



**NORTH CAROLINA
STATE LOTTERY COMMISSION**

Ripley Rand
Chair

Mark Michalko
Executive Director

DATE: September 18, 2024

AGENCY: North Carolina State Lottery Commission

ACTION: Notice of Proposed Rulemaking

DEADLINE FOR SUBMITTING COMMENTS: October 18, 2024

PUBLIC COMMENT SESSION: Tuesday, October 8, 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.*

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

NOTICE OF PROPOSED RULEMAKING:

The North Carolina State Lottery Commission (“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 “Act”). 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 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.

With this notice of proposed rulemaking, the Commission has set a public hearing and issued a request for public comment on the adoption of certain proposed rules and amendments to be included in the North Carolina State Lottery Commission Rules Manual for Sports Wagering and Pari-Mutuel Wagering. Proposed new rules and rule amendments noticed here include the following:

- Rule 24 NCAC 06A .0101 Definitions
- Rule 24 NCAC 06A .0227 Duty to Report Change in Key Persons
- Rule 24 NCAC 06A .0228 Notification to Director Regarding Certain Events
- Rule 24 NCAC 06A .0233 Certificate of Compliance
- Rule 24 NCAC 06A .0320 Designation of Hearing Officer
- Rule 24 NCAC 06A .0401 Internal Controls
- Rule 24 NCAC 06A .0411 Financial Audits
- Rule 24 NCAC 06A .0412 Retention, Storage, and Destruction of Records
- Rule 24 NCAC 06A .0416 Bank Secrecy Act Compliance



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- Rule 24 NCAC 06A .0418 Integrity Monitoring and Suspicious Behavior
- Rule 24 NCAC 06A .0421 Disputes Pertaining to Wagering
- Rule 24 NCAC 06A .0426 Access to Wagering Data and Records by Commission or Department of Revenue
- Rule 24 NCAC 06A .0502 Acceptance of Wagers
- Rule 24 NCAC 06A .0708 Account Deposits
- Rule 24 NCAC 06A .0713 Responsible Gaming Limits
- Rule 24 NCAC 06A .0714 Suspension and Restoration of Wagering Accounts
- Rule 24 NCAC 06A .0717 Test Accounts
- Rule 24 NCAC 06B .0101 Definitions
- Rule 24 NCAC 06B .0301 Authorized and Prohibited Sporting Events and Wager Types
- Rule 24 NCAC 06B .0304 Data Sources for Sports Wagering
- Rule 24 NCAC 06B .0307 Canceled or Voided Wagers
- 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 Registration
- 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



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

In the event the Commission ultimately adopts proposed rules, staff recommends that such amendments and new rules take effect thirty (30) days after such adoption.

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 Act. 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 October 8, 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 Monday, October 7, 2024. Note, however,



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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.

Oral Presentations: All registered speakers should be present at Commission Headquarters and ready to speak by 9:00 a.m. ET on October 8, 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, 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 October 18, 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.

FOR FURTHER INFORMATION: Email the Commission at SportsWagering@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, and Pick Six.

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

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

1 **24 NCAC 06A .0227 DUTY TO REPORT CHANGE IN KEY PERSONS**

2 Each Responsible Party shall promptly report to the Commission as soon as practicable, but in no event later than five
3 Days, ~~after discovery~~; all changes in Key Persons. The Responsible Party shall include a revised organizational chart
4 that reflects the change in Key Persons and any change in job titles or descriptions. All new Key Persons shall consent
5 to a Background Investigation, timely provide all requested information and documents to the Director, and agree to
6 comply with the Act and these Rules.

7 (1) ~~Any criminal charge or disciplinary proceeding commenced by a domestic gaming regulator or law
8 enforcement authority in connection with gaming activities or operations against (i) that Responsible
9 Party; (ii) its Key Persons involved in regulated activity in North Carolina; or (iii) its officers or
10 directors who are directly involved in the operation, management, or control of sports wagering or
11 who exercises substantial influence or control over the sports wagering activities in any domestic
12 jurisdiction.~~

13 (2) ~~All changes in Key Persons. All new Key Persons shall consent to a Background Investigation and
14 compliance with the Act and these Rules.~~

15 (3) ~~Any material deficiency with respect to Responsible Party's compliance with these Rules or the Act.~~

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17 *History Note: Authority G.S. 18C-114(a)(14);*
18 *Previously adopted as Rule 1B-027;*
19 *Eff. January 8, 2024;*
20 *Readopted Eff. March 27, ~~2024~~, 2024;*
21 *Amended Eff. [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 .0233 CERTIFICATE OF COMPLIANCE**

2 (a) Prior to commencing Wagering operations through a Sports Wagering Platform or Pari-Mutuel Wagering Platform
3 in North Carolina, an Operator shall obtain a Certificate of Compliance for Online Operations from the Director by
4 demonstrating that its Wagering Platform meets the requirements of the Act and these Rules. The Certificate of
5 Compliance for Online Operations does not authorize an Operator to offer or accept in-person Wagers.

6 (b) Prior to commencing in-person Wagering operations in North Carolina, an Operator shall obtain a Certificate of
7 Compliance for a Wagering Facility from the Director by demonstrating that its Wagering Facility meets the
8 requirements of the Act and these Rules. The Certificate of Compliance for a Wagering Facility does not authorize an
9 Operator to offer or accept Wagers strictly through a Sports Wagering or Pari-Mutuel Wagering Platform.

10
11 *History Note: Authority G.S. 18C-114(a)(14);*

12 *Eff. [DATE].*

1 **24 NCAC 06A .0320 DESIGNATION OF HEARING OFFICER**

2 (a) The Commission shall select and maintain a list of no fewer than ~~eight~~four qualified hearing officers. When
3 Notice of Disciplinary Hearing is issued to the parties in a contested case, it shall identify the hearing officer designated
4 by the Director to preside over the matter.

5 (b) Individuals selected by the Commission as hearing officers shall be members in good standing of the North
6 Carolina State Bar who have demonstrated experience and expertise in areas of due process and administrative law
7 within the last five years. A hearing officer shall not be contemporaneously employed by the State.

8 (c) Hearing officers shall be removed from the list for one or more of the following reasons: termination or revocation
9 of the hearing officer's license to practice law, misfeasance, malfeasance, misconduct, immoral conduct,
10 incompetency, the commission of a crime, or any other good and adequate reason as found by the Commission.

11 (d) The Commission shall determine the compensation for a hearing officer. The Commission shall pay the hearing
12 officer's compensation and authorized expenses.

13

14 *History Note: Authority G.S. 18C-114(a)(14);*
15 *Previously adopted as Rule 1C-020;*
16 *Eff. January 8, 2024;*
17 *Readopted Eff. March 27, 2024.*
18 *Amended Eff. [DATE].*

1 **24 NCAC 06A .0411 FINANCIAL AUDITS**

2 (a) Upon submitting an application, and annually thereafter, Operators and Service Providers shall submit to the
3 Director, within 120 Days of the Operator's fiscal year end, its financial audit for that fiscal year.

4 (b) The financial audit shall be performed by an independent certified public accountant authorized to practice in
5 North Carolina and presented in accordance with generally accepted accounting principles and containing the opinion
6 of the independent certified public accountant as to its fair preparation and presentation in accordance with generally
7 accepted accounting principles. If an Operator's or Service Provider's audited financial statements are produced at the
8 parent company level, the audited financial statements of the parent company may be submitted, only if North
9 Carolina's information is identified and accessible separately from the entire parent company information. If prepared
10 in another U.S. State or jurisdiction, the financial audit shall be reviewed and certified as outlined herein by an
11 independent certified public accountant authorized to practice in North Carolina.

