 determination of Pari-Mutuel Wager outcomes, directly or indirectly, to any ADW Operator. This  
10 includes, but is not limited to, Totalisator operation, ~~video dissemination, geolocation,~~ Integrity  
11 Monitoring, Age and Identity Verification, racing information, ~~simulcasting agreements,~~ entities  
12 engaged in facilitating or enabling Pari-Mutuel Wagering activities on behalf of, or in affiliation  
13 with, ADW Operators in Wagering Facilities, and other goods and services as determined by the  
14 Commission.

15 ~~(12)~~(13) “Scratch” means the withdrawal of a participant entered for a Horse Race after ~~the time of~~  
16 race entrants are set and prior to the closing of wagering for the Horse Race.

17 ~~(13)~~(14) “Sending Track” means:

- 18 (a) a racetrack that conducts Simulcasts and the host of which is lawfully permitted to conduct  
19 a Horse Race and to provide Simulcasts to the ADW Operator by an official regulatory  
20 body in the jurisdiction in which the racetrack is located; or  
21 (b) an entity authorized by the racetrack to conduct and provide Simulcasts on Horse Races  
22 conducted by the racetrack to the ADW Operator.

23 ~~(14)~~(15) “Simulcast” has the meaning provided in G.S. 18C-1001(4).

24 ~~(15)~~(16) “Simulcast Facility” has the meaning provided in G.S. 18C-1001(5).

25 ~~(16)~~(17) “Simulcast Source” means a Person that is authorized by the ADW Operator to:

- 26 (a) provide the ADW Operator information related to Horse Races that is used to determine  
27 winners of Horse Races or payoffs on Pari-Mutuel Wagers accepted by the ADW Operator;  
28 or  
29 (b) act on behalf of an ADW Operator to obtain a Simulcasting Agreement between the ADW  
30 Operator and a Sending Track.

31 ~~(17)~~(18) “Takeout” means the portion of funds from the total amount Wagered on a Horse Race that an  
32 ADW Operator retains and does not distribute. Takeout does not include Breakage.

33 ~~(18)~~(19) “Totalisator” or “Totalizator” means a computer system which directly or indirectly through  
34 one or more other computer systems to exchange Pari-Mutuel Wagering information, calculates  
35 payoffs for winning Pari-Mutuel Wagers, generates reports with respect to such information, and  
36 ceases wagering as instructed, in accordance with Internal Controls, in the event that the  
37 transmission of data from a Sending Track has been interrupted.

1            ~~(19)~~(20)    “Win, Place, and Show” refers to the participants respectively placing first, second, and third  
2                            in the outcome of a Horse Race and also refers to the respective Wagers or ~~mutual~~ mutuel pools.

3

4    *History Note: Authority G.S. 18C-114(a)(14);*

5                            *Eff. [DATE].*

1 **SECTION .0200 – LICENSING PROVISIONS**

2

3 **24 NCAC 06C .0201 ADVANCE DEPOSIT WAGERING OPERATOR LICENSING**

4 (a) The Director shall issue an ADW Operator License after finding that the Applicant meets the requirements of the  
5 Act and these Rules.

6 (b) It shall be unlawful for any Person to offer or accept Pari-Mutuel Wagers in this State without a valid ADW  
7 Operator License issued under G.S. 18C-1005 and 24 NCAC 06C .0200.

8

9 *History Note: Authority G.S. 18C-114(a)(14);*

10 *Eff. [DATE].*

1 **24 NCAC 06C .0202 PAYMENT OF LICENSE APPLICATION FEE; EXPENSES FOR DENIED**  
2 **LICENSE APPLICATION**

3 (a) Upon filing of an application for a License or renewal, an Applicant shall pay the statutory amount required for an  
4 ADW Operator License by wire transfer or other method approved by the Director.

5 (b) An Applicant whose license application is denied will have its License application fee returned to it, less five  
6 percent for associated expenses incurred by the Commission to conduct the application review.

7 (c) If a licensure application is denied, remittance of the Applicant's licensing or application fee, less five percent, for  
8 associated expenses incurred by the Commission, will issue after the period to seek reconsideration ends or upon the  
9 Director's receipt of a signed written statement from the Applicant stating that it will not seek reconsideration or an  
10 appeal of the licensing decision. The Commission will retain the License fee of an unsuccessful Applicant during the  
11 pendency of any reconsideration or appeal period and during any legal proceeding arising from or related to the denial  
12 of the Applicant's licensing application.

