

Response to:

Puerto Rico Gaming Commission



Puerto Rico Sports Betting and Fantasy Contest Regulations

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Table of Contents

STATEMENT OF MOTIVES	1
ARTICLE 1 GENERAL PROVISIONS.....	2
ARTICLE 2 LICENSING REQUIREMENTS	15
ARTICLE 3 OPERATOR ORGANIZATION STRUCTURE	32
ARTICLE 4 MINIMUM INTERNAL CONTROL STANDARDS	41
ARTICLE 5 OPERATOR PROCEDURES AND PRACTICES.....	46
ARTICLE 6 AUTHORIZED LOCATION OPERATIONS	61
ARTICLE 7 SPORTS BETTING OPERATIONS	77
ARTICLE 8 FANTASY CONTEST OPERATIONS.....	98
ARTICLE 9 PLAYER ACCOUNT MANAGEMENT	103
ARTICLE 10 BANK SECRECY ACT AND ANTI-MONEY LAUNDERING	113
ARTICLE 11 TECHNICAL SECURITY AND INFORMATION SECURITY SYSTEMS.....	116
ARTICLE 12 COMMISSION’S LISTS FOR INVOLUNTARY AND VOLUNTARY SELF-EXCLUSION.....	132
ARTICLE 13 ADOPTION, MODIFICATION AND REVOCATION OF REGULATIONS AND STANDARDS	135
ARTICLE 14 MISCELLANEOUS PROVISIONS	136

Puerto Rico Sports Betting and Fantasy Contest Regulations

Version 2.2

STATEMENT OF MOTIVES

This document contains the Regulations for sports betting, including betting on Sports Events and Special Events, and Fantasy Contests of the Puerto Rico Gaming Commission. It is the Operator's responsibility to assure that their operations comply with the Regulations. Operators must establish procedures that at a minimum meet the requirements as set forth in the Regulations.

The purpose of these Regulations is to:

- a) Ensure all Operators apply the same minimal due diligence to their operations of Sports Betting and Fantasy Contests in the territorial limits of Puerto Rico, including procedures, administration, and accounting controls.
- b) Establish criteria in helping to determine sports events and special event types to be authorized for Sports Betting. This document will establish the procedures for authorized games and associated devices, equipment and accessories, and will include, but is not limited to, approving the standards on the conduct of authorized Sports Betting and Fantasy Contests. Nothing in this document should be considered or interpreted as regulating the rules or conduct of Sports Events and E-Sports Competitions unless otherwise specified herein.
- c) Establish criteria for different licensing types for Employees, Suppliers, Operators and Vendors as well as allowance for provisional licenses when applicable;
- d) Establish the objects of Sports Betting, Fantasy Contests, and methods of play, including what constitutes bets or entries won, lost or tied;
- e) Establish the way in which bets and entry fees are received for authorized Sports Betting, and Fantasy Contests; how payouts and spreads are reported, lines and odds determined for each available type;
- f) Establish the physical characteristics of any device, equipment, software and accessories related to authorized Sports Betting, and Fantasy Contests; which must comply with the standards or parameters established by an independent test laboratory recognized by regulatory entities and the Sports Betting and Fantasy Contest industry licensed in Puerto Rico;
- g) Establish inspection procedures applicable to any device, equipment, software and accessories related to authorized Sports Betting and, Fantasy Contests.
- h) Establish procedures for the collection of bets, entries and payments, including, among others, requirements for taxation purposes;
- i) Establish procedures to handle suspected irregularities in authorized Sports Betting and Fantasy Contests;
- j) Establish criteria and procedures to detect and require reporting of suspicious behavior including collusion, money laundering or other illegal activities;
- k) Establish requirements around controls and/or technical solutions to ensure the person participating in Sports Betting or Fantasy Contests is associated with a player account, is at least eighteen (18) years of age and is located within Puerto Rico;
- l) Establish procedures to handle responsible gaming initiatives including requirements around advertising, self-exclusion or operator-exclusion, and the ability to create and monitor betting limitations;
- m) Establish the method for calculating income and standards for authorized Sports Betting and Fantasy Contests, registration and counting of cash and cash equivalents received in conducting authorized Sports Betting and Fantasy Contests;
- n) As a measure to guarantee the protection of compulsive gamblers, the Commission will establish, but not be limited to, licensing requirements for technology that allows identifying patterns of risk, within the technology that currently exists and thus be able to guide the player, that if needed, on game patterns and / or on tools that help the player identify their financial capabilities. The necessary mechanisms must be implemented to prevent a bet on occasions when it is understood that a player is wagering beyond what his/her financial capacity allows;

Compliance with these Regulations is to also ensure that Operators have appropriate security controls in place so that players are not exposed to unnecessary risks when choosing to participate in Sports Betting and/or Fantasy Contests.

Puerto Rico Sports Betting and Fantasy Contest Regulations

These Regulations shall be included in and made a part of any Operator's operations of Sports Betting and Fantasy Contests. The Commission, from time to time, may amend these Regulations and adopt new ones. When this occurs, Operators shall be advised of these changes and a timeline will be established for Operators to implement compliance with new regulations.

Internal auditors, external auditors, Key Persons and employees of Operators are required to report violations of the internal controls to management and the Commission. Violations of the internal controls or the Regulations may result in disciplinary action.

ARTICLE 1 GENERAL PROVISIONS

Section 1.1. Legal Base

This Regulation is approved and promulgated by the authority conferred on the Puerto Rico Gaming Commission by Law No. 81 of July 29, 2019, known as the Gaming Commission Act of the Government of Puerto Rico

Section 1.2. Short Title

These Regulations shall be known and may be cited as the "Puerto Rico Sports Betting and Fantasy Contest Regulations".

Section 1.3. Definitions

The following terms will have the meaning given to them below, except where expressly stated, or that the context clearly means otherwise:

Access Control	The process of granting or denying specific requests for obtaining and using sensitive information and related services specific to a system; and to enter specific physical facilities which houses critical network or system infrastructure.
Accountability	All financial instruments, receivables, and Player Account deposits constituting the total amount for which the bankroll custodian is responsible at a given time.
Administrative Access	Access that would allow a user (i.e., system administrator) to: <ul style="list-style-type: none">• Add, change, or delete user accounts and associated user provisioning for database, operating system, and network layers (may also include user access administrator function for an application layer);• Modify operating system, network, database, and application layers' security and policy parameters;• Add, change, or delete system exception logging information; or• Add, change, or delete permissions to data files, folders, libraries, tables, or databases.
Alcoholic Beverages	All substances known as ethylic alcohol, hydrated ethyl oxide, or wine spirits, which are commonly produced through the fermentation of grains, starch, molasses, sugar, sugar cane juice, beet juice, or any other substance that may be obtained through distillation, including all solutions and mixes of such substances that have been reduced to a potable proof for human consumption and the liquors and drinks that contain alcohol, whether produced through fermentation or distillation, including, but not limited to, beers, wines, and cider (Source: Article 5 of Law No. 143 of June 30, 1969, as amended).
Algorithm	A finite set of unambiguous instructions performed in a prescribed sequence to achieve a goal, especially a mathematical rule or procedure used to compute a desired result. Algorithms are the basis for most computer programming.
Anti-Money Laundering (AML)	The legal controls that require financial institutions and other regulated entities to prevent, detect and report money-laundering activities
Application	All the forms, documents and information that are required to be submitted or completed in order to obtain a license or permit.
Asset Number	A unique number permanently assigned to a Kiosk and a cash storage box for purposes of tracking that machine and storage box while used by an Operator.
Associated Equipment	Any computer or component thereof ("hardware") located in the wagering agencies and / or those places allowed by the Law, connected for communication, validation and other functions purposes to the system.
Audit Trail	A record showing who has accessed a system and what operations the user has performed during a given period.

Puerto Rico Sports Betting and Fantasy Contest Regulations

Authentication	Verifying the identity of a user, process, software package, or device, often as a prerequisite to allowing access to resources in a system.
Authentication Process	A method used to verify the validity of software.
Authorized Player	An individual, 18 years of age or older, whose identity was physically authenticated at an Authorized Location with an Operator's license or through a Sports Betting online application. Once the player is authorized, they can place sports bets at any Authorized Location or through the internet.
Authorized Location	A physical establishment, be it an Operator or a Satellite, that has a license issued by the Commission to accept and pay sports bets from registered and authorized players to carry them out.
Backup	A copy of files and programs made to facilitate recovery if necessary.
Backup System Log	An event log, a job log or an activity file created by the program or batch process that performs backups of application and data files. These event logs, job logs or activity files usually provide detail on the type of backup performed, success or failure of the operation, and a list of errors.
Bank Cashier	A cage cashier assigned to work in a bank.
Barcode	An optical machine-readable representation of data. An example is a barcode found on printed wager records.
Bill Validator	A device that redeems and accepts vouchers, cash or its equivalent, and is connected to a Kiosk.
Biometrics	A biological identification input, such as fingerprints or retina patterns.
Bonus or Promotion	Free plays or a similar promotional incentive that is added to the Player Account when a Player meets wagering requirements in accordance with the applicable rules for the particular promotion.
Booth Cashier	A cashier working in satellite cages.
Business	A fixed or permanent establishment or establishment authorized by the State or Municipal Permit Management Commission, to carry out all those commercial operations of retail sale of products or services, where Kiosks are installed or operated. To be classified as a Business, it is an essential requirement that the operation of Kiosks does not represent the only, nor the highest income from the commercial activity of the establishment, so to be considered as a Business it must have other commercial activities, in order to that the income generated by the Kiosks be a complement and not the main source of income of said establishment.
Business Continuity and Disaster Recovery Plan	A plan for processing critical applications and preventing loss of data in the event of a major hardware or software failure or destruction of facilities.
Business Entity	The holder or Applicant for an Operator License, or a Technology Platform Provider License.
Cage	A secure work area within the Authorized Location for cashiers, which may include a storage area for the Authorized Location bankroll.
Cage Cashier	Any person whose duties include working in a physical structure known as a main cashiers' cage (cage), a satellite cage or satellite booth, and who has custody of the cage inventory comprising financial instruments, forms, documents, and records normally associated with the operation of a cage and other functions normally associated with a cashier.
Cage Supervisor	Any person whose job requires that person to supervise personnel and functions within the cashiers' cage, but not to perform a role that would result in performing an incompatible function.
Cancelled Wager	A wager that has been cancelled due to any issue with an event that prevents its completion.
Card Reader	A Kiosk peripheral that reads data embedded on a magnetic strip, or stored in an integrated circuit chip, for player identification.
Cash Storage Box	A container, removable, safe and resistant, installed inside the Kiosks to store the cash or its equivalent and the vouchers, whose content It will be protected by a key lock.

Puerto Rico Sports Betting and Fantasy Contest Regulations

Class A Operator	A licensed Operator who is authorized to conduct Sports Betting at casinos and racetracks
Class B Operator	A licensed Operator who is authorized to conduct Sports Betting at hotels without casinos, inns, horse betting agencies and other authorized places.
Internet Wagering Operator	A licensed Operator who is authorized to conduct internet wagering within the territorial limits of Puerto Rico, in compliance with the state and federal legal framework.
Closed Circuit Television System (CCTV)	A closed-circuit television, as described in these Regulations, or any other technology that is authorized by the Commission.
College or University Sports Event	A Sports or Athletic Event offered or sponsored by or played in connection with a public or private institution offering Higher Education services.
Commission	The Puerto Rico Gaming Commission.
Commonwealth	Commonwealth of Puerto Rico.
Communications Technology	Any method used and the components used to facilitate the transmission of information, including, without limitation, the transmission and reception by systems based on data networks with conducting or wireless wires, or cable , radio, microwave, light, optics or the computer, including, without limitation, the Internet and intranets.
Competitor	A person who participates in a match or event in an E-Sports competition.
Complainant	Person who imputes the commission of a violation of the Law or the Regulations, and requests that a right be recognized, or a remedy be granted.
Complaint	A written claim, duly sworn and presented by a Person before the Commission requesting that a right be recognized and / or a remedy be granted for any act or omission in violation of the Law, this Regulation or Order of the Commission.
Complimentary Services	A service or product, gifts, money or other items of value granted by the Operator to any person, directly or indirectly, at no cost or at a reduced price, including, among others, those granted by a raffle, promotion or tournament.
Computer	Any computer, server or any other device, be it electronic or mechanical, required or used for the system.
Confidential Information	All nonpublic proprietary information of the Operator or the Event, which is marked confidential, restricted, proprietary or with a similar designation, obtained as a result of the employment of a person or by virtue of it.
Confirmed	A Wager was placed by a Player, the system accepted the Wager, the Wager amount was successfully debited from the Player Account, the Wager was recorded by the system, and the Player received a printed or virtual ticket.
Contest/Tournament	An organized, measured event that permits a player to engage in competitive play against other players. An out-of-revenue tournament involves only non-wagered play using tournament credits or points that have no cash value. In contrast, an in-revenue tournament allows for wagered play in conjunction with the operation of the tournament.
Control Program	A software program that controls Kiosk behaviors relative to any applicable technical standard and/or regulatory requirement.
Count Room	A secured room where the count is performed in which financial instruments are counted.
Count Team	Personnel that perform the count of the Kiosk drop proceeds.
Counter Check	A form provided by the Authorized Location for the player to use in lieu of a personal check.
Critical Component	Any sub-system for which failure or compromise can lead to loss of player entitlements, government revenue or unauthorized access to data used for generating reports for the Commission. Examples of critical components include: <ul style="list-style-type: none"> • Components which record, store, process, share, transmit or retrieve PII and other sensitive information (e.g., validation numbers, authentication credentials, etc.); • Components which store results or the current state of a player's wager;

Puerto Rico Sports Betting and Fantasy Contest Regulations

	<ul style="list-style-type: none"> • Points of entry to and exit from the above components (other systems which communicate directly with core critical systems); and • Communication networks which transmit PII and other sensitive information.
Critical Control Program	A software program that controls behaviors relative to any applicable technical standard and/or regulatory requirement.
Data Integrity	The property that data is both accurate and consistent and has not been altered in an unauthorized manner in storage, during processing, and while in transit.
Data Processing Agreement	A written contract, or other binding legal document which sets out the subject matter and duration of the processing, the nature and purpose of the processing, the type of personally identifiable information (PII) to be processed, how to store the PII, the detail of the security surrounding the PII, the means used to transfer the PII from one organization to another, the means used to retrieve PII about certain individuals, the method for ensuring a retention schedule is adhered to, the means used to delete or dispose of the data, the categories of data subjects and the obligations and rights of the controller.
Days	Calendar days unless otherwise specified. Whenever any provision of these Regulations requires that an act or event take place on a specific day or date, and said day or date falls on a Saturday, Sunday, or official holiday, it shall be understood that said provision refers to the next business day following said day or date. When the term granted is less than 7 days, Saturdays, Sundays or intermediate legal holidays will be excluded from the calculation. A half day holiday will be considered a full holiday.
Debit Instrument	A card, code, or other device with which a person may initiate an electronic funds transfer. The term includes, without limitation, a prepaid access instrument.
Dedicated Camera	A video camera required by these Regulations to continuously record a specific activity. In lieu of continuous recording, time-lapse recording is acceptable if approved, in advance, by the Executive Director or their designee.
Default Accounts	User accounts with predefined access levels usually created by default at installation for operating systems, databases, and applications. These accounts tend to be used for training purposes.
Deposit	Money a player adds to their Player Account and may be used to place wagers.
Domain Name Service (DNS)	The globally distributed internet database which (amongst other things) maps machine names to IP numbers and vice-versa.
Domain	A group of computers and devices on a network that are administered as a unit with common rules and procedures.
Dormant Account	A Player Account which has had no player-initiated activity for a period of one (1) year.
Drop	The amount of financial instruments in a cash storage box, if applicable.
Drop Proceeds	The total amount of financial instruments removed from cash storage boxes.
Eastern Time (ET)	Eastern Standard Time or Eastern Daylight Savings Time, as applicable.
Employee	A person employed in an operation of Sports Betting or Fantasy Contests and determined by the Executive Director to have employment duties and responsibilities involving the security, maintenance, servicing, repair, or operation of Wagering Equipment, or is employed in a position that allows direct access to the internal workings of Wagering Equipment. Such employees shall include, without limitation, IT staff, security and surveillance employees, and employees responsible for handling assets and proceeds associated with the operation of Sports Betting or Fantasy Contests.
Employee License	The required authorization issued by the Commission to an operator's Employee in order to be able to conduct his duties with the operator.
Encryption	The conversion of data into a form, called a ciphertext, which cannot be easily understood by unauthorized people.
Encryption Key	A cryptographic key that has been encrypted in order to disguise the value of the underlying plaintext.
Entry Fee	The cash or a cash equivalent that the player must pay to the Operator to participate in a Fantasy Contest.

Puerto Rico Sports Betting and Fantasy Contest Regulations

E-Sports	Organized video game competition events in which individual competitors, from different leagues or teams compete against each other in popular games in the video game industry. There are three (3) modalities: (a) Bets on events or tournaments of electronic sports, face-to-face or through the internet. (b) Skill Based Gaming - Combine chance with player skill. (c) Peer-to-Peer Wagering-Models traditional affairs, where two players play against each other and bet through an intermediary, who pays the winner and collects a commission.
E-Sports Competition	A Special Event involving the competitive playing of video games between individual competitors.
Event Number	A set of alpha or numeric characters that correspond to a Sports Event, Special Event, or Fantasy Contest or an event ancillary to a Sports Event, Special Event, or Fantasy Contest
Event Wagering System	The hardware, software, firmware, communications technology, other equipment, as well as Operator procedures implemented in order to allow player participation in wagering, and, if supported, the corresponding equipment related to the display of the wager outcomes, and other similar information necessary to facilitate player participation. The system provides the player with the means to place and manage wagers. The system provides the Operator with the means to review player accounts, if supported, suspend events, generate various wagering/financial transaction and account reports, input outcomes for events, and set any configurable parameters.
Executive Director	The Executive Director of the Gaming Commission of the Government of Puerto Rico.
External Wagering System	Hardware and software used to provide Sports Betting to players in conjunction with an Event Wagering System.
Fantasy Contest	A Special Event in which players group virtual teams of real participants or athletes belonging to professional sports. These teams compete against each other based on statistical performance results of participants or athletes in real games for a specific period.
Fantasy Contest Operator	A person or entity that offers Fantasy Contests to the general public with an Entry Fee and for a cash prize.
Fantasy Contest Manager	An official or officer of the Fantasy Contests Department of the Commission authorized to monitor compliance with the Law, the Regulations and the administrative rules established by the Commission in relation to the operation of Fantasy Contests.
File	All documents that have not been declared as subject to disclosure by a legal provision and other materials related to a specific matter that is or has been before the Commission's consideration.
Financial Instrument	Any tangible item of value tendered in wagering, including, but not limited to bills, vouchers, and winning wagering tickets.
Firewall	A component of a computer system or network that is designed to block unauthorized access or traffic while still permitting outward communication.
Frames Per Second	The number of consecutive full-screen images that are displayed each second on a screen or monitor.
Free Play Mode	A mode that allows a player to participate in wagering without placing any financial wager, principally for the purpose of learning or understanding wagering mechanics.
Future Wagers	Bets on events to be held in the future that do not resolve in the current operational day.
Gaming Commission of the Government of Puerto Rico	As established by Law No. 81 of June 29, 2019, known as, "Law of the Gaming Commission of the Government of Puerto Rico" ("Law 81-2019"), between other matters, that transferred all functions related to gambling activities to the Gaming Commission of the Government of Puerto Rico.
Generic Accounts	User accounts that are shared by multiple users (using the same password) to gain access to any component of a system: application, database, or operating system. User accounts established by/for and used by Technology Platform Providers of the system for Technology Platform Provider support purposes are not considered to be generic accounts.

Puerto Rico Sports Betting and Fantasy Contest Regulations

Geolocation	Identifying the real-world geographic location of an internet connected or mobile device.
Gross Product (Total Income Received)	Total of the amounts wagered on Sports Betting and/or the amounts spent on Fantasy Contest entries.
Gross Income	The Total Revenue Received by the Operator minus the total sums paid to winning players to the winning players multiplied by the location percentage for Puerto Rico.
Group Membership	A method of organizing user accounts into a single unit (by job position) whereby access to system functions may be modified at the unit level and the changes take effect for all user accounts assigned to the unit.
Guest	Any person or passerby for a price, use, possess or have the right or intention to use or possess any room or rooms in hotels, for a specified period.
Horse Betting Agencies	Premises where horse betting agents operate in accordance with the Horse Racing Law.
Hosting Center	An entity unaffiliated with an Operator and hosting on its premises any part(s) of Commission regulated hardware or software.
Hotel	Any building or group of buildings maintained and offered to the public and approved by the Commission as a hotel where lodging facilities are provided for the transitory public.
Identity Verification Service Provider	An entity who verifies, or provides information for the verification of, the identification of individuals.
Imprest Basis	A specific amount of funds which are replenished from time to time or at the end of a shift in exactly the value of the expenditures made from the funds as documented. A review is made by a higher authority of the propriety of the expenditures before the replenishment.
Incompatible Function	A function, for accounting control purposes, that places any person or department in a position to both perpetrate and conceal errors or irregularities in the normal course of his/her duties. Anyone recording transactions and having access to assets ordinarily is in a position to perpetrate errors or irregularities. Persons may have incompatible functions if such persons are members of departments that have supervisors not independent of each other.
Independent	The separation of functions to ensure that the employee or process monitoring, reviewing, or authorizing the controlled activity, function, or transaction is separate from the employees or process performing the controlled activity, function, or transaction.
Independent Testing Laboratory	Laboratory approved by the Commission to certify that the equipment, processes and programs comply with the provisions of applicable law, regulation, orders and resolutions.
Individual	Any natural person.
Information Security	Protecting information and information systems from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide integrity, confidentiality, and availability
Information Security Management System (ISMS)	A defined, documented management system that consists of a set of policies, processes, and systems to manage risks to organizational data, with the objective of ensuring acceptable levels of information security risk.
In-Play Wager	A wager that is placed while an event is in-progress or actually taking place.
Integrity Monitoring System	A system of policies and procedures approved by the Commission through which an Operator receives and sends reports from Operators to assist in identifying suspicious activity.
Internal Auditor	Persons who perform an audit function of a licensed operator that are independent of the department subject to audit. Independence is obtained through the organizational reporting relationship, as the Internal Audit Department shall not report to management of the licensed operator. Internal audit activities must be conducted in a manner that permits objective evaluation of areas examined. Internal audit personnel may provide audit coverage to more than one operation.
Internal Controls	The Operator's internal controls.

Puerto Rico Sports Betting and Fantasy Contest Regulations

Internet	An interconnected system of networks that connects computers around the world via TCP/IP.
Internet Protocol Address (IP Address)	A unique number for a computer that is used to determine where messages transmitted on the Internet should be delivered. The IP address is analogous to a house number for ordinary postal mail.
Internet Wagering	The business of accepting bets on any Sports Event or Special Event through the use of electronic communication and platforms such as the internet, web pages, and mobile applications including mobile platforms for Sports Betting that allow a person to use money, checks, electronic checks, electronic money transfers, micro transactions, credit cards, debit cards or any other means, to transmit information to a computer and complete the transaction with the corresponding information. Prepaid debit cards are excluded from this definition.
Involuntary Exclusion List	A list of persons who are to be excluded or ejected from a licensed operation in the territorial limits of Puerto Rico. The Involuntary Exclusion List consists of persons who have violated or conspired to violate laws related to gaming, cheats, willful tax evaders, individuals whose presence in a licensed gaming establishment would adversely affect public confidence and trust in the gaming industry, and persons whose presence in a licensed gaming establishment poses the potential of injurious threat to the interests of the territorial limits of Puerto Rico.
IT Personnel	Employees of the Operator or an IT service provider who are independent of the operations of Sports Betting and Fantasy Contests; and who have been designated to perform the information technology function for the operation of critical components of the system used for Sports Betting and Fantasy Contests. The term is not limited to employees within an IT Department.
IT Service Provider	A person or an entity engaged by the Operator to provide management, including system administration, user access administration, support, security, or disaster recovery services for Commission regulated hardware or software.
Jailbreaking	Modifying a smartphone or other electronic device to remove restrictions imposed by the manufacturer or Operator to allow the installation of unauthorized software.
Key	A value used to control cryptographic operations, such as decryption, encryption, signature generation or signature verification.
Key Employee	A person employed in an operation of Sports Betting or Fantasy Contests. and determined by the Executive Director to be acting in a supervisory capacity or empowered to make discretionary decisions with respect to operations of Sports Betting, and Fantasy Contests, including, without limitation, the chief executive, financial and operation managers, Sports Betting Managers, Fantasy Contest Managers, credit executives, or any other employee so designated by the Executive Director. and shall include any officer or any employee of an employee organization who has direct involvement with or who exercises authority, discretion or influence in the representation of employees of an Operator in collective bargaining, grievance representation, labor disputes, salaries, wages, rates of pay, hours of employment or conditions of work.
Key Management	Activities involving the handling of cryptographic keys and other related security parameters (e.g., passwords) during the entire life cycle of the keys, including their generation, storage, establishment, entry and output, and zeroization.
Kiosk	Wagering Equipment that players use to place wagers, purchase entries, redeem winning tickets and/or vouchers, open accounts, make account deposits and/or withdrawals.
Label	The label that adheres to the upper left of the Kiosk cabinet screen, assigned and fixed by the Commission once it is approved for use as a Kiosk. It will have to contain electromagnetic technology, RFID, for its acronym in English.
Layoff Wager	A wager placed by an Operator with another Operator for the purpose of offsetting player wagers made pursuant to these Regulations.
Law	Law No. 81 of July 29, 2019, as amended, known as the Law of the Gaming Commission of the Government of Puerto Rico.

Puerto Rico Sports Betting and Fantasy Contest Regulations

License	Authorization granted by the Commission or the Administrator, to a natural or legal person in accordance with the rights and obligations provided by law and these Regulations.
Licensed	Person authorized by the Commission or the Administrator to have a license related to the activities implemented under these Regulations.
Line Posting	A value that establishes a wager's potential payout (e.g., money line + 175) or the conditions for a wager to be considered a win or loss (e.g., point spread + 2.5).
Liquid Assets	Those assets that can be rapidly transformed into cash, bank deposits and securities with a maturity of less than three (3) months.
Location Number	The number assigned to an area of the Authorized Location which identifies the site where the Wagering Equipment is positioned.
Location Percentage	The percentage, rounded to the nearest tenth of that percentage, of the total of all wagers and entry fees collected from the players located in Puerto Rico, divided by the total of all income fees collected of all players for that Operator.
Location Service Provider	An entity who identifies, or provides information for the identification of, the geographic location of individuals.
Log	Record of Interventions, malfunctions, claims or any other incident.
Main Cage	Physical structure that houses the cashiers and keeps the inventory of the box.
Main Bank	<p>An area providing maximum security for the materials housed therein and for the activities performed therein within the main cage. It operates on a perpetual inventory and serves as the central location in the Authorized Location for the custody and accountability of all assets used to fund the operation. The functions of the Main Bank are as follows:</p> <ul style="list-style-type: none"> • The custody of financial instruments, forms, documents, and records normally generated or utilized by main bank cashiers. • The exchange of financial instruments, for supporting documentation. • The responsibility for the overall reconciliation of documentation generated by all cage cashiers. • The receipt of financial instruments from the count rooms. • Such other functions normally associated with the operation of the main bank.
Main Bank Cashier	A main cage cashier whose duties include working in and performing all the functions normally associated with a main bank.
Malfunction	An error in the functioning of the Wagering Equipment, Mobile App, or Site including, the front-end application not being accessible to Players or the operations of Sports Betting or Fantasy Contests is not working.
Meter	Mechanical, electric, or electronic device that continuously and automatically counts bills or their equivalent, including ticket entry meters, deposit meters, prize meters and similar meters related to Kiosks.
Mobile Application	Any mobile application or digital platform approved by the Commission for the operation of Sports Betting and/or Fantasy Contests over the internet.
Mobile Device	Any portable device, mobile phone, tablet or laptop, which is capable of connecting to or using any mobile telecommunication or Wi-Fi technology to enable or facilitate transmission of textual material, data, voice, video or multimedia services over the Internet or otherwise.
Mobile Player Platform	All hardware, software, and communications that comprise a type of system for the purpose of offering Sports Betting and/or Fantasy Contests over the internet.
Motion Activated Dedicated Camera	A video camera which, upon its detection of activity or motion in a specific area, begins to record the activity or area.
Multi-Factor Authentication	A type of strong authentication that uses two (2) of the following to verify a player's identity including, information known only to the player, such as a password, pattern or answers to challenge questions, an item possessed by a player such as an electronic token, physical token or an identification card, or a player's biometric data, such as fingerprints or facial or voice recognition.
Operational Day	The period from the beginning to the end of the licensed operations, which shall not exceed twenty-four (24) hours.