12 (c) The Director shall determine the number of copies of audits or reports required under these Rules. The audits or
13 reports shall be received by the Commission via approved electronic methods or postmarked no later than the required
14 filing date.

15

16 *History Note: Authority G.S. 18C-114(a)(14);*
17 *Previously adopted as Rule 1D-011;*
18 *Eff. January 8, 2024;*
19 *Readopted Eff. March 27, ~~2024~~, 2024;*
20 *Amended Eff. [DATE].*

1 **24 NCAC 06A .0412 RETENTION, STORAGE, AND DESTRUCTION OF RECORDS**

2 The Internal Controls shall include a records retention schedule, and provisions related to the storage and destruction
3 of records that at a minimum incorporates the following provisions:

- 4 (1) An Operator shall maintain, in a place secure from theft, loss, or destruction, adequate records of its
5 business and accounting operations.
- 6 (2) An Operator shall organize and index required records in a manner that enables the Commission to
7 locate, inspect, review, and analyze the records with reasonable ease and efficiency.
- 8 (3) An Operator shall make the records available to the Commission or Director, on request, within a
9 reasonable time provided for by the Commission or Director. The records shall include, but not be
10 limited to:
- 11 (a) a listing of all current and former employees along with their titles, chains of command,
12 and history of employment status;
- 13 (b) all relevant correspondence with, or reports to, the Commission or any local, state, or
14 federal governmental agency;
- 15 (c) all relevant correspondence concerning the business of an Operator, its Service Providers,
16 Suppliers, or other third-party with whom it contracts;
- 17 (d) the business and organizational structure of the record holder;
- 18 (e) any acquisition, construction, remodeling, relocation, or maintenance of a proposed or
19 existing Wagering Facility; and
- 20 (f) for Sports Wagering, the Written Designation Agreement, pursuant to 24 NCAC 06B
21 .0206.
- 22 (4) An Operator shall keep and maintain, in a manner and form required by the Commission, accurate,
23 complete, and legible records of books, records, or documents, including electronic storage media,
24 pertaining to, prepared in, or generated by, the Operator, including but not limited to:
- 25 (a) forms;
- 26 (b) reports;
- 27 (c) accounting records;
- 28 (d) ledgers;
- 29 (e) subsidiary records;
- 30 (f) internal and external audit records;
- 31 (g) correspondence; and
- 32 (h) personnel records.
- 33 (5) An Operator shall retain the records for not less than five years or for a longer period required by
34 law for inspection by authorized State or federal government agents or officials. If a litigation, claim,
35 or audit is started before the expiration of the five-year period, the records shall be retained until
36 litigation, claims, or audit findings involving the records have been resolved.
- 37 (6) Compliance with G.S. 18C-910(b).

- 1 (7) An Operator shall, except as otherwise provided, notify the Director in writing at least 60 Days prior
2 to the scheduled destruction of records required to be retained in accordance with this Rule. This
3 notice shall list the types of record scheduled for destruction, including a description sufficient to
4 identify the records included, the retention period, and the date of destruction. If documents are to
5 be destroyed in the normal course of business in accordance with document retention policies
6 previously set forth in the Internal Controls approved by the Director, no notice to the Director shall
7 be required.
- 8 (8) The Commission or Director may prohibit the destruction of records required to be retained in
9 accordance with this Rule by so notifying the Operator in writing within 45 Days of receipt of the
10 notice of destruction pursuant to Paragraph (7) of this Rule or within the specified retention period.
11 Any original records in this regard may thereafter be destroyed only after notice from the
12 Commission or Director, or by order of the Commission on the petition of the Operator or by the
13 Commission or Director on its own initiative.
- 14 (9) The Operator may use the services of a disposal company for the destruction of records required to
15 be retained in accordance with this Rule.
- 16 (10) Nothing in this Chapter shall be construed as relieving an Operator from meeting an obligation to
17 prepare or maintain a book, record or document required by another federal, state or local
18 governmental body, authority or agency.

19
20 *History Note: Authority G.S. 18C-114(a)(14);*
21 *Previously adopted as Rule 1D-012;*
22 *Eff. January 8, 2024;*
23 *Readopted Eff. March 27, ~~2024~~, 2024;*
24 *Amended Eff. [DATE].*

1 **24 NCAC 06A .0416 BANK SECRECY ACT COMPLIANCE**

2 The Internal Controls shall ensure that the Operator remains in full compliance with provisions of The Bank Secrecy
3 Act of 1970, 31 U.S.C 5311, and related federal regulations, applicable to the operation of Sports Wagering or Pari-
4 Mutuel Wagering. The Commission's receipt, acknowledgement, or review of an Operator's internal controls
5 concerning legal requirements originating outside of the Act does not constitute a legal determination by the
6 Commission or its staff concerning the Operator's conduct or compliance with the law. The Operator shall:

7 (1) Maintain records related to its compliance with The Bank Secrecy Act of 1970, 31 U.S.C 5311,
8 including currency transaction reports, suspicious activity reports, and supporting documentation,
9 for five years or for a longer period required by law for inspection by agents or officials of the State
10 or federal government. If a litigation, claim, or audit is started before the expiration of the five-year
11 period, the records shall be retained until litigation, claims, or audit findings involving the records
12 have been resolved. The Operator shall provide the records to the Director and appropriate law
13 enforcement agencies on request consistent with the authorization prescribed in The Bank Secrecy
14 Act of 1970, 31 U.S.C 5311, and applicable regulations.

15 (2) Provide written notice to the Director as soon as the Operator becomes aware of a compliance review
16 that is conducted by the Internal Revenue Service under The Bank Secrecy Act of 1970, 31 U.S.C
17 5311, and involves or impacts the Operator. The Operator shall provide a copy of the compliance
18 review report or the equivalent to the Director within 10 Days after the receipt of the report by the
19 Operator.

20
21 *History Note: Authority G.S. 18C-114(a)(14);*
22 *Previously adopted as Rule 1D-016;*
23 *Eff. January 8, 2024;*
24 *Readopted Eff. March 27, 2024;*
25 *Amended Eff. June 22, ~~2024~~2024; [DATE].*

1 **24 NCAC 06A .0418 INTEGRITY MONITORING AND SUSPICIOUS BEHAVIOR**

2 (a) An Operator shall implement and maintain an effective Integrity Monitoring system. This solution may be
3 provided in-house by a unit capable of performing this function with appropriate segregation of functions and reporting
4 duties, or by a Supplier.

5 (b) The Internal Controls shall include provisions for an Operator, or an Integrity Monitoring Supplier acting on an
6 Operator's behalf and direction, to report to the Director as soon as practicable, but in no event longer than 72 hours
7 after discovery:

8 (1) information regarding irregularities in volume or changes in odds identified as Abnormal Wagering
9 Activity;

10 (2) information relating to the following which shall also be reported to the relevant Sports Governing
11 Body, racing regulatory body, or equivalent:

12 (A) Abnormal Wagering Activities or other patterns that may indicate a concern with the
13 integrity of a Wagering Event or Events;

14 (B) potential breaches of the internal rules and codes of conduct pertaining to Wagering of a
15 relevant Sports Governing Body, racing regulatory body, or the equivalent, to the extent
16 the Operator has actual knowledge of the potential breach; and

17 (C) other conduct that corrupts a Wagering outcome of a Wagering Event or events for
18 purposes of financial gain, including Event Corruption; and

19 (3) information relating to Suspicious or Illegal Wagering Activities, including the use of funds derived
20 from illegal activity, the placement of Wagers to conceal or launder funds derived from illegal
21 activity, the use of agents to place Wagers, and the use of false identification in placing Wagers.