13 (d) If an Applicant elects to withdraw its application before the Director denies the application or takes other action  
14 that does not constitute an approval of the application, the Director may:

15 (1) treat such withdrawal as a de facto denial of the application and retain the License application review  
16 fee pursuant to Paragraph (b) of this Rule, or

17 (2) allow the Applicant to withdraw its application and refund the entire License application fee.

18 (d) The Director shall not have discretion to return the entire License application review fee for a withdrawn  
19 application if the Applicant is discovered to have made a materially fraudulent misrepresentation or omission in its  
20 submissions to the Commission.

21  
22 History Note: Authority G.S. 18C-114(a)(14);

23 Eff. [DATE].

1 **24 NCAC 06C .0203 PARI-MUTUEL WAGERING VENDOR ~~REGISTRATION~~ IDENTIFICATION**

2 (a) An ADW Operator shall identify for the Commission ~~ensure that~~ all Pari-Mutuel Wagering Vendors ~~register~~  
3 ~~their business with the Commission~~ prior to utilizing their services to provide Pari-Mutuel Wagering in North  
4 Carolina. Upon commencing operations, the ADW Operator shall only use Pari-Mutuel Wagering Vendors ~~who~~  
5 ~~maintain their registration with~~ it has identified for the Commission.

6 (b) An Applicant shall provide to the Commission a list of all Pari-Mutuel Wagering Vendors it plans to use ~~used~~ to  
7 conduct Pari-Mutuel Wagering in the State with its application for an Advance Deposit Wagering Operator License.  
8 ~~The Applicant or ADW Operator shall notify the Commission within 10 Days of any change to its list of Pari Mutuel~~  
9 ~~Wagering Vendors.~~

10 (c) Upon commencing operations, the ADW Operator shall submit a list of all Pari-Mutuel Wagering Vendors used  
11 to conduct Pari-Mutuel Wagering in the State and, thereafter, provide a quarterly update on a form and in a manner  
12 prescribed by the Director. The form shall include at least the following information about each Pari-Mutuel Wagering  
13 Vendor:

14 (1) name of Individual or Person, including any trade names;

15 (2) address;

16 (3) Pari-Mutuel Wagering Vendor's point of contact for the Commission;

17 (4) description of services that the Pari-Mutuel Wagering Vendor provides the ADW Operator;

18 (5) licenses, permits, registrations, or authorizations to participate in any form of regulated activity  
19 concerning horse racing, gaming, gambling, sports wagering, internet gaming, sweepstakes, pari-  
20 mutuel wagering, or junket operation. For each identify:

21 (A) type of credential;

22 (B) governmental agency or organization that issued the credential;

23 (C) year of issuance; and

24 (6) other information as required by the Commission.

25 ~~(e)~~(d) An ADW Operator's Internal Controls shall set forth its procedures for ensuring compliance with this Rule.

26  
27 *History Note: Authority G.S. 18C-114(a)(14);*

28 *Eff. [DATE].*

1 **24 NCAC 06C .0204 SIMULCASTING AGREEMENTS**

2 (a) The ADW Operator, or a Simulcast Source acting on an ADW Operator’s behalf and direction, shall have a current  
3 and valid Simulcasting Agreement with a Sending Track prior to offering wagering on horse racing occurring at the  
4 Sending Track. [Every Simulcasting Agreement between an ADW Operator or Simulcast Source and a Sending Track  
5 shall:

6 (1) specify the dates, terms, and conditions under which the ADW Operator or Simulcast Source will  
7 administer the audio visual transmission of the Sending Track’s racing program for wagering  
8 purposes;

9 (2) define, and provide for the distribution of, outstanding Pari Mutuel Wagers;

10 (3) define, and provide for the allocation of losses in the event of, a Minus Pool; and

11 (4) describe the policy and procedure for systems or communication problems that prevents Wagers  
12 accepted by an ADW Operator to be comingled with the Pari Mutuel Wagering Pool of a Sending  
13 Track.]