Puerto Rico Sports Betting and Fantasy Contest Regulations

Operator	An entity authorized by a license issued by the Commission to accept and payout purchases made in the operation of Sports Betting or Fantasy Contests either in person within an Authorized Location or through an online wagering platform, within the territorial limits of Puerto Rico, in compliance with the state and federal legal framework. The term Operator will also include: (a) The Main Operator who, through a Sports Betting Administration Agreement, could offer services to other Operators to operate as Satellites; and, (b) The Internet Wagering Operator, who is authorized by a Commission-issued license to accept and pay internet Sports Betting within the territorial limits of Puerto Rico, in compliance with the state and federal legal framework. The Commission, through regulations, will determine the limit of portals that each Operator may offer.
Operator License	A License issued by the Commission that authorizes the operation of Sports Betting or Fantasy Contests, including internet wagering or through online applications that is initiated and received, or otherwise made, exclusively within the physical confines of the single approved Authorized Location or as otherwise authorized by law.
Order or Resolution	Any decision or action of the Commission of particular application in which rights or obligations of one or more specific posts are awarded or in which administrative penalties or sanctions are imposed, with the exception of executive orders issued by the Governor.
Parlay	A single wager that links together two or more individual wagers or entries and is dependent on all of those wagers or entries winning together.
Participant	The athlete, team, or other entity that competes in an event.
Party	Any person or agency authorized by law, including the Commission, in the complaints filed by the Commission, to whom the Commission's claim is specifically directed or who is one of the parties to said litigation, or who is allowed intervene or participate in the same or that has filed a request for review or compliance with any order or is designated as a party to said procedures.
Password	A string of characters (letters, numbers, and other symbols) used to authenticate an identity or to verify access authorization.
Past-Post Wager	A wager that was made after the result of an event is accepted or after the selected participant has gained a material advantage (e.g., a score).
Payment Service Provider	An entity who directly facilitates the depositing of funds into or withdrawing of funds from player accounts.
Person	Any natural or legal person, association, corporation, Commission, partnership, or limited liability Commission, joint venture, government, estate, subsidiary, arbitrator, transferee or agent, regardless of their organizational structure or nature.
Personally, identifiable information (PII)	Sensitive information that could potentially be used to identify a particular player. Examples include a legal name, date of birth, place of birth, social security number (or equivalent government identification number), driver's license number, passport number, residential address, phone number, email address, debit instrument number, credit card number, bank account number, or other personal information if defined by the Commission.
Personal Identification Number (PIN)	A numerical code associated with an individual and which allows secure access to a domain, account, network, system, etc.
Physical Address	For an individual, a residential or business street address; for an individual who does not have a residential or business street address, an Army Post Commission, Fleet Post Commission box number, the residential or business street address of next of kin, or of another contact individual.
Player	The person who actively participates in Sports Betting, or Fantasy Contests offered by an Operator.
Player Account	An account established by an Operator or Service Provider for an individual player to engage in Sports Betting and Fantasy Contests where information relative to wagering or game and financial transactions are recorded on behalf of the player including, but not limited to, deposits, withdrawals, wagers, entry purchases, winnings, and balance adjustments.

Puerto Rico Sports Betting and Fantasy Contest Regulations

Player Loyalty Program	A program that provides incentives for players based on the volume of play or revenue received from a player.
Point of Sale or Satellite	A place authorized and licensed as a point of sale by the Commission to accept and pay sports bets on behalf, and as a satellite of a Main Operator to bettors authorized to carry them out. Casinos and racetracks may not be considered Satellites; while hotels without casinos, inns, horse betting agencies and shops may be considered, at their option, as Operators or Satellites.
Port	A physical entry or exit point of a module that provides access to the module for physical signals, represented by logical information flows (physically separated ports do not share the same physical pin or wire).
Printer	A Wagering Equipment peripheral that prints tickets and/or vouchers.
Privacy Policy	A statement that discloses the type of information the Commission may collect and how the Commission will secure, use, and disclose information that is periodically updated and published on the Commission's website.
Prize	Any gift, prize, gratuity, good, service, credit or anything else of value, that can be transferred to a person, regardless of whether the prize is transferred, or if it is placed in an account or in another register such as evidence of the attempt to transfer the prize.
Program	The intellectual property and instructions collected or compiled, included in the system and its components, including procedures and associated documentation related to the operation of a computer, a computer program or a computer network. Said program will be previously evaluated and certified by an independent laboratory authorized by the Commission.
Programming	Configuration and instructions programmed in the system and associated equipment, including procedures and documentation related to the operation of the computer, its programs or the network.
Prohibited Player	Any individual under the age of eighteen (18); any individual who is prohibited pursuant to any self-exclusion; any individual who is listed on the Commission's Involuntary Exclusion List; any individual who is listed on any licensed operator's exclusion list; or any individual whose participation may undermine the integrity of the wagering or the Sports Event, Special Event, or Fantasy Contest or for other good cause, including but not limited to, any individual participating as an agent or a surrogate, and any employee of the Commission, an Operator, Service Provider or Technology Platform Provider.
Project	Any tangible plan susceptible to being evaluated by the Commission which contemplates the construction and establishment of a hotel with an Authorized Location in Puerto Rico, or which contemplates the restoration, renovation, or modification of an existing hotel with an Authorized Location.
Protocol	A set of rules and conventions that specifies information exchange between devices, through a network or other media.
Provider	Any person who designs, assembles and programs the Kiosks, the system and any associated electronic components or equipment, as well as any person who owns or operates the tangible or intangible assets that comprise the system used for Sports Betting and/or Fantasy Contests.
Provisional License	Authorization provisionally granted by the Commission to an applicant for a defined period to fulfill the license requirements, renewable at the discretion of the Commission.
Puerto Rico	The Commonwealth of Puerto Rico.
Puerto Rico Gaming Regulations	Regulation No. 8640 of September 9, 2015.
Random Number Generator (RNG)	A computational or physical device, algorithm, or system designed to produce numbers in a manner indistinguishable from random selection.
Regulations	These Regulations, which shall be known as the Puerto Rico Sports Betting and Fantasy Contests Regulations.
Remote Access	Any access from outside the system or system network including any access from other networks within the same licensed operator's platform.

Puerto Rico Sports Betting and Fantasy Contest Regulations

Report	Information produced by the System that is viewed via display, printed, or saved to a file depending on the needs of the Commission.
Risk	The likelihood of a threat being successful in its attack against a network or system.
Satellite Cage	A physical structure separate and apart from the main cage which is maintained on an imprest basis and may perform some of the functions of the main cage.
Script	A list of commands that a computer related to a Fantasy Contest can execute to automate processes on a contest.
Seal	Label, plate, mark or device attached or placed to identify the certification of the kiosk after being verified and approved by the Commission.
Secure Communication Protocol	A communication protocol that provides the appropriate confidentiality, authentication and content integrity protection.
Security Policy	A document that delineates the security management structure and clearly assigns security responsibilities and lays the foundation necessary to reliably measure progress and compliance
Sensitive Information	Information such as PII, wagering data, validation numbers, authentication credentials, PINs, passwords, secure seeds and keys, and other data that shall be handled in a secure manner.
Server	A running instance of software that is capable of accepting requests from clients, and the computer that executes such software. Servers operate within a Client-Server Architecture, in which “servers” are computer programs running to serve the requests of other programs (“clients”). In this case the “server” would be the system used for Sports Betting and/or Fantasy Contests and the “clients” would be the Wagering Equipment.
Service Accounts	Accounts on which automated system functions are dependent to execute. A service account does not correspond to an actual person. These are often built-in accounts that an automated system function (service) uses to access resources they need to perform its activities. However, some automated services may require actual user accounts to perform certain functions and may be employed using domain accounts to run services.
Service Provider	The person or Commission authorized by a license issued by the Commission to offer services or any goods that are necessary for the operation of Sports Betting or Fantasy Contests.
Service Provider License	The Service Provider with a License issued by the Commission.
Signature	The first or initial name, the surname and the number of the license that are subject to the own person.
Site	Any website operated by the Operator through which a player can access their sports Player Account to place wagers online.
Skin	A graphic file used to change the appearance of the user interface to a program or for a mobile applications or digital platform.
Smart Card	A card with embedded integrated circuits that possesses the means to electronically store or retrieve account data.
Source Code	A text listing of commands to be compiled or assembled into an executable computer program.
Source Code Repository	A secured environment that is used to store software source code once it has been approved for introduction into the production (live) environment. The repository is secured such that developers cannot modify code once it has been stored. In this way, the repository provides a history of a given software system ordered by version.
Special Events	Any game or event that generates Sports Betting, including, but not limited to, E-Sports Competitions, Virtual Events, and Fantasy Contests whose duration does not exceed thirty (30) days. Excluded from this definition of Special Events: (a) the horse racing events regulated in Law No. 83 of July 2, 1987, according to an amendment, known as the Puerto Rico Horse Racing and Equestrian Law; (b) the games or draws or contests of the electronic lottery by virtue of Law No. 10 of May 24, 1989, according to the law, known as the Law, to Authorize the Additional Lottery System;

Puerto Rico Sports Betting and Fantasy Contest Regulations

	(c) the games draws or contests by virtue of Law No. 465 of May 15, 1947, as amended, known as the Lottery of Puerto Rico; and (d) any prohibited or illegal Sports Event or Special Event.
Sports Event	Any Sports Event professional athletic event, college or university sport, as well as any Sports or Athletic Event recognized by a Sports Governing Body. The term Sports Event may include, but is not limited to, other types of events or contests, as long as the winner is determined in real time. Excluded from this definition of Sports Event: (a) the horse racing events regulated in Law No. 83 of July 2, 1987, according to an amendment, known as the Puerto Rico Horse Racing and Equestrian Law; (b) the games or draws or contests of the electronic lottery by virtue of Law No. 10 of May 24, 1989, according to the law, known as the Law, to Authorize the Additional Lottery System; (c) the games draw or contests by virtue of Law No. 465 of May 15, 1947, as amended, known as the Lottery of Puerto Rico; and (d) any prohibited or illegal Sports Event. In the context of Fantasy Contests, the term Sports Event refers to an athletic game or team competition in which an individual athlete's performance is used to accumulate statistical results.
Sports Governing Body	The governing body for a sports or E-Sports league that is registered with the Commission.
Sports Betting	The business of accepting bets, in cash or their equivalent, in any Sports Event, Special Event, or on the individual performance of individuals who participate in a Sports Event or Special Event,, or a combination of these, authorized by the Commission through an Event Wagering System. This includes, but is not limited to, all in-person communication, kiosks and self-service stations located somewhere in an authorized place, or through internet. This definition does not apply to: (a) bets authorized in Law No. 83 of July 2, 1987, as amended, known as the Puerto Rico Horse Racing Industry and Sport Law. (b) all games of chance authorized in Law No. 221 of May 15, 1948, as amended, known as the Law on Gambling and Authorization of Kiosks in Authorized Locations
Sports Betting Administration Agreement	A written agreement between a Main Operator and a Point of Sale, for the administration and operation of an Authorized Location to operate as a Satellite of the Main Operator.
Sports Betting Manager	An official or officer of the Sports Betting Department of the Commission authorized to monitor compliance with the Law, the Regulations and the administrative rules established by the Commission in relation to the operation of Sports Betting.
Structure or Structuring	The process of a person engaging in a transaction or transactions, whether acting alone or in conjunction with others or on behalf of others, who conducts or attempts to conduct one or more transactions in currency, in any amount, at one or more Operators on one or more days, in any manner, for the purpose of evading the reporting requirements under these Regulations.
Sufficient Clarity	The capacity of a CCTV system to record images at a minimum of 20 frames per second or equivalent recording speed and at a resolution sufficient to clearly identify the intended activity, person, object, or location.
Supervisor	All supervisory personnel in the different areas of the Commission, including, but not limited to, Assistant Directors and other supervisors so designated by the director.
Surveillance	The capability to observe and record activities being conducted in an Authorized Location
Surveillance monitor room	The secured area where surveillance takes place and/or where active surveillance equipment is located.
Suspicious Activity	Any unusual activity which cannot be explained and is indicative of match-fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.
System Administrator	The individual(s) responsible for maintaining the stable operation of the system (including software and hardware infrastructure and application software).
Take or Fees	An amount retained and not distributed by the Operator from the total amount wagered on an event.

Puerto Rico Sports Betting and Fantasy Contest Regulations

Technology Platform Provider or Provider	An entity authorized by a license issued by the Commission to provide the programs (software) to place the bets, and the peripherals (hardware) where they reside. The Technology Platform Provider that provides services to an Operator in Puerto Rico may not be an Operator in Puerto Rico.
Third-Party Service Provider	An entity who acts on behalf of an Operator to provide services used for the overall conduct of sports betting and fantasy contests.
Threat	Any circumstance or event with the potential to adversely impact network operations (including mission, functions, image, or reputation), assets, or individuals through a system via unauthorized access, destruction, disclosure, modification of information, and/or denial of service. Also, the potential for a threat-source to successfully exploit a system vulnerability.
Ticket	A printed wager record issued or an electronic record maintained by the system that evidences a wager or entry.
Time Stamp	A record of the current value of the system date and time which is added to a message at the time the message is created.
Transmission Control Protocol/Internet Protocol (TCP/IP)	The suite of communications protocols used to connect hosts on the Internet.
Unauthorized Access	A person gains logical or physical access without permission to a network, system, application, data, or other resource.
Unusual Activity	Abnormal activity exhibited by players and deemed by an Operator, the Commission or another governing body as a potential indicator of suspicious activity. Unusual activity may include the size of a player's wager or increased wagering volume on a particular event or wager type.
User Access Administrator	The individual(s) responsible for and has system authorization/access to add, change, or delete user accounts and associated user provisioning. User provisioning consists of assigning application functions matching the employee's current job responsibilities, unless otherwise authorized by management personnel, to ensure adequate separation of duties.
Verifier	Any employee who witnesses and signs a document confirming an approved transaction as permitted in these Regulations.
Version Control	The method by which an evolving approved system is verified to be operating in an approved state.
Video Game	An electronic game that involves interaction with a user interface to generate visual feedback on a video device such as a computer monitor.
Virus	A self-replicating program, typically with malicious intent, that runs and spreads by modifying other programs or files.
Virtual Events	A Special Event involving simulations of sports, contests, and matches whose results are determined solely by an approved Random Number Generator (RNG).
Virtual Private Network (VPN)	A logical network that is established over an existing physical network and which typically does not include every node present on the physical network.
Voluntary Exclusion List	The list of persons who wish to refrain from participating in Fantasy Contests, Sports Betting and other types of gambling offered by the Commission
Voucher	The document printed with a barcode or other mechanism issued by Kiosks to the player, which represents an amount of money to the bearer, which can be exchanged for cash or inserted to play the indicated credits in a Kiosk, or they can be redeemed for cash in the kiosk or in the main cage.
Vulnerability	Software, hardware, or other weaknesses in a network or system that can provide a "door" to introducing a threat.
Wager (aka "Bet")	Selection made by the player of the type of Sports Event or Special Event as evidenced by a receipt and / or any sum of money or representation of value that is risked on a Sports Event or Special Event whose outcome is uncertain.
Wagering Equipment	A mechanical, electronic, or other device, mechanism, or other equipment, and related supplies used or consumed in the operation of Sports Betting at a licensed Authorized Location including, but not limited to, a Cashier Station or Kiosk installed to accept sports wagers.

Puerto Rico Sports Betting and Fantasy Contest Regulations

Wagering Rules	Any written, graphical, and auditory information compiled by the Operator for the purpose of summarizing portions of the internal controls and certain other information necessary to inform the public of the functionality of the Sports Betting operations.
Winnings	The prize a player wins, including the amount of the wager in the course of participating in Sports Betting or Fantasy Contests
Withdraw (<i>aka "Withdrawal"</i>)	Any request by a Player to transfer funds from the Player Account.

Section 1.4. General Purpose

This document is promulgated with the intention of implementing the provisions of the Law and its purpose is to establish all the rules and regulations related to the operation of Sports Betting and Fantasy Contests located in Puerto Rico. These purposes must be understood and interpreted within the framework and sphere of the powers, purposes and objectives of the Commission.

Section 1.5. Scope and Applicability

- A. This Regulation shall apply to all administrative licensing, oversight, supervision, and regulatory procedures within the authority and competence of the Commission related to the operation of Sports Betting and Fantasy Contests in Puerto Rico.
- B. In relation to the operation of Sports Betting in Puerto Rico, Operators, Technology Platform Providers, and Service Providers shall comply with, and the Commission adopts and incorporates by reference, the latest version of the GLI-33 Standards for Event Wagering Systems. GLI standards are intended to supplement rather than supplant other technical standards required in these rules.
- C. In relation to the operation of Fantasy Contests in Puerto Rico, Operators, Technology Platform Providers, and Service Providers are recommended, to comply with the applicable sections of the GLI-33 Standards for Event Wagering Systems referenced throughout this Regulation.

Section 1.6. Rules of Interpretation

- A. The provisions of these Regulations shall be liberally interpreted in order to allow the Commission to carry out their duties and to ensure that all the objectives of the Law and these Regulations are achieved, as well as that the functions delegated to the Commission are fulfilled. through its enabling law, Law No. 81 of June 29, 2019, as amended.
- B. In special cases and for just cause, the Commission may allow deviations from the provisions of these Regulations when their strict and literal compliance defeats their purposes.
- C. In the event of discrepancy between the original Spanish text of the Regulations and its English translation, the Spanish text will prevail.

Section 1.7. Words and Terms

When interpreting the provisions of this Regulation, except where expressly stated, or the context clearly arises the contracted:

- A. The present conjugated words will be understood to include the future.
- B. Words used in its masculine form will also include feminine and neutral.
- C. Words in the singular will include the plural and vice versa.

Section 1.8. Areas Not Covered by this Regulation

In any matter not covered by these Regulations, the Commission shall exercise its discretion in order to achieve the purposes of the Law and these Regulations. If a particular practice or procedure is not specifically addressed in these Regulations, or the Commission or the Commission does not exercise their discretion, said practice or procedure is prohibited.

ARTICLE 2 LICENSING REQUIREMENTS

Section 2.1 Employee License

Prohibition of Employment; Employee License Requirements

- A. No natural person may work as an employee of an Operator in Puerto Rico or provide services to it unless the person has a current Employee License validly issued by the Commission, as provided in this Article. The Employee License requirement applies to managerial employees as well as non-managerial employees who work in or are directly connected with the operation of the Sports Betting.
- B. Persons Who Must Obtain an Employee License

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 1) Unless otherwise approved by the Commission, any natural person who carries out or will carry out, or has or will have any of the functions mentioned in paragraphs (2) and (3) of this section shall obtain an Employee License before commencing to work in an Operator; provided that the list contained in paragraphs (2) and (3) of this section is not all-inclusive but illustrative, being the guiding rule for determining the necessity of having an Employee License that a person be working as an employee in a casino or be directly connected with a casino.
 - 2) Any natural person who is going to be employed by an Operator in a position that includes any of the following responsibilities or powers, regardless of the title, shall obtain a Casino Supervisory Employee License:
 - a) The supervision of specific areas of Operator, including, but not limited to, any person who:
 - i) Functions as a shift manager
 - ii) Functions as a supervisor;
 - iii) Supervises the operation of the surveillance section
 - 3) Authority to develop or administer policy or long- term plans or to make discretionary decisions relative to the operation of the casino shall be considered a Casino Key Employee and shall include, but not be limited to, any person who:
 - i) Functions as a Principal officer of the Sports Betting Operator;
 - ii) Functions as director of surveillance;
 - iii) Functions as director of security;
 - iv) Functions as comptroller;
 - v) Functions as credit manager;
 - vi) Functions as an audit section executive;
 - vii) Functions as manager of the MIS ("Management Information Systems") section or of any information system of a similar nature;
 - viii) Manages a marketing section;
 - ix) Any other person who has the ability to direct, control or manage the Sports Betting Operation or who has discretionary authority over casino decision-making.
- C. Any natural person who is going to be employed by a Sports Betting Operator in a position which includes any of the following responsibilities related to the operation of the casino, or whose responsibilities predominantly involve the maintenance or the operation of gaming activities or equipment and assets associated with the same, or who is required to work regularly in a restricted area shall obtain a Casino Employee License. Such persons shall include, but not be limited to, any person who:
- 1) Repairs and maintains betting equipment
 - 2) Assists in the operation of Sports Betting Operator
 - 3) Identifies patrons for the purpose of offering them complimentaries based on the actual volume of play of the patron, authorizes said complimentaries or determines the amount of such complimentaries;
 - 4) Analyzes operational data and makes recommendations to key personnel of the casino relating to casino marketing, complimentaries, gaming special events and player ratings, among others;
 - 5) Enters data into the gaming-related computer systems or develops, maintains, installs or operates gaming-related computer software systems;
 - 6) Collects and records patron checks and personal checks which are dishonored and returned by a bank;
 - 7) Develops marketing programs to promote the Sports Betting Operator
 - 8) Processes or maintains information on the Sports Betting Operator credit applications;
 - 9) Repairs or maintains the closed-circuit television system equipment as an employee of the surveillance section;
 - 10) Is being trained to be a surveillance employee;
 - 11) Provides physical security in the Sports Betting Operation or a restricted area of the same;
 - 12) Has responsibilities associated with the installation, maintenance or operation of computer hardware for the Sports Betting Operator system;
 - 13) Employees of Service Companies, as established in Section 2.2, who carry out work in the Sports Betting operation.
- D. Scope and Applicability of the Licensing of Natural Persons
- A. In determining whether a natural person who provides services to a Sports Betting Operator should hold an Employee License, it shall be presumed that such person shall be required to hold an Employee License if the services provided by that person are characterized by any of the following factors, being these indicative that an employment relationship exists:
 - a) The natural person will, for a period of time unrelated to any specific project or for an indefinite period of time, directly supervise one or more employees of the Sports Betting Operator;
 - b) The Sports Betting Operator will withhold local and federal taxes or make regular deductions for unemployment insurance, social security, or other deductions required by law from the payments made to the natural person;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- c) The natural person will be given the opportunity to participate in any benefit plan offered by the Sports Betting Operator to its employees, including, but not limited to, health insurance plans, life insurance plans or pension plans;
 - d) The natural person will not, during the time that services are rendered to the Sports Betting Operator, maintain an autonomous business enterprise, seek or provide services to other clients, or practice a trade or profession other than for the benefit of the Sports Betting Operator; or
 - e) The natural person has an Employee License application pending before the Commission or will submit such an application during the time the services are being rendered to the Sports Betting Operator, and the cost of the license has been or will be paid for or reimbursed by the Sports Betting Operator.
- B. The Commission may, after considering the factors in paragraph (A) of this section and other applicable information, require that the natural person obtains an Employee License before providing or continuing to provide any service to a Sports Betting Operator, even if an agreement to the contrary exists between Sports Betting Operator and the natural person.
- E. General Parameters for Granting an Employee License
- 1) Each Employee License applicant shall provide the Commission with the necessary information, documentation and guarantees which establish through clear and convincing evidence that he/she:
 - a) Is older than eighteen (18) years of age;
 - b) Is a citizen of the United States of America or is authorized in accordance with the applicable federal laws or regulations to work in the United States of America, or is a legal resident of Puerto Rico before granting of the Employee License;
 - c) Possesses good character and reputation, in addition to being honest and having integrity;
 - d) The Commission shall deny an employee license to any applicant that meets any of the following restrictions:
 - i) Failure to demonstrate the applicant with clear and convincing evidence that he qualifies under the provisions of this section.
 - ii) The applicant does not provide the information, documentation and guarantees required by the Law and the Regulations, or the applicant does not disclose any important data for the qualification, or supply incorrect or misleading information regarding important data related to the general parameters for the granting of employee licenses, or that has previously provided incorrect or misleading information regarding important data related to the general parameters for the granting of employee licenses.
 - iii) The applicant has been convicted of a felony. However, the automatic disqualification provisions of this subsection shall not apply with respect to a conviction that has been the subject of a judicial order expunging the criminal record.
 - iv) The applicant has been convicted, pursuant to the laws of the Commonwealth of Puerto Rico, the laws of any other jurisdiction, or federal law, for any serious or less serious crime involving moral depravity.
 - v) The applicant is being prosecuted, or has pending charges in any jurisdiction, for any crime specified in paragraphs (c) and (d) of this Section; however, at the request of the applicant or the accused person, the Commission may postpone the decision on such request while said charges are pending.
 - vi) Any denied application, the applicant will have to wait a year to file the request again.
 - e) Has no physical or mental disability which hinders adequate performance of his work; and
 - 2) Failure to comply with one of the parameters established in paragraph (A) above may be enough reason for the Company to deny an application for an Employee License
- C. Personal Information Required for Applying for an Employee License.
- F. As part of the initial application for an Employee License provided in section 2.1(J) of these Regulations, any applicant shall submit the following information which shall be provided by the Commission for such purposes:
- 1) Name, including any aliases or nicknames;
 - 2) Date of birth;
 - 3) Current physical and mailing address;
 - 4) Social security number, which information is voluntarily provided in accordance with Section 7 of the Privacy Act", 5 U.S.C.A.552a, or country identification card number if the applicant is a foreign national;
 - 5) Citizenship or immigration or residency status in the United States or in Puerto Rico;
 - 6) Telephone number of current places of employment, or if none, home telephone number;
 - 7) Marital status and information with respect to immediate family;
 - 8) Employment history, including gaming related employment;
 - 9) Education and training;
 - 10) Other licenses which the applicant holds or has applied for in Puerto Rico or in any other jurisdiction, including:

Puerto Rico Sports Betting and Fantasy Contest Regulations

- i) Any license, permit or registry required in order to participate in any legal gaming operation; and
 - ii) Any denial, suspension or revocation of a license, permit or certification issued by any governmental agency;
 - 11) Criminal or investigative or civil proceedings in Puerto Rico or in any other jurisdiction, including arrests, crimes or offenses, in addition to civil litigation history that would include, but not be limited to liens, judgments or bankruptcy filings.
 - 12) Name, address, telephone number and occupation of persons who can attest to the applicants' good character and reputation; a
 - 13) Notarized sworn statement in which the applicant declares that all the information provided in the application is true; and
 - 14) A Release Authorization allowing government and private to take and offer any pertinent information related to the person as may be requested by the Company.
- G. Every applicant for an Employee License who will work in a managerial or supervision position in a casino of the type described in section 2.1(B)(2) of these Regulations shall submit, in addition, the following information, as required in the request:
- a) Any affiliation of applicant with a Sports Betting Operator or with companies controlling the Sports Betting Operator and the position he occupies with or his interest in said entity;
 - b) Any affiliation of applicant with a Sports Betting Goods or Service Supplier or with companies controlling the Sports Betting Goods or Service Supplier and the position that he occupies with or his interest in said entity;
- H. Every applicant for an Employee License who will occupy a position of Director, General Manager or Finance Director in a Sports Betting Operator of the type described in Section 2.1(C) of these Regulations must also submit the following:
- a) Multijurisdictional Personal History Disclosure Form – PHD-MJ
- I. Provisional Employee License
- 1) The Commission may issue a Provisional Employee License in accordance with the following rules:
 - a) The applicant has filed with the Commission an initial or renewal application for an Employee License that is missing a certain document, which is demonstrated to be in the process of being obtained;
 - b) At least thirty (30) days have elapsed since the filing of said complete application with the Commission;
 - c) The Sports Betting Operator certifies that:
 - i) The applicant will be an employee of its operation within a period that shall not exceed fifteen (15) days following the filing of the application;
 - ii) The Provisional Employee License is necessary to fill said opening on an emergency basis in order to continue the efficient operation of the Sports Betting Operator; and
 - iii) The circumstances are extraordinary and are not intended to affect the usual licensing procedures.
- J. Initial Employee License Application
- 1. Every initial application for an Employee License shall include:
 - a) The duly completed original of the initial request, pursuant to Section 2.1(F) of these Regulations;
 - b) The documents to identify applicant, as provided in section 2.1(Q) of these Regulations;
 - c) One (1) passport type photographs, provided by the applicant, taken within the three (3) months preceding the date of the filing of the Employee License application, which shall be stapled to the initial request;
 - d) Letter from the Sports Betting Operator certifying their employee status;
 - e) Recent Good Conduct Certificate from the Puerto Rico Police;
 - f) The fees to be paid as provided in section 2.1(R) of these Regulations;
 - g) Any other documentation that the Commission deems necessary.
 - 2) Each initial application shall be filed at or mailed to the Commission at the address of the indicated in section **xxxx.10** of these Regulations.
- K. Initial Employee License Application Processing
- 1) The Commission shall determine if the initial application complies with all the requirements provided in these Regulations. If any deficiency is found, it shall notify the applicant the deficiency(ies) within thirty (30) days following the filing of the initial application with the Commission. Except as provided in section 2.1(I) of these Regulations, the Commission shall not evaluate any incomplete initial application.
 - 2) Once the Commission has determined that the initial application filed is complete, the Commission shall:
 - a) Accept the application and initiate the procedure for considering the same;
 - b) Analyze and evaluate the information offered in the application and any other information necessary to determine if the request license should be granted;
 - c) Perform all necessary investigation to validate that the applicant complies with all the requirements of these regulations.
 - d) Make a decision with respect to the requested license; and

Puerto Rico Sports Betting and Fantasy Contest Regulations

- e) Notify the applicant of the decision taken. If the decision consists of a denial of the license, the Company shall inform the applicant the reason or reasons for the denial and of his right to request a reconsideration of the decision of the Commission following the adjudicative procedures provided in the Regulation or the Adjudicative Procedures of the Commission.