22 (c) An Operator shall maintain the confidentiality of information provided by a Sports Governing Body, racing
23 regulatory body, or the equivalent for purposes of investigating or preventing the conduct described in Paragraph (b)
24 of this Rule, unless disclosure is required by the Act, the Commission, or other law or court order, or unless the Sports
25 Governing Body, racing regulatory body, or equivalent consents to disclosure.

26 (d) An Operator receiving a report of Suspicious or Illegal Wagering Activity shall be permitted to suspend Wagering
27 on Wagering Events or Wager Types related to the report and may place a hold on suspicious Wagers while
28 investigating, but may only cancel or void Wagers related to the report after receiving approval from the Commission
29 or Director.

30 (e) On request by the Commission or Director and following reasonable notice, an Operator or an Integrity Monitoring
31 Supplier acting on an Operator's behalf and direction shall provide remote, read-only access and the required software
32 and hardware for the Commission to evaluate or monitor the systems used for Wagering. If requested, the Operator
33 shall provide the Commission with remote access or other approved mechanism that shall provide at a minimum:

34 (1) all reports of Abnormal Wagering Activity;

35 (2) if the Abnormal Wagering Activity was subsequently determined to be Suspicious or Illegal
36 Wagering Activity;

37 (3) all reports considered at the outset to be Suspicious or Illegal Wagering Activity; and

- 1 (4) the actions taken by the Operator according to its Integrity Monitoring system.
- 2 (f) Nothing in this Rule shall require an Operator to provide information that is prohibited from being shared pursuant
- 3 to federal, state, local law, or regulation, including, but not limited to, laws and regulations relating to privacy and
- 4 Personal Information.
- 5 (g) An Operator shall maintain records of Integrity Monitoring services and activities, including reports and
- 6 Suspicious or Illegal Wagering Activity and supporting documentation, for a minimum of five years after a Wagering
- 7 Event occurs or for a longer period required by law for inspection by agents or officials of the State or federal
- 8 government. If a litigation, claim, or audit is started before the expiration of the five-year period, the records shall be
- 9 retained until litigation, claims, or audit findings involving the records have been resolved.
- 10 (h) The Operator shall disclose these records to the Commission on request.
- 11 (i) The Commission may require an Operator to provide access to hardware or software to the Commission, or to an
- 12 Independent Testing Laboratory, for evaluation of its Wagering offering or to conduct further monitoring of Wagering
- 13 data.

14

15 *History Note: Authority G.S. 18C-114(a)(14);*
16 *Previously adopted as Rule 1D-018;*
17 *Eff. January 8, 2024;*
18 *Readopted Eff. March 27, ~~2024~~, 2024;*
19 *Amended Eff. [DATE].*

1 **24 NCAC 06A .0421 DISPUTES PERTAINING TO WAGERING**

2 (a) The Operator's Internal Controls shall set forth its procedures for receiving, investigating, responding to and
3 reporting on disputes submitted to it by Players.

4 (b) An Operator shall include on their websites, mobile applications, and if applicable, within the Wagering Facility,
5 a clear mechanism to inform Players of their right to submit a dispute against the Operator, including:

- 6 (1) information explaining how to submit a dispute to the Operator;
- 7 (2) how the Operator seeks to respond to or resolve the dispute submitted by the Player; and
- 8 (3) how the Player may submit to the Commission a report of their dispute.

9 (c) When a Player submits a dispute to the Operator, the Operator shall immediately create a written dispute report,
10 setting out the:

- 11 (1) name of the Player or the Player's email address;
- 12 (2) nature of the dispute asserted;
- 13 (3) name of the Persons against whom the dispute was made, including employees or contractors;
- 14 (4) date and time of the purported conduct or incident giving rise to the dispute;
- 15 (5) date the Player submitted the dispute; and
- 16 (6) the nature of relief or action sought by the Player and, if applicable, the action taken or proposed to
17 be taken by the Operator to address the dispute.

18 (d) An Operator shall investigate and attempt to resolve disputes with the Player.

- 19 (1) An Operator shall respond to disputes in writing within 10 Days or may seek an extension of time
20 from the Director not to exceed 10 Days by providing information about why a response cannot be
21 provided within that time period.
- 22 (2) If the Operator will not grant or provide the Player the relief requested to resolve the dispute, then
23 the Operator shall state in writing and with specificity the reasons why the requested relief or action
24 will not be provided.
- 25 (3) If an Operator's response to a dispute is that more information is needed to address the dispute, the
26 Operator shall provide specific information to the Player about the form and nature of the needed
27 information. When the Player provides the Operator additional information, the Operator shall
28 provide to the Player any further response within seven Days.
- 29 (4) In its written response to the dispute asserted by the Player, the Operator shall advise the Player of
30 their right to submit the dispute to the Commission in the form and manner prescribed by the
31 Commission or Director.

32 (e) Unless otherwise directed by the Commission, for disputes related to Wagering Accounts, settlement of Wagers,
33 or activity that is contrary to the law related to Wagering that cannot be resolved to the satisfaction of the Player, the
34 Operator shall promptly notify the Director of the dispute, including all information submitted by the Player and the
35 Operator's response, along with other pertinent information and documentation.

1 (f) On receipt of a dispute from a Player or notification of an unresolved dispute from an Operator, the Director may
2 investigate as they consider to be appropriate and may direct an Operator to take corrective action the Commission or
3 Director considers appropriate, consistent with law and these Rules.

4 (g) Disputes received by an Operator from a Player and the Operator's responses to disputes, including internal records
5 such as dispute reports, shall be retained for five years thereafter or for a longer period required by law for inspection
6 by agents or officials of the State or federal government.

7 (1) If a litigation, claim, or audit is started before the expiration of the five-year period, the records shall
8 be retained until litigation, claims or audit findings involving the records have been resolved.

9 (2) The Operator shall produce these records to the Commission or Director within 10 Days of a request
10 by the Commission or Director or may seek an extension of time in writing from the Director not to
11 exceed 10 Days by providing information about why the requested records cannot be provided
12 within that time period and identifying when these records will be produced.

13

14 *History Note: Authority G.S. 18C-114(a)(14);*
15 *Previously adopted as Rule 1D-021;*
16 *Eff. January 8, 2024;*
17 *Readopted Eff. March 27, 2024;*
18 *Amended Eff. June 22, ~~2024~~2024; [DATE].*

1 **24 NCAC 06A .0426 ACCESS TO WAGERING DATA AND RECORDS BY COMMISSION OR THE**
2 **DEPARTMENT OF REVENUE**

3 (a) The Operator's Wagering data and records concerning its Wagering operation in the State shall be subject to
4 inspection, review, and audit by the Commission staff, as assigned by the Director, or by the Department of Revenue.

5 (b) The Internal Controls shall detail the Operator's controls to assure that all Wagering data and records concerning
6 its Wagering operation that the Commission requires to be maintained under the Act and these Rules are appropriately
7 segregated and controlled to prevent unauthorized access.

8 (c) The Operator shall provide the Commission or the Department of Revenue with access to the Wagering data and
9 records, on request and with reasonable notice.

10 (d) The Operator shall deliver all Wagering data and records requested by the Commission or the Department of
11 Revenue either by report or data file in the form and frequency required by the Commission or the Department of
12 Revenue. In lieu of providing copies of such information, the Operator may provide the Commission or the Department
13 of Revenue timely remote, electronic access to the Operator's records or information.