14 (b) Prior to offering or accepting Pari-Mutuel Wagers for Horse Races that are the subject of a Simulcasting  
15 Agreement, the ADW Operator shall file an affidavit on a form made available by the Director that:

16 (1) confirms the existence of a current and valid Simulcasting Agreement between the ADW Operator  
17 or Simulcast Source and Sending Track;

18 [~~(2) acknowledges and confirms compliance with the requirements in Paragraph (a) of this Rule;~~]

19 [~~(3)~~(2) affirms the length of term of the agreement; and

20 [~~(4)~~(3) is signed and affirmed by an officer or director of the ADW Operator.

21 (c) Simulcasting Agreements may be negotiated on behalf of ADW Operators or on behalf of Simulcast Sources by  
22 an entity jointly established by ADW Operators.

23 (d) The ADW Operator shall retain copies of all Simulcasting Agreements for not less than three years or for a longer  
24 period required by law for inspection by authorized State or federal government agents or officials. The ADW  
25 Operator shall provide a full unredacted Simulcasting Agreement to the Commission upon request.

26  
27 *History Note: Authority G.S. 18C-114(a)(14);*

28 *Eff. [DATE].*

1 **24 NCAC 06C .0205 COMPLIANCE WITH INTERSTATE HORSERACING ACT OF 1978**

2 An ADW Operator shall comply with the provisions of the Interstate Horseracing Act of 1978, 15 U.S.C. 3001-3007,  
3 and any amendments thereto, as well as any federal regulations promulgated under the Interstate Horseracing Act of  
4 1978.

5  
6 History Note: Authority G.S. 18C-114(a)(14);

7 Eff. [DATE].



1 **24 NCAC 06C .0302 PARI-MUTUEL WAGERING INFORMATION**

2 (a) Where the ADW Operator offers a guaranteed minimum pool amount, the ADW Operator shall advertise the  
3 guaranteed minimum pool amount before wagers are accepted on any Horse Race.

4 (b) The ADW Operator shall prominently display or make available to Registered Players through the ADW  
5 Operator's Pari-Mutuel Wagering Platform approximate win odds and approximate probable Exotic Wager prize  
6 amounts, when available.

7 (c) The ADW Operator shall display the following information to Registered Players through the ADW Operator's  
8 Pari-Mutuel Wagering Platform as accurately as possible within the constraints of communication delays and  
9 latencies:

- 10 (1) reasonably up-to-date values of total pari-mutuel pools;
- 11 (2) the final prize amounts of all Wagers once the race has been made official; and
- 12 (3) scratched participants in all Horse Races.

13 ~~(d) The ADW Operator shall ensure that racing information, such as past performance data, provided or sold by the~~  
14 ~~ADW Operator meets the following conditions:~~

- 15 ~~(1) the racing information shall be complete, accurate, and reliable; and~~
- 16 ~~(2) the racing information shall meet other conditions set by the Commission;~~

17 ~~(e)~~(d) When available, the [The ]ADW Operator shall provide real-time audio-visual access to the Horse Race  
18 through the ADW Operator's Pari-Mutuel Wagering Platform, including:

- 19 (1) date and time at the Sending Track; and
- 20 (2) Horse Race identification and location.

21 ~~(f) The ADW Operator shall measure and verify quality of the audio visual feed whenever communications are~~  
22 ~~initiated, including reconnection due to signal interruptions or re initiation when the signal was severed;~~

23 ~~(g)~~(c) The ADW Operator may not offer Pari-Mutuel Wagering on a Horse Race if the Totalisator utilized by the  
24 ADW Operator is not able to communicate with the Totalisator utilized by the Sending Track hosting the Horse Race[  
25 or if the audio visual feed is not available to the Registered Player through the Operator's Pari Mutuel Wagering  
26 Platform].

27 ~~(h)~~(f) An ADW Operator's Internal Controls shall set forth its procedures for ensuring compliance with this Rule.

28  
29 *History Note: Authority G.S. 18C-114(a)(14);*

30 *Eff. [DATE].*

1 **24 NCAC 06C .0303 CONTENTS OF WAGERING RULES**

2 (a) An ADW Operator shall ensure that the Wagering Rules of the Sending Track hosting each Horse Race are  
3 prominently displayed or made available to Registered Players through the ADW Operator's Pari-Mutuel Wagering  
4 Platform.