- 3) The Commission, at any time, may request from an applicant for an Employee License any other information it may deem necessary in order to decide with respect to the application.

L. Employee License Duration

- 1) All Employee and Supervisory Licenses shall be issued by the Commission for a period of two (2) years.
- 2) All Key Employee Licenses shall be issued by the Commission for a period of (3) years.
- 3) Notwithstanding the provisions of paragraph (A) and (B) of this Section, the Commission may, as deemed necessary, issue any Employee License for s shorter period.
- 4) All employee leave granted by the Commission on a provisional basis in accordance with these Regulations, will be issued for a term of thirty (30) days, renewable at the discretion of the Commission and in consideration of the particular circumstances of each case.

M. Date to Submit Employee License Renewal Application

- 1) All Employee License holders of any category shall renew their licenses by filing with the Commission an Employee License renewal application. The completed renewal application shall be filed with the Commission no later than 60 days prior to expiration of the license.

If current license expires during the month of:	Renewal will take place on:
January	November of previous year
February	December of previous year
March	January of current year
April	February of current year
May	March f current year
June	April of current year
July	May of current year
August	June of current year
September	July of current year
October	August of current year
November	September of current year
December	October of current year

N. Employee License Renewal Application

- 1) The Employee License renewal application shall include:
 - a) A duly completed original of the renewal application, which shall contain all the information which has changed since the date of application for the initial Employee License application or of the last renewal;
 - b) The documents that identify the applicant, as provided in section 2.1 N of this Regulations;
 - c) One (1) Passport type photographs, provided by the applicant, taken within the three (3) months preceding the date of the filing of the Employee License renewal application, which shall be stapled to the in the renewal request;
 - d) Recent Good Conduct Certificate from the Puerto Rico Police
 - e) The fees to be paid as provided in section 2.1(R) of these Regulations
 - f) A notarized sworn statement whereby the applicant declares that all the information contained in the application is true.
 - g) A Release Authorization allowing government and private bodies to take and offer any pertinent information related to the person as may be requested by the Commission.
- 2) All renewal applications shall be filed with or mailed to the Commission to the address of the Division.
- 3) Any person who fails to submit a completed renewal application in accordance with this section or in accordance with the provisions of paragraph (A) of section 2.1(O) of these Regulations shall be considered as not having filed a renewal application with the Commission and his license shall be cancelled on the expiration date.
- 4) Any person whose current license is cancelled pursuant to this section may, before the date of expiration of the current license, or at any time after the expiration, apply for an Employee License; provided that his application, for all purposes of these Regulations, shall be considered an initial Employee License application.

O. Employee License Renewal Application Processing

1. The Commission shall determine if the renewal application filed complies with all the requirements provided in these Regulations and if any deficiency is found, it shall notify the applicant of the deficiency(ies) within thirty (30) days following the filing of the renewal application with the Commission; provided that the Commission may,

Puerto Rico Sports Betting and Fantasy Contest Regulations

at its discretion and depending on the magnitude of the deficiency(ies) notified, grant an opportunity for the applicant to cure any deficiency notified within the period and under the conditions determined by the Commission at said time. Any application where a deficiency has been cured in accordance with the above shall be deemed to have been filed complete within the period required by these Regulations.

2. Upon receipt of an application for renewal of an Employee License duly completed and filed within the period required by these Regulations, the Commission shall carry out the investigation it deems necessary.
3. The Commission shall decide with respect to each completed license renewal application which has been submitted within a reasonable period of time after its filing.
4. The Commission shall notify the applicant of the decision made. If the decision consists of a denial of the renewal of the license, the Commission shall inform the applicant the reason or reasons for the denial and of his right to request a reconsideration of the decision of the Commission following the provisions of the Commission's Rules of Adjudicative Procedures.

P. Responsibility for Establishing Qualifications and to Disclose and Cooperate

1. Each applicant shall be responsible for providing the information, documentation and assurances required for establishing through clear and convincing evidence that his qualifications are in accordance with the Act and the Regulations.
2. It shall be the continuing responsibility of every applicant or holder of an Employee License to provide all the information, documentation and assurances that may be required by the Commission pertaining to the qualifications, and to cooperate with the Commission. Any refusal of an applicant to comply with a formal request for information, evidence or testimony from the Commission shall be sufficient cause for a denial or revocation of the license.

Q. Identification of the Applicant

- 1) Every applicant for an Employee License shall establish his identify with reasonable certainty.
- 2) The applicant shall establish his identity in one of the following ways:
 - a) Providing one (1) of the following authentic documents:
 - i) A current United States of America passport;
 - ii) A Certificate of United States citizenship, or Certificate of Naturalization issued by the United States Department of Justice, Immigration and Naturalization Service o INS); o
- 3) A current permanent resident card issued by the INS, which contains a photograph; or
 - a) Presenting two (2) of the following authentic documents:
 - i) Certified copy of the birth certificate issued by the corresponding governmental agency;
 - ii) Current driver's license containing a photograph or information about the name, date of birth, sex, height, color of eyes and address of the applicant;
 - iii) Current identification card issued by the Federal Department of Defense to persons who serve in the United States military or their dependents containing a photograph or information about the name, date of birth, sex, height, color of eyes and address of the applicant;
 - iv) Current student identification card which contains a photograph, student number or social security number, date of expiration, seal or logo of the issuing institution, and the signature of the card holder;
 - v) Current country identification card issued by the federal government or government issued identification credential that contains a photograph and other information such as name, date of birth, sex, height, color of eyes and address of the applicant;
 - vi) Current identification card issued by the Immigration and Naturalization Service containing a photograph or information about the name, date of birth, sex, height, color of eyes and address of the applicant; or
 - vii) An unexpired foreign passport authorized by the Immigration and Naturalization Service.

R. Fees Payable

- 1) The fees payable for the initial or renewal application for an Employee License shall be determined by the Commission based on the position occupied by the employee; provided that said fees shall be \$50 for an Employee License and \$500 for a Key Employee License. Notwithstanding the foregoing, the Commission may request additional fees from the applicant to cover investigation costs.
- 2) All applicant's licenses will expire on the applicant's date of birth. For licensing purposes, all applicants will be charged the full amount of the aforementioned fees.

S. Prohibition of Employment with Expired License

No employee with an expired license shall work in a position or shall exercise functions for which such license is required, with the understanding that if such employee is found working without a current and valid license, the employee, as well as the service enterprise or the Sports Betting Operator employing the employee shall be subject to the sanctions stipulated in section 2.1(E) of the Regulation.

T. Obligation to Pay the Fees; No Refund of Fees Paid

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 1) Any payment of fees arising from these Regulations shall be paid in full even if the applicant withdraws his Employee License application.
 - 2) The Division shall not refund to the applicant any amounts paid as licensing fees.
- U. Miscellaneous Administrative Fees
- 1) All lost Employee Licenses shall be replaced by the Commission at a cost of ten dollars (\$10.00), to be paid by the employee.
 - 2) Any change to the Employee License requested by the employee that was not caused by an omission or negligence of the Commission shall carry a charge of ten dollars (\$10.00), to be paid by the employee.
- V. Change of Position or Place of Work
- 1) All natural persons who perform any of the functions described in paragraph (C) of section 2.1 of these Regulations or any that are similar to those functions and for any reason his functions change to any of the functions mentioned in paragraph (B) of section 2.1 of these Regulations or any that are similar to those functions and for any reason his functions change, it must present an employee license application requesting such change.
 - 2) A license setting forth more than one position may be issued to any licensed Sports Betting Operator employee by the Commission upon application by the licensed employee or the Sports Betting Operator. Said request would be reviewed by the Commission to ensure that their dual license status would not be deemed an incompatible function by the regulators. The review will be conducted in a timely manner and disseminated to the applicant in writing. If a dual license is granted to an employee for functions, the employee will not be able to perform the tasks on the same day.
 - 3) Any person licensed by a Sports Betting Operator shall notify the Commission in writing of any change of employment to another Sports Betting Operator within thirty (30) days of assuming his new position.
 - 4) Any change in title that entails a change in the job classification, the employee shall pay the total amount of the fees for such classification according to section 2.1(O) of this Regulation.
- W. Carrying of Licenses and Credentials
- 1) All persons to whom the Commission has issued an Employee License must carry the Employee License on their person in a visible and conspicuous manner, at all times while carrying out their functions.
 - 2) No Sports Betting Operator shall permit a person to work in its site without said person carrying his Employee License as provided in paragraph (A) above.
- X. Authority
- 1) Nothing provided in this Chapter shall be interpreted as limiting the authority and powers of the Commission to at any time:
 - a) Investigate the qualifications of any holder of an Employee License; and
 - b) Suspend and/or revoke an Employee License if the holder of the license does not comply with the requirements provided in the Act or in the Regulations.
- Y. Withdrawal of License Application
1. An employee license applicant may file a written request with the Commission to withdraw their license application before the Commission has determined its approval decision.
 2. Said request shall establish that the withdrawal of the request is consistent with the public policy of the Law of the Gaming Commission of the Government of Puerto Rico and these Regulations.
 3. The Commission will decide if said request meets the requirements established in the Law and these Regulations.
 4. The Commission will not refund any fees payment and / or investigation of the employee application for the withdrawal of said application.

Section 2.2 Enterprise License Types

The Commission shall grant the following type of License or approve the following types of Registration:

- A. **Operator License**
- a) Any legal person who offers Sports Betting to the public shall be considered a Sports Betting Operator and shall be required to obtain a Sports Betting Operator License.
 - b) Any legal person who offers Fantasy Contests to the public shall be considered a Fantasy Contests Operator and shall be required to obtain a Fantasy Contests Operator License.
 - c) The casinos and racetracks must request the corresponding licenses to be able to offer the games authorized by this Law and Regulations. The Commission could waive the requirement to complete an application if the entity has filed a similar application for their gaming license.
 - d) The Commission shall establish the fees for the granting and renewal of Operator licenses. However, the minimum license costs that the Commission may set will be as follows:
 - i) Sports Betting Operator Licensees

Puerto Rico Sports Betting and Fantasy Contest Regulations

- i. For Principal Operator licenses and Internet Wagering Platform the minimum costs will be fifty thousand dollars (\$ 50,000) a year;
 - ii. For Satellite licenses or Points of Sale the minimum costs will be two thousand five hundred dollars (\$ 2,500) a year;
- ii) Fantasy Contests Operator licenses
 - i. For Fantasy Contest Operator licensees who receive gross income for these Contests nationwide that exceed ten million dollars (\$ 10,000,000), the minimum costs will be ten thousand dollars (\$ 10,000) a year;
 - ii. For all other Fantasy Contest Operator licensees, the minimum costs will be one thousand dollars (\$ 1,000) a year;
- e) In order to encourage the rooster industry, those companies that were operating legally as of December 31, 2018, will not pay, for the first ten (10) years of operation, the rights identified for the licenses that are required by the Commission. , for the new forms of betting authorized by this Law.
- f) Likewise, with the purpose of encouraging the horse-riding industry, horse-riding agencies will pay fifty percent (50%) for the first ten (10) years of operation, on the rights identified for the licenses that are required by the Commission, for the new forms of betting that are authorized by this Law.
- g) Applicants seeking to obtain an Operator License shall complete the
 - i) Business Entity Disclosure Form;
 - ii) any Supplement thereto prepared by the Commission; and
 - iii) any additional forms required or requested by the Commission.
- h) The direct or indirect owners of 5% or more voting interests and certain officers, directors, managers, general partners, trustees, and Key Personnel of the Applicant seeking to obtain a License, and any other individual associated with the Applicant in the sole and absolute discretion of the Commission or its Board shall complete the:
 - i) Multijurisdictional Personal History Disclosure Form;
 - ii) any Supplement thereto prepared by the Commission; and
 - iii) any additional forms, documents, or information requested by the Commission.
 - iv) The individuals noted in this section are required to be found suitable.
- i) An Institutional Investor may seek a waiver to own up to 25% of an Applicant for investment purposes only. The Commission may request any relevant information from the Institutional Investor to assist with its determination of whether a waiver shall be granted. The Commission, in its sole and absolute discretion, may deny, limit, or condition the waiver and may require a finding of suitability for any person affiliated with the Institutional Investor.
- j) Applicants for a License that also perform functions or services identified as Supplier or Vendor activities are only required to obtain a License. A Supplier Registration or Vendor Registration does not authorize such Registrants to perform, provide, or engage in activities requiring a License.
- k) Applicants must certify that their operations will comply with the requirements of title III of the Americans with Disabilities Act of 1990, 42 U.S.C. §§ 12181-12189 ("ADA"), and its implementing regulations, which are found at 28 C.F.R. part 36.

B. Service Provider License

- 1) A legal person who supplies services directly necessary for the operation of the Sports Betting or Fantasy Contests activity or who receives payment or compensation tied to player activity or in excess of 5% of the handle of any Licensee; who shares in a percentage of adjusted gross income of any Licensee of 5% or more; or who provides any similar services that are material to conducting these activity as determined by the Commission shall be considered a Service Provider and shall be required to obtain a license as a Service Provider. These services may include, but are not limited to:
 - a) Identity Verification services
 - b) Information Technology (IT) services
 - c) Location services;
 - d) Wagering equipment,
 - e) software,
 - f) systems, or platforms; data;
 - g) Global Risk Management services,

Puerto Rico Sports Betting and Fantasy Contest Regulations

- h) Player accounts management systems;
 - i) payment services or processors
 - j) Technology Platform Provider
 - k) Third-Party service providers with direct interface or interaction with player accounts or Event Wagering Systems;
- 2) Companies that provide goods or services directly related to Sports Betting or Fantasy Contests will pay \$ 5,000, such as manufacturers, Providers, service providers, laboratories, suppliers or distributors of devices, equipment, accessories, objects or items that are used for Sports Betting or Fantasy Contests. Plus, all costs incurred by the Commission of any additional investigation necessary for finding of suitability of the entity or any Person related thereto.
 - 3) Companies that provide goods or services not directly related to Sports Betting or Fantasy Contests will pay \$ 2,000, such as cleaning companies, players' representatives ("junket") and their respective companies, restaurants, sale of articles, and provide consulting services on regulations, administration and opening of an Approved Venue, provide security services, transportation services and storage of Wagering equipment. Plus, all costs incurred by the Commission of any additional investigation necessary for finding of suitability of the entity or any Person related thereto.
 - 4) Applicants seeking to be license as a Service Provider shall complete the Commission's Business Entity Disclosure Form; (ii) any Supplement thereto prepared by the Commission; and (iii) any additional forms requested or required by the Commission.
 - 5) The direct or indirect owners of 5% or more voting interests and certain officers, directors, managers, general limited partners, trustees, and Key Personnel of the Applicant seeking licensing as a Supplier, and any other individual associated with the Applicant in the sole and absolute discretion of the Commission shall complete the (i) Multijurisdictional Personal History Disclosure Form; (ii) any Supplement thereto prepared by the Commission; and (iii) any additional forms, documents, or information requested by the Commission. The individuals are required to be found suitable
 - 6) An Institutional Investor may seek a waiver to own up to 25% of an Applicant for investment purposes only. The Commission may request any relevant information from the Institutional Investor to assist with its determination of whether a waiver shall be granted. The Commission, in its sole and absolute discretion, may deny, limit, or condition the waiver and may require a finding of suitability for any person affiliated with the Institutional Investor.
 - 7) Applicants for a Service Provider license that also perform functions or services identified as Service Provider activities are only required to be registered as a Supplier. A Service Provider License does not authorize the Service Provider to perform, provide, or engage in activities requiring a License.

C. Vendor Registration

- 1) Any legal person who provides goods or services that are material and ancillary to conducting Sports Betting and Fantasy Contests, and who are not otherwise classified as a Licensee, shall be considered a Vendor and shall be required to obtain approval from the Commission for Registration as a Vendor. These services may include, but are not limited to:
 - a) payment services or processors that do not qualify as Supplier Registrants,
 - b) contractors for goods or services relating to sports betting or fantasy contests,
 - c) lobbyists,
 - d) brand developers, and
 - e) affiliated marketers.
- 2) Any legal person who provides non-material or general goods or services indirect to the conduct of Sports Betting or Fantasy Sports shall not be required to obtain Registration as a Vendor, unless the Person receives payment or compensation:
 - a) tied to player activity;
 - b) in excess of 1% of the handle of any Licensee;
 - c) that is a percentage of adjusted gross income of any Licensee of 5% or more; or
 - d) that exceeds \$250,000 in a one-year period for goods and services relating to Sports Betting or Fantasy Sports activity.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 3) Any Person engaged in the following activities are presumed to provide non-material or general goods and services and are not required to obtain Registration as a Vendor, unless determined otherwise by the Commission:
 - a) Communications or advertising media
 - b) contracts with Licensees for brand sponsorships and promotions;
 - c) insurance companies and agencies;
 - d) legal, accounting and financial services;
 - e) utility and telecommunication companies;
 - f) non-profit charitable corporations or organizations, provided that no consideration is received for the contribution; and
 - g) professional entertainers and/or celebrity promoters.
- 4) The cost of Vendor Registration shall be two hundred Dollars (\$200.00), which includes the cost of an initial investigation. Vendor shall be responsible for all costs incurred by the Commission of any further investigation necessitated by the findings of the initial investigation. The Vendor Registration shall be valid for three (3) years.
- 5) Applicants seeking approval for Registration as a Vendor shall complete a Vendor Registration Application Form.
- 6) The direct or indirect owners of 5% or more voting interests and certain officers, directors, managers, general limited partners, trustees, and Key Personnel of the Applicant seeking Registration as a Vendor, and any other individual associated with the Applicant in the sole and absolute discretion of the Commission may be required to complete additional forms or be subject to a finding of suitability at the discretion of the Commission.

Section 2.3 Restriction on Doing Business

- 1) No enterprise shall operate, provide equipment or services related with the activity of Sports Betting or Fantasy Contests, or the wagering, or in another manner shall carry on business related with activities of Sports Betting or Fantasy Contests with an Operator, its employees or agents, unless it holds a current License validly issued by the Commission
- 2) No enterprise shall manufacture, sell or lease, distribute, repair or provide maintenance services to Wagering Equipment, platform or the related software in Puerto Rico unless it holds a current License or Vendor registration validly issued by the Commission in accordance with these Regulations.

Section 2.4 General Parameters for Granting Licenses

All License applicants shall submit to the Commission the information, documentation and guarantees necessary to establish through clear and convincing evidence:

- a) The stability, integrity and economic responsibility of the applicant;
- b) The good character (if an individual), honesty and integrity of the applicant;
- c) That the owners, administrative and supervisory personnel, principal employees and sales representatives of the applicant comply with the parameters provided in section;
- d) The integrity of the investors, mortgage creditors, guarantors and holders of bonds, notes and other evidences of debt which are in any way related to the enterprise; and
- e) The integrity of all the officers, directors and trustees of applicant.
- f) If the applicant is not a publicly traded company, the applicant shall produce proof of beneficial ownership. Stock ownership shall be issued to bona fide individuals or entities and shall not be in the form of nominee or bearer shares.

Section 2.5 Initial Application for a License

- 1) The initial application for a License shall consist in:
 - a) An original and a copy of the following documents:
 - i) Business Entity License Application form to be completed by the applicant and by each holding company of applicant;
 - ii) The Multijurisdictional Personal History Disclosure Form to be completed by each natural person who must be qualified by the Company in accordance with section 2.2 A 1) g) of these Regulations; and
 - iii) Supplemental Form to Multijurisdictional Personal History Disclosure Form
 - b) The fees to be paid, as provided these Regulations.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 2) Every initial application shall be filed at or mailed at the address of the Commission indicated in section XXXX.10 of these Regulations.
- 3) The Commission shall not evaluate an initial License application unless the same is accompanied by all the information required in these Regulations, including all the documents requested in paragraph (a) above; provided that any incomplete application filed with the Commission shall be deemed to be as if the same had not been filed.
- 4) Burden of proof. It shall be the responsibility of the applicant and its principals to provide information and or documentation and to demonstrate their qualifications by clear and convincing evidence relative to the character, honesty and integrity of its directors, officers, stockholders and principal employees to the Commission.
- 5) Any annex presented as evidence, which does not use the Spanish or English language, must be accompanied by a certified translation. Said translation must be in the Spanish or English language and will include the name, date and signature of the person who performed the translation.

Section 2.6 Provisional License

- 1) The Commission may issue Provisional Licenses to Sports Betting Operators, Fantasy Contest Operators and Service Providers.
- 2) An Applicant for a Provisional License shall provide the Office with the following documents and information and complete the following steps:
 - a) Provide proof of full current licensure for Sports Betting or Fantasy Contests, in the same category or equivalent category of license as being applied for in the Commission, from an Office approved jurisdiction;
 - b) Provide a copy of the application, including all amendments and updates, submitted to obtain its license from an Office approved jurisdiction;
 - c) Begin the Commission's license application process;
 - d) Complete all forms required by the Commission;
 - e) Provide proof that the Applicant has obtained an authorization to conduct business in Puerto Rico;
 - f) Provide proof of good standing from the Puerto Rico Department of State
 - g) Comply with the Business Entity requirements for licensure contained in this section
 - h) Provide any additional information or documentation required by the Commission; and
 - i) Pay the non-refundable application fee equivalent to a one-year license fee.
- 3) An Applicant for a Provisional License shall agree in writing to the following conditions:
 - a) The Provisional License does not create a right or privilege to continue Sports Betting or Fantasy Contest operations if the Applicant's application for a standard license is rejected by the Office.
 - b) The Office may rescind the Applicant's Provisional License at any time, with notice to the Applicant, if:
 - i) The Office is informed that the suitability of the Applicant may be at issue; and
 - ii) The Applicant fails to cooperate with the Office in the Office's investigation into the qualifications and suitability of the Applicant for a standard license.
- 4) A Provisional License shall be valid for a period of up to six (6) months. The Executive Director may extend the Provisional License period upon a showing of good cause.
- 5) While operating under a Provisional License, the licensee shall adhere to all applicable requirements contained in the Act and this chapter.
- 6) The Applicant must complete the Commission's full licensing application and meet all requirements prior to being issued a wagering license.
- 7) The initial standard license term of the Applicant shall be reduced by the number of days the Applicant held a Provisional License.
- 8) A Provisional License shall expire immediately if the Applicant's application for a standard license is denied.

Section 2.7 License Renewal Application

- 1) Every License renewal application shall be filed no later than one hundred twenty (120) days prior to the expiration date of said license.
- 2) The License renewal application shall include:
 - a) A duly completed original and a photocopy of:
 - i) Business Entity License Application, which shall contain all the information that has changed from the date of the application for the initial Service Industry License or of the last renewal, to be completed by the applicant and by each holding company of applicant;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- ii) Multijurisdictional Personal History Disclosure Form to be completed by each natural person who must be qualified in accordance with section xx.9 of these Regulations, and who has not been qualified by the Company; and
 - iii) Puerto Rico Supplemental Form to Multijurisdictional Personal History Disclosure Form.
- b) The fees to be paid, as provided in these Regulations.

Section 2.8 Application Fees

- 1) The fees that will be paid for the initial application will be in the amount of \$500.00 to defray the administrative cost related to the processing of the application and initial investigative fees to conduct a background investigation of the company and its qualifiers. Notwithstanding the cap on fees, under special circumstances determined by the Division, the applicant may be charged additional fees to complete a background investigation to the standards set forth in these regulations.
- 2) Research costs may be required during the application evaluation process. They will be informed to the applicant prior to incurring them.
- 3) The fees to pay for the initial application or for the renewal of a license will be charged by the Commission

Section 2.9 Disqualification Criteria

- 1) The Commission may deny a License to any applicant which, in the opinion of the Commission:
 - a) has not proven through clear and convincing evidence that the applicant and any of the persons required to be qualified in accordance with these Regulations are in fact duly qualified;
 - b) has violated any of the provisions of the Act or the Regulations;
 - c) has failed to provide information or documentation requested in writing by the Commission in a timely manner, which shall not exceed (30) business days from the date of request by the Gaming Division without reasonable justification;
 - d) does not consent to investigations, inspections, and searches, or to have photographs and fingerprints taken for investigative purposes;
 - e) Has been convicted of any felony or misdemeanor involving moral turpitude, in Puerto Rico or any other jurisdiction, providing that this disqualifying criterion shall not automatically apply in case of convictions that have been expunged from the applicant's criminal record upon a court order;
 - f) Is being prosecuted or has pending charges in any jurisdiction for any crime previously specified; however, at the request of the applicant or the person being prosecuted, the Commission may postpone the decision concerning such application while said charges are pending;
 - g) Is identified as a career offender or is a member of a criminal organization, or as being associated to a career offender or a criminal organization; or
 - h) Do not pay the investigation fees required by the Commission.
- 2) The Commission may also deny this license by applying the criteria listed above to those persons related to the applicant that must be qualified pursuant to these Regulations as a franchising condition.
- 3) The Company may impose a term to be able to request again a license that has been previously denied.

Section 2.10 Qualification Requirements Before Granting a License

- 1) The Commission shall not issue a License to any legal person unless the applicant has established in advance the individual qualifications of each one of the following persons:
 - a. The enterprise;
 - b. The holding company (ies) of the enterprise;
 - c. Every owner of the enterprise who has, directly or indirectly, any interest in or is the owner of more than five percent (5%) of the enterprise;
 - d. Every owner of a holding company of the enterprise that the Commission deems necessary to promote the purposes of the Act and the Regulations;
 - e. Any director of the enterprise, except such director who, in the opinion of the Commission, is not significantly involved in or connected with the administration of the enterprise;
 - f. Every officer of the enterprise who is significantly involved in or who has authority over the manner in which the business dealing with the activities of an Authorized Location is conducted and any officer who the Commission considers necessary to protect the good character, honesty and integrity of the enterprise;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- g. Any officer of the holding company of the enterprise who the Commission considers necessary to protect the good character, honesty and integrity of the enterprise;
 - h. Any employee who supervises the regional or local office that employs the sales representatives who shall solicit business from or negotiate directly with a Sports Betting Operator;
 - i. Any employee who shall function as a sales representative or who shall be regularly dedicated to soliciting business from any Sports Betting Operator in Puerto Rico or any technological employee who has access to the facilities of the Sports Betting Operator in the performance of his job duties;
 - j. Any other person who the Commission considers should be qualified.
- 2) To establish the individual qualifications, the persons specified in subparagraphs (A)(1) and (A)(2) of this section shall complete Business Entity License Application Form.
 - 3) To establish the individual qualifications, the persons specified in subparagraphs (a)(3) through (a)(10) of this section shall complete Multijurisdictional Personal History Disclosure Form.