14 (e) The Operator shall retain the Wagering data and records for a minimum of five years or for a longer period required
15 by law for inspection by agents or officials of the State or federal government. If a litigation, claim, or audit is started
16 before the expiration of the five-year period, the records shall be retained until litigation, claims, or audit findings
17 involving the records have been resolved.

18
19 *History Note: Authority G.S. 18C-114(a)(14);*
20 *Previously adopted as Rule 1D-026;*
21 *Eff. January 8, 2024;*
22 *Readopted Eff. March 27, ~~2024~~2024;*
23 *Amended Eff. [DATE].*

1 **24 NCAC 06A .0502 ACCEPTANCE OF WAGERS**

2 (a) Wagers shall be placed through a Wagering Account or within a Wagering Facility.

3 (b) Available Wagers shall be displayed to Players and include the lines or odds, the Wager Type, and Wagering
4 Event on which Wagers are being accepted.

5 (c) An Operator may not set lines or odds or offer Wagering propositions designed to ensure that a Player will win a
6 Wager or a series of Wagers, unless the lines, odds, or Wagering propositions are offered in connection with a
7 promotion or bonus conducted in accordance with Rule .0503 of this Subchapter. An Operator may not accept a Wager
8 on a Wagering Event unless a Wagering proposition is posted on the Operator's websites, mobile applications, or if
9 applicable, within the Wagering Facility.

10 (d) Wagers placed through a Wagering Account or within a Wagering Facility may only be made by Players ~~using~~
11 using approved methods for funding Wagering Accounts pursuant to Rule .0708 of this Subchapter.

12 (1) ~~Cash;~~

13 (2) ~~Cash Equivalents converted to Cash;~~

14 (3) ~~credit cards or debit cards;~~

15 (4) ~~electronic funds transfers including automated clearing house and other electronic methods;~~

16 (5) ~~promotional or bonus credits;~~

17 (6) ~~winning Wagering Tickets or Vouchers;~~

18 (7) ~~funds within a Wagering Account;~~

19 (8) ~~a Player's reloadable prepaid account or card, which has been verified as being issued to the Player
20 and is nontransferable; and~~

21 (9) ~~other forms of payment approved by the Commission.~~

22 (e) The Operator shall debit the amount Wagered by a Player from their ~~Wagering Account.~~ Account or Wagering
23 Kiosk balance. Wagers shall not be accepted in an amount in excess of an ~~Account balance.~~ balance or available funds
24 on the Wagering Kiosk.

25 (f) No Operator shall accept a Wager from a Person through the use of the Wagering Account of or for another Person.
26 No Operator shall knowingly allow a Person to make a Wager utilizing the Wagering Account of another Person.

27 (g) An Operator shall file with the Commission, in a manner and form developed by the Commission, a report of an
28 error that occurs in offering a Wagering Event or Wager or if an unapproved event or Wager Type is offered to the
29 public.

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

32 *Previously adopted as Rule 1E-002;*

33 *Eff. January 8, 2024;*

34 *Readopted Eff. March 27, 2024;*

35 *Amended Eff. June 22, 2024-2024; [DATE].*

1 **24 NCAC 06A .0708 ACCOUNT DEPOSITS**

2 (a) A Wagering Account may be funded using approved methods which shall produce a sufficient audit trail for
3 verification of the source of funds of the Wagers. The Operator’s Internal Controls shall include a list of funding
4 methods it intends to offer on its platform with detailed information about the Operator’s procedures in place to prevent
5 and investigate money laundering and fraud as it relates to each funding method. The Director may prohibit the use
6 of certain funding methods due to insufficient audit capability, financial or security risk to the consumer, or other
7 reason as provided by the Director. Approved methods for funding Wagering Accounts include:

- 8 (1) Cash;
- 9 (2) Cash Equivalents converted to Cash;
- 10 (3) credit cards and debit cards;
- 11 (4) electronic funds transfers including automated clearing house and other electronic methods;
- 12 (5) promotional or bonus credits;
- 13 (6) Winnings;
- 14 (7) adjustments made by the Operator with documented notification to the Player;
- 15 (8) a prepaid access instrument, which for purposes of this Rule is a reloadable prepaid account or a
16 reloadable prepaid card, either of which has been verified as being issued to the Player at the time
17 of purchase and is nontransferable; and
- 18 (9) other forms of payment approved by the Commission.

19 (b) The Wagering Account shall be credited for deposits in accordance with the Internal Controls as submitted by the
20 Operator and approved by the Commission.

21 (c) The Operator shall make commercially reasonable efforts to protect and account for the Registered Player’s funds
22 held in a Wagering Account.

23
24 *History Note: Authority G.S. 18C-114(a)(14);*
25 *Previously adopted as Rule 1G-008;*
26 *Eff. January 8, 2024;*
27 *Readopted Eff. March 27, ~~2024~~, 2024;*
28 *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. For purposes of this Rule, "block" means to prevent a Registered Player from accessing
14 the Operator's platform to place a wager or view wager offerings, promotions, or bonuses. The Operator shall, at
15 minimum, undertake commercially reasonable efforts to:

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

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

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

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

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

32 (6) If a Player has pending Wagers prior to being blocked, handle these Wagers in accordance with the
33 Operator's terms and conditions.

34 (d) If an Operator restricts or suspends a Registered Player's account due to responsible gaming concerns, as
35 determined by the Operator, and without the Registered Player's express request to be excluded or blocked, the
36 Operator shall undertake commercially reasonable efforts to comply with the requirements under Paragraph (c) of this
37 Rule.

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

1 **24 NCAC 06A .0714 SUSPENSION AND RESTORATION OF WAGERING ACCOUNTS**

2 (a) An Operator shall place a Wagering Account into a suspended mode:

- 3 (1) when a Registered Player ~~requests a break~~ blocks themselves from Wagering for a specified period,
4 which shall not be a period less than 72 hours; hours, pursuant to 24 NCAC 06A .0713(c);
- 5 (2) when required by the Commission or Director;
- 6 (3) if the Operator determines it lacks sufficient information to verify the age and eligibility of the
7 Registered Player;
- 8 (4) on a determination by an Operator that a Registered Player:
- 9 (A) has provided false or misleading information in connection with the opening of the Account
10 or has engaged in Event Corruption, collusion, cheating or other unlawful conduct;
- 11 (B) is or has been barred from placing Wagers in the State;
- 12 (C) is or has otherwise become an Ineligible Person; or
- 13 (D) is deceased or incapacitated;
- 14 (5) when initiated by an Operator that has evidence that indicates:
- 15 (A) illegal activity including providing false or misleading information in connection with the
16 opening of the Account, or engaging in collusion, cheating, or other unlawful conduct;
- 17 (B) a negative Wagering Account balance; or
- 18 (C) a violation of the terms and conditions has taken place on a Player's Wagering Account; or
- 19 (6) for another non-discriminatory reason at the sole discretion of the Operator, so long as the reason is
20 not based on a Registered Player's race, color, religion, national origin, age, sex, sexual orientation,
21 gender identity, veteran status, disability, or other lawfully protected characteristic under federal,
22 State, or local law.

23 (b) When a Wagering Account is in a suspended mode, the Operator shall:

- 24 (1) prevent the Registered Player from placing Wagers;
- 25 (2) prevent the Registered Player from depositing funds unless the Account is suspended due to having
26 a negative Wagering Account balance, but only to the extent the Account balance is brought back
27 to zero dollars;
- 28 (3) prevent the Registered Player from withdrawing funds from their Account, unless the Operator
29 acknowledges that the funds have cleared, and that the reasons for Suspension would not prohibit a
30 withdrawal;
- 31 (4) prevent the Registered Player from making changes to their Account;
- 32 (5) prevent the removal of the Account; and
- 33 (6) prominently display to the Registered Player that the Account is in a suspended mode, the
34 restrictions placed on the Account, and further course of action needed to remove the suspended
35 ~~mode.~~ mode; and
- 36 (7) if the Wagering Account is suspended due to suspected Abnormal Wagering Activity, provide notice
37 to the Registered Player and conduct an investigation in a reasonable and expedient fashion.