5 (b) An ADW Operator shall adopt its own Wagering Rules, as necessary, which shall be approved by the Director as  
6 required by 24 NCAC 06A .0501. **The ADW Operator's Wagering Rules must include, at minimum:**

7 **[(c) When combined, the Sending Track's Wagering Rules and the ADW Operator's Wagering Rules must include,**  
8 **at a minimum:]**

9 (1) **information on** the types of Wagers accepted;

10 **[(2) — minimum and maximum Wager amounts allowed by the Sending Track or ADW Operator;**

11 **(3) — the method for calculation and payment of winning Wagers;**

12 **(4) — the effect of changes to the condition of a Horse Race upon which a Wager is placed;**

13 **(5) — the procedures for canceling a Pari Mutuel Wagering Pool;**

14 **(6) — the procedures for handling Scratched horses;**

15 **[(7)](2) circumstances under which the ADW Operator will void a Wager;**

16 **[(8)](3) treatment of operator, platform, or player errors, ~~late Wagers,~~ and related contingencies;**

17 **[(9) — description of the process for handling incorrectly posted Horse Races, odds, Wagers, or results;]**

18 **[(10)](4) method of contacting the ADW Operator for questions and disputes;**

19 **[(11)](5) description of Ineligible Persons;**

20 **[(12)](6) methods of funding a Wager; and**

21 **[(13) — the Takeout rate for each Wager; and]**

22 **[(14)](7) other rule and related information the Commission or Director determines is required.**

23 **[(d)](c) An ADW Operator's Internal Controls shall set forth its procedures for ensuring compliance with this Rule.**

24  
25 *History Note: Authority G.S. 18C-114(a)(14);*

26 *Eff. [DATE].*

1 **24 NCAC 06C .0304 COMPUTATIONS AND PAYOFFS**

2 (a) All wagers accepted by an ADW Operator on Horse Races at a Sending Track shall be commingled with the Mutuel  
3 Pools ~~at~~ **designated by** the Sending Track. The types of wagering, Takeout amount, methods for Breakage, methods  
4 for the distribution of winnings, and rules of racing shall be determined in accordance with the law or policy applicable  
5 to the Sending Track.

6 (b) The ADW Operator shall ~~ensure~~ **require** that a Sending Track:

7 (1) informs the ADW Operator of changes to Scratches and Mutuel Pool information; and

8 (2) ~~[verifies and, if confirmed, immediately]~~ notifies the ADW Operator of any Scratch from a Horse  
9 Race after wagering has commenced.

10 (c) An ADW Operator's Internal Controls shall set forth its procedures for ensuring compliance with this Rule.

11  
12 *History Note: Authority G.S. 18C-114(a)(14);*

13 *Eff. [DATE].*

1 **24 NCAC 06C .0305 COOPERATION WITH INVESTIGATIONS; CONFIDENTIALITY OF CERTAIN**  
2 **REPORTED INFORMATION**

3 (a) ADW Operators shall cooperate with investigations or regulatory inquiries conducted by law enforcement  
4 agencies, regulatory bodies of the Sending Tracks or the equivalent, using commercially reasonable efforts to provide  
5 or facilitate the provision of account-level Pari-Mutuel Wagering information. Disclosures under this Rule are subject  
6 to an ADW Operator’s obligations to comply with federal, state, and local laws, and regulation, including those  
7 relating to privacy and Personal Information.

8 (b) If a law enforcement agency, regulatory body of the Sending Track or the equivalent notifies the Commission that,  
9 in the context of an investigation or regulatory inquiry real-time information sharing for Wagers placed on its Horse  
10 Races is required and desirable, then the ADW Operators shall share with that law enforcement agency, regulatory  
11 body of the Sending Track or the equivalent, or its designee in real-time, at the Account level:

- 12 (1) [anonymized] information regarding an Individual who places a Wager;
- 13 (2) the amount and Wager Type;
- 14 (3) the time the Wager was placed;
- 15 (4) relevant location information, including the Internet Protocol address if applicable;
- 16 (5) the outcome of the Wager; and
- 17 (6) records of Abnormal Wagering Activity.

18 (c) For purposes of Paragraph (b) of this Rule, “real-time information sharing” means the sharing of information at a  
19 commercially and technologically reasonable periodic interval of not less than once every 72 hours.