Section 2.11 General Parameters to Qualify as a Person Connected with a Service Provider

- 1) Any natural person who is required to qualify, because of his relationship with a License applicant, shall provide to the Commission the information, documentation and assurances necessary to establish through clear and convincing evidence:
 - a. His relationship with the enterprise;
 - b. That he is older than eighteen (18) years of age;
 - c. The Commission shall deny any person required to qualify in conjunction with a service provider license who does not satisfy the standards for entity licensing set forth in these Regulations.
 - d. That he has not been convicted by a state or federal court of justice or a court of justice of any other jurisdiction of:
 - i) Committing, intending to commit or conspiring to commit a crime of moral turpitude, illegal appropriation of funds or robbery, or any violation of a law related to Gaming Commission of the Government of Puerto Rico, or a crime which is contrary to the declared policy of Puerto Rico with respect to the gaming industry; or
 - ii) Committing, intending to commit or conspiring to commit a crime which is a felony in Puerto Rico or a misdemeanor in another jurisdiction which would be a felony if committed in Puerto Rico.
- 2) Failure to comply with one of the requirements set forth in paragraph (A) above shall be sufficient cause for the Commission to deny a License.

Section 2.12 Investigations; Supplementary information; Approval of Change

- 1) The Commission may, at its discretion, conduct any investigation with respect to an applicant or any person related with an applicant which it deems pertinent, either at the time of the initial application or at any subsequent time.
- 2) It shall be the continuing duty of any applicant or holder of a License to fully cooperate with the Commission during any investigation and to provide any supplementary information that the Commission's requests.
- 3) The applicant shall file with the Commission for its approval, within ten (10) business days, any change in the applicant or holder of a Service Industry License the original state of which was a condition imposed by the Commission for the granting of the initial License or the renewal of said License; provided that any change in the ownership of the applicant or the holder of a License or any change in the ownership of any holding or intermediary company of the enterprise which represents five percent (5%) or more of the total shares issued and outstanding or of the total participation in the same, except when the holding or intermediary company is a publicly-traded corporation, not approved by the Commission shall be sufficient cause for invalidating any license or prior approval granted by the Commission. The proposed new owner shall submit to the Commission an initial Business Entity License application and evidence that he is qualified to receive the same.

Section 2.13 Cause for Suspension, Failure to Renew, or Revocation of a License

- 1) Any of the following reasons shall be considered sufficient cause for the suspension, denial of renewal or revocation of a License:
 - a. Violation of any provision of the Act or the Regulations;
 - b. Conduct, which would disqualify the applicant, or any other person, required to be qualified by the Commission;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- c. Failure to comply with any applicable law, regulation, federal, state or municipal ordinance;
 - d. The material deviation of any representation made in the application for the License;
 - e. Has not paid the investigation fees required by the Commission.
- 2) Notwithstanding the provisions of subparagraph (a) above, any other cause that the Commission deems reasonable shall be considered sufficient cause for the suspension, denial of renewal or revocation of a License.

Section 2.14 Special Authorization to Conduct a Commercial Transaction in the Absence of a Service Provider License

- 1) The Company, at its discretion, may permit a License applicant to carry out a commercial transaction with a Operator before said service industry enterprise has obtained the License required provided that:
- a. The applicant has filed with the Commission a completed application for a License;
 - b. At least five (5) days has passed since the filing of said completed application with the Commission; and
 - c. The Operator submits to the Commission a petition for special authorization to carry out a commercial transaction in the absence of a License that contains:
 - i) A sufficient reason to convince the Commission to grant the special authorization to the enterprise; and
 - ii) A detailed description of the commercial transaction that it desires to carry out.
- 2) The Commission shall evaluate said petition for special authorization to conduct a commercial transaction in the absence of a License and shall notify its decision in writing within a reasonable period.
- 3) Any commercial transaction conducted under a special authorization in the absence of a License shall be notified to the Commission by the applicant and the Operator within ten (10) days following the carrying out of the commercial transaction. The notification shall at least contain the date of the transaction and the description of the commercial transaction carried out.

Section 2.15 Exemption to License

- 1) The Commission may exempt an enterprise from the requirement of obtaining a License if the Commission determines that said enterprise is not operating its business in a regular or continuous manner with the franchisees in Puerto Rico.
- 2) Any legal person that is interested in obtaining an exemption from the requirement of obtaining a License as require in this section shall apply in writing to the Commission for said exemption.
- 3) The exemption application provided in this section shall contain the following information:
- a) Name, address and detailed description of the service offered by the legal person;
 - b) Name of the owners, directors, officers and managerial employees of the legal person;
 - c) Sports Betting Operators in Puerto Rico to whom they will provide services and a description of the service to be provided, including the quantity and cost of the services;
 - d) Number and frequency of the transactions;
 - e) Dollar amount of the transactions; and
 - f) Sufficient reasons to convince the Commission as to why granting the enterprise a license is not necessary to protect the public interest or advance the policies set forth in the Act.
- 4) The Commission may determine that an enterprise is not operating its business in a regular and continuous manner in Puerto Rico if the applicant demonstrates, to the satisfaction of the Commission, that the goods or services provided by the enterprise are in minimal or insignificant amounts, and that granting the same a License is not necessary to protect the public interest or advance the policies established by the Act.
- 5) To determine whether an enterprise operates or will operate in a regular or continuous manner in Puerto Rico, the Commission may take the following factors into consideration, among others:
- a. Number of transactions;
 - b. Frequency of the transactions;
 - c. Dollar amount of transactions;
 - d. Nature of the equipment or services rendered, or business carried out;
 - e. Maximum period of time needed to provide the equipment, carry out the services or complete in its entirety the business object of the transaction; and
 - f. The public interest and the policy established by the Act.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 6) Any enterprise which has been exempted by the Commission from the requirement of obtaining a License in accordance with this section shall obtain the prior written approval of the Commission before carrying out any commercial contract or transaction in Puerto Rico

Section 2.16 Records

- 1) All licensees authorized by the Commission shall maintain in a place secure against robbery, loss or destruction the records corresponding to the business operations, which shall be available to, and be produced for the Commission should the Commission request them. Said records shall include:
 - a. Any correspondence with the Commission and other governmental agencies at a local, state and federal level;
 - b. Any correspondence related to the business with an Operator whether proposed or existing;
 - c. Copies of any publicity and promotional materials;
 - d. The personnel files for every employee of the authorized, including those for the sales representatives;
 - e. The financial records for all the transactions related to the business, whether proposed or existing.
- 2) The records listed in subparagraph (A) above shall be kept at least for a period of five (5) years.

Section 2.17 License Application Form

- 1) License Application Form shall be completed in the format provided by the Commission and may require the following information:
 - a. The current and former official names used by the legal person and the dates of use;
 - b. The current and former address of the legal person;
 - c. The telephone number of the enterprise;
 - d. Specify if the application is for an initial license or a renewal and, if it is a renewal, indicate the current license number and the expiration date of the same;
 - e. Corporate form, and if applicable, a copy of the certificate of incorporation, by-laws, partnership agreement, trust agreement and any other documentation related to the legal organization of the enterprise;
 - f. Certificate issued by the State Department of Puerto Rico and by the corresponding governmental entity in the jurisdiction of incorporation of the enterprise to the effect that the enterprise has complied with all the legal requirements ("Good Standing Certificate");
 - g. A description of the current and former business carried out by the enterprise, or by an intermediary, subsidiary or holding company of the enterprise;
 - h. A description of the nature, type, number of shares, terms, conditions, rights and privileges of all classes of stock issued by the enterprise, if any, or those it plans to issue;
 - i. The name, address, date of birth (if applicable), number and percent of shares owned by each person or entity with a beneficiary interest in any non-voting shares;
 - j. The name, address, date of birth, title or position, and, if applicable, the percent of ownership in the enterprise of the following persons:
 - i. Every officer, director or trustee;
 - ii. Every owner, or partner, including all the partners, whether general, limited or any other type;
 - iii. Every beneficial owner who owns more than five percent (5%) of the voting shares;
 - iv. Every sales representative or other person who shall regularly solicit business from a Sports Betting Operator;
 - v. Every manager who supervises a local or regional office which employs sales representatives or other persons who solicit business from a Sports Betting Operator; and
 - vi. Any other person not specified in subparagraphs (A)(10)(a), (b), (c), (d) and (e) above and who has signed or will sign service agreements with a Sports Betting Operator;
 - k. A diagram that illustrates the ownership interest of any other person who has an interest in the applying enterprise;
 - l. The name, last known address, date of birth, position occupied in the enterprise, dates in said position, and the reason for leaving of any former officer or director who occupied any position during the preceding ten (10) years;
 - m. The annual compensation of each one of the partners, officers, directors and trustees;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- n. The name, home address, date of birth, position, length of employment, and the amount of compensation for every person, who is not one of those identified in subparagraph (A)(13) above and who is expected to receive an annual compensation of more than fifty thousand dollars (\$50,000.00);
- o. A description of any bonus, profit sharing, pension, retirement, deferred compensation or similar plans;
- p. If the legal person is a partnership, a description of each partner's interest in the enterprise including the amount of initial investment, the amount of additional contributions, the amount and nature of any investment which is anticipated in the future, each partner's degree of control and each partner's percent of ownership;
- q. A description of the nature, type, terms, agreements and priorities of any debt or payment obligation, and the name, address and date of birth of each creditor and holder of a security, the type and class of debt instrument it has, the original amount of the debt and the present balance of the same;
- r. A description of the nature, type, terms and conditions of securities options;
- s. The following information with respect to each account existing in the name of the legal person or which is under the direct or indirect control of the legal person:
 - i. Name and address of the financial institution;
 - ii. Type of account;
 - iii. Account number; and
 - iv. Period of time it has had the account(s);
- t. A description of all the contracts for twenty-five thousand dollars (\$25,000.00) or more or those worth more than that amount, including employment contracts with a duration of more than one (1) year, and contracts in which the enterprise has received twenty-five thousand dollars (\$25,000.00) or more in goods or services in the last six (6) months;
- u. The name and address of each company in which the enterprise holds shares, the type of shares held, purchase price per share, number of shares held and percent of ownership;
- v. Information regarding any transaction during the last five (5) years which has caused a change in ownership of a beneficial interest of the securities of the enterprise of an officer or director who owned more than ten percent (10%) of any class of equity security;
- w. A description of any civil, criminal, investigatory and administrative proceeding in which the enterprise, its subsidiaries, managers, officers, directors or shareholders have been involved, and which includes:
 - i. Any arrest, indictment, charge or conviction for a criminal action or personal offense;
 - ii. Any criminal proceeding in which the enterprise or any of its subsidiaries has been a party or has been named as co- conspirator;
 - iii. If any civil litigation exists wherein the damages might possibly exceed fifty thousand dollars (\$50,000.00), except for claims covered by an insurance policy;
 - iv. Any trial, judicial decree or order against the enterprise related to a violation or alleged violation of the federal antitrust, trade regulation or securities laws or similar laws of any jurisdiction;
- x. Information concerning the enterprise or any holding or intermediary company of the enterprise relating to orders or bankruptcy or insolvency petitions and any relief sought under any provision of the Federal Bankruptcy Act or any state insolvency law, and any receiver, fiscal agent, trustee or similar officer appointed for the property or business of the enterprises or any holding, intermediary or subsidiary company of the same;
- y. Whether the enterprise has had any license or certificate denied, suspended or revoked by an agency of the government of Puerto Rico or any other jurisdiction, the nature of such license or certificate, the agency and its location, the date of such action, the reasons therefore and the facts related thereto;
- z. Whether the enterprise has previously applied for a license, permit or authorization to participate in a legal gaming operation in Puerto Rico or in any other jurisdiction, the agency and its location, the date of the application, the nature of the permit or authorization of such license, the number of the same and the expiration date;
- aa. A copy of each one of the following:
 - i. Annual reports for the last five (5) years;
 - ii. Any annual report prepared during the last five (5) years on Form 10K pursuant to Sections 13 or 15d of the United States Securities and Exchange Act of 1934, as amended;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- iii. Audited financial statements for the last fiscal year, including, but not limited to, income and expense statements, balance sheets, cash flow statements and the notes corresponding to said financial statements;
- iv. Copies of all financial statements, whether audited or unaudited, prepared during the last five (5) fiscal years;
- v. The most recent quarterly unaudited financial statement prepared by or for the enterprise or, if the enterprise has been registered with the Securities and Exchange Commission, a copy of a recently filed Form 10Q;
- vi. Any recent report prepared due to a change in control of the enterprise, an acquisition or disposition of the assets, bankruptcy or receivership proceeding, change in the certification from the accountant of the enterprise or any other important event, or, if the enterprise is registered with the United States Securities and Exchange Commission, a copy of the most recently filed Form 8K;
- vii. The most recent proxy or financial statement filed in accordance with Section 14 of the Securities and Exchange Act of 1934, as amended);
- viii. Registration Statements filed in the last five (5) years pursuant to the Securities Act of 1933, as amended; and
- ix. All reports and correspondence submitted within the last five (5) years by independent auditors for the enterprise that pertain to the issuance of financial statements, managerial advisory services or internal control recommendations;
- bb. An organizational chart of the enterprise, including descriptions of the positions and the names of the persons holding said positions;
- cc. Copies of all Internal Revenue Forms 1120 of Internal Revenue (corporate income tax return), all forms 1065 (partnership returns) of Internal Revenue or all Forms 1040 (personal income tax return) and all Puerto Rico income tax returns (if applicable) filed during the past five (5) years;
- dd. Certificate issued by the Treasury Department of Puerto Rico certifying that the enterprise has filed its income tax returns;
- ee. Negative Debt Certificate issued by the Treasury Department of Puerto Rico; and
- ff. Negative Debt Certificate issued by the Municipal Revenue Collection Center ("CRIM," by its Spanish acronym).

In addition to the information in paragraph (1) above, License Application Form shall include a Release Authorization authorizing governmental and private organisms to release any information pertaining to the applicant which may be requested by the Commission and a notarized sworn statement whereby applicant declares that all the information supplied in the application is true.

- 2) The application shall be signed by the president of the enterprise, general manager, partners, general partner or any other person authorized by the enterprise.

Section 2.18 Multijurisdictional Personal History Disclosure Form

- 1) The Commission may require, as a minimum, the following information in the Multijurisdictional Personal History Disclosure Form from all those natural persons required by this Regulation:
 - a) Name, physical and mailing address, telephone number and name of contact person of the enterprise;
 - b) Name, including any nicknames and aliases;
 - c) Date of birth;
 - d) Current physical and mailing address;
 - e) Social security number, which information is voluntarily provided in accordance with Section 7 of the Privacy Act, 5 U.S.C.A. 552a;
 - f) Telephone number at current place of employment or, if none, the home telephone number;
 - g) Marital status and information regarding his immediate family;
 - h) Employment history, including any gaming-related employment;
 - i) Education and training;
 - j) Other licenses held or applied for by the applicant in Puerto Rico or in any other jurisdiction, including:
 - i. Any license, permit or registration required to participate in any legal gaming operation; and
 - ii. Any denial, suspension or revocation of a license, permit or certification issued by a governmental agency;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- k) Criminal or investigatory proceedings in Puerto Rico or in any jurisdiction, including arrests, crimes or offenses committed by the person.
- 2) In addition to the information in (1) above, the Multijurisdictional Personal History Disclosure Form completed shall include the following:
 - a) The name, address, occupation and telephone number of persons who can attest to the applicant's good character and reputation; and
 - b) A Release Authorization authorizing governmental and private organisms to take and offer any pertinent information relating to the person that may be requested by the Company and a notarized sworn statement whereby applicant declares that all the information supplied in the application is true.
- 3) All Multijurisdictional Personal History Disclosure Form shall be filed in original and digital copy together with the corresponding Service Provider License Application Form and shall also include:
 - a) The documents similar to those required in section 10.14 of these Regulations for identifying the person;
 - b) A photograph of the applicant taken within the twelve (12) months prior to the date of filing of Multijurisdictional Personal History Disclosure Form, which shall be stapled to said Form; and
 - c) A Puerto Rico Supplemental Form to Multijurisdictional Personal History Disclosure Form, completed in all its parts.

Section 2.19 Obligation to Pay the Fees; No Refund of Fees Paid

- 1) Any obligation for payment of fees arising from these Regulations shall be paid in full even when the legal persons withdraws its application for a Service Industry License.
- 2) No amounts paid for franchise fees shall be refundable.

Section 2.20 Responsibility of the Operator

- 1) Any Operator that will be receiving a service shall be responsible for confirming that the enterprise with which it will carry out the transaction holds a License or has obtained a temporary authorization, or an exemption in accordance these Regulations.
- 2) Any violation of subparagraph (a) above shall be sufficient cause for the cancellation or suspension of its franchise and/or the imposition of an administrative fine by the Commission.

Section 2.21 Master Vendor's List

- 1) The Commission shall maintain a Master Vendor's List of all vendors doing business with Operators in Puerto Rico.
- 2) An approved Master Vendor's List will be maintained by Commission and will be comprised of all Temporary or Permanent License approval to engage in business transactions with Operators.
- 3) It shall be the responsibility of each Operator to provide to the Commission at the end of every month, a list of vendors doing business with Operators to determine vendors who shall file for licensure as a service provider. This listing shall provide the name of the company and amount paid to vendors during the monthly period. This information will be used by the Commission to determine companies who will be required to file for licensure as a service provider. The Commission shall conduct the required service provider license investigations on the vendors who meet the criteria outlined in this Regulation and who are required to qualify pursuant to the qualifications for licensure contained this Regulation.

ARTICLE 3 OPERATOR ORGANIZATION STRUCTURE

Section 3.1 Organization Chart – Reporting Structure

- A. Each Operator shall maintain an organizational structure that meets, at a minimum, the following criteria, aimed at preserving the integrity of the operation of Sports Betting or Fantasy Contests. Provided that it meets the minimum criteria required in this Section, each Operator will be allowed to adapt its organizational structure to the needs of its own management style. Notwithstanding the foregoing, the Commission will have discretion to adjust and / or modify the organizational structure of any Operator that demonstrates extraordinary situations that justify doing so.
- B. The Operator shall submit its organizational structure to the Commission for approval within thirty (30) days after the Commission has made a request to that effect. The organizational chart proposed by each Operator must be approved by the Commission and will be governed by the following criteria:
 - 1) A system of personnel and chain of command allows for the adjudication of responsibilities for actions and omissions.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 2) The segregation of incompatible functions so that no employee is in a position both to commit an error or to perpetrate a fraud and, at the same time, to conceal the error or fraud in the normal course of his or her duties.
- 3) Primary and secondary supervisory positions which permit the authorization or supervision of necessary transactions at all relevant times.
- 4) Areas of responsibility which are not so extensive as to be impractical for one person to monitor.
- 5) Any other criteria that the Commission deems necessary to achieve compliance with the purposes of the Law and these Regulations.

Section 3.2. Job Descriptions – Roles and Responsibilities

- A. The Operator shall be required to employ the personnel herein described in the operation of Sports Betting or Fantasy Contests, regardless of the position titles assigned to such personnel by the Operator in its approved organizational chart. These Regulations include general names for positions and forms. Specific titles and form names must be included in the Operator's internal controls. Functions described in these Regulations shall be performed only by persons having the appropriate knowledge and skill, as well as, holding the appropriate license required by the Operator's approved organizational chart to perform such functions, or by persons holding the appropriate occupational license required by the Operator's approved organizational chart to supervise persons performing such functions. Each of these departments and supervisors shall be required to cooperate with, yet perform independently of, all other departments and supervisors.
- B. The Operator shall document their management structure, including job responsibilities by providing job descriptions for each management and Key Employee position, containing the following information:
 - 1) The role/objectives of the position;
 - 2) Reporting relationships both internally and externally, including immediate supervisor and
 - 3) Major duties, controls and responsibilities;
 - 4) The titles/functions of the position(s), if any, which report to the post-holder;
 - 5) Access to sensitive assets and areas
 - 6) Signatory ability, including alternate procedures in cases in which the required signatory is unable to perform their duty; and
 - 7) The knowledge, skills, qualifications and experience required for the position.
- C. As these roles form a critical part of the control environment, each Operator has a continuing obligation to notify the Commission of any changes to incumbents, job descriptions, and/or the responsibilities attached to a position prior to implementing any change in management or key employee roles.
- D. The Operator shall ensure that its employees conduct operations of Sports Betting or Fantasy Contests in a manner that does not pose a threat to the public health, safety, and welfare of territory residents.
- E. The lowest job title of that department with the authority for that duty must be listed in the internal controls. Employees with higher authority within the same department may perform these duties, except where specifically noted in the internal controls. When a higher job title of that department performs the duties of a lower job title of that department, he/she may not then perform verification of his/her own work. A lower job title may be assigned the job duties of a higher job title within the same department for the operational day, provided that the assigned job title is within the same Commission Occupational License Badge Level. An employee temporarily working in the higher job title may not perform verification of his/her own work. Once assigned to the higher job title, the employee cannot return to his/her lower job title for the rest of the operational day. Any lower job title elevated to a supervisory job title cannot accept tips or gratuities while performing the job duties of the higher job title.
- F. There shall be a separation of duties to ensure that no group has overall control without oversight. The Operator shall set very clear work responsibilities in order to minimize mistakes, limit liabilities, and increase the amount of separation between related duties.
- G. Supervision must be provided as needed for each department by an employee(s) with authority equal to or greater than those being supervised.
 - 1) Internal controls must identify the supervisory employee in the department or area responsible for ensuring that the department or area is operating in accordance with established policies and procedures.
 - 2) The supervisory employee must be independent of the operation of the activity.
 - 3) Internal controls must ensure that duties are adequately segregated and monitored to detect procedural errors and to prevent the concealment of fraud.

Section 3.3. Mandatory Departments

In addition to satisfying the requirements established above, the organizational structure of all Operators will include, as a minimum, the following departments and supervisory positions:

A. Information Technology (IT) Department

- 1) Each Operator will maintain an Information Technology (IT) Department that will be responsible for the quality, reliability, and accuracy of all computer systems used in the operation.
- 2) The Information Technology (IT) Department may consist of the Operator's IT personnel or an IT service provider.
- 3) An organizational chart of the Information System Department will be prepared showing the lines of responsibility in said Department.
- 4) The IT Department shall be responsible for, without limitation, the following activities:
 - a) The quality, reliability and accuracy of all computer systems used by the Operator in conducting operation of Sports Betting or Fantasy Contests, including the specifications of appropriate computer software and hardware.
 - b) Maintaining the appropriate computer programs, equipment and procedures to guarantee the security, physical integrity, business continuity and maintenance of:
 1. Access codes and other information-related security controls that guarantee limited access to computers and the reliability of the information in the system;
 2. Electronic storage of pertinent information about the operation of Sports Betting or Fantasy Contests;
 3. The maintenance of the equipment and computer and communication programs used in the management of the operation of Sports Betting or Fantasy Contests; and
 4. Adequate backup and recovery procedures.
 - c) The acquisition, installation and maintenance of all hardware, software and data communications resources required to support operation of Sports Betting or Fantasy Contests;
 - d) The provision of physical and environment security designed to ensure that access to computer hardware and data communication equipment is limited to authorized personnel and to provide standard environmental components, including reliable electric service and appropriate temperature control;
 - e) The timely back-up of information resources and the development of a business continuity plan;
 - f) The development and maintenance of access controls that limit the use of all information resources to authorized users and permit access only to the types of transactions and functions that authorized users are permitted to exercise;
 - g) The development of IT audit procedures and the preservation of audit data that enable the monitoring and investigation of unlawful, unauthorized, or inappropriate information system activity and ensure that these actions can be traced to the user(s) responsible; and
 - h) The development of an IT Security Plan that outlines anticipated risks and the corresponding strategies employed to mitigate these risks. Written procedures and internal controls shall be developed to address segregation of responsibilities, password administration, implementation of access controls and monitoring intrusions and security violations.
 - i) Maintaining current documentation with respect to the network topology (e.g., flowchart/diagram), deployment of server(s) housing application and database, and inventory of software and hardware deployed (available upon request by authorized internal and external auditors and by Commission personnel). The employee responsible for maintaining the current documentation on the network topology is to be delineated in the internal controls.
- 5) The IT Department will be under the supervision of a key employee who holds an occupational license endorsed with the position of Information Systems Officer, reporting to the head of accounting/finance or operations.
- 6) IT Department staff will be independent of the gambling sectors (e.g. main cage, count rooms). The procedures and controls of the personnel of the IT Department will be documented and responsibilities will be assigned.
- 7) The staff of the IT Department will be prohibited from entering and / or unauthorized use of:
 - a) Computers and terminals located in participation areas;
 - b) Source documents; and
 - c) Live data files.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 8) The personnel of the IT Department having access to the system used for Sports Betting and/or Fantasy Contests may not have signatory authority over financial instruments (currency, winning tickets, vouchers, checks, etc.) and payout forms and must be independent of and restricted from:
 - a) Having unauthorized access to cash or other liquid assets; and
 - b) Initiating general or subsidiary ledger entries.

B. Accounting Department

- 1) The Accounting Department must be separate from the Sports Betting and Fantasy Contests Department.
- 2) The Accounting Department shall be responsible for, without limitation, the following:
 - a) Accounting controls;
 - b) The preparation and control of records and data;
 - c) The control of stored data, the supply of unused forms, and the accounting for and comparing of forms used in operations.
 - d) The operation of the count rooms.
 - e) The preparation of daily financial reports; and
 - f) The reconciliation of accounts with payment processors.
- 3) Every Operator shall have in its Accounting Department one or more persons responsible for verifying financial transactions and examining and auditing the forms and accounting information. This feature, commonly referred to as "Platform Revenue Audit," will be independent of transactions subject to review. Among other things, this function will include a daily audit of the operational documentation, a daily audit of the accounting responsibility of the cage of the Authorized Location, control of documents and signature verification.
- 4) The Accounting Department shall be supervised by a key employee who holds an occupational license endorsed with the position of Accounting Officer reporting to the senior management or the executive of the Operator.

C. Internal Audit Department

- 1) Every Operator shall have an Internal Audit Department, either in a separate Department within the operation, or using a corporate internal audit Commission, or delegating said function to third parties.
- 2) The Internal Audit Department shall maintain its independence through an organizational chain of accountability external to the management of the operation of Sports Betting or Fantasy Contests.
- 3) The Internal Audit Department must consist of at least two internal auditors independent of the areas subject to audit (auditors internal to the operation, officers of the Commission, or an outside accredited organization may perform this function).
- 4) The Internal Audit Department shall be responsible for auditing the compliance with these Regulations, and technical standards or operational controls as adopted by these regulations as well as to the Laws and Regulations provided by the Commission and the prevailing internal controls
- 5) The Internal Audit Department shall carry out the following minimum functions:
 - a) Examine and evaluate the adequacy of internal controls;
 - b) Ensure that internal controls are complied with, through observation and examination of accounting documentation;
 - c) Inform the Operator of those instances in which internal controls are not observed;
 - d) Inform on any fundamental failure of the internal control system;
 - e) Recommend improvements to the internal control system, if necessary;
- 6) The method by which the Operator fulfills its requirements with respect to the Internal Audit Department shall be described in the Operator's written table of organization.
- 7) The Internal Audit Department shall be supervised by a key employee who holds an occupational license endorsed with the position of Accounting Officer.
- 8) The employee of that Function will report directly to the license holder, the Operator's Chief Financial Officer or Compliance Officer, the property's general manager, an off-property corporation executive, or an independent committee audit, as established by the Operator.
- 9) The documentation that duly supports the work carried out, the conclusions reached, and any document pertinent to the internal audit will be kept for at least five (5) years.
- 10) The reports documenting the audits carried out will be kept for at least five (5) years and will be made available to the Commission at their request. The following information should appear in these audit reports:
 - i. Audit objectives;
 - ii. Audit procedures and scope, which include:
 - 1) Whether the test was performed by inquiry, observation or examination;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 2) The scope of each observation, review and test including the sample sizes and dates tested; and
- 3) The population from which the sample is selected for testing purposes, including all transactions occurring subsequent to the prior period's test dates through the current period's test date. For example, if the test date for the first quarter was February 5, the population for the second quarter's audit must include all transactions from February 6 through June 30;
- iii. Findings and conclusions. The page number references to internal controls which correspond to findings must be included along with the specific number of exceptions noted. If there are no findings, the report must indicate that no audit findings were noted. All findings relating to the required internal audits and any other internal audits relating to operation of Sports Betting or Fantasy Contests must be reported. Unrelated findings should not be included;
- iv. Recommendations, if necessary. All recommendations must be discussed with management prior to the report being submitted to the Commission;
- v. Observations. Exceptions noted that are not internal controls violations but relate to the operation of Sports Betting or Fantasy Contests must be included; and
- vi. Management's response. This must include the specific corrective actions to be taken, implementation dates and the employees responsible for implementation and subsequent follow-up. Responses are required for findings. Responses are only required for observations if required by operational policy.
- f. The internal audit report shall be delivered to management, the audit committee, the Commission upon request, or any other entity designated by the Operator.
- g. Any report resulting from the internal audit work will be investigated and resolved, documenting the results thereof and preserving the information collected during the investigation for at least five (5) years.
- h. Management will be informed of the conclusions of the internal audits. Management is obligated to respond to the findings of the internal audit, stating what regulatory actions it will take to prevent a recurrence of the audited exception.
- i. Follow-up observations and examinations is performed to verify that corrective action has been taken regarding all instances of non-compliance. The verification is performed within six (6) months following the date of notification of non-compliance.
- j. Documentation (e.g., log, checklist, notation on reports, and tapes attached to original documents) is maintained evidencing the performance of audit procedures, the exceptions noted and follow-up of all audit exceptions as it relates to compliance with these Regulations, including all instances of noncompliance.