1 providing the Registered Player additional written notice of the status of the Wagering Account
2 every fourteenth Day starting from the Day the original notice was provided to the Registered
3 Player.

4 (c) A Wagering Account in a suspended mode may be restored:

- 5 (1) upon completion of the break from Wagering established by the Registered Player;
- 6 (2) if authorized by the Director;
- 7 (3) when the Registered Player is no longer an Ineligible Person; or
- 8 (4) when the Operator has lifted the suspended status.

9 (d) In the event of termination of the Wagering Account in accordance with this Rule, the Registered Player shall be
10 provided a timely ability to access and withdraw funds remaining in the Wagering Account, if the Operator
11 acknowledges that the funds have cleared and that the reasons for termination would not prohibit a withdrawal.

12
13 *History Note: Authority G.S. 18C-114(a)(14);*
14 *Previously adopted as Rule 1G-014;*
15 *Eff. January 8, 2024;*
16 *Readopted Eff. March 27, 2024.*
17 *Amended Eff. [DATE].*

1 **24 NCAC 06A .0717 TEST ACCOUNTS**

2 An Operator shall establish and maintain test Accounts to be used by the Operator and the Commission or Director to
3 test and audit the various components and operation of the systems used for Wagering pursuant to Internal Controls,
4 which shall address:

- 5 (1) the procedures for issuing funds used for testing, including the identification of who may issue the
6 funds and the maximum amount of funds that may be issued;
- 7 (2) the procedures for assigning a test Account for use by only one Individual; however, an Operator
8 may establish a specific scenario or instance of a test Account that may be shared by multiple users
9 if a user's activities are separately logged;
- 10 (3) the maintenance of a record for test Accounts, to include when they are active, to whom they are
11 issued, and the employer of the Individual to whom they are issued;
- 12 (4) the procedures for auditing testing activity by the Operator to ensure the accountability of funds
13 used for testing and proper adjustments to Wagering records; and
- 14 (5) the procedures for authorizing and auditing out-of-state test activity.

15
16 *History Note: Authority G.S. 18C-114(a)(14);*
17 *Previously adopted as Rule 1G-017;*
18 *Eff. January 8, 2024;*
19 *Readopted Eff. March 27, ~~2024~~, 2024;*
20 *Amended Eff. [DATE].*

1 **SUBCHAPTER 06B – SPORTS WAGERING**

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

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

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

- 8 (1) "Amateur Sports" has the meaning provided in G.S. 18C-901(1).
9 (2) "Card" means the list of Sporting Events and Wager Types from which a Player may make selections
10 for a given Pool.
11 (3) "College Sports" has the meaning provided in G.S. 18C-901(3).
12 (4) "Collegiate Sporting Event" means a sport or athletic event offered or sponsored by, or played in
13 connection with, a public or private institution that offers educational services beyond the secondary
14 level.
15 (5) "Collegiate Tournament" means a series of College Sports or athletic events involving four or more
16 collegiate teams that make up a single unit of competition.
17 (6) "Covered Services" has the meaning provided in G.S. 18C-901(4).
18 (7) "Data Source" means a Supplier that sells league or event data, participant data or statistics, or team
19 statistics required to enable Sports Wagering.
20 (8) "eSports" or "Electronic Sports" has the meaning provided in G.S. 18C-901(5).
21 (9) "eSports Competition" means leagues, competitive circuits, tournaments, or similar competitions
22 where Individuals or teams play video games, typically for spectators, either in-person or online, for
23 the purpose of prizes, money, or entertainment.
24 (10) "eSports Competition Operator" means a Person which sanctions, regulates, or organizes an eSports
25 Competition.
26 (11) "Exchange Wagering" means a form of Wagering in which two or more Persons place identically
27 opposing Wagers in a given market, allowing Players to Wager on both winning and non-winning
28 outcomes in the same event.
29 (12) "Geofencing" has the meaning provided in G.S. 18C-901(6).
30 (13) "GLI-CMP Guide" means the Gaming Laboratories International, GLI-CMP: Change Management
31 Program Guide, Version 1.0, Published May 6, 2020, including amendments or subsequent editions.
32 (14) "GLI-33 Standards" means the Gaming Laboratories International, GLI-33: Standards for Event
33 Wagering Systems, Version 1.1, and its appendices, Revised May 14, 2019, including amendments
34 or subsequent editions.
35 (15) "Gross Wagering Revenue" has the meaning provided in G.S. 18C-901(7).
36 (16) "High School Sporting Event" means a Sporting Event participated in or offered or sponsored by a
37 public or private institution that offers educational services at the secondary level.

- 1 (17) "In-Game Wagering" means placing a Sports Wager after a Sporting Event has started.
- 2 (18) "Layoff Wager" means a Sports Wager placed by a Sports Wagering Operator with another Sports
3 Wagering Operator to offset Sports Wagers.
- 4 (19) "Motorsports Facility" has the meaning provided in G.S. 18C-901(10d).
- 5 (20) "Official League Data" has the meaning provided in G.S. 18C-901(11).
- 6 (21) "Pool" means an offering where Players may make selections of outcomes on a set number of
7 Sporting Events and Wager Type on a Card to enter for a chance to win the Prize Pool or a portion
8 thereof.
- 9 (22) "Prize Pool" means the prizing available for an Individual tournament, contest, or Pool.
- 10 (23) "Professional Golf Tournament" has the meaning provided in G.S. 18C-901(12d).
- 11 (24) "Professional Sports" has the meaning provided in G.S. 18C-901(13). Professional Sports do not
12 encompass or include any Amateur Sports, Colleges Sports, Youth Sports, or High School Sporting
13 Event.
- 14 (25) "Professional Sports Team" has the meaning provided in G.S. 18C-901(13d).
- 15 (26) "Rake" means the fee that is deducted by an Operator from a Wager made for Exchange Wagering
16 or other peer-to-peer Wagering, or entry fees paid by Players who participate in a tournament,
17 contest, or Pool.
- 18 (27) "Rake Adjustment" means an adjustment made by an Operator to account for shortfalls in
19 connection with Exchange Wagering or other peer-to-peer Wagering, tournament, contest, or Pool.
- 20 (28) "Registered Player" has the meaning provided in G.S. 18C-901(14).
- 21 (29) "Service Provider License" means a License issued by the Commission to a Service Provider for
22 Sports Wagering under G.S. 18C-906.
- 23 (30) "Shared Liquidity Pool" means a tournament, contest, or Pool being offered in North Carolina and
24 one or more other jurisdictions.
- 25 (31) "Sporting Event" has the meaning provided in G.S. 18C-901(16).
- 26 (32) "Sports Wagering Brand" has the meaning provided in G.S. 18C-901(20).
- 27 (33) "Sports Wagering Network" means the offering of Exchange Wagering or other peer-to-peer
28 Wagering through the linking of Players:
- 29 (a) of one or more Sports Wagering Operators in the State; or
- 30 (b) that Players may be pooled from multiple Sports Wagering Operators or from a single
31 Sports Wagering Operator in multiple jurisdictions, pursuant to Commission approval.
- 32 (34) "Sports Wagering Platform" has the meaning provided in G.S. 18C-901(21).
- 33 (35) "Sports Wagering System" means the hardware, software, firmware, Communication Technology,
34 and other equipment used in connection with a Sports Wagering Platform, as well as procedures
35 implemented to allow Player participation in Sports Wagering, and, if supported, the corresponding
36 equipment related to the display of the Wager outcomes, and other similar information required to
37 facilitate Player participation, including Sports Wagering Platforms themselves.