20 (d) The Commission, Director, regulatory bodies of the Sending Tracks or the equivalent, and ADW Operators shall  
21 maintain the confidentiality of information described in Paragraph (b) of this Rule unless disclosure is required by  
22 these Rules, other law, or court order, or as authorized by the relevant regulatory body of the Sending Track or  
23 equivalent.

24  
25 *History Note: Authority G.S. 18C-114(a)(14);*

26 *Eff. [DATE].*

1 **24 NCAC 06C .0306 CANCELED OR VOIDED WAGERS**

2 On a monthly basis, the ADW Operator shall report all Wagers canceled or voided by the ADW Operator ~~and not at~~  
3 ~~the express request of a player,~~ to the Director on a form and in a manner prescribed by the Director. ~~This report shall~~  
4 ~~not include any wagers voided due to a scratched entry, wagers voided at the request of a player, or wagers voided~~  
5 ~~due to canceled races or pools at a Sending Track.~~

6  
7 *History Note: Authority G.S. 18C-114(a)(14):*

8 *Eff. [DATE].*

1 **24 NCAC 06C .0307 MONTHLY SUMMARY**

2 The ADW Operator shall provide to the Director a monthly summary of Pari-Mutuel Wagering Activity within the  
3 State, detailing transactions processed through the Pari-Mutuel Wagering Platform, provided in a format required by  
4 the Director, within a time determined by the Director.

5  
6 *History Note: Authority G.S. 18C-114(a)(14);*  
7 *Eff. [DATE].*



1 **24 NCAC 06C .0402 TESTING AND APPROVAL OF PARI-MUTUEL WAGERING SYSTEM**

2 (a) An ADW Operator shall not ~~[offer to]~~ use a Pari-Mutuel Wagering System to conduct Pari-Mutuel Wagering until  
3 it receives Director approval. The Director may not issue approval until ~~[testing, where required by the Commission,~~  
4 ~~has been performed by an ADW Operator or an Independent Testing Laboratory and the equipment conforms to the~~  
5 ~~requirements of these regulations and the Commission; provided, however, the Commission may issue conditional~~  
6 ~~approval based upon further testing of the equipment. The ADW Operator is responsible for costs associated with~~  
7 ~~testing and obtaining approval.]~~the ADW Operator has provided the Director with a real-time demonstration and  
8 overview of its Pari-Mutuel Wagering System, including all applications and websites that comprise the ADW  
9 Operator's Pari-Mutuel Wagering Platform. The demonstration and overview must address system features that  
10 demonstrate compliance with the Act and these Rules.

11 (b) An ADW Operator shall conduct ~~[further]~~ testing as prescribed by the Director upon the Pari-Mutuel Wagering  
12 System and other wagering equipment ~~to verify functionality and compliance with the Act and these Rules. At the~~  
13 ~~election of the ADW Operator, the testing may be performed by the ADW Operator or an Independent Testing~~  
14 ~~Laboratory. Alternatively, the Director may approve submission of a comprehensive audit of the ADW Operator's~~  
15 ~~Pari-Mutuel Wagering System conducted within the preceding 12 months by another jurisdiction's regulatory body in~~  
16 ~~lieu of system testing.~~

17 (c) The ADW Operator is responsible for costs associated with testing and obtaining Director approval of its Pari-  
18 Mutuel Wagering System.

19 ~~[(c) The Director may issue conditional approval of the ADW Operator's Pari Mutuel Wagering System based upon~~  
20 ~~further testing of the Pari Mutuel Wagering System.]~~

21 ~~[(e)](d) If the ADW Operator's Pari-Mutuel Wagering System fails to meet requirements as established by the Act~~  
22 ~~and these Rules [and the Commission], or the ADW Operator fails to timely test the Pari-Mutuel Wagering System as~~  
23 ~~prescribed by the Director, the [Commission] Director may require the ADW Operator to suspend Pari-Mutuel~~  
24 ~~Wagering until such time as the ADW Operator has conducted the required testing, corrected all deficiencies of the~~  
25 ~~Pari-Mutuel Wagering System identified through testing, and demonstrated compliance to the [Commission] Director.~~