D. Customer Service Department

- 1) The Operator must maintain at least one physical operating space or office with the capacity to provide customer service and attend to player complaints.
- 2) The Customer Service Department shall be supervised by a key employee holding an occupational license reporting to the senior management of the Operator.
- 3) The Customer Service Department shall be responsible for, without limitation, the following:
 - a) Assisting players with account enquiries;
 - b) Assisting players with technical difficulties connecting to or participating Sports Betting and/or Fantasy Contests; and
 - c) Registering and trying to resolve player complaints and disputes.

E. Security Department

- 1) The Authorized Location shall employ a Security Department containing licensed security officers. The Security Department shall be independent of all aspects of the operation of Sports Betting or Fantasy Contests.
- 2) The personnel of the Security Department who participate in any aspect of the operation of Sports Betting or Fantasy Contests shall at all times be employees of the Operator. Nothing in these Regulations shall prohibit the Operator from utilizing outside providers for unrelated security functions.
- 3) The Security Department will be under the supervision of a key employee who holds an occupational license endorsed with the position of Director of Security reporting to the senior management or the executive of the Operator.
- 4) The Security Department shall be responsible for the security of the Authorized Location in all its aspects, including, but not limited to, the following:
 - a) The enforcement of the law;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- b) The physical security of visitors, guests, employees, and Commission employees;
 - c) The physical security of the assets transported to, from or through the Authorized Location;
 - d) The protection of clients, employees and assets of the Authorized Location from illegal activities;
 - e) The detention of persons when there is probable cause to believe that they are violating the law or regulations of gambling;
 - f) The control and maintenance of a system for the issuance of temporary license credentials and Technology Platform Provider authentication credentials;
 - g) The development and implementation of security strategies and action plans;
 - h) The review of all processes regarding security aspects of the Operator, including, but not be limited to, the protection of information, communications, physical infrastructure, and participation processes;
 - i) The access to all necessary resources to enable the adequate assessment, management, and reduction of risk
 - j) Ensuring the Authorized Location is constantly secure during normal operations and any emergencies due to malfunctioning equipment, loss of power, any natural disaster or any other cause;
 - k) The record of events, including date and time, description of the incident, people involved in the incident and their contact information, and security personnel assigned to it;
 - l) The identification and removal of any person whose exclusion is prudent because it constitutes a hindrance to the operation of Sports Betting or Fantasy Contests, affects or bothers the well-being and tranquility of the assistants or employees of the Authorized Location, or represents a risk to the integrity and security of the Authorized Location.
 - m) The review and analysis of reports of unusual activity for evidence of fraud, collusion and cheating;
 - n) The immediate notification of appropriate supervisors and the Commission upon the detection of cheating, theft, embezzlement, or other illegal activities; and
 - o) Acting as a “verifier” when required.
- 5) Security personnel may perform other functions related to those previously expressed or that are not incompatible with the above, as long as the integrity and security of the Authorized Location is guaranteed.
 - 6) Each Operator shall submit to the Commission the procedures that guarantee compliance with subsection (4) above.

F. Surveillance Department

- 1) All Operators will maintain a surveillance department in operation twenty-four (24) hours a day, which must:
 - a) Observe the operation of the Sports Betting and/or Fantasy Contests;
 - b) Observe the operation of the main cage;
 - c) Observe the collection and counting of deposits in Kiosks;
 - d) Observe the circulation of cash and all other assets in the Authorized Location; and
 - e) Observe any planned or unforeseen activity that occurs in the Authorized Location outside of operating hours.
- 2) The Surveillance Department must also perform the following functions.
 - a) Detecting cheating, robbery, embezzlement, and other illegal activities in the Authorized Location;
 - b) The detection of the presence in the Authorized Location of any person that constitutes a hindrance to the operations of Sports Betting and/or Fantasy Contests, affects or bothers the well-being and tranquility of the assistants or employees of the Authorized Location, or represents a risk to the integrity and security of the Authorized Location; and
 - c) The recording of the illegal or unusual activities that are observed.
- 2) The Surveillance Department will be under the supervision of a key employee who holds an occupational license endorsed with the position of Surveillance Officer reporting to the senior management or the executive of the Operator.
- 3) The Surveillance Department shall report to a person who holds an employee license issued by the Commission and who is not a direct employee of the Authorized Location.
- 4) Any employee of the Surveillance Department and any agent of the Operator assigned to monitor the activities of the Authorized Location shall be independent of any other Department of the Operator. No current or former employee of a Surveillance Department may accept employment as an employee in the Authorized Location for which he or she previously worked or worked, or in a prospective Authorized Location or in any other Authorized Location under control. operational of the same person who directs or directed the Surveillance Department in which the surveillance Department employee previously worked, unless one (1) year has elapsed since the surveillance Department employee stopped working in the Department of

Puerto Rico Sports Betting and Fantasy Contest Regulations

Surveillance. surveillance. Notwithstanding the foregoing, the Commission may, at the request of the employee, exempt the employee from this restriction and allow a current or former employee of the Supervisory Department to be employed in a particular position after taking into consideration the following factors:

- a) That the former surveillance employee will be employed in a Department or area of operation that the surveillance Department does not monitor;
 - b) That the Operator's surveillance and security systems will not be compromised or jeopardized by the employment of a former surveillance Department employee in that particular position; and
 - c) That the knowledge of the ex-employee of the Surveillance Department does not facilitate the commission of illegal acts or the cover-up of said acts or errors.
- 5) The Operator may not subcontract the function of the Surveillance Department to third parties.
 - 6) All employees of the Surveillance Department must be trained in the following:
 - a) Surveillance techniques;
 - b) The operation of all surveillance equipment;
 - c) Regulatory requirements;
 - d) Internal control procedures;
 - e) The wagering rules of all Sports Betting;
 - f) The contest rules of all Fantasy Contests;
 - g) The methods of fraud, theft, embezzlement, and other illegal activities in the Authorized Location; and
 - 7) The personnel of the Surveillance Department shall be reasonably segregated and independent of all other personnel for the operation of Sports Betting and Fantasy Contests.

G. Sports Betting and Fantasy Contests Department

- 1) The Sports Betting Operator shall have a Sports Betting Department responsible for the conduct of Sports Betting in accordance with the established wagering rules, as well as the Regulations and approved internal controls of the Operator. It is acceptable for there to be a single department for Sports Betting and Fantasy Contests.
- 2) The Sports Betting Department shall be supervised by a key employee holding an occupational license endorsed with the position of Sports Betting Manager that is operating under a contract with an Operator
- 3) The Sports Betting Department must verify that all rules and disclaimers are displayed at all times or made readily available to the player upon request
- 4) The personnel of the Sports Betting Department shall hold an occupational license and not perform any functions that are not included in their job descriptions submitted to and approved by the Internal Audit Department.
- 5) Each Authorized Location shall have a Sports Betting Manager present at all times when Sports Betting are taking place.
- 6) The Sports Betting Manager ensures that there is sufficient supervision, knowledge and training within the department to provide for the proper and fair conduct of Sports Betting and is responsible for the operations of Sports Betting pursuant to these Regulations.
- 7) The Sports Betting Manager shall immediately notify the Commission upon the detection of any person participating in Sports Betting who is:
 - a) Engaged in or attempting to engage in or reasonably suspected of cheating, theft, embezzlement, collusion, money laundering, or any other illegal activity;
 - b) Involuntarily excluded; or
 - c) Voluntarily excluded.
- 8) Affected Sports Betting Managers shall be notified of any issues impacting the integrity of Sports Betting operations.

H. Fantasy Contests Department

- 9) The Fantasy Contests Operator shall have a Fantasy Contests Department responsible for the conduct of Fantasy Contests in accordance with the established contest rules, as well as the Regulations and approved internal controls of the Operator. It is acceptable for there to be a single department for Sports Betting and Fantasy Contests.
- 10) The Fantasy Contests Department shall be supervised by a key employee holding an occupational license endorsed with the position of Fantasy Contests Manager that is operating under a contract with an Operator
- 11) The Fantasy Contests Department must verify that all rules and disclaimers are displayed at all times or made readily available to the player upon request

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 12) The personnel of the Fantasy Contests Department shall hold an occupational license and not perform any functions that are not included in their job descriptions submitted to and approved by the Internal Audit Department.
- 13) Each Authorized Location shall have a Fantasy Contests Manager present at all times when Fantasy Contests are taking place.
- 14) The Fantasy Contests Manager ensures that there is sufficient supervision, knowledge and training within the department to provide for the proper and fair conduct of Fantasy Contests and is responsible for the operations of Fantasy Contests pursuant to these Regulations.
- 15) The Fantasy Contests Manager shall immediately notify the Commission upon the detection of any person participating in Fantasy Contests who is:
 - d) Engaged in or attempting to engage in or reasonably suspected of cheating, theft, embezzlement, collusion, money laundering, or any other illegal activity;
 - e) Involuntarily excluded; or
 - f) Voluntarily excluded.
- 16) Affected Fantasy Contests Managers shall be notified of any issues impacting the integrity of Fantasy Contests operations.

I. Cage Department

- 1) The Cage Department shall be responsible for the control and supervision of the main cage.
- 2) The Cage Department will be under the supervision of a key employee who holds an occupational license endorsed with the position of Cage Supervisor reporting to the supervisor of the Accounting Department.
- 3) The Cage Department may be separated into independent operations for Sports Betting, Fantasy Contests and other activities.
- 4) The main cage must comply with the following:
 - a) Safekeeping winning tickets and vouchers, cash or its equivalent, customer checks, and those documents and records normally related to the operation of the main cash register;
 - b) Approve, change, and cash customer checks received in order to play;
 - c) The control and supervision of all cages, cage cashiers, booth cashiers, change persons and the count room.
 - d) All other functions normally related to the operation of the main cage.
- 5) The Cage Department must be independent of the count in respect of revenues from Kiosks.

J. Compliance Department

- 1) The Compliance Department will be responsible for ensuring the Operator's ongoing compliance with the Regulations, and the Operator's approved internal controls, for managing change to the control environment, responsible gambling framework and interacting with the Commission regarding any regulatory matters.
- 2) The Compliance Department shall be supervised by a key employee holding an occupational license endorsed with the position of Compliance Officer reporting to the General Manager.
- 3) The Compliance Department shall be responsible for, at a minimum, the following:
 - a) To monitor, audit and report on compliance with the Law, Regulations, Rules and the Operator's internal controls.
 - b) To co-ordinate operations with the Commission in respect of projects where Commission approvals and certifications are required.
 - c) To act as custodian over unit internal control manuals and operating methods.
 - d) Coordinating all amendments of approvals processed by the Commission.
 - e) Oversee both internal and external audit disciplines.
 - f) Perform such other functions as prescribed by these rules and the Operator's internal controls.
- 4) The Compliance Department shall be responsible for maintaining the current status of all lists and disclosures addressed in these Regulations, including:
 - a) Key Employee certifications by reporting material changes in the individual's fitness and propriety or status to the Commission as soon as practicable;
 - b) Notifying the Commission of any material changes to the ownership or structure of the Operator as the change is contracted, and even if it remains conditional; and
 - c) Notifying the Commission of compliance failures.
- 5) The Compliance Department shall be responsible for responding to the Commission on progress with respect to any instructions issued by the Commission to the Operator.

Section 3.4. Staff Training

- A. To mitigate the risk that untrained staff may bring to regulated operations by knowing or unknowing acts in violation of regulatory requirements, the personnel of the Operator shall be trained in all internal controls relevant to each employee's individual function.
- 1) Special instructional programs may be developed by the Operator in addition to any on-the-job instruction sufficient to enable all employees to be thoroughly conversant and knowledgeable with the appropriate and required manner of performance of all activities relating to their functions. The following subjects for training will contribute to an effective control environment:
 - a) Anti-money laundering;
 - b) Compulsive and problem gambling and player protection
 - c) Player verification and identification recognition;
 - d) Fraud and security awareness; and
 - e) Regulatory controls to which the organization is subject.
 - 2) A written description of all instructional and on-the-job training to be and being provided shall be made available to the Commission for review upon request. Training program information must include the following:
 - a) The timeframe within which new employees are required to have completed the training;
 - b) Who is responsible for delivering the training;
 - c) How often the training is provided;
 - d) How the training varies depending on the nature of the employees' role; and
 - e) How the effectiveness of the training is assessed.
 - 3) Records shall be kept of all internal staff training and all employer-sponsored external training undertaken by employees to enable them to fulfill their roles. Training records shall be kept for a minimum of five years.
- B. The training program must be undertaken by new personnel within one month of commencing work with the Operator but before interacting with a player about, or influencing, the provision of Sports Betting or Fantasy Contests
- C. Existing personnel who have undertaken the approved training program must undertake an annual refresher training course to refresh content knowledge and information on any recent changes in player protection and/or responsible gambling.

Section 3.5. Background Checks

- A. The Operator shall conduct:
- 1) Background checks on newly hired employees engaged in activities related to the conducting of Sports Betting and Fantasy Contests; and
 - 2) Annual background checks on all existing employees engaged in activities related to the conducting of Sports Betting and Fantasy Contests.
- B. A background check conducted under subsection (A) must include a search for criminal history and any charges or convictions involving corruption or manipulation of sports events and any association with organized crime.

Section 3.6. Staff Location

Employees of an Operator who perform activities such as accounting, player identification and verification, problem gambling detection, anti-money laundering detection, fraud prevention, or other similar functions and that require access to PII shall be physically present in Commonwealth of Puerto Rico absent a showing of compelling need by the Operator that the employee should be located elsewhere. Such need shall be documented by filing a written notice to the Commission detailing the employee's location, job function, and information access rights.

Section 3.7. External Consultants

Details of any key external consultants must be included as part of the internal controls. This must identify their role within the business and the nature of their contractual relationship with the business where their ongoing involvement is critical to the business. The extent to which due diligence has been performed must also be recorded

Section 3.8. Security Forum

A security forum comprised of management shall be formally established to monitor and review the information security program to ensure its continuing suitability, adequacy and effectiveness, maintain formal minutes of meetings, and convene every six months as required by the Commission. The head of the Security Department shall be a member of the security forum and be responsible for recommending security policies and changes.

Section 3.9. Code of Conduct

- A. The Operator shall have a suitable code of conduct documented in the internal controls and effectively implemented.
- B. A code of conduct shall be issued to all employees when initially employed. All employees shall formally acknowledge acceptance of this code.
- C. The code of conduct shall include
 - 1) Statements that all policies and procedures are adhered to and that infringement or other breaches of the code could lead to disciplinary action.
 - 2) Statements that employees are required to declare conflicts of interest on employment as and when they occur. Specific examples of conflict of interest shall be cited within the code.
 - 3) An anti-graft policy also including hospitality and gifts provided by or given to persons or entities with which the Operator transacts business.

Section 3.10. Personnel Protection

- A. The internal controls are to delineate procedures to ensure that personnel working outside the Authorized Location are receiving and implementing an adequate level of protection.
- B. The Operator shall have an established procedure documented in the internal controls to ensure that personnel working in sensitive areas with public access are receiving an adequate level of protection.

Section 3.11. Identification Badges

Identification badges issued by the Commission shall be worn by the Operator or employee, officer or director of the Operator in a clearly visible location above the waist, while the Operator or Operator's employee, officer or director is present within the Authorized Location or any site that houses Wagering Equipment.

ARTICLE 4 MINIMUM INTERNAL CONTROL STANDARDS

Section 4.1. Internal Controls System

- A. Each Operator must formulate in writing a complete system of internal controls that abides by the minimum internal control standards defined by the Commission and these Regulations. The internal control system includes a written statement signed by the financial director of the Operator certifying that the system meets the requirements of the minimum internal control standards required in these Regulations. In the internal control system formulated in writing there will be an organization chart showing the separation of connections, obligations and functions within the Operator's organization. In addition to specifically complying with the minimum control standards, the internal control system must be specifically designed to:
 - 1) Ensure and maintain the public's confidence in the security, accuracy, integrity and rectitude of the activities;
 - 2) Ensure the assets of the operation are safeguarded;
 - 3) Ensure the financial records are accurate and complete;
 - 4) Ensure the Operators accounting complies with generally accepted accounting principles;
 - 5) Ensure the specific transactions are carried out according to the general or specific authorization of the management;
 - 6) Ensure transactions are recorded appropriately, so that correct accounting of income and gambling rights and accounting liability of assets are allowed;
 - 7) Allow access to assets automatically compatible with specific management authorization;
 - 8) Ensure accounting liability records of assets are compared at controlled intervals with controlled assets and controlled action is taken in the event of any discrepancies; and
 - 9) Ensure functions, duties and authorities are appropriately separated, provided competent and qualified personnel, in accordance with integrity practices.
- B. The new Operators will formulate their internal control systems in writing and will present them to the Commission no later than ninety (90) days before the start of the operations. The Commission may amend the ninety (90) day term if the Operator submits a written request to the Commission.
- C. The Commission will examine each internal control system submitted to it and determine if it meets the requirements of these Regulations. If the Commission finds any deficiency, it will inform the Operator in writing and it will make the appropriate changes. When the Commission determines that the internal control system complies with the minimum standards, it shall notify the Operator in writing. No Operator may operate before the Commission has approved its internal control system, unless the Commission authorizes it in writing.
- D. Every Operator shall submit to the Commission any change to its internal control system at least thirty (30) days before the change takes effect, unless the Commission orders it in writing to do otherwise. The Commission will determine whether to approve the changes and will notify the Operator in writing of its decision. No Operator will modify its internal control system if the changes have not been approved before, unless the Commission orders it in writing to do otherwise.

Puerto Rico Sports Betting and Fantasy Contest Regulations

However, the determination of the Commission regarding any change presented to it will be made no later than sixty (60) days after receiving the notification of said change.

- E. Notwithstanding what is described in paragraph (D) above, the Operator may implement any internal control measure, prior to requiring the authorization of the Commission, when due to extraordinary situations it is necessary to guarantee compliance with Section 4.1 (A) above and shall notify the Commission immediately of the action taken, together with the reasons that required its immediate implementation prior to the authorization of the Commission. The Commission will determine, within a term of sixty (60) days from the notification, if the measure should be modified in any way and will notify the Operator writing of its decision.
- F. The Operator must specify in their internal controls which functions (if any) are performed by a service provider. The Operator remains responsible for the proper design and operational effectiveness of all required internal controls, regardless of who is performing the function.

Section 4.2. Content of Internal Controls

- A. Internal controls shall, at a minimum, include:
 - 1) Administrative controls and record keeping that document the authorization of transactions;
 - 2) Accounting controls that provide reasonable assurance that:
 - a) Transactions or financial events which occur in connection with the operation of Sports Betting and Fantasy Contests are:
 - i. Executed in accordance with the Operator's authorization protocols;
 - ii. Recorded to permit preparation of financial statements consistent with Generally Accepted Accounting Principles (GAAP) in the United States and the requirements of the Commission; and
 - iii. Recorded to permit proper and timely reporting and calculation of proceeds and to maintain accountability for assets;
 - b) Access to the Operator's site and components thereof permitted only in accordance with the Operator's authorization protocols; and
 - c) The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with regard to a discrepancy;
 - d) Procedures are submitted that detail the reconciliation of assets and records contained in a Cashier Station's drawer, Kiosk, and Mobile Player Platform.
 - 3) Procedures and controls for ensuring:
 - a) That Wagering Equipment accurately and timely communicates all required transactions and financial details to the system used for Sports Betting and/or Fantasy Contests
 - b) That all functions, duties, and responsibilities are segregated and performed in accordance with sound practices by qualified personnel; and
 - c) Through the use of surveillance equipment and/or security personnel, that the site is secure at all times during normal operation and during any emergency due to malfunctioning equipment, loss of power, natural disaster, or any other cause;
 - 4) Employee management, including access controls which address, at a minimum:
 - a) Physical and logical access to the system and/or its components;
 - b) Content of, and administrative responsibility over, the manual or computerized access control matrix governing employee access to restricted areas;
 - c) Issuance of a temporary authentication credential; and
 - d) Comprehensive key controls;
 - 5) System controls which, address, at a minimum:
 - a) User access controls for all personnel;
 - b) Segregation of duties;
 - c) Automated and manual risk management procedures;
 - d) Procedures for identifying and reporting fraud and suspicious activity;
 - e) Procedures for identifying and preventing persons who are under eighteen (18) years of age from engaging in Sports Betting and Fantasy Contests;
 - f) Procedures to prevent participation by Prohibited Players;
 - g) Procedures for identifying and preventing intoxicated and impaired persons from engaging in Sports Betting and Fantasy Contests;
 - h) Description of anti-money laundering (AML) compliance program including procedures for detecting structuring to avoid reporting requirements;
 - i) Description of all types of wagers and contests available to be offered by the system; and
 - j) Description of all integrated third-party systems.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 6) A record retention policy;
 - 7) Procedures and controls over the movement of cash and the count room (if applicable);
 - 8) Procedures and standards for conducting internal audits;
 - 9) Other procedures and controls the Commission may require to be included in an Operator's internal controls.
- B. For each of the items above, the internal controls also must establish the threshold level at which a variance must be reviewed to determine the cause. Any such review must be documented.
- C. An Operator shall make available a current version of its Commission-approved internal controls, in hard copy or through secure computer access, to:
- 1) All key employees and/or mandatory departments; and
 - 2) The Commission
- D. An Operator shall maintain, in hard copy or electronic form, all superseded internal controls together with the written representations required under the record retention policy, for at least 5 years subsequent to the date the internal controls were superseded.

Section 4.3. Initial and Periodic Audit of Internal Controls

The Operator, prior to commencing operations of Sports Betting or Fantasy Contests, and by June 1 each subsequent year, shall have their internal controls audited by an independent auditor or [Accredited Independent Testing Laboratory](#) approved by the Commission. Operators are responsible for forwarding the results of this audit to the Commission. In reviewing the operations conducted by the Operator, the audit shall consider the following:

- A. Any changes to the internal controls and operating environment since the previous review.
- B. The effectiveness of the Operator's internal controls to ensure compliance with all statutory and Commission requirements.
- C. The Operator's compliance with its internal controls.

Section 4.4. Financial Reporting and Compliance Auditing

A. Monthly and annual reports

- 1) All Operators will submit electronically to the Commission the monthly and annual reports with financial and statistical data on operations of Sports Betting and Fantasy Contests. The Commission may use said information to evaluate the financial situation and operational performance of the Operator and to compile information related to the performance and trends of the gaming industry in Puerto Rico.
- 2) Monthly and annual reports will include, without limitation, current financial statements, statistical data and other financial data that the Commission may request.
- 3) Monthly reports must be submitted no later than ten (10) days after the end of each month. Annual reports must be submitted no later than fifteen (15) days after the third month following the end of the year. Each report must be received electronically on the prescribed dates, unless the Commission has granted an extension to the Operator who has requested it in writing.
- 4) In the event of termination, change of business entity or change of ownership, the Commission may require the submission of a monthly or annual interim report covering the date of the last report until the date the change occurs.

B. Annual audit

- 1) The Operator must hire third parties to carry out independent annual audits, in accordance with the standards established by the American Institute of Certified Public Accountants in compliance with this Law for financial audit, and an Accredited Independent Testing Laboratory for compliance with the operational aspects of the Regulations, as well as to the Law and Regulations provided by the Commission to verify the integrity of the systems and components used to operate Sports Betting and Fantasy Contests, and must present the results of those audits to the Commission within 270 days from the end date of the Operator's fiscal year.
- 2) The audited financial reports will present the financial situation and the results of operations, comparing the current and previous calendar year, in accordance with generally accepted audit principles.
- 3) The financial reports required by this section shall include an appendix that reconciles and explains any difference between the financial statements that appear in the annual report presented by the Operator pursuant to paragraph (A) above and the audited financial reports. This appendix will disclose, at least, the consequences of any adjustment in gaming income, other net income (that does not include courtesy services), total cost and total expenses, income before counting extraordinary items and net income.
- 4) All Operators will prepare the written response to the report required in the aforementioned subsection (1). Said response shall be submitted to the Commission no later than ninety (90) days after receipt of the report from the independent Authorized Public Accountants and Accredited Independent Testing Laboratory.

Puerto Rico Sports Betting and Fantasy Contest Regulations

C. Employee reports

Every Operator shall submit a report to the Commission on a monthly basis, showing the number of employees of the Operator, the position they occupy, the number of the Employee license, and any other information required by the Commission.

Section 4.5. Conservation and Destruction of Books, Records and Documents

- A. Operators have the responsibility to comply with all other record keeping requirements imposed by federal and Commonwealth laws and regulations, regarding the preservation of books, records and documents. Nothing herein shall be construed as an exemption to the Operator to satisfy any other obligation to prepare and maintain books, records or documents as required by other entities of the federal or state government.
- B. All books, records and original documents related to the operations of the Operator will be:
- 1) Fully, accurately and legibly prepared and maintained;
 - 2) Preserved "in situ" or in another safe place approved by the Commission;
 - 3) Immediately placed at the disposal of the personnel of the Commission at all hours of operations. For purposes of this section, "immediately made available" means that the Operator will show said record within the term required by the Commission;
 - 4) Organized and indexed so that it is immediately accessible to Commission staff; and
 - 5) Destroyed only after:
 - a) The minimum retention period of all books, records and documents expires, which shall not be less than five (5) years, unless there is a longer retention period in any applicable law or regulation; and
 - b) The Commission is notified in writing.
 - 6) If the Operator understands that there is a reason that justifies the destruction of any book, record or document before the minimum period previously required, he must request written authorization from the Commission.
 - 7) For purposes of this Section, "books, records and documents" shall be defined as any book, record or document related to, prepared in or produced by the operation of the Sports Betting and Fantasy Contests, including, but not limited to, any form, report, record accounting, general ledger, auxiliary ledger, computer-created information, internal audit log, correspondence and personnel log. This definition shall apply regardless of the medium in which the record is produced or maintained, including, but not limited to, paper, magnetic, electronic or encoded disc media.
 - 8) For the purposes of this section, "book, record and original document" will not include copies of originals, except if these copies include original comments or annotations or parts of original forms that have several parts.
 - 9) The following original books, records and documents will be kept indefinitely, unless the Operator requests their destruction and the Commission approves it:
 - a) Records of the corporation;
 - b) Records of investigations carried out by the corporation;
 - c) Files of the current personnel of the games room; and
 - d) Any record of any destroyed book, record or original document that identifies the conservation period and the date of destruction.
- C. The Operator may request at any time the Commission to approve a facility outside the site where the Operator is located, to produce or store books, records and documents there. Such request must include the following:
- 1) A detailed description of the proposed external installation, including its security and fire prevention and extinction systems; and
 - 2) The procedures by which the Operator will access the original books, records and documents kept at the external facility.
- D. The Operator may request the Commission to approve a system of microfilm, microfiche or other suitable means to copy and store the original books, records and documents. Such system will be approved if it includes the following elements, to the satisfaction of the Commission:
- 1) A system that allows for the processing, preservation, and maintenance of books, records, and documents so that they can be instantly reviewed and copied to the site of the approved Operator or elsewhere;
 - 2) A system of inspection and quality control that guarantees a superior degree of legibility of the microfilm, the microfiche and any other means when it is displayed on a reading device or when it is reproduced on paper;
 - 3) A reader-printer available to the Commission at the site of the approved games room or any other approved site, which allows the prompt location, reading and reproduction of any book, record or document stored on microfilm, microfiche or other medium; and
 - 4) A detailed index of all the information stored on microfilm, microfiche or other electronic or other means kept and organized in a way that allows the immediate location of any specific book, record or document.
- E. The Operator must notify the Commission in writing, at least thirty (30) days before the planned destruction of any original book, record or document. Said notification must list all types of books, records and documents whose destruction is

Puerto Rico Sports Betting and Fantasy Contest Regulations

expected, describing them in a way that allows their identification, as well as their conservation period and the date of destruction, according to the form provided by the Commission for said purpose. Every Operator must keep this destruction record. Any destruction to be carried out will be done in the presence of the personnel of the Commission, unless the Commission exempts the Operator from this requirement.