1 (36) "Supplier License" or "Sports Wagering Supplier License" means a License issued by the
2 Commission to a Supplier under G.S. 18C-907.

3 (37) "Tier One Sports Wager" has the meaning provided in G.S. 18C-901(23).

4 (38) "Tier Two Sports Wager" has the meaning provided in G.S. 18C-901(24).

5 (39) ~~"Virtual Sporting Event" means a Sporting Event where elements of the event, including the results,~~
6 ~~are generated by a random number generator.~~ RESERVED FOR FUTURE USE.

7 (40) "Wagering Account" or "Account" means an Interactive Account as defined in G.S. 18C-901(8).

8 (41) "Youth Sports" has the meaning provided in G.S. 18C-901(26).

9 (42) "Written Designation Agreement" means the written, executed, and complete contractual agreement
10 between an Interactive Sports Wagering Operator or Interactive Sports Wagering Operator
11 Applicant and a non-operator party eligible to enter such agreement, pursuant to G.S. 18C-905(a).
12 A Written Designation Agreement includes all written contracts executed by and between these
13 parties and executed by and between the parties' respective Affiliates.

14

15 *History Note: Authority G.S. 18C-114(a)(14);*
16 *Previously adopted as Rule 2A-001;*
17 *Eff. January 8, 2024;*
18 *Readopted Eff. March 27, ~~2024~~, 2024;*
19 *Amended Eff. [DATE].*

1 (10) other categories of Sporting Event or Wager Type until the Sporting Event or Wager Type has been
2 approved by the Commission in accordance with Rule .0302 of this Subchapter.

3

4 *History Note:* *Authority G.S. 18C-114(a)(14);*
5 *Previously adopted as Rule 2C-001;*
6 *Eff. January 8, 2024;*
7 *Readopted Eff. March 27, ~~2024~~, 2024;*
8 *Amended Eff. [DATE].*

1 **24 NCAC 06B .0304 DATA SOURCES FOR SPORTS WAGERING**

2 (a) An Operator shall report to the Commission and Director the Data Sources that it uses to resolve Sports Wagers.
3 The Commission may disapprove of a Data Source for any reason.

4 (b) Data Sources shall be subject to the following conditions:

5 (1) The Data Source and corresponding data shall be complete, accurate, reliable, timely, and available.

6 (2) The Data Source shall be appropriate to settle the category of Sporting Events and Wager Types for
7 which it is used.

8 (3) The proprietor or manager of a Data Source that provides data directly to an Operator shall be
9 Licensed by the Commission as a Supplier.

10 (4) The Data Source and corresponding data shall meet other conditions set by the Commission.

11 (c) Operators are not required to use Official League Data for determining:

12 (1) the results of Tier One Sports Wagers on Sporting Events of an organization whether headquartered
13 in the United States or elsewhere; ~~or~~

14 (2) the results of Tier Two Sports Wagers on Sporting Events of organizations that are not
15 headquartered in the United States; ~~or~~

16 (3) the results of Tier Two Sports Wagers on Sporting Events of organizations headquartered in the
17 United States, unless the Sports Governing Body submits a notification to the Commission pursuant
18 to Paragraph (d) of this Rule.

19 (d) A Sports Governing Body headquartered in the United States may notify the Commission that it desires Operators
20 to use Official League Data to settle Tier Two Sports Wagers on Sporting Events of the Sports Governing Body.
21 Notification shall be made in the form and manner as the Commission may require and shall include:

22 (1) identification information for the Sports Governing Body;

23 (2) identification and contact information for an Individual who will be the primary point of contact for
24 issues related to the provision of Official League Data and compliance with the Act and these Rules;

25 (3) identification and contact information for designees that are or will be expressly authorized by the
26 Sports Governing Body to provide Official League Data in North Carolina;

27 (4) copies of contracts relevant to the provision of Official League Data in North Carolina, including:

28 (A) copies of contracts between the Sports Governing Body and designees that are or will be
29 expressly authorized by the Sports Governing Body to provide Official League Data in
30 North Carolina;

31 (B) copies of contracts between the Sports Governing Body or its designees and Sports
32 Wagering Operators in North Carolina; and

33 (C) a description of the Official League Data the Sports Governing Body desires to provide;
34 and

35 (5) other information required by the Commission.

36 (e) A Sports Governing Body may not submit a notification under Paragraph (d) of this Rule unless the Commission
37 has authorized Operators to accept Tier Two Sports Wagers on athletic events of the Sports Governing Body.

1 (f) The Director shall notify Operators of a Sports Governing Body's notification within five Days of the Commission's
2 receipt of the notification. If a Sports Governing Body does not so notify the Commission, an Operator is not required
3 to use Official League Data for determining the results of Tier Two Sports Wagers on Sporting Events of that Sports
4 Governing Body.

5 (g) Within 60 Days of the Commission notifying Operators of a Sports Governing Body notification to the
6 Commission, or longer period as may be agreed between the Sports Governing Body and the applicable Operator,
7 Operators shall use only Official League Data to determine the results of Tier Two Sports Wagers on Sporting Events
8 of that Sports Governing Body, unless:

9 (1) the Sports Governing Body or its designee cannot provide a data feed of Official League Data to
10 determine the results of a particular type of Tier Two Sports Wager, in which case Operators are not
11 required to use Official League Data for determining the results of the applicable Tier Two Sports
12 Wager until a data feed becomes available from the Sports Governing Body on commercially
13 reasonable terms and conditions;

14 (2) an Operator demonstrates to the Commission that the Sports Governing Body or its designee will
15 not provide a data feed of Official League Data to the Operator on commercially reasonable terms
16 and conditions; or

17 (3) the designee of the Sports Governing Body does not obtain a Supplier License from the Commission
18 to provide Official League Data to Operators to determine the results of Tier Two Sports Wagers,
19 if and to the extent required by law.

20 (h) Beyond the 60 Day period referenced in Paragraph (g), an Operator may demonstrate at any time that the Sports
21 Governing Body or its designee will not provide a data feed of Official League Data to the Operator on commercially
22 reasonable terms and conditions, provided the parties have engaged in good-faith negotiations in connection with
23 Official League Data and the Operator provides prior written notice to the Sports Governing Body.

24 (i) During the pendency of the Commission's determination as to whether a Sports Governing Body or its designee
25 will provide a data feed of Official League Data on commercially reasonable terms, an Operator is not required to use
26 Official League Data for determining the results of Tier Two Sports Wagers. The Commission's determination shall
27 be made within 60 Days of the Operator providing the Commission with documentation that the Operator believes
28 demonstrates that the Sports Governing Body or its designees will not provide a data feed of Official League Data to
29 the Sports Wagering Operator on commercially reasonable terms. The following is a non-exclusive list of factors the
30 Commission may consider in evaluating whether Official League Data is being offered on commercially reasonable
31 terms and conditions for purposes of this Rule:

32 (1) The extent to which Operators have purchased the same or similar Official League Data on the same
33 or similar terms, particularly in jurisdictions where a purchase was not required by law, or was
34 required by law, but only if offered on commercially reasonable terms.

35 (2) The nature and quantity of the Official League Data, including its speed, accuracy, reliability, and
36 overall quality, as compared to comparable non-official data.