26 ~~[(d)](e) If the Director determines that an ADW Operator's testing is insufficient or if testing identifies system~~  
27 ~~deficiencies, the Director may require an ADW Operator submit its Pari-Mutuel Wagering System to an Independent~~  
28 ~~Testing Laboratory for further testing.~~

29 ~~[(d)](f) An ADW Operator's Internal Controls shall set forth its procedures for ensuring compliance with this Rule.~~

31 *History Note: Authority G.S. 18C-114(a)(14);*

32 *Eff. [DATE].*

1 **24 NCAC 06C .0403 REGISTERED PLAYER CONFIRMATION OF RESIDENCY**

2 (a) An ADW Operator ~~[shall require]~~ shall verify the Registered Players address quarterly:

3 (1) by requiring the Registered Player to confirm or update their residential address ~~at minimum every~~  
4 ~~three months from the time of Account creation;~~ or

5 (2) through the use of a third-party verification mechanism such as those used at account creation or the  
6 U.S. Postal Service's National Change of Address database.

7 (b) ~~If the Registered Player's address cannot be verified, the ADW Operator shall suspend the account until the~~  
8 ~~Registered Player provides a validated address.~~

9 (c) ~~If the Registered Player fails to log into their Account for three months or more, the ADW Operator shall require~~  
10 ~~the Registered Player to confirm or update their residential address the next time the Registered Player logs into their~~  
11 ~~Account.~~

12 ~~(b)~~ (c) An ADW Operator's Internal Controls shall set forth its procedures for ensuring compliance with this Rule.

13  
14 *History Note: Authority G.S. 18C-114(a)(14);*

15 *Eff. [DATE].*

1 **24 NCAC 06C .0404 CHANGE MANAGEMENT POLICY AND PROCESSES**

2 (a) Prior to offering or accepting Pari-Mutuel Wagers, an ADW Operator shall submit to the Director for review and  
3 approval a change management policy for its Pari-Mutuel Wagering Platform that establishes procedures for the  
4 creation, evaluation, implementation, and tracking of changes to the Pari-Mutuel Wagering Platform. The Director  
5 may require modifications to the change management policy prior to approval.

6 (b) The ADW Operator shall submit proposed change management processes to the Director for approval and in a  
7 manner consistent with its approved change management policy. Proposed change management processes shall  
8 describe the impact to the Pari-Mutuel Wagering Platform, describe the reason or nature of the installation or change,  
9 and provide the anticipated date of installation or modification. These change management processes shall be  
10 approved by the Commission prior to their deployment.

11 (c) The ADW Operator shall audit their change management process or engage a third-party contractor, subject to  
12 approval by the Director, to audit their change management process at an annual interval.

13 (d) The ADW Operator shall maintain a change management log that records all installations and modifications to the  
14 Pari-Mutuel Wagering Platform. The ADW Operator shall provide its change management log to the Commission  
15 upon request.

16 (e) An ADW Operator's Internal Controls shall set forth its procedures for ensuring compliance with this Rule.

17  
18 *History Note: Authority G.S. 18C-114(a)(14);*

19 *Eff. [DATE].*

1 **24 NCAC 06C .0405 RECORDS OF PARI-MUTUEL WAGERING**

2 (a) ~~[The ADW Operator shall maintain for]~~ For three years after a Horse Race occurs, the ADW Operator shall  
3 ~~maintain in a secure, accessible format~~ records on all of the following for each Pari-Mutuel Wager as logged by the  
4 Pari-Mutuel Wagering System:

- 5 (1) the identity of the Registered Player placing the Pari-Mutuel Wager, if known; and  
6 (2) the amount, type, time, ~~[location,]~~ and outcome of the Pari-Mutuel Wager, including ~~[the IP address,~~  
7 ~~if available]~~ location data, if collected.

8 (b) The ADW Operator shall maintain for three years all reports required in the ARCI Tote Standards for Wagers  
9 placed by North Carolina Registered Players for each Horse Race where it offers or accepts a Pari-Mutuel Wager.

10 (c) The ADW Operator shall promptly provide the records described in Paragraphs (a) and (b) of this Rule to the  
11 Director upon request.

12 (d) An ADW Operator's Internal Controls shall set forth its procedures for ensuring compliance with this Rule.