- F. The Commission may prohibit the destruction of any original book, record or document by notifying the Operator in writing, within thirty (30) days of receiving the notification of destruction. After that, said book, record or document may be destroyed only by notification to the Commission, or by order of the Commission at the request of the Operator, or on the Commission's own initiative.
- G. The Operator may use the services of a solid waste collection company for the destruction of all books, records or documents, except those related to credit. It will be the responsibility of the Operator to safeguard the confidentiality of any information arising from the documents to be destroyed.

Section 4.6. Property Records

- A. In addition to the other records and information required by these Regulations, every Operator shall indefinitely keep the following records regarding the capital structure and the owners:
 - 1) If it is a corporation:
 - a) Certified copy of the incorporation registry and any amendment to it;
 - b) Copy of the statutes and their amendments;
 - c) Current list of officers and directors;
 - d) Minutes of all meetings of shareholders and directors;
 - e) Current list of all the shareholders of the corporation and its subsidiaries, including their names and the name of any beneficial owner of shares owned by stockbrokers or others who have a beneficial interest in five percent or more of the shares. Shares of any class issued and outstanding; their addresses; and the number of shares owned by each and the date on which they were acquired;
 - f) Complete record of all share transfers;
 - g) Record of the amounts paid to the corporation for the issue of shares and other capital contributions, as well as their dates;
 - h) Registration, per shareholder, of all dividends distributed by the corporation; and
 - i) A record of all direct and indirect salaries, wages and other remuneration (including additional benefits), paid by the corporation during the calendar or fiscal year to all officers and directors, as well as to all shareholders whose proprietary interest, at any time of the calendar or fiscal year, it is equal to or greater than five percent of the capital shares of any type issued and outstanding.
 - 2) If it is a company:
 - a) A program that shows the amounts and dates of the capital contributions, the names and addresses of the taxpayers and the percentage of interest that each one has in net profits and losses;
 - b) Record of withdrawals of funds or assets of the company;
 - c) Record of direct and indirect wages, salaries and other remuneration (including additional benefits), paid to each partner during the calendar or fiscal year;
 - d) Copy of the partnership agreement and, if applicable, the limited partnership certificate.
 - 3) If it is a sole proprietor:
 - a) A program that shows the name and address of the owner and the amount and date of his original investment;
 - b) Record of the dates and amounts of the additions after the original investment and of the withdrawals thereof; and
 - c) Record of direct and indirect wages, salaries and other remuneration (including additional benefits), paid by the owner during the calendar or fiscal year.
 - 4) If it is a limited liability company:
 - a) Certificate of formation, amendments and cancellation;
 - b) Operating agreement;
 - c) An updated list of all members and directors;
 - d) A program that shows the amounts and dates of the contributions of the members, the names and addresses of the taxpayers and the percentage of interest in net assets, gains and losses for each member and director;
 - e) A record of the distribution of funds or assets of the limited liability company; and
 - f) A record of direct and indirect wages, salaries and other remuneration (including additional benefits), paid to each member and director during the calendar or fiscal year.
 - 5) Any other registration required by the Commission.

- B. Nothing herein provided shall be construed as exonerating the Operator from satisfying any obligation to prepare or maintain any book, registry, or document required by any other entity, authority, or governmental government agency or the Commonwealth of Puerto Rico.

ARTICLE 5 OPERATOR PROCEDURES AND PRACTICES

Section 5.1. Authorized Players

Only people eighteen (18) years of age or older may participate in Sports Betting and Fantasy Contests. To corroborate that the player is not a minor, the Commission will be required to take the necessary measures to guarantee the identity of the player and that he is a person eighteen (18) years of age or older. For this exercise, the Commission will consider the most advanced technological tools and will establish suitable parameters to guarantee player authentication, including, but not limited to, identification verification and social security. All license holders identified by the Commission will be required to have strict controls to prevent access by minors under eighteen (18) years of age.

Section 5.2. Responsible Gambling

- A. The provisions of Articles 1 through 4 of Law No. 96 of May 16, 2006, as amended, shall apply to Sports Betting and Fantasy Contests.
- B. The Operator shall submit a Responsible Gambling Plan submitted to the Commission at the time of first application to promote responsible gambling. The plan must be approved by the Commission prior to the commencement of gambling activity. The Plan shall include, at a minimum
- 1) The goals of the plan, procedures and deadlines for implementation of the plan
 - 2) The identification of the individual(s) who will be responsible for the implementation and maintenance of the plan
 - 3) A plan for providing comprehensive responsible training to employees who may interact with players, including annual or periodic refresher training. Training should equip the trainee to respond to circumstances in which gambling activity may indicate signs that are consistent with gambling addiction
 - 4) The duties and responsibilities of the key employees and gambling employees designated to implement or participate in the plan
 - 5) An estimation of the cost of development, implementation and administration of the Responsible Gambling
- C. The Operator shall resubmit their Responsible Gambling Plan for approval within ten (10) business days of any changes to the plan and at license renewal
- D. The Operator shall have policies and procedures in place which facilitate interaction with players whenever their gaming behavior indicates a risk of the development of a gambling problem. Employees interacting directly with players should be trained to ensure they understand problem gambling issues and know how to respond to them.
- E. Every Operator will be obliged to guide any player who expresses having problems regarding the issue of compulsive gambling. The Operator must refer them to the Commission to complete the Self-Exclusion Form. In turn, the information material provided by the Administration of Mental Health and Anti-Addiction Services (ASSMCA) will have to be visible in the Authorized Location and the licensed operator's online platform.
- G. The following Responsible Gambling Information shall be displayed in a manner visible to the public.
- 1) A message to urge players to participate responsibly;
 - 2) Information about potential risks associated with excessive gambling and the availability of problem gambling treatment or counseling, procedures for self-limitation, self-exclusion, etc.
 - 3) Notice that shall include the following statements or similar
 - a) "Only for players over the age of eighteen (18) years." *"Solo para jugadores Mayores de dieciocho (18) Años."*
 - b) "Gambling can create addiction. If playing causes, you financial, family and occupational problems, call the ASSMCA PAS line at 1-800-981-0023." *"Las apuestas pueden crear adicción. Si jugar le causa problemas económicos, familiares y ocupacionales, llame a la línea PAS de ASSMCA 1-800-981-0023."*
 - 4) The method of contacting the Operator for questions and complaints;
 - 5) The method of contacting the Commission and/or a link to their website; and
 - 6) Any other information about available programs to prevent, treat, or monitor compulsive or problem gambling
- H. The following shall be conspicuously posted at the Authorized Location and the licensed operator's online platform:
- 1) The Responsible Gambling Information from subsection (G);
 - 2) The Operator and Authorized Location's License(s); and
 - 3) The name of the Sports Betting and Fantasy Contest Manager on duty; and
- I. The mobile application shall display a responsible gambling logo or information to direct players to the site's Commission-approved responsible gambling page, which shall include, at a minimum:

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 1) The Responsible Gambling Information from subsection (G);
 - 2) The treatment, education and assistance services of compulsive gamblers and their families.
 - 3) The Operator's policy and commitment to responsible gambling
 - 4) The terms and conditions and privacy policy
 - 5) The Mechanisms in place which can be used to detect unauthorized use of their account, such as reviewing credit card statements against known deposits; and.
 - 6) For Sports Betting, notification of Federal prohibitions and restrictions regarding Internet wagering, specifically, any limitations upon Internet wagering as set forth in 18 U.S.C. §§ 1084 et seq. (The Wire Act) and 31 U.S.C. §§ 3163 through 3167 (UIEGA). The notice shall explicitly state that it is a Federal offense for persons physically located outside of territory of Puerto Rico to engage in Internet wagering, unless explicitly authorized by the Commission;
- J. All links to compulsive gambling services provided by third parties are to be regularly tested by the Operator. Participating through mobile applications may not occur where the links used to supply information on responsible gambling are not displayed or are not operational. Where the link is no longer available or not available for a significant period of time, the Operator shall provide an alternative support service.

Section 5.3. Participation Prevention and Restriction

A. Prevent Participation by Prohibited Players

- 1) The Operator's internal controls shall describe the method to prevent Prohibited Players from participating in Sports Betting or Fantasy Contests, defined as:
 - a) Any individual under the age of eighteen (18)
 - b) Any employee of the Commission
 - c) Any individual who is listed on the Commission's Voluntary Exclusion List or Involuntary Exclusion List
 - d) Any individual who is listed on any licensed operator's Voluntary Exclusion List or Involuntary Exclusion List
 - e) The Operator, a director, officer, owner, subcontractor, or employee of the Operator, or any relative living in the same household
 - f) Any individual, group of individuals, or entity
 1. With access to confidential information or insider information held by the Operator; or
 2. Acting as an agent or surrogate for others.
- 2) There shall be procedures within the licensed operator's procedures documented in the internal controls which shall include verifying the individual's age and identity by examining and validating one government-issued photographic identification credential, including a driver's license, passport, or military ID, that includes the person's name and date of birth.
- 3) For participation using Player Accounts, identity will be verified during the registration process as described in Section 9.2.B.
- 4) The Operator shall establish reasonable procedures designed to discourage entry of a Prohibited Player to access the licensed operator's platform or Authorized Location. Once aware that a Prohibited Player is at an Authorized Location, the employees shall refuse such person entry to or notify security to remove them from the Authorized Location
- 5) The internal controls shall detail the following responsibilities for the handling of a person who is identified to be a Prohibited Player:
 - a) The Operator shall refuse to accept a wager or a purchase of an entry fee to any individual that the Operator has identified as a Prohibited Player or a person such Operator suspects of being one.
 - b) The Operator shall promptly notify the Commission, or its designee, if a Prohibited Player attempts to place or is discovered to have placed a wager or purchased an entry.
 - c) The Operator shall deny access to complimentary services or items, check cashing privileges, player reward programs, and other similar benefits to a Prohibited Player;
 - d) The Operator shall deny a Prohibited Player from any winnings derived from participating in Sports Betting or Fantasy Contests. Where reasonably possible, the Operator shall withhold from the individual in a lawful manner or shall refuse to pay any such winnings derived from participating in Sports Betting or Fantasy Contests or any money or thing of value that the individual has converted or attempted to convert into a financial instrument whether actually used or not. A financial instrument shall include, but not be limited to, tickets, vouchers, prizes, non-complimentary pay vouchers, player account funds or any other implement of value representing a prize won from Sports Betting or Fantasy Contests. Upon withholding or refusing to pay a Prohibited Player, the Operator shall promptly notify the Commission. The monetary value of the withheld winnings and

Puerto Rico Sports Betting and Fantasy Contest Regulations

financial instruments shall be paid to the Commission within forty-five (45) days;

- e) In cooperation with the Commission, the Operator shall determine the amount wagered or spent and lost by a Prohibited Player. The monetary value of the losses shall be paid to the Commission within forty-five (45) days.

B. Restrict Participation by Athletes and Associates

- 1) The following people may not place a participate in Sports Betting or Fantasy Contests that they may benefit from, may have inside information, or any other information identified by the Commission.
 - a) Any person, from Puerto Rico, the United States or any part of the world who is recognized as a professional who is an athlete, coach, manager, handler, athletic trainer, referee, umpire, team employee or owner, official or employee, a Sports Governing Body or any of their member teams, a player or a staff member referee and referee union personnel or any relative living in the same household, involving any Sports Event or Special Event supervised by the Sports Governing Body;
 - b) A person who occupies a position of authority or influence sufficient to exercise it over the participants in a tournament or Sports Event, including, but not limited to, coaches, managers, managers, athletic trainers or sports coaches in general;
 - c) A person with access to certain types of exclusive information about any Sports Event or Fantasy Contest, as defined in Article 1.3 of the Law;
 - d) A person identified by any list provided by the Sports Governing Body in Puerto Rico.
- 2) Any employee of a Sports Governing Body or its member teams who is not prohibited from participating must, however, notify the Commission before participating in Sports Betting or Fantasy Contests.
- 3) The owner, direct or indirect, legal or beneficiary, of a Sports Governing Body or any of its member teams may not participate in Sports Betting or Fantasy Contests involving a Sports Event in which any team member of that Sports Governing Body participates.
- 4) In determining which individual, group of individuals or entity is to be excluded from participation, the internal controls shall describe how the Operator uses publicly available information and any lists of such individuals, group of individuals or entities that the Sports Governing Body may provide to the Commission, and which the Commission, or Sports Governing Body, has provided to the Operator.
- 5) The Commission shall keep up to date a list of all persons who are prohibited from participating in Sports Betting or Fantasy Contests, both in accordance with the provisions of the preceding paragraphs, and subject to the provisions of Article 2.8 of the Law.
- 6) The Authorized Agent or Operator will keep records of operations of Sports Betting or Fantasy Contests in accordance with these regulations promulgated by the Commission.

C. Prevent Participation by Intoxicated and Impaired Persons

- 1) The Operator shall establish procedures to reasonably ensure a player who is in a state of intoxication or is otherwise impaired is prohibited from participating in Sports Betting and Fantasy Contests and such procedures are delineated within the internal controls. A "state of intoxication" means a state wherein a person's speech, balance, co-ordination or behavior is noticeably affected and there are reasonable grounds for believing this state to be induced by alcoholic beverages, narcotics or any intoxicating substance.
- 2) Once aware that intoxicated or impaired persons are in the Authorized Location, the employee shall immediately notify security to remove them from the Authorized Location

D. Prevent Extension of Credit or Promotion Thereof

- 1) The Operator shall have procedures to prohibit an Operator, director, officer, owner, and employee of the Operator from extending credit to an individual, group of individuals, or entity that places wagers with, or purchases entries from, the Operator or seeks to place wagers with or purchases entries from, the Operator. For purposes of these Regulations, credit shall not be deemed to have been extended where, although funds have been deposited into a Player Account, the Operator is awaiting actual receipt of such funds in the ordinary course of business.
- 2) Credit providers such as small amount credit contracts (payday lending) must not be advertised or marketed to players.
- 3) A player must not be referred to a credit provider to finance their Sports Betting or Fantasy Contests.
- 4) PII related to a player must not be provided to any credit provider.
- 5) The Operator shall neither extend credit to a player nor allow the deposit of funds into a Player Account that are derived from known extensions of credit by credit providers, affiliates or agents of the Operator.

Section 5.4. Geolocation Requirements

A. Location Detection

- 1) The Operator is authorized to establish the mechanisms to make participating in Sports Betting or Fantasy Contests possible through computers or mobile devices that allow participation through an Mobile Player Platform only for people who are within the territorial limits of Puerto Rico, provided that measures are established to guarantee safety for all parties involved in the industry, avoid tax evasion, and the laundering of money and / or any other criminal conduct. To ensure that participation occurs within the territorial limits of Puerto Rico, the Commission will require the use of Location Service Provider's border control technology.
- 2) The Operator shall utilize the Location Service Provider's border control technology to meet the requirements for "**Location Detection**" as specified within GLI-33.
- 3) The player shall consent to the Operator transmitting, collecting, maintaining, processing and using their location data to provide and improve the border control technology. The player may withdraw this consent at any time by turning off the location settings on their Mobile Device or by notifying the Operator that they would like to withdraw such consent. However, a player who withdraws consent to providing location data will not be able to participate in Sports Betting or Fantasy Contests.
- 4) The Operator shall implement and abide by protocols and procedures to ensure a player is not utilizing a known virtual private network (VPN), proxy server, spoofing, or other means to disguise their physical location or their computer or mobile device's physical location when participating in Sports Betting or Fantasy Contests. The Operator shall use commercially reasonable standards for the detection and restriction of proxy servers, virtual private networks, spoofing, or other means of disguising one's location.
- 5) The Operator shall deny participation in Sports Betting or Fantasy Contests if a player is utilizing any means to disguise his identity or physical location or his computer or device's physical location or attempting to act as a proxy for another player.
- 6) If the Operator discovers a player utilizing any means to disguise their identity or physical location or their computer's or mobile device's physical location or acting as a proxy for another player, the Operator shall immediately terminate the player's participation in any Sports Betting or Fantasy Contests and follow protocols to restrict the player from future access and account privileges and shall maintain a record of all information, documentation, or evidence of such activity.
- 7) The border control technology shall detect and block non-secure devices that have been jailbroken and rooted devices and meet the GLI-33 requirements for "**Location Fraud Prevention**."
- 8) The border control technology shall monitor and flag for investigation any wagers placed or purchases of entries by a single Player Account from geographically inconsistent locations (e.g., participation locations were identified that would be impossible to travel between in the time reported).
- 9) The Commission may issue additional technical specifications for Location Detection and any specific requirements related to geolocation and may also issue such requirements in the form of technical bulletins.

B. Border Control Technology Audit

- 1) The Location Service Provider used to provide information for the identification of and the geographic location of players as authorized by the Commission shall undergo a specific audit, where required by the Commission.
- 2) The integrity of the border control technology shall be reviewed regularly by the Operator to assess and measure its continued ability to ensure it detects and mitigates existing and emerging location fraud risks, including the controls within these Regulations.
- 3) The Operator shall provide the Commission at least every ninety (90) days, evidence that the border control technology is updated to the latest solution.
- 4) Given that location fraud shall be assessed on a single geolocation check, as well as cumulative player locations over time, the Location Service Provider shall:
 - a) Have procedures to maintain a real-time data feed of all geolocation checks and an up-to-date list of potential location fraud risks (e.g., fake location apps, virtual machines, remote desktop programs, etc.);
 - b) Offer an alert system to identify unauthorized or improper access;
 - c) Facilitate routine, recurrent delivery of supplemental fraud reports pertaining to suspicious or unusual activities, account sharing, malicious players and devices, as well as other high-risk transactional data.
- 5) The Location Service Provider shall ensure the border control technology used for location detection:
 - a) Utilizes closed-source databases (IP, proxy, VPN, etc.) that are frequently updated and periodically tested for accuracy and reliability; and

Puerto Rico Sports Betting and Fantasy Contest Regulations

- b) Undergoes frequent updates to maintain cutting-edge data collection, device compatibility, and fraud prevention capabilities against location fraud risks.

Section 5.5. Operator Reserves

- A. The Operator shall document in the internal controls a description of procedures used for maintaining and protecting adequate cash reserves, as determined by the Commission, including segregated accounts of funds held for Player Accounts and operational funds, to ensure prompt availability of player funds for authorized withdrawals.
- B. This includes separating the funds of the players from the operational funds or maintain a reserve, which will not be used for operational activities, that equals or exceeds the greater of twenty-five thousand dollars (\$25,000) or the sum of the following amounts
 - 1) The amounts held by the Operator for Player Accounts;
 - 2) The aggregate amounts accepted by the Operator as wagers or entries on events or contests whose outcomes have not been determined; and
 - 3) The amounts owed but unpaid by the Operator on winning wagers or entries through the period established by the Operator for honoring winning wagers or entries.
- C. Before beginning operations, each newly-licensed Operator must establish a reserve of at least the greater of \$25,000 or the amount the Commission projects will at least equal the sum of the amounts specified in subparagraphs (1), (2), and (3) of subsection (b) at the end of the first week of the Operator's operation. After the Operator begins operations, the Operator's reserve must comply with subsection (b).
- D. The Operator shall calculate their reserve requirements each day. In the event an Operator determines that their reserve is not sufficient to cover the calculated requirement, the Operator must, within 24 hours, notify the Commission of this fact and must also indicate the steps the Operator has taken to remedy the deficiency.
- E. These reserve funds may take the form of cash, cash equivalents, irrevocable letters of credit, bonds, accounts receivable, and payment processing reserves, or a combination of these;
 - 1) If a reserve is maintained in the form of cash, cash equivalent, or an irrevocable letter of credit, it must be held or issued, as applicable, by a federally insured financial institution.
 - 2) If the reserve is maintained in the form of a bond, it must be written by a bona fide insurance carrier
- F. The reserve must be established pursuant to a written agreement between the Operator and the financial institution or insurance carrier
- G. The Operator may engage a third-party service provider or employee acceptable to the Executive Director to deal with the financial institution or insurance carrier, in which event the reserve may be established pursuant to written agreements between the Operator and the intermediary and between the intermediary and the financial institution or insurance carrier

Section 5.6. Protection of Unpaid Funds

The Operator shall establish a procedure documented in the internal controls specifically related to the protection of amounts owed but unpaid and data files containing information relating to the payout status of each winning ticket and voucher, the specific winning tickets and vouchers with amounts owed but unpaid and the validation files. The procedure shall cover and confirm:

- A. The entire period for honoring winning wagers or entries and cashing out vouchers as well as the auditing of the final transfers upon wager or contest settlement and voucher cash out.
- B. The rules covering winning ticket and voucher validity time, payout on lost and defaced winning tickets and vouchers, inquiries into the validity of claims and late or last-minute payouts.
- C. That access control be strict and limited to that required in respect of records of unpaid winning tickets and vouchers.
- D. The reporting process in case of unauthorized access attempts.
- E. The escalation process for any incident or suspicious activity.
- F. That unpaid funds for honoring winning tickets and vouchers is secured.
- G. That audit trails are able to identify unusual patterns of late payouts.

Section 5.7. Protection of Player Funds

- A. The Operator shall maintain an FDIC insured bank account within the territory, separate from all other operating accounts to ensure the security of funds held in Player Accounts.
 - 1) The balance maintained in this account shall be greater than or equal to the sum of the daily ending cashable balance of all Player Accounts, funds on wagers or entries, and pending withdrawals.
 - 2) The Operator shall have unfettered access to all Player Account and transaction data to ensure the amount held in its independent account is sufficient.
- B. The Operator shall have processes in place to meet the “**Protection of Player Funds**” requirements of GLI-33.

Section 5.8. Disposal of Abandoned or Unclaimed Funds in Player Accounts

- A. All amounts in a Player Account (plus the interest or dividends that they have accrued or accrued, if any) will be presumed abandoned or unclaimed and subtracting the charges that are legally imposed on them, when within three (3) previous years, its owner or owner has not shown any interest in said amounts in any of the following ways: making any transaction regarding said amounts; communicating in writing with the Operator with whom you have the Player Account; demonstrating in any way their interest in said amounts. The Operator who alleges or maintains that within the three (3) previous years any of the three (3) acts described above has been carried out, must prove it with reliable evidence, either by presenting an official and appropriate record carried in the normal course of your business where it clearly and unequivocally establishes that a transaction was made regarding the amounts in the Player Accounts, or by the presentation of written evidence that demonstrates beyond doubt that the owner has an interest in said amounts and in which I inform you of your address and other relevant circumstances to be located.
- B. All Operators will be required to annually report to the Commission and no later than August 10 a report to June 30, stating the amounts in Player Accounts in their possession with added value greater than one dollar (\$ 1) that are presumed abandoned and not claimed by this Law. Said report will expose the name, if known, and the last known address of the owner of said account and the amount available in it and any other information that by regulation has the Commission. All the names that appear in said report will be ordered in alphabetical order. All Operators that as of June 30 of any year do not have in their possession money or other liquid assets that are presumed abandoned and unclaimed, must submit to the Commission no later than August 10 of that year, a report stating that fact.
- C. The Commission will publish annually, once during each of the months of August and September in a newspaper of general circulation and publication of at least six days a week, a notice entitled Notice of Amounts in Unclaimed Player Accounts in Power. of (name of the Operator). All Operators will also publish a copy of said Notice on their Internet page, and will submit said information to the Commission electronically, with the personal and confidential information that the Commission establishes by regulation, so that the Internet page of said Commission can prepare a list global through which any person can verify in alphabetical form the existence of unclaimed amounts in any Operator in Puerto Rico. This notice must contain:
 - 1) A general alphabetical list of the names of the persons and the town or city of the last known address, as well as an Internet address where a copy of said Notice may be accessed.
 - 2) A statement stating that in accordance with the procedures established in this Law, the amounts of money and liquid assets not claimed to the concerned Operator will be transferred to the Commission, to whom all claims must be addressed from the date on which the amounts not claimed are delivered to the Commission.
- D. During the following October, and no later than the 10th day of said month, the concerned Operator will file with the Commission a certification of the publication of such notice on the Operator's website. A copy of said notice will be kept exposed for examination by any interested person in a visible and accessible place of each branch of the concerned Operator from the date of publication of the notice until November 30 of each year. The Commission will not be able to offer personal information of the owners of the accounts to people who do not present reliable evidence that they are the true owners.
- E. The expenses incurred in connection with the publication required by this section will be borne by the Operator against the amounts described in such notice, deducting the amount of said expenses from the amount thereof. This will be the only item that can be charged against unclaimed amounts. It will be unlawful for an Operator to impose service charges on amounts not claimed before or after they are so declared or to remove them from the books in any other way.
- F. During the month of December of each year and no later than the 10th day of said month, all Operators who, after publishing the previously required notice and attending, according to law, the claims made, have in their possession unclaimed amounts of accounts Internet wagering bets, whatever their amount, will deliver them to the Commission. The amounts thus delivered to the Commission will be kept in reserve and available for claim by the corresponding owner for an expiration term of two (2) years, counted from the date of their respective public notifications. In addition, to all valid and legitimate claim of these amounts, a compensable interest rate equal to that applicable to the payment of State sentences will be applied at the time of the claim, never exceeding four percent (4%), whose interests will be payable, without being cumulatively computed, of the aforementioned abandoned and unclaimed amounts. The abandoned or unclaimed amounts of Player Accounts, as they fulfill their expiration term of two (2) years to be claimed will be transferred to the Commission's general fund.
- G. No Operator shall have any responsibility with respect to amounts not claimed after having delivered them to the Commission in accordance with the provisions of the Law.

Section 5.9. Requirement for Compliant Resolution Process

- A. The procedure for the resolution of controversies of Article 12 of Regulation No. 8640 of September 9, 2015, as amended, will apply the operations of Sports Betting and Fantasy Contests.
- B. The Operator shall establish procedures delineated in the internal controls on the complaint reporting and resolution process.
- C. The Operator shall provide a method for a player to log complaints on a 24/7 basis.
- D. When a player makes a complaint to an Operator, the Operator shall immediately issue a complaint report, setting out:
 - 1) Identification of the complainant;
 - 2) The date and time of the complaint;
 - 3) Nature of the complaint;
 - 4) The name of the persons, if any, against whom the complaint was made;
 - 5) Measures or steps taken to resolve the complaint;
 - 6) Details regarding the resolution or referral of the dispute to the Commission, as the case may be; and
 - 7) Identification of the designated employee allocated to this department in the Internal controls.
- E. The Operator shall investigate each player complaint and provide a response to the player within ten (10) business days. For complaints that cannot be resolved to the satisfaction of the player, related to Player Accounts, settlement of wagers or contests or illegal activity, a copy of the complaint and Operator's response, including all relevant documentation, shall be provided to the Commission.
- F. Records of all correspondence relating to a complaint shall be maintained for a period of five years or as otherwise specified by the Commission

Section 5.10. Operator to Player Communications

The Operator shall have internal controls in place for handling communications between them and the player, including maintaining chat logs and email correspondence for a period of ninety days or as required by the Commission.