1 (3) The quality and complexity of the process used to collect and distribute the Official League Data as
2 compared to comparable non-official data.

3 (4) The availability of a Sports Governing Body's Tier Two Official League Data to an Operator from
4 more than one authorized source.

5 (5) Market information, including price and other terms and conditions, regarding the purchase by
6 Operators of comparable data to settle Sports Wagers in this State and other jurisdictions.

7 (6) The extent to which Sports Governing Bodies or their designees have made data used to settle Tier
8 Two Sports Wagers available to Operators and terms and conditions relating to the use of that data.

9 (7) Other information the Commission considers relevant.

10 (j) At any time, a Sports Governing Body may give written notification to the Commission and Operators to which
11 the Sports Governing Body or its designee provides Official League Data that the Sports Governing Body intends to
12 stop providing Official League Data. The written notification shall specify in the date on which the Sports Governing
13 Body shall stop providing Official League Data. The date shall be no fewer than seven Days later than the date of the
14 written notification. On receipt of the written notification, an Operator may use any Data Source that meets the
15 requirements of Paragraph (b) of this Rule to determine the results of Tier Two Sports Wagers on athletic events of
16 the Sports Governing Body.

17 (k) A Sports Governing Body on whose Sporting Events Sports Wagering is authorized may enter into commercial
18 agreements with Operators or other entities in which the Sports Governing Body may share in the amount bet from
19 Sports Wagering on Sporting Events of the Sports Governing Body. A Sports Governing Body is not required to obtain
20 a License or another approval from the Commission to lawfully accept these amounts.

21

22 *History Note: Authority G.S. 18C-114(a)(14);*
23 *Previously adopted as Rule 2C-004;*
24 *Eff. January 8, 2024;*
25 *Readopted Eff. March 27, ~~2024~~, 2024;*
26 *Amended Eff. [DATE].*

1 **24 NCAC 06B .0307 CANCELED OR VOIDED WAGERS**

2 (a) Wagers shall not be canceled or voided without prior approval of the Director, unless the Wagers are canceled or
3 voided by an authorized supervisory employee of the Operator, in accordance with this Rule or as provided for in an
4 Operator's approved Internal Controls or Wagering Rules.

5 (b) Cancellation of an otherwise validly placed Wager by an Operator shall be nondiscretionary. An Operator may
6 cancel or void a Wager without prior authorization of the Director only as provided for in an Operator's approved
7 Internal Controls, Wagering Rules, or under the following circumstances:

8 (1) a Wager where after a Player has placed a Wager, the Wagering Event is canceled, postponed or
9 rescheduled to a different date prior to completion of the Wagering Event;

10 (A) in the case of a Wager on a portion of a Wagering Event, that Wager shall be valid when
11 the event is canceled, postponed, or rescheduled if the outcome of the affected portion was
12 determined prior to the cancellation, postponement, or rescheduling; or

13 (B) an Operator may establish a timeframe in which an event may be rescheduled or postponed
14 without canceling the Wager. This timeframe shall be tied to specific Wagering Events,
15 subject to the approval of the Commission, and documented in the Wagering Rules;

16 (2) a change in the venue where a Wagering Event was scheduled to be held occurs after a Player has
17 placed a Wager;

18 (3) a Wager when an Individual participant fails to participate in a Wagering Event and the outcome of
19 the Wager is solely based on that Individual participant's performance;

20 (4) a Wager received for an act, or set of acts, to be performed during a Wagering Event when an act or
21 acts does not occur and the ability to Wager on the non-occurrence of the event was not offered;

22 (5) a Wager received on whether a team will qualify to participate in post-season competitions when
23 the number of teams allowed to participate in the post-season changes after a Player has placed a
24 Wager;

25 (6) changes to rules by a Sports Governing Body or equivalent regarding the format or number of
26 participants scheduled to participate in a defined phase of a Wagering Event or in the event that a
27 defined phase is not played at all;

28 (7) when, prior to the start of the Wagering Event, a Player requests a Wager be canceled or voided due
29 to an error in communicating the type, amount or parameters of the Wager; or

30 (8) when authorized or ordered by the Commission pursuant to this Rule.

31 (c) Where the Operator has a reasonable basis to believe there was an obvious error in the placement or acceptance
32 of the Wager, the Operator may use its discretion to cancel the Wager without prior authorization from the Director.
33 Obvious errors shall be defined in the Operator's Wagering Rules. Such errors include, but are not limited to:

34 (1) human error in the placement of the Wager;

35 (2) the Ticket does not correctly reflect the Wager; or

36 (3) equipment failure rendering a Ticket unreadable.

- 1 (d) An Operator may cancel or void a Wager for a material change in circumstances for a given Wagering Event or
2 Wager Type occurs, provided:
- 3 (1) the Director approves the material change;
 - 4 (2) the Operator documents the material change in its Wagering Rules; and
 - 5 (3) the Operator displays what constitutes a material change to a Player at the time of placement of the
6 Wager.
- 7 (e) ~~Any cancellation of Wagers under this Rule shall be reported to the Director.~~ On a monthly basis, the Operator
8 shall report all Wagers canceled or voided without prior authorization from the Director, to the Director on a form and
9 in a manner prescribed by the Director.
- 10 (f) For circumstances that are not set forth in Paragraphs (b), (c), or (d) of this Rule, an Operator may request that the
11 Director authorize the cancellation or voiding of Wagers of a specific type, kind, or subject. An Operator shall submit
12 its request to cancel or void the Wager in writing, and the request shall contain:
- 13 (1) a description of the type, kind, or subject of Wager the Operator is requesting to cancel or void;
 - 14 (2) a description of facts relevant to the request; and
 - 15 (3) an explanation why cancelling or voiding the Wager is in the best interests of the State or ensures
16 the integrity of the Sports Wagering industry.
- 17 (g) When an Operator requests that the Director authorize the cancellation or voiding of one or more wagers, wagers
18 related to the request shall be placed in a pending status until the Director rules on the request.
- 19 (h) The Operator shall provide any additional information requested by the Director to review and approve a request
20 to cancel or void one or more wagers.
- 21 (i) The Director shall issue a written order granting or denying the request to cancel or void the Wager. In determining
22 whether to grant or deny the request, the Director shall consider relevant factors, including whether:
- 23 (1) the alleged facts or other information provided to the Director implicate the integrity of the
24 Wagering Event subject to the Wager or the Sports Wagering industry;
 - 25 (2) the alleged facts or other information provided to the Director implicate possible illegal activity
26 relating to the Wagering Event or the Sports Wagering industry;
 - 27 (3) allowing the Wager would be unfair to Players; or
 - 28 (4) allowing the Wager is contrary to public policy.
- 29 (j) No Wager subject to the request to cancel or void shall be redeemed, canceled, or voided, until the Director issues
30 an order granting or denying the request to cancel.
- 31 (k) If the Director grants the request to cancel or void, the Operator shall make commercially reasonable efforts to
32 notify Players of the cancellation or voiding of the Wager.
- 33 (l) The Director has discretion to order Operators to cancel or void Wagers on a specific Wagering Event or Wagers
34 of a specific type or kind on a specific Wagering Event. In exercising its discretion, the Director shall apply the same
35 factors described in Paragraphs (b), (c), and (d) of this Rule.
- 36 (m) A Player may request that the Director review Wagers declared canceled or voided by an Operator. If the Director
37 concludes there is no reasonable basis to believe there was obvious error in the placement or acceptance of the Wager,

1 and the reason for cancellation is not otherwise set out in Paragraphs (b), (c), or (d) of this Rule, the Director may
2 order the Operator to honor the Wager.