13  
14 *History Note: Authority G.S. 18C-114(a)(14);*

15 *Eff. [DATE].*

1 **24 NCAC 06C .0406 LOCATION OF SERVERS, SECURITY, AND CLOUD STORAGE**

2 Unless otherwise approved by the Director in writing, an ADW Operator shall place servers or other information  
3 technology equipment used by an ADW Operator in connection with Pari-Mutuel Wagering in secure locations within  
4 the United States.

5 (1) The location of technology and servers that an ADW Operator or its Pari-Mutuel Wagering Vendors  
6 use to offer Pari-Mutuel Wagering to North Carolina Players shall be approved by the Director. Any  
7 change to the location of technology and servers must be approved in advance by the Director.

8 (2) For good cause shown, the Director may approve of the use of Internet or cloud-based hosting upon  
9 written request of an ADW Operator.

10 (3) Upon request, an ADW Operator shall make accessible to the Commission, the Director, the  
11 Department of Revenue, and law enforcement its servers and other information technology  
12 equipment and its Pari-Mutuel Wagering Vendors' servers and other information technology  
13 equipment, whether or not the equipment is in North Carolina or another location out of state.

14  
15 History Note: Authority G.S. 18C-114(a)(14);

16 Eff. [DATE].

1 **24 NCAC 06C .0407 INTEGRITY AND SECURITY ASSESSMENTS**

2 ADW Operators shall, within 90 Days after commencing operations in North Carolina, and annually thereafter, have  
3 integrity and security assessments of its Pari-Mutuel Wagering System conducted by the ADW Operator or a third-  
4 party contractor experienced in security procedures, including, without limitation, computer security and systems  
5 security. If used, the third-party contractor shall be selected by the ADW Operator and shall be subject to approval by  
6 the Director. An ADW Operator’s Internal Controls shall set forth its procedures for ensuring compliance with this  
7 Rule.

8 (1) Integrity and security assessments shall include a review of network vulnerability, application  
9 vulnerability, website vulnerability, wireless security, security policy and processes, security and  
10 privacy program management, technology infrastructure and security controls, security organization  
11 and governance, and operational effectiveness.

12 (2) The scope of integrity and security assessments is subject to approval of the Director and shall at a  
13 minimum include:

14 (a) a vulnerability assessment of digital platforms, Internet websites, mobile applications,  
15 internal, external, and wireless networks with the intent of identifying vulnerabilities or  
16 potential vulnerabilities of devices, the Pari-Mutuel Wagering System, and applications  
17 transferring, storing, or processing Personal Information or other Sensitive Information  
18 connected to or present on the networks;

19 (b) a penetration test of digital platforms, Internet websites, mobile applications, and internal,  
20 external, and wireless networks to confirm if identified vulnerabilities of devices, the Pari-  
21 Mutuel Wagering System, and applications are susceptible to compromise;

22 (c) a review of the firewall rules to verify the operating condition of the firewall and the  
23 effectiveness of its security configuration and rule sets performed on the perimeter  
24 firewalls and the internal firewalls;

25 (d) a security control assessment against the provisions adopted in these Rules, including those  
26 standards adopted in the system baseline controls of the ARCI Tote Standards, with  
27 generally accepted professional standards and as approved by the Director;

28 (e) if a cloud provider is in use, an assessment performed on the access controls, account  
29 management, logging and monitoring, and over security configurations of their cloud  
30 tenant;

31 (f) an evaluation of all integrated services with access to any player or wagering data, whether  
32 provided directly by the ADW Operator or through third parties, as determined by the  
33 Director; [information security services, payment services, geolocation services, and other  
34 services which may be offered directly by the ADW Operator or involve the use of third-  
35 parties;] and

36 (g) other specific criteria or standards for the documented system security testing as prescribed  
37 by the Commission.