Section 5.11. Advertising

- 1) The provisions of Section 3.1 of Regulation No. 8640 of September 9, 2015 as amended, shall apply to operations of Sports Betting and Fantasy Contests.
- 2) The Operator shall not advertise Sports Betting or Fantasy Contests in any area prohibited by territory or federal law.
- 3) The Operator shall not place or caused to be placed, physical advertising within less than one hundred (100) meters from a school, religious center, or public or private rehabilitation site for addicts of controlled substances or alcoholic beverages
- 4) The Operator shall ensure that all advertising, public relations activities and marketing campaigns do not
 - 1) Contain false or misleading information;
 - 2) Fail to disclose conditions or limiting factors associated with the advertisement;
 - 3) Use a font, type size, location, lighting, illustration, graphic depiction or color obscuring conditions or limiting factors associated with the advertisement;
 - 4) Consist of indecent or offensive graphics or audio, or both;
 - 5) Target players which have been excluded from play
 - 6) Target or be specifically designed to appeal to those under the age of eighteen (18), including not portraying
 - a) Colorful and exaggerated animated characters that are common in children's cartoons such as animals, pirates or fairy-tale characters;
 - b) Comic figures or other fictional characters which have particular appeal to Minors, such as superheroes;
 - c) Celebrities from movies, programs or events where the primary audience is Minors;
 - d) Minors, except when they participate in the event on which bets are offered;
 - e) Adults as being or imitating individuals under the age of eighteen (18);
 - f) Adolescent, juvenile or loutish behavior;
 - g) Sports Betting or Fantasy Contests as a transition from adolescence to adulthood;
 - 7) Target groups of people that are considered moderate and high-risk groups for gambling addiction;
 - 8) Claim that Sports Betting or Fantasy Contests are free of the risks of financial losses;
 - 9) Promote behavior that objectively leads to financial harm;
 - 10) Suggest that it is possible to participate anonymously or without holding an account with an Operator;
 - 11) Show, condone or encourage criminal or antisocial behaviors;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 12) Suggest Sports Betting or Fantasy Contests as important parts of an individual's life and can be a resolution to personal, social, professional or educational problems;
- 13) Contain claims or contain endorsements by well-known personalities or celebrities that suggest that Sports Betting or Fantasy Contests can lead to social success or enhancement of personal qualities or attractiveness;
- 14) Promote Sports Betting or Fantasy Contests as alternatives to employment, or a financial investment or a solution to financial problems;
- 15) Imply that Sports Betting or Fantasy Contests is more important than family, friends, professional or educational obligations;
- 16) Exploit cultural beliefs regarding the role of gambling or luck;
- 17) Contain, pressuring or urgent messages encouraging players to chase their losses or re-invest their winnings such as "you have nothing to lose", "your next win is around the corner", or "hurry up and bet now";
- 5) The Operator shall ensure that all advertising, public relations activities and marketing campaigns are not displayed:
 - 1) During audiovisual programs or on digital platforms where Minors are expected to be the primary audience, this includes in TV ad breaks immediately before or after dedicated broadcasts for Minors;
 - 2) In print media (e.g. comic books, magazines), which specifically target Minors;
 - 3) On merchandised material such as clothing, equipment or products intended for use by Minors.
- 6) The Operator shall ensure that all advertising, public relations activities and marketing campaigns:
 - 1) Are socially responsible;
 - 2) Give a balanced message with regard to winning and losing;
 - 3) Include the statement that is similar to "It is unlawful for any individual who is under 18 years of age to engage in Sports Betting or Fantasy Contests."
- 7) All advertising must contain information and telephone numbers on compulsive gambling help centers and treatment against gambling addiction;
- 8) All advertising, in addition to the identification of the Operator and the Technology Platform Provider, must contain the logo of the Authorized Location, refer to the license that authorizes the advertisement and certify that it has been approved by the Commission.
- 9) All direct marketing to players may only be sent to players who provide their express consent to receive this material.
 - 1) A player must be able to unsubscribe from receiving direct marketing materials. For direct marketing materials sent electronically, the link to unsubscribe must be functional and easily accessible.
 - 2) No further direct marketing materials may be sent to a player from the time their unsubscribe request is received.
 - 3) No further direct marketing materials may be sent to a player who has closed their account or is excluded from Sports Betting or Fantasy Contests.
- 10) As directed by the Commission, the Operator shall delete or modify any advertisement which does not conform to the requirements of these Regulations or is necessary for the immediate preservation of the public peace, health safety, and welfare of territory residents.
- 11) The Operator shall provide plans for creating and disseminating promotional material to educate players about compulsive and problem gambling and to inform them about treatment services available to compulsive and problem gamblers and their families. The Operator shall provide examples of the materials to be used as part of its plan, including a description of how the information will be disseminated on all print, billboard, sign, online, or broadcast advertisements, information about available programs to prevent, treat, or monitor compulsive or problem gambling, procedures for self-exclusion, and promotion of the Mental Health and Addiction Services Administration (ASSMCA)'s PAS line at 1-800-981-0023

Section 5.12. Risks and Controls

A. Risk Management Procedures

Each set of Sports Betting and Fantasy Contests internal controls submitted to the Commission for approval shall contain a description of the Operator's risk management framework, including but not limited to, the "**Risk Management**" items listed in GLI-33.

B. Events Selection and Odds Compiling

- 1) A procedure to select events used in Sports Betting and Fantasy Contests based on the authorized events list documented in the internal controls to assure integrity.
- 2) The process of events selection and odds compilation shall be properly logged and audited periodically.
- 3) Events offered must be selected based on best available judgment that the events are fair
- 4) Authorized levels for the margin of each wager type must be documented in the internal controls.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 5) Odds offered must reflect best knowledge for the probability of the outcome of each event, adjusted for the Operator's profit margin (over-round). Odds must be based on judgment of facts and not be based on opportunity or rumors.

C. Statistics/Line Data and Odds/Payouts and Prices

- 1) The Operator shall document in their internal controls and report to the Commission the sources of statistics/line data that they use to calculate odds/payouts and prices as well as the processes to meet the requirements for "Statistics/Line Data" in GLI-33. The Commission may disapprove of the sources of statistics/line data for any reason, including but not limited to, the type of wager and method of data collection.
- 2) There shall be established procedures for setting and updating the odds/payouts and prices including publicly providing the current odds/payouts and prices, changing odds/payouts and prices as necessary to handle exceptions, and properly logging and periodically logging the odds/payouts and prices. These procedures must be documented in the internal controls and involve several levels of authority. Logs and other audit trails must exist to prevent possible misuse of authority.
- 3) The system used for Sports Betting and/or Fantasy Contests must store a record of all line postings that were available throughout the duration of a Sports Event or Special Event.

D. Suspension of Wagering and Entry Purchasing

- 1) There shall be established procedures for suspending wagers and entry purchasing on that Sports Event, or Special Event. These procedures must be documented in the internal controls and involve several levels of authority. Logs and other audit trails must exist to prevent possible misuse of authority.
- 2) When wagers or entry purchasing is suspended for an active Sports Event, or Special Event, an entry shall be made in an audit log that includes the date and time of suspension and its reason.

E. Wager and Entry Cancellations and Voids

- 1) Procedures shall be delineated in the internal controls for handling cancelled Sports Events, or Special Events and withdrawn selections for wagers or entries with multiple events (e.g., parlays), including providing refunds to players who were not refunded automatically by the system. If a single event is canceled for any reason, all wagers and entries are to be refunded in full as soon as reasonably possible;
- 2) Wagers and entries cannot be modified except to be voided or cancelled as provided for in the Operator's published cancellation policy and in their internal controls.
- 3) A cancellation grace period may be offered to allow players to request a cancellation of wagers and entries.
 - a) Player initiated cancellations may be authorized in accordance with the cancellation policy.
 - b) Any cancelled wager or entry shall be refunded upon request by a player.
- 4) The system shall be configured to void and cancel wagers and entries. All voided or cancelled wagers and entries and all refunds of any voided or cancelled wager or entry pursuant to these Regulations shall be logged at the time they occur, indicating the void or cancellation and identity of the cashier or automated process.
 - a) A wager or entry shall not be declared void or cancelled in the system without the approval of a supervisory employee of the Operator.
 - b) The system shall render the voided or cancelled wager or entry as nonredeemable.
 - c) The voided or cancelled wager or entry shall be refunded to the player and that amount shall be deducted from the Gross Revenue.
- 5) The internal controls shall delineate how the Operator reserves the right to void or cancel any wager or entry at any time for any reason, including if
 - a) A player used funds that were incorrectly credited to their Player Account to purchase the wager or entry.
 - b) The outcome of the sports event is known, or a material advantage has occurred, regardless of its outcome.
 - c) An in-play wager has been placed after the outcome of the Event involved in the wager or entry on is known or a team or participant has achieved a material advantage (e.g., scoring a goal or touchdown or expulsion of a player).
 - d) The Operator cannot satisfactorily determine the official Event Results only as provided in the wagering rules.
 - e) The Operator determines a player placed the wager illegally or otherwise violated the wagering rules or contest rules.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- f) The Operator has reasonable basis to believe there was obvious error in the placement or acceptance of the wager or entry. Those errors include, but are not limited to:
 - I. The wager was placed with incorrect statistics, odds/payouts or prices;
 - II. Human error in the placement of the wager or entry;
 - III. The ticket does not correctly reflect the wager or entry; or
 - IV. Equipment failure rendering a ticket unreadable.
- 6) The Operator shall also cancel a wager or entry under the following circumstances:
 - a) Any wager or entry where a Sports Event which the subject of the wager or contest is cancelled, or postponed or rescheduled to a different date prior to completion of the sports event;
 - i. In the case of a wager or entry on a portion of a sports event, that wager or entry shall be valid when the event is canceled, postponed, or rescheduled if the outcome of the affected portion was determined prior to the cancelation, postponement or rescheduling.
 - ii. An Operator may establish a timeframe in which an event may be rescheduled or postponed without canceling the wager or entry. This timeframe shall be tied to specific sports events, subject to the approval of the Commission, and documented in the internal controls.
 - b) Any wager when an individual athlete or competitor fails to participate in a sports event and the outcome of the wager is solely based upon that one individual's performance;
 - c) When ordered by the Commission pursuant to these Regulations.
- 7) The System shall prevent the voiding or cancellation of wagers and entries after the outcome of an event is known without the prior approval of the Commission.
 - a) The Operator may request the Commission to order the cancellation of all wagers of a specific type, kind, or subject. A request to cancel shall be in writing, and contain the following:
 - i. A description of the type, kind, or subject of wager or entry the Operator is requesting to cancel;
 - ii. A description of any facts relevant to the request; and
 - iii. An explanation why cancelling the wagers and entries is in the best interests of the territorial limits of Puerto Rico or ensures the integrity of the Sports Betting industry.
 - b) No wager or entry subject to the request to cancel shall be redeemed until the Commission issues an order granting or denying the request to cancel.
 - c) If the Commission grants the request to cancel, the Operator shall make commercially reasonable efforts to notify players of the cancellation along with a reason for cancellation.
- 8) A player may request that the Commission or his or her designee review any wager or entry declared void by an Operator. If the Commission or his or her designee concludes there is no reasonable basis to believe there was obvious error in the placement or acceptance of the wager or entry, the Commission or his or her designee may order the Operator to honor the wager or entry.
- 9) The Operator shall cancel a wager or entry made by a Prohibited Player as described in Section 7.5.A(1) and refund the amount spent. The Operator must cancel a wager or entry at the time the Operator becomes aware or should have been aware that the player is a Prohibited Player:
 - a) If it is determined the Prohibited Player is delinquent in child support, the Operator shall comply with the provisions of Section 7.9.E.
 - b) After withholding the amount of delinquent child support owed, any overage amount shall be returned to the Prohibited Player.

F. Monitoring and Managing Risks

- 1) The Operator must have procedures documented in the internal controls which prevent Confidential Information from being shared with third parties that may affect participation in Sports Betting and Fantasy Contests, before the information is available to the public;
- 2) Internal or external information about Sports Events, or Special Events that may be unfair must be logged and processed in a formal manner to avoid single-person oversight or over-reaction. Logs must be audited periodically and controls in place to ensure their integrity.
- 3) The Operator must establish a set of measures in the internal controls to ensure authorized payout levels are not exceeded.
 - a) Operators must monitor wagers and entries per Sports Event, Special Event, or Fantasy Contest to detect unexpected large sums in unlikely positions, as this could indicate an unfair event or other fraud.
 - b) Financial liability management must include thresholds for wagers, winnings and payouts globally, per sport, league, per event and/or per wager placed. When these limits are exceeded, relevant action must be taken by authorized personnel. Decisions on these cases must be logged and

Puerto Rico Sports Betting and Fantasy Contest Regulations

audited for possible negligence, misuse of authority or even fraud with internal and/or external collaboration.

G. Taxation Reporting

- 1) The Operator shall have a process in place to identify all wins that are subject to taxation (single wins or aggregate wins over a defined period as required) and prepare a W-2G before the winning player is paid, and withhold federal income tax as necessary, in compliance with IRS Rules.
- 2) The Operator shall include in its submission, procedures for the preparation and distribution of the W-2G which shall include, at a minimum, where and by whom the W-2G is prepared, how copies are distributed and how the win is adjusted, if necessary.

H. Event Integrity

- A. If a Sports Governing Body or equivalent requests Sports Event, Special Event, or Fantasy Contest information or requests the Commission to prohibit wagering or contests on a particular event or making wagers or purchasing entries of a particular type, the Commission shall grant the request upon a demonstration of good cause from the Sports Governing Body or equivalent.
- B. To demonstrate good cause, the Sports Governing Body or equivalent should provide, in writing, information that indicates a credible threat to the integrity of Sports Betting that is beyond the control of the Sports Governing Body to preemptively remedy or mitigate.
- C. To ensure proper consideration, the request should be sent to the Commission at least seventy-two (72) hours before the event. At any time, however, a Sports Governing Body or equivalent should report information if it involves allegations of match-fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.
- D. The Commission shall promptly review the information provided and respond as expeditiously as possible to the request concerning a particular event before the start of the event or if it is not feasible to respond before the start of the event, as expeditiously as possible.
- E. In making its determination, the Commission may consult with an independent integrity monitoring provider and other jurisdictions. The Commission reserves the right to prohibit the acceptance of wagers and entry fees and may order the cancellation of wagers and contests and require refunds on any event for which participation would be contrary to the public policies of the territorial limits of Puerto Rico.

I. Identifying and Reporting Fraud and Suspicious Conduct

- 1) The Operator shall develop and implement an Integrity Monitoring System utilizing software to monitoring and detecting events and/or irregularities in volume or swings in statistics/line data, odds/payouts and prices that could signal Unusual or Suspicious Activities as well as all changes to statistics/line data, odds/payouts and prices and/or suspensions throughout an event that should require further investigation and shall immediately report such findings to the Commission
- 2) The Operator shall take measures delineated in the internal controls to reduce the risk of collusion or fraud, including having procedures for:
 - a) Identifying and/or refusing to accept suspicious wagers and entries which may indicate cheating, manipulation, interference with the regular conduct of an event, or violations of the integrity of any event on which wagers were made or entries were purchased;
 - b) Reasonably detecting irregular patterns or series of wagers or entries to prevent player collusion or the unauthorized use of artificial player software; and
 - c) Promptly, but no longer than twenty-four (24) hours, report to the Commission facts or circumstances related to the operation of an Operator that may constitute a violation of territory or federal law, including suspicious wagering over a threshold set by the Operator as approved by the Commission
- 3) The internal controls shall delineate how the Operator reserves the right to suspend the Player Accounts involved in any possible syndicates or if it appears that a series of wagers or entries contain duplicative or identical selections made by, or on behalf of, the same person or group of people, or in their favor, until an investigation is completed. These winnings are ineligible for payment until an investigation is completed.
- 4) The Operator shall have internal controls and monitoring in place to identify Unusual and Suspicious Activity and report such activity in accordance to the Operator's Integrity Monitoring System Procedures approved by the Commission.
 - a) The Operator's Integrity Monitoring Procedures shall provide for sharing copies of information with each Operator, as necessary, and include the requirement that the Operator shall disseminate all reports of Unusual and Suspicious activity to the Commission. Operators are encouraged to share

Puerto Rico Sports Betting and Fantasy Contest Regulations

information with other Operators, and coordinate with an approved independent integrity monitoring provider to determine whether other Operators have experienced similar activity in the territorial limits of Puerto Rico or any other jurisdiction where operating. All Unusual Activities are to be reported to the Commission immediately.

- b) If the Operator finds that previously reported Unusual Activity rises to the level of Suspicious Activity or if an activity constitutes Suspicious Activity, it shall immediately notify the Commission. Examples of the monitoring and reporting requirements for unusual and suspicious activity at a minimum include:
 - i. Attempts to violate or evade any federal, state, or local law or regulations pertaining to Sports Betting in any jurisdictions;
 - ii. Violations or attempted violations of federal or state Anti-Money Laundering (AML) laws;
 - iii. Unusual or suspicious behavior or patterns of wagers or entries by Player as determined by the Operator;
 - iv. Unusual geographical concentration purchasing;
 - v. Purchases that have been placed online or through a mobile device using different accounts but having the same IP address;
 - vi. Unusual and abnormal proportion of bets against the favorite or for the underdog; or
 - vii. Unusual volumes of purchasing relative to the norm.
- c) The Operator must also submit an annual report to the Commission which details its integrity monitoring services and activities and summarizes all Unusual or Suspicious Activity notifications issued during the year.
- d) The Operator with knowledge or reasonable suspicion of Unusual or Suspicious Activity shall be permitted to suspend wagering on related events but may only cancel or rescind related wagers after receiving Commission approval.
- e) If the Commission receives an Unusual or Suspicious Activity Report from an Operator, the information shall be deemed confidential and shall not be revealed in whole or in part, except upon lawful order of a court of competent jurisdiction or upon notice or referral of a matter for further investigation to any law enforcement agency, regulatory or government agency, or Sports Governing Body within the sole and absolute discretion of the Commission.
- f) The Operator shall provide remote access and the necessary hardware for the Commission to evaluate its Sports Betting operations or for the Commission to conduct further monitoring of the system.

J. Global Risk Management

- 1) An Operator engaging in global risk management may provide direction, management, consultation, and/or instruction to an Operator located in a permissible jurisdiction concerning:
 - a) The management of risks associated with Sports Betting and Fantasy Contests;
 - b) The determination of where lines, point spreads, odds, or other activity relating to wagering are initially set and the determination of whether to change such lines, point spreads, odds, or other activity relating to wagering;
 - c) Whether or not to accept or reject wagers or entries, or to lay off wagers or entries;
 - d) The use, transmittal, and accumulation of information and data for the purpose of providing global risk management; and
 - e) Any other activity associated with Sports Betting and Fantasy Contests if approved in writing by the Commission prior to an Operator commencing direction, management, consultation, and/or instruction concerning the activity.
- 2) An Operator which intends to provide global risk management shall:
 - a) Enter into a written agreement to provide global risk management with any Operator to which the Operator proposes to provide global risk management. A copy of such executed agreement with an Operator located outside of the territorial limits of Puerto Rico shall be provided to the Commission no later than the date on which the Operator commences global risk management for the Operator;
 - b) Provide details to the Commission regarding any permissible jurisdiction other than the territorial limits of Puerto Rico where the Operator intends to provide global risk management no later than the date on which the Operator commences global risk management in such permissible jurisdiction;
 - c) No later than the date on which an Operator commences global risk management, submit the Operator's systems of accounting and internal control utilized for global risk management to the Commission. Such systems must include provisions for complying with all federal laws and regulations; and

Puerto Rico Sports Betting and Fantasy Contest Regulations

- d) Provide such other information as the Commission may require concerning global risk management.
- 3) In addition to the requirements contained in these Regulations, at least 30 days prior to providing global risk management to an Operator, an Operator shall submit to the Commission the written agreement for the global risk management provided to the Operator. The Commission may object in writing to such agreements in the Commission's sole and absolute discretion. If the Commission objects to an agreement, the Operator shall not provide global risk management to the Operator until the Operator has resubmitted the agreement to the Commission, and the Commission has indicated in writing that they do not object to the resubmitted agreement.

Section 5.13. Contests/Tournaments, Bonuses and Promotions, and Player Loyalty Programs

A. Bonus or Promotional Payouts, Drawings and Giveaway Programs

The Operator may offer bonus or promotional payouts, and any other promotion including drawings and giveaway programs.

- 1) The rules and conditions for participating in bonus or promotional payouts, and any other promotion including drawings and giveaway programs are available to a registered player on the mobile application where the bonus or promotion is being conducted and are prominently displayed or available for player review at the Authorized Location and licensed operator's online platform. Bonus or promotion rules require Commission approval and must include the following:
 - a) The rules of play;
 - b) The nature and value of the associated prize(s) or cash award(s);
 - c) Any restrictions or limitations on eligibility;
 - d) The date(s), time(s), and location(s) the associated promotional activity or activities are presented, is active, and expires;
 - e) Participation requirements and limitations by type of wager or entry, or by type event or contest, or when other specific conditions apply.
 - f) Any other restrictions or limitations, including any related to the claim of prizes, cash awards, or withdrawal of funds;
 - g) How the player is notified when they have won
 - h) The announcement date(s), time(s), and location(s) for the winning entry or entries;
 - i) The order in which funds are used for wagers and entry fees;
 - j) Rules regarding cancellation; and
 - k) Rules governing bonuses and promotions offered across multiple Authorized Locations, third party sponsored promotions, and joint promotions involving third parties.
- 2) When bonus or promotional payouts are associated with a Player Account the following requirements apply:
 - a) Bonus or promotional payouts appear as restricted player funds in the Player Account and may be used to wager as described in the specific rules for the particular bonus or promotion. For restricted player funds, delineate in the internal controls how such funds are identified within the Player Account and the order in which these are used for wagering
 - b) Winnings from restricted player funds must be able to be withdrawn without being subject to any further wagering requirements.
 - c) Bonus or promotional payouts are not transferable between Player Accounts.
 - d) The Operator shall provide a clear and conspicuous method for a player to cancel their participation in a bonus or promotion that utilizes restricted bonus or promotional payouts.
 - e) Upon request for cancellation, the Operator shall inform the player of the amount of unrestricted player funds that will be returned upon cancellation and the value of restricted player funds that will be removed from the Player Account.
 - f) If the player elects to proceed with cancellation, unrestricted player funds remaining in a Player Account shall be returned in accordance with the conditions of the promotion or bonus.
 - g) Closure of the Player Account will render a promotion or bonus void.
 - h) Once a player has met the conditions of the promotion or bonus, the Operator shall not limit winnings earned while participating in the offer (i.e., the restricted player funds will become unrestricted player funds).
- 3) The internal controls in respect of bonus or promotional payouts, including awards as a result of drawings and giveaway programs, and verification of same must include the following:
 - a) All bonus or promotional payouts and awards procedures, including verification controls.
 - b) The form or documentation completed in respect of bonus or promotional payouts and awards must include the following information:
 - i. The date and time;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- ii. The amount of payout, or description and value of the prize awarded if not cash (e.g., jacket, toaster, car, etc.), including fair market value;
 - iii. The type of bonus or promotion;
 - iv. The reason for payout (e.g., bonus or promotion name);
 - v. Player's name and confirmation that identity was verified (drawings only); and
 - vi. Signature(s) of at least two employees verifying, authorizing, and completing the promotional payout with the player. For systems that validate and print the dollar amount of the payout on a computer-generated form, only one employee signature is required on the payout form.
- c) The documentation of (ii) may be prepared by an individual who is not a Sports Betting and Fantasy Contests Department employee as long as the required signatures are those of the employees completing the payout with the player.

B. Player Loyalty Programs

The following regulations apply to player loyalty programs where players accumulate points, typically based on the volume of play or revenue received from a player, that are subsequently redeemed by the player for cash, merchandise, etc.

- 1) The GLI-33 principles for **"Player Loyalty Programs"** shall apply.
- 2) Player loyalty information shall be stored in a database that permits ad hoc inquiry and reporting activities in addition to routine, scheduled reporting.
- 3) The addition/deletion of player loyalty points other than through an automated process related to actual wagering must be sufficiently recorded (including substantiation of reasons for increases) in the "Player Loyalty Point Adjustment Report" and authorized/performed by supervisory personnel of the player loyalty, promotions, or Sports Betting and Fantasy Contests Departments. This section does not apply to the deletion of points related to dormant and closed accounts through an automated process.
- 4) The Operator shall remove self-excluded persons from player loyalty programs
- 5) Employees who redeem points for players cannot have access to dormant and closed accounts without supervisory personnel authorization. Documentation of such access and approval is created and maintained.
- 6) Player identification is required when redeeming points without a player loyalty card.
- 7) Changes to the player loyalty parameters, such as point structures and employee access, must be performed by supervisory personnel independent of the Sports Betting and Fantasy Contests Department. Alternatively, changes to player loyalty account parameters may be performed by Sports Betting supervisory personnel if sufficient documentation is generated and the propriety of the changes is randomly verified by personnel independent of the Sports Betting and Fantasy Contests Department on a quarterly basis.
- 8) All other changes to the player loyalty program must be appropriately documented.
- 9) Rules and policies for the player loyalty program including the awarding, redeeming and expiration of points are available to a registered player on the mobile application and prominently displayed or available for player review at the Authorized Location where the player loyalty program activity is being conducted.

C. Complimentary Services or Items

- 1) Each Operator shall establish and include in its approved internal controls, procedures for the authorization, issuance, recording and monitoring of complimentary services or items, including cash and non-cash gifts. Such procedures shall include all system controls and detail, at a minimum, the following:
 - a) The procedures by which the Operator delegates to its employees the authority to approve the issuance of complimentary services or items, including levels of authorization
 - b) The limits and conditions on the approval and issuance of complimentary services or items, if any, which may apply to such authority are established and modified (including limits based on relationships between the authorizer and recipient); and
 - c) Making and documenting changes to conditions or limits on the approval and issuance of complimentary services or items
 - d) Documenting and recording the authorization, issuance, and redemption of complimentary services or items, including cash and non-cash gifts;
 - e) Effective provisions for audit purposes.
- 2) At least monthly, accounting, IT, or audit personnel that cannot grant or receive complimentary privileges shall prepare reports that include the following information for all complimentary items and services equal to or exceeding \$100 or an amount established by the Operator and approved by the Commission, which shall not be greater than \$100:
 - a) Name of player who received the complimentary service or item;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- b) Name(s) of issuer(s) of the complimentary service or item;
 - c) The actual cash value of the complimentary service or item;
 - d) The type of complimentary service or item (i.e., food, beverage); and
 - e) The date the complimentary service or item was issued.
- 3) The Internal Audit or Accounting Departments shall review the reports at least monthly. These reports shall be made available to the Commission, audit committee, or other entity designated by the Commission upon request.
 - 4) Complimentary services and items records must be summarized and reviewed for proper authorization and compliance with established authorization thresholds.
 - 5) A detailed reporting of complimentary services or items transactions that meet an established threshold approved by the Commission must be prepared at least monthly.
 - 6) The detailed report must be forwarded to management for review.
 - 7) The report must be made available to those entities authorized by the Commission or by district law or ordinance.

D. Contests and Tournaments

- 1) A contest/tournament, which permits a player to either purchase or be awarded the opportunity to engage in competitive wagering against other players, may be conducted by Operators, provided the **GLI-33** rules for “**Contests/Tournaments**” are met.
- 2) Contest/tournament rules are available to a registered player on the mobile application where the contest/tournament is being conducted, included on all entry forms/brochures, and are prominently displayed or available for player review at the Authorized Location and licensed operator’s online platform.
- 3) The results of each contest/tournament, held during the prior two operational days, are recorded and available on the Operator’s mobile application for the participating players to review and are prominently displayed or available for participating players to review at the Authorized Location and licensed operator’s online platform.
- 4) The name of each winner is recorded and maintained but not made available to the participating players unless authorized by management personnel.
- 5) A player is to register prior to being allowed to participate in a contest/tournament and the player is to provide the following information:
 - a) Player’s name;
 - b) Player’s date of birth; and
 - c) E-mail address.
- 6) Procedures are to be performed to verify that:
 - a) A player registering to participate in a contest/tournament is 18 years of age or older.
 - b) Contest/tournament awards are paid to a registered player who is 18 years of age or older.
- 7) When contest/tournament entry fees and payouts are transacted, the transactions are recorded on a document which contains:
 - a) Player’s name.
 - b) The date of entry/payout.
 - c) Dollar amount of entry fee/payout (both alpha and numeric, or unalterable numeric) and/or nature and dollar value of any noncash payout.
 - d) Signature of individual completing transaction attesting to the receipt or disbursement of the entry fee/payout with the player and, for contest/tournament winners, the verification through the Event Wagering System of the winner.
 - e) Name of contest/tournament.
- 8) Operators shall include in their internal controls the procedures to be used to document and account for all funds collected and distributed for contests and tournaments.
- 9) The contest/tournament entry fees and payouts are summarized and posted to the accounting records on at least a monthly basis. It is acceptable to post on a monthly basis to the general ledger, one entry, in total, for contest/tournament entry fees and payouts.
- 10) For one day each week, two employees, one of whom is independent of the collection of entry fees, will randomly select two contests/tournaments and reconcile the total amount of issuance for the contest/tournament in exchange for entry fees to the final amount at the end of the contest/tournament. The reconciliation is documented and signed by the employees.

E. Free Play Mode

The Operator may offer free play mode, which allows a player to participate in Sports Betting or Fantasy Contests without paying. Internal controls shall be in place to ensure free play mode does not mislead the player about the odds/payouts available in the paid version.

F. Player Resources/Features

The Operator may offer player resources/features such as one that offers advice, hints, or suggestions to a player, or a data stream that may be used to externally facilitate selections in Sports Betting or Fantasy Contests, if they conform to the following requirements for “**Player Resources/Features**” in GLI-33.

ARTICLE 6 AUTHORIZED LOCATION OPERATIONS

Section 6.1. Authorized Location, Inspections and Audits

- A. Sports Betting and Fantasy Contests may be carried out physically in casinos, hotels without casinos, inns, racetracks, horse betting agencies, shops and any other venue that the Commission determines that provides security for all the parties that intervene in the industry to avoid tax evasion, money laundering and any other criminal conduct typified as such in the corresponding statutes.
- B. The Commission will not authorize new venues under the following circumstances:
 - 1) Using a criterion based on a particular commercial industry;
 - 2) If the new location is located less than one hundred (100) months from a school, religious center, or public or private rehabilitation site for addicts of controlled substances or alcoholic beverages. However, if any of these places consent in writing to the granting of an Operator's license, the Commission may grant it, with the conditions that it deems necessary so that both establishments can carry out their activities.
- C. Authorized Locations with Wagering Equipment are subject to compliance inspections by the Commission at all times. Authorized Commission employees shall be granted access to all portions of the Authorized Location or any location where Wagering Equipment is stored at all times for the purposes of conducting compliance inspections or enforcement actions.
- D. The Authorized Location will be required to meet the applicable aspects of the appropriate policy and/or procedure documents as determined by the Operator in consultation with the Commission. To maintain the integrity of operation of Sports Betting and Fantasy Contests, the Authorized Location may be subject to an additional verification audit as required by the Commission.

Section 6.2. Hours of Operation

- A. The provisions of Section 3.2 of Regulation No. 8640 of September 9, 2015 as amended, shall apply to operations of Sports Betting and Fantasy Contests at an Authorized Location.
- B. During authorized hours, the Operator will assign the number of licensed employees required by the Commission in each shift to attend and maintain the Kiosks and authorize and facilitate the payments of the winnings.
- C. If an Authorized Location has to shut down due to unforeseen circumstances and the closure is unscheduled, the Commission shall be informed immediately.

Section 6.3. Wagering Counters and Windows

Each Authorized Location shall include wagering counters and windows that shall:

- A. Be designed and constructed to provide maximum security for the materials stored and the activities performed therein;
- B. Include one or more wagering windows, each of which shall contain:
 - 1) A cashier's drawer and Cashier Station through which financial transactions related to Sports Betting and Fantasy Contests are conducted;
 - 2) A physical barrier designed to prevent direct access to the materials stored and activities performed at such wagering counter if a cashier is cashing a winning ticket or voucher of more than \$10,000. Such windows shall be secured physically from any other cashier locations within the wagering counter; and
- C. Include manually triggered silent alarm systems, which shall be connected directly to the surveillance monitoring room;
- D. Have an alarm for each emergency exit door that is not a mantrap; and
- E. Include a secure location for the purpose of storing funds issued by a cage to be used in the operation of Sports Betting and Fantasy Contests.

Section 6.4. Temporary Wagering Counters

Temporary wagering counters are accepted so long as they meet the following:

- A. When temporary wagering counters not in use:
 - 1) Physical barriers are to be installed to prevent unauthorized individuals (e.g., members of the public) from direct access to area containing the Cashier Station and safe;
 - 2) Physical security will be available to prevent unauthorized individuals from direct access to the area containing the Cashier Station and safe;
 - 3) Surveillance cameras shall provide coverage of individuals placing wager or purchasing entries and individuals accepting payment.
- B. When temporary wagering counters are not in use:
 - 1) All financial instruments shall be removed from the cash register/safe and Cashier Stations shall be locked to prevent unauthorized access;
 - 2) Surveillance camera requirements noted above must remain in place irrespective of the wagering counters being moved to different locations; and
 - 3) Surveillance cameras will continue to monitor the area and will be supplemented by physical security personnel, as needed;
- C. A sign will be displayed informing the public when temporary wagering counters are closed.

Section 6.5. Main Cage Operations

- A. **Accounting controls of the main Cage.**
 - 1) The main cage of the Operator will be responsible for the assets that are kept in it and will perform functions related to the following, but will not be limited to it:
 - a) Player transactions (for example, exchanging vouchers for currency, cashing a check, accepting deposits into player accounts);
 - b) Transactions with other Departments of the Authorized Location;
 - c) Preparation of bank deposits;
 - d) Acceptance of cash counts from counting rooms;
 - e) Receipt of wire transfer notifications;
 - f) Exchanges between main cage accounting responsibilities regarding checks and financial instruments;
 - g) Preparation of global main cage reconciliations; and
 - h) Preparation of supporting documents, either manually or through the system, with the signatures of the participants, for the effective separation and authorization of the functions of the main cage.
 - 2) Signatures attesting to the accuracy of the information on the cashier's count sheets will be the signatures of the incoming and outgoing cashier after the preparation of the cashier's count sheets.
 - 3) At the end of each operational day, a copy of the cashier's counting sheets and related documentation will be sent to the Accounting Department so that it can reconcile the opening and closing inventories, and reconcile the amounts that appear on them those that appear in other forms, records and documents required by this Section, as well as for recording transactions.
- B. Personal checks, cashier's checks, payroll checks, traveler's checks and vouchers.
 - 1) Regarding personal checks, cashier's checks, payroll checks, traveler's checks, third party checks and vouchers that are made in the cage, the Operator's establish and observe those appropriate controls for security and integrity purposes that it submits to the Commission and that are approved.
 - 2) Operators will not accept checks from any employee of the Commission.
 - 3) The checks specified in this subsection will be for Sports Betting or Fantasy Contests purposes only, made out to the Operator or on behalf of the client who presents them and presented to the cage, who:
 - a) Restrictly endorse the check "to deposit only" in the Operator's bank account;
 - b) Signs the check with their initials;
 - c) Stamps the date and time on the check;
 - d) Verifies the identity of the player by examining their identification credentials;
 - e) Complies with the examination and documentation procedures required by the issuer, in the case of travelers checks or other guaranteed payment orders; and
 - f) Exchanges the check for currency in an amount equal to the amount in which the check was drawn.
- C. **Account Controls for a Main Cage**
 - 1) Operators may only conduct transactions with individuals at its main cage, wagering counter, wagering window, and any satellite cage (collectively referred as main cage) during the hours of operation approved by the Commission.
 - 2) Each wagering window and counter shall have a dedicated cash register/safe for the storage of financial instruments. The movement or physical transfer of financial instruments shall be restricted to the count staff

Puerto Rico Sports Betting and Fantasy Contest Regulations

- and/or security. Records and documentation of deposits and withdraws from cash register/safe shall be maintained and are to include the names of individuals performing said function including dollar amounts of financial instruments, date and time of transactions;
- 3) A Ticket Writer supervisor or equivalent must be available at all times during the time Sports Betting and Fantasy Contests are taking place. Ticket Writers (i.e., Individuals accepting wagers and entries and making payouts) must have a valid, unexpired, occupational license issued by the Commission
 - 4) The Operator shall:
 - a) Provide ticket writers with instructions regarding payouts, winning ticket and voucher validation, winning ticket and voucher handling and storage, reporting of security issues, and the handling of lost and stolen tickets and vouchers
 - b) Implement procedures to ensure the validity of winning tickets and vouchers.
 - c) Establish a process for payment or transfer of winnings
 - d) Maintain in its main cage a reserve bankroll sufficient to pay all winning wagers and entries
 - e) Compute its reserve cash bankroll requirement each day; and
 - f) Submit its computation to the Commission:
 - i. At least 30 days prior to the commencement of operations of Sports Betting and Fantasy Contests;
 - ii. Within 24 hours in the event the Operator determines that their reserve is not sufficient to cover the calculated requirement; and
 - iii. On or before January 30 of each year subsequent to the year in which operations are commenced.
 - 5) The cashier station shall be secured through password, biometrics or other approved means where applicable. Generic passwords for the system are prohibited for cashiers unless:
 - a) Each cashier redeems tickets and vouchers from the cashier's assigned window.
 - b) After verifying the winning ticket or voucher in the system, the cashier then signs the player's copy of the ticket, immediately date/time stamps the ticket or voucher at the cashier's assigned window, and then maintains the ticket or voucher in the cashier's cash drawer.
 - c) Each cashier is assigned a unique date/time stamp used solely at the cashier's assigned window.
 - d) Payouts of \$2,000 or more require the supervisor to enter the supervisor's approval code and to sign the ticket.
 - e) Payouts of \$10,000 or more require supervisory personnel to enter an approval code and to sign the ticket. In addition, the provisions of Section 10.2 shall be met.
 - f) A summary sheet is prepared which lists all of the cashiers working that shift, the cashiers' assigned windows, the date/time stamp identification, and the total tickets cashed per cashier. The total of that report is then balanced to the total cashed per the Operator end-of-shift report.
 - g) Any discrepancies noted and investigations performed are documented in writing and maintained.
 - 6) The previous regulation does not apply when a supervisor signs onto a common terminal with his or her individual password and the supervisor takes responsibility for the payouts.
 - 7) The Operator shall provide the Commission with the start and end time of each cage shift. The times shall not be changed without prior Commission approval.
 - 8) Whenever a Cashier Station is opened/closed or turned over to a new ticket writer, the cashier signs on/off and the system creates a record indicating the ticket writer's identity, the date and time, station number, and the fact that the station was opened/closed.

D. Segregation of Duties

- 1) The Operator shall develop and include in the internal controls addressing the segregation of the main cage, and the general conduct of the main cage transactions.
- 2) Tickets Writers shall be responsible for:
 - a) An individual imprest inventory of cash;
 - b) Receipt and payout of cash, negotiable instruments, vouchers, and other records from and to players subject to limitation imposed under these Regulations;
 - c) Preparation of ticket records; and
 - d) Other functions designated by the Operator which are not incompatible with the functions of a ticket writer.
- 3) Main bank cashiers shall be responsible for:
 - a) Receipt of cash, negotiable instruments, vouchers, and other records from ticket writers in exchange for cash or documentation;
 - b) Receipt of unsecured cash and unsecured vouchers;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- c) Receipt of cash and documentation from the count room etc.;
 - d) Preparation of the overall main cage reconciliation;
 - e) Preparation of bank deposits;
 - f) Compliance with reserve bank roll requirements;
 - g) Receipt of original and redemption copies of counter checks;
 - h) Receipt from ticket writers of documentation supporting counter check substitution, consolidation, or redemption; and
 - i) Other functions designated by the Operator which are not incompatible with the functions of a main bank cashier;
- 4) Employees who perform the supervisory function of approving ticket voids do not write tickets unless:
- a) The only supervisory function allowed is approval of ticket voids prior to post time.
 - b) A supervisor, acting as a writer, may not authorize a void for a ticket which he wrote.
 - c) All tickets written by a supervisor which are subsequently voided, and all not-in-computer voids must be recorded in a log, used specifically for that purpose, which indicates the supervisor's/writer's name and the name of the person authorizing the void.
 - d) The log must be forwarded to a department independent of the Sports Betting and Fantasy Contests Department (i.e., Accounting Department) on a daily basis for a 100% audit of void tickets (using the log and the tickets) for the proper signatures on the ticket, a void designation on the ticket, date and time of the void on the ticket (for not-in-computer voids), any indications of past-post wager or entry voiding, and other appropriate regulation compliance. Any discrepancies noted and investigations performed must be documented in writing and maintained.
 - e) A department independent of the Sports Betting and Fantasy Contests Departments (i.e., Accounting Department) must perform a 100% audit of the exception report for any inappropriate use of the supervisory password. Any discrepancies noted and investigations performed must be documented in writing and maintained.
- 5) Employees, including supervisors, who write or cash tickets are prohibited from accessing the administrative terminal or performing administrative functions, including setting up events, changing event data, and entering results at any time. An employee assigned cashier functions is not allowed to switch for certain shifts or days to having administrative functions. Conversely, an employee assigned administrative functions is not allowed to switch for certain shifts or days to having cashier functions.
- 6) The Operator shall prohibit an employee or employee who is serving alcoholic beverages to customers from taking sports wagers during the same work shift;
- 7) Employees authorized to destroy redeemed winning tickets and vouchers shall be formally defined. The method and control of redeemed winning ticket and voucher destruction shall be established.

E. Reconciliation of Assets and Documents

- 1) The assets for which each Ticket Writer is responsible for shall be maintained on an imprest basis. A Ticket Writer shall not permit any other person to access his or her imprest inventory.
- 2) A Ticket Writer shall begin a shift with an imprest amount of financial instruments to be known as the "Ticket Writer Inventory." The Main Bank shall provide the Ticket Writer Inventory to ticket writers for Sports Betting and Fantasy Contests. No funds shall be added to or removed from the Ticket Writer Inventory during such shift except:
 - a) In collection of wagers and entry fees;
 - b) In order to make change for a player buying a ticket;
 - c) In payment of winning or properly cancelled or refunded tickets;
 - d) In payment for vouchers;
 - e) In exchanges with the main cage, a satellite cage, or wagering counter supported by proper documentation which documentation shall be sufficient for accounting reconciliation purposes.
- 3) Whenever a ticket writer exchanges funds with the Main Bank, the ticket writer shall prepare a two part Even Exchange form. The form shall include at a minimum the following:
 - a) The date of preparation;
 - b) Window location;
 - c) Separate areas designating which items are being sent to/received from the Main Bank;
 - d) The type of items exchanged;
 - e) The total of the items being exchanged;
 - f) Signature of the ticket writer preparing the form requesting the exchange;
 - g) Signature of the cashier completing the exchange; and
- 4) Each ticket writer and main bank cashier to prepare a "Ticket Writer Count Sheet" on each shift, including

Puerto Rico Sports Betting and Fantasy Contest Regulations

- a) Recording the amount of inventory in the wagering window or bank;
 - b) Reconciling the total closing inventory with the total opening inventory; and
 - c) Recording the signature and Commission license number of the:
 - i. Outgoing ticket writer or main bank cashier;
 - ii. Incoming ticket writer or main bank cashier;
 - d) Recording the following information:
 - i. The date, time and shift of preparation;
 - ii. The total amount of each denomination of currency in the drawer;
 - iii. The total of any exchanges;
 - iv. The total amount in the drawer;
 - v. The value of the sold, voided, and cashed tickets or attach a printout from the system to the count sheet
 - vi. The total amount of financial instruments in the Ticket Writer Inventory issued to the Ticket Writer;
 - vii. The wagering window number to which the Ticket Writer is assigned;
 - viii. If the cash is transferred from one Ticket Writer to the next Ticket Writer, the amount of cash turn-in and any variances between the cash turn-in and the amount of net cash that the system indicates must be in each Cashier Station.
- 5) A Ticket Writer assigned to a wagering window shall count and verify the Ticket Writer Inventory at the count room and shall agree the count to the "Ticket Writer Count Sheet". The Ticket Writer Inventory shall be placed in a ticket writer's drawer and transported directly to the Cashier Station by the Ticket Writer.
- 6) At the end of the operational day, the main cage is to forward a copy of each cashier's "Ticket Writer Count Sheet" and related documentation to the Accounting Department for:
- a) Agreement of opening and closing inventories; and
 - b) Comparison of forms or documents.
- 7) If the wagering window net receipts for the shift, as generated by the system, does not agree with the Ticket Writer Count Sheet total plus the Ticket Writer Inventory, the shift supervisor shall record any overage or shortage on a Cashier Variance log. If the count does not agree, the ticket writer and the shift supervisor shall attempt to determine the cause of the discrepancy in the count. If the discrepancy cannot be resolved by the Ticket Writer and the shift supervisor, such discrepancy shall be reported in writing to the Sports Betting Manager, or supervisor in charge at such time and documentation will be provided to the Accounting Department. Any discrepancy in excess of \$500 shall be reported to the Surveillance and Security Departments and the Commission within two hours of the shift ending.
- a) No more than 24 hours after the discovery of an employee's unresolved cage, or count room overage or shortage of \$250 or more, an Operator shall submit a written report to the Commission describing:
 - i. The date on which the discrepancy occurred;
 - ii. Shift on which the discrepancy occurred;
 - iii. Name of the Ticket Writer;
 - iv. Name of the supervisor;
 - v. Window number;
 - vi. The amount of the discrepancy; and
 - vii. The reason for the overage or shortage and corrective action taken or adjustment made; or
 - viii. That a notice of investigation is ongoing, and the written report will be submitted within the following 48 hours
 - b) The findings of the investigation shall be forwarded to the Commission
- 8) The shift supervisor shall compare the wagering window net receipts for the shift as generated by the system with the Ticket Writer Count Sheet total plus the Ticket Writer Inventory, and if the ticket writer net receipts equals the wagering count sheet total plus the wagering inventory, the shift supervisor shall sign the Ticket Writer Count Sheet attesting to its accuracy.
- 9) The Operator shall determine the daily win amount by comparing a win report from the system to the reconciliation of the Sports Betting drawers. The Operator shall be required to report Gross Revenue as the higher amount unless otherwise authorized by the Commission.

F. Cage Access and Accountability

- 1) Internal controls must be established, and procedures implemented to:
 - a) Restrict physical access to the cage to Cage Department employees, designated staff, and other authorized persons; and

Puerto Rico Sports Betting and Fantasy Contest Regulations

- b) Limit transportation of extraneous items such as personal belongings, toolboxes, beverage containers, etc., into and out of the cage.
- 2) The Operator shall establish policies and procedures to ensure that all transactions that flow through the main cage within the Authorized Location are accounted for. These policies and procedures shall include, but are not limited to, the following:
 - a) All transactions that flow through the cage shall be summarized on a cage accountability form on a per shift basis and shall be supported by documentation.
 - b) Increases and decreases to the total cage inventory must be verified, supported by documentation, and recorded. Documentation must include the date and shift, the purpose of the increase/decrease, the employee(s) completing the transaction, and the person or department receiving the cage funds (for decreases only).
 - c) At the end of a shift, the cashiers assigned to the outgoing shift shall:
 - i. Record on a cage accountability form, or its equivalent, the face value of each cage inventory item counted and the total of the opening and closing cage inventories; and
 - ii. Reconcile the total closing inventory with the total opening inventory.
 - d) At the conclusion of each operational day, copies of the cage accountability forms and all supporting documentation shall be forwarded to the Accounting Department.
 - e) Signature requirements shall be established for outgoing and incoming cashiers.
- 3) The cage inventories shall be counted independently by the oncoming and outgoing cashiers. These employees shall make individual counts for comparison for accuracy and maintenance of individual accountability. Such counts shall be attested to by signature and recorded at the end of each shift during which activity took place. These employees must make individual counts to compare for accuracy and maintain individual accountability. All variances must be documented and investigated. Unverified transfers of financial instruments are prohibited.
- 4) The Operator shall establish and comply with procedures with a minimum bankroll formula to ensure the Operator maintains financial instruments (on hand and in the bank, if readily accessible) in an amount sufficient to satisfy obligations to the Operator's players as they are incurred.
- 5) All cage accounting procedures and any follow-up performed shall be documented in the internal controls, maintained for inspection and provided to the Commission upon request.

Section 6.6. Drop and Count

A. Collecting Currency Cassettes and Cash Storage Boxes from Kiosks

- 1) Internal controls must be established, and procedures implemented to ensure that currency cassettes and cash storage boxes are securely removed from Kiosks on a daily basis. Such internal controls must include the following:
 - 1) Surveillance must be notified prior to the cash storage boxes or currency cassettes being accessed in a Kiosk. The drop shall be monitored and recorded by surveillance.
 - 2) The Operator shall submit the drop schedule to the Commission, which shall include:
 - i. The time the drop is scheduled to commence; and
 - ii. The number and locations of Kiosks
 - 3) At least two employees must be involved in the collection of currency cassettes and/or cash storage boxes from Kiosks and at least one employee should be independent of Kiosk accountability.
 - 4) Currency cassettes and cash storage boxes must be secured in a manner that restricts access to only authorized employees.
 - 5) Redeemed vouchers and winning tickets (if applicable) collected from the Kiosk must be secured and delivered to the Cage or Accounting Department for reconciliation.
- 2) A Security Department member and a Cage Department member shall obtain the keys necessary to perform the drop and/or currency cassette replacement, in accordance with the Authorized Location's key sign-out and sign-in procedures.
- 3) A department member with no incompatible functions shall place empty cash storage boxes needed for the drop into a secured cart and prepare a drop form, which shall include the following:
 - a) The date;
 - b) Identification number of the secured cart;
 - c) Number of empty cash storage boxes placed into the secured cart; and
 - d) Signature of the Cage Department member documenting that the number of cash storage boxes equals the number of Kiosks in use.
- 4) In the presence of a Security Department member, a Cage Department member shall complete the drop at each Kiosk by:

Puerto Rico Sports Betting and Fantasy Contest Regulations

- a) Unlocking the cabinet housing the cash storage boxes;
- b) Removing the cash storage boxes and place the removed cash storage boxes into a secured cart and insert the empty cash storage boxes and reject bins;
- c) Locking the cabinets housing the cash storage boxes; and
- d) Transporting the secured cart to a count room or other location approved by the Commission for the count of the drop.

B. Count and Documentation

- 1) Kiosks must be maintained on the cage accountability and must be counted independently by at least two employees, documented, and reconciled for each increase or decrease to the Kiosk inventory.
- 2) Access to stored full cash storage boxes and currency cassettes must be restricted to:
 - a) Authorized employees; and
 - b) In an emergency, authorized persons for the resolution of a problem.
- 3) The Kiosk count must be performed in a secure area, such as the cage or count room.
- 4) If counts from various revenue centers and Kiosks occur simultaneously in the count room, procedures must be in effect that prevent the commingling of funds from the Kiosks with any revenue centers.
- 5) The cash storage boxes and currency cassettes must be individually emptied and counted so as to prevent the commingling of funds between Kiosks until the count of the Kiosk contents has been recorded.
 - a) At least daily, all winning tickets and vouchers in the Kiosk are removed by a minimum of two employees.
 - b) At least weekly, a minimum of two employees remove all cash from the Kiosk, count the cash and document the count.
- 6) The contents of the cash storage boxes shall be counted by two or more Accounting Department employees with no incompatible function, who shall:
 - a) Document the contents, by item and amount, for each cash storage box on a balance receipt;
 - b) Prepare or generate a drop totals report that summarizes the total currency, tickets, and vouchers counted;
 - c) Verify that the number of cash storage boxes counted equals the number of empty cash storage boxes initially recorded on the drop form. Any exceptions encountered during the drop and count process shall be documented on this form;
 - d) Transfer the currency to a main bank cashier with a copy of the drop totals report;
 - e) Transport the tickets and vouchers to a secured location approved by the Commission for storage until permitted to destroy; and
 - f) Transport the balance receipts, the drop totals report and drop form to the Accounting Department.
- 7) The contents of each removed currency cassette and currency cassette reject bin shall be counted by two or more Accounting Department employees with no incompatible function, who shall:
 - a) Document the count of each currency cassette and reject bin on a balance receipt, by Kiosk;
 - b) Prepare or generate a currency cassette replenishment totals report that summarizes the total currency counted;
 - c) Transfer the currency to a main bank cashier with a copy of the currency cassette replenishment totals report; and
 - d) Transport the balance receipts and currency cassette replenishment totals report to the Accounting Department.
- 8) Procedures must be implemented to ensure that any corrections to the count documentation are permanent, identifiable, and the original, corrected information remains legible. Corrections must be verified by two employees.

C. Count Room Access

Internal controls must be established, and procedures implemented to limit physical access to the count room to count team employees, designated staff, and other authorized persons. Such internal controls must include the following:

- 1) Count team employees may not exit or enter the count room during the count except for emergencies or scheduled breaks.
- 2) Surveillance must be notified whenever count room employees exit or enter the count room during the count.
- 3) The count team policy, at a minimum, must address the transportation of extraneous items such as personal belongings, toolboxes, beverage containers, etc., into or out of the count room.

D. Count Team

Internal controls must be established, and procedures implemented to ensure security of the count and the count room to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud. Such internal controls must include the following:

- 1) For Class A Operators:
 - a) All counts must be performed by at least three employees.
 - b) At no time during the count can there be fewer than three count team employees in the count room until the drop proceeds have been accepted into cage accountability.
 - c) Unless the License utilizes a count team of more than three employees, count team employees must be rotated on a routine basis such that the count team is not consistently the same three employees more than four days per week.
- 2) For Class B Operators:
 - a) All counts must be performed by at least two employees.
 - b) At no time during the count can there be fewer than two count team employees in the count room until the drop proceeds have been accepted into cage accountability.
 - c) Unless the License utilizes a count team of more than two employees, count team employees must be rotated on a routine basis such that the count team is not consistently the same two employees more than four days per week.
- 3) Functions performed by count team employees must be rotated on a routine basis.
- 4) Count team employees must be independent of the department being counted. A cage employee may be used if they are not the sole recorder of the count and do not participate in the transfer of drop proceeds to the cage. An accounting employee may be used if there is an independent audit of all count documentation.

Section 6.7. Wagering Equipment

The Authorized Location's equipment used to accept wagers and entry fees is to consist solely of a Cashier Stations and Kiosks through which system servers are accessed. No equipment (automated or manual) that contains any player, wagering or related data is to be maintained at the wagering windows or counters;

A. Shipping and Receiving

- 1) A communication procedure must be established between the Technology Platform Provider, the Authorized Location, and the Commission to properly control the shipping and receiving of all software and hardware components. Such procedures must include:
 - a) Notification of pending shipments must be provided to the Commission by the Authorized Location;
 - b) Certification by an independent test laboratory;
 - c) Notification from the Technology Platform Provider to the Commission, or the Authorized Location as approved by the Commission, of the shipping date and expected date of delivery. The shipping notification must include:
 - i. Name and address of the Technology Platform Provider;
 - ii. Description of shipment;
 - iii. For hardware: serial number;
 - iv. For software: software version and description of software;
 - v. Method of shipment; and
 - vi. Expected date of delivery.
- 2) Procedures must be implemented for the software and hardware components for maintenance and replacement.
- 3) Software and hardware components must be shipped in a secure manner to deter unauthorized access.
- 4) The Commission, or its designee, must receive all software and hardware components and software packages, and verify the contents against the shipping notification.

B. Location and Security

- 1) The Authorized Location shall provide a secure location within the territory, or a location approved by the Commission and all other applicable territory and federal laws for the placement, operation, and usage of Wagering Equipment, including Cashier Stations, Kiosks, displays, and communications equipment. In addition, the **GLI-33** requirements for "**Wagering Equipment**" shall be met.
- 2) The Operator shall submit to the Commission, a current detailed floorplan, drawn to scale, depicting the secure location for the placement, operation, and use of all Wagering Equipment in the Authorized Location. The floorplan shall also include the surveillance camera coverage and the money routes.
- 3) Any proposed changes and re-locations of Wagering Equipment shall be submitted on subsequent floorplans in which Wagering Equipment is identified by location number(s).

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 4) Unless otherwise authorized by the Commission, Wagering Equipment shall have location numbers affixed to the outside and of sufficient height and size to be clearly visible and readable by the CCTV system;
- 5) At a minimum the following tasks should be performed on a scheduled basis:
 - a) Clean