3 (n) A Wager shall not be declared canceled or voided without the approval of an authorized supervisory employee of
4 the Operator, unless the Director has issued an order requiring the Wager to be canceled or voided.

5 (o) If a Wager is declared canceled or voided, the Wager shall be refunded to the Player and that amount shall be
6 deducted from the Gross Wagering Revenue.

7

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

9 *Previously adopted as Rule 2C-007;*

10 *Eff. January 8, 2024;*

11 *Readoption Eff. March 27, ~~2024~~ 2024;*

12 *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) “Horse Race” means an individual Horse Race conducted in real time at a Sending Track that is
18 transmitted by Simulcast to an ADW Operator for Pari-Mutuel Wagering. This may include races
19 among Appaloosas, Arabians, Mules, Paints, Standardbreds, Thoroughbreds, Quarter Horses, and
20 any other regulated race exclusively among equine animals as approved by the Director. Horse
21 Race does not include a race that occurred in the past or a virtual race with animated representations
22 of horses.
- 23 (6) “Minus Pool” means a Mutuel Pool in which the amount to be distributed on winning Wagers
24 exceeds the amount contained in that Mutuel Pool after takeout and deductions.
- 25 (7) “Mutuel Pool” or “Pari-Mutuel Wagering Pool” means any pool into which Pari-Mutuel Wagers
26 made by a Registered Player are placed. For every Wager placed into a Mutuel Pool by a Registered
27 Player, that Registered Player is eligible to receive at least a minimum payout on a winning Wager
28 as determined by the law governing the Sending Track.
- 29 (8) “Pari-Mutuel” means a system of wagering whereby the winners divide the total amount bet, after
30 deducting takeout, fees, breakage, and taxes, in proportion to the amount individually wagered.
- 31 (9) “Pari-Mutuel Wagering Platform” means a website, mobile application, or other interactive platform
32 accessible via the internet, mobile, wireless, or similar communication technology that a Registered
33 Player may use to place Pari-Mutuel Wagers authorized under the Act.
- 34 (10) “Pari-Mutuel Wagering System” means the hardware, software, firmware, Communication
35 Technology, and other equipment used in connection with a Pari-Mutuel Wagering Platform, as
36 well as procedures implemented to allow Registered Players’ participation in Pari-Mutuel
37 Wagering, and, if supported, the corresponding equipment related to the display of the Wager

1 outcomes, and other similar information required to facilitate Registered Player participation,
2 including Pari-Mutuel Wagering Platforms themselves.

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

11 (12) “Scratch” means the withdrawal of a participant entered for a Horse Race after the time of closing
12 of wagering for the Horse Race.

13 (13) “Sending Track” means:

14 (a) a racetrack that conducts Simulcasts and the host of which is lawfully permitted to conduct
15 a Horse Race and to provide Simulcasts to the ADW Operator by an official regulatory
16 body in the jurisdiction in which the racetrack is located; or

17 (b) an entity authorized by the racetrack to conduct and provide Simulcasts on Horse Races
18 conducted by the racetrack to the ADW Operator.

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

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

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

22 (a) provide the ADW Operator information related to Horse Races that is used to determine
23 winners of Horse Races or payoffs on Pari-Mutuel Wagers accepted by the ADW Operator;

24 or

25 (b) act on behalf of an ADW Operator to obtain a Simulcasting Agreement between the ADW
26 Operator and a Sending Track.

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

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

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

36
37 History Note: Authority G.S. 18C-114(a)(14);

1

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**

2 (a) An ADW Operator shall ensure that all Pari-Mutuel Wagering Vendors register their business with the Commission
3 prior to utilizing their services to provide Pari-Mutuel Wagering. Upon commencing operations, the ADW Operator
4 shall only use Pari-Mutuel Wagering Vendors who maintain their registration with the Commission.

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

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

10
11 *History Note: Authority G.S. 18C-114(a)(14);*

12 *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. Every Simulcasting Agreement between an ADW Operator
4 or Simulcast Source and a Sending Track shall:

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

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

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

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

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

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

17 (2) acknowledges and confirms compliance with the requirements in Paragraph (a) of this Rule;

18 (3) affirms the length of term of the agreement; and

19 (4) is signed and affirmed by an officer or director of the ADW Operator.

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

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

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

27 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) The ADW Operator shall provide real-time audio-visual access to the Horse Race through the ADW Operator's
18 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) The ADW Operator may not offer Pari-Mutuel Wagering on a Horse Race if the Totalisator utilized by the ADW
24 Operator is not able to communicate with the Totalisator utilized by the Sending Track hosting the Horse Race or if
25 the audio-visual feed is not available to the Registered Player through the Operator's Pari-Mutuel Wagering Platform.

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

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

29 *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.

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

9 (1) 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) circumstances under which the ADW Operator will void a Wager;

16 (8) treatment of errors, late Wagers, and related contingencies;

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

18 (10) method of contacting the ADW Operator for questions and disputes;

19 (11) description of Ineligible Persons;

20 (12) methods of funding a Wager;

21 (13) the Takeout rate for each Wager; and

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

23 (d) 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 the Sending Track. The types of wagering, Takeout amount, methods for Breakage, methods for the
4 distribution of winnings, and rules of racing shall be determined in accordance with the law or policy applicable to
5 the Sending Track.

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

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

11 (1) anonymized information regarding an Individual who places a Wager;

12 (2) the amount and Wager Type;

13 (3) the time the Wager was placed;

14 (4) relevant location information, including the Internet Protocol address if applicable;

15 (5) the outcome of the Wager; and

16 (6) records of Abnormal Wagering Activity.

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

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

23
24 History Note: Authority G.S. 18C-114(a)(14);

25 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.

4

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

6 *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.

8 (b) An ADW Operator shall conduct further testing as prescribed by the Director upon the Pari-Mutuel Wagering
9 System and other wagering equipment.

10 (c) If the ADW Operator's Pari-Mutuel Wagering System fails to meet requirements as established by these Rules and
11 the Commission, or the ADW Operator fails to timely test the Pari-Mutuel Wagering System as prescribed by the
12 Director, the Commission may require the ADW Operator to suspend Pari-Mutuel Wagering until such time as the
13 ADW Operator has conducted the required testing, corrected all deficiencies of the Pari-Mutuel Wagering System
14 identified through testing, and demonstrated compliance to the Commission.

15 (d) If the Director determines that an ADW Operator's testing is insufficient or if testing identifies system deficiencies,
16 the Director may require an ADW Operator submit its Pari-Mutuel Wagering System to an Independent Testing
17 Laboratory for further testing.

18 (d) 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].*

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

2 (a) An ADW Operator shall require the Registered Player to confirm or update their residential address at minimum
3 every three months from the time of Account creation. If the Registered Player fails to log into their Account for three
4 months or more, the ADW Operator shall require the Registered Player to confirm or update their residential address
5 the next time the Registered Player logs into their Account.

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

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

9 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 three years after a Horse Race occurs, records on all of the following for
3 each Pari-Mutuel Wager as logged by the Pari-Mutuel Wagering System:

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

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

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

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

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

14 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 information security services, payment services, geolocation services, and
32 other services which may be offered directly by the ADW Operator or involve the use of
33 third-parties; and
- 34 (g) other specific criteria or standards for the documented system security testing as prescribed
35 by the Commission.
- 36 (3) To qualify as a third-party contractor, the third-party contractor shall:

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

1

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

3 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 procedures shall verify that four quarterly internal and external scans took place in the past twelve months
6 and that re-scans occurred until “High Risk” or “Critical” vulnerabilities were resolved or accepted via a formal risk
7 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].*