- 1           (3)     To qualify as a third-party contractor, the third-party contractor shall:
- 2                   (a)     have relevant education background or in other ways provide relevant qualifications in
- 3                             assessing Pari-Mutuel Wagering Systems or similar wagering systems;
- 4                   (b)     present current certifications sufficient to demonstrate proficiency and expertise as a
- 5                             network penetration tester by recognized certification boards, either nationally or
- 6                             internationally;
- 7                   (c)     have three or more years' experience performing integrity and security assessments on
- 8                             Pari-Mutuel Wagering Systems or similar wagering systems; and
- 9                   (d)     meet other qualifications as prescribed by the Director.
- 10          (4)     The ADW Operator's or third-party contractor's full security audit report containing the overall
- 11                   evaluation of Pari-Mutuel Wagering in terms of aspects of security shall be presented to the Director
- 12                   not later than 30 Days after the assessment is conducted and shall include:
- 13                   (a)     scope of review;
- 14                   (b)     name and company affiliation, contact information, and qualifications of the Individual or
- 15                             Individuals who conducted the assessment;
- 16                   (c)     date of assessment;
- 17                   (d)     findings, including identified or potential vulnerabilities;
- 18                   (e)     recommended corrective action, if applicable; and
- 19                   (f)     the ADW Operator's response to the findings and recommended corrective action.
- 20          (5)     It is acceptable for the audit report to leverage the results of prior assessments within the past year
- 21                   conducted by the ADW Operator or the same third-party contractor against standards, for example,
- 22                   ISO/IEC 27001, ISO/IEC 27017, ISO/IEC 27018, the NIST Cybersecurity Framework (CSF), the
- 23                   Payment Card Industry Data Security Standards (PCI-DSS), or the equivalent as approved by the
- 24                   Director. This leveraging shall be noted in the ADW Operator's or third-party contractor's security
- 25                   audit report. This leveraging does not include critical components of a Pari-Mutuel Wagering
- 26                   System unique to the State which will require fresh assessments.
- 27          (6)     If the ADW Operator's or third-party contractor's security audit report recommends corrective
- 28                   action, the ADW Operator shall provide the Director with a remediation plan and risk mitigation
- 29                   plans that detail the ADW Operator's actions and schedule to implement the corrective action.
- 30                   (a)     The remediation and risk mediation plans shall be presented within a time period prescribed
- 31                             by the Director, which shall be based on:
- 32                             (i)     the severity of the problem to be corrected;
- 33                             (ii)    the complexity of the problem to be corrected; and
- 34                             (iii)   the risks associated with the problem to be corrected.
- 35                   (b)     The Director may require suspension of an ADW Operator's operations until
- 36                             implementation of critical corrective actions.

1                   (c)     Once any corrective action has been completed, the ADW Operator shall provide the  
2                   Director with documentation evidencing completion, including results from follow-up  
3                   testing.

4  
5     History Note: Authority G.S. 18C-114(a)(14);  
6                   Eff. [DATE].

1 **24 NCAC 06C .0408 QUARTERLY VULNERABILITY SCANS**

2 (a) Either a qualified employee of the ADW Operator or a qualified third-party contractor selected by the ADW  
3 Operator and subject to approval of the Director shall run internal and external network vulnerability scans at least  
4 quarterly and after significant changes to the Pari-Mutuel Wagering System or network infrastructure.

5 (b) ~~[Testing]~~ An ADW Operator's procedures shall ~~[verify that four quarterly internal and external scans took place in~~  
6 ~~the past twelve months and]~~ ensure that re-scans ~~[occurred]~~ occur until "High Risk" or "Critical" vulnerabilities  
7 ~~[were]~~ are resolved or accepted via a formal risk acceptance program.

8 (1) The ADW Operator shall submit to the Director its documented vulnerability management program  
9 that describes its risk acceptance program.

10 (2) Internal scans shall be performed from an authenticated scan perspective. External scans may be  
11 performed from an uncredentialed perspective.

12 (c) Verification of scans shall be submitted to the Director on a quarterly basis ~~[and within 30 Days of running the~~  
13 ~~scan]~~. The scan verifications shall include a remediation plan and risk mitigation plans for those vulnerabilities not  
14 able to be resolved. The severity of the vulnerabilities may be adjusted by the ADW Operator if adhering to a formal,  
15 accepted vulnerability management plan.

16 (d) The Commission or Director may impose Disciplinary Action in the event of critical unresolved vulnerabilities or  
17 vulnerabilities that continue unabated.

18 (e) An ADW Operator's Internal Controls shall set forth its procedures for ensuring compliance with this Rule.

19  
20 *History Note: Authority G.S. 18C-114(a)(14);*

21 *Eff. [DATE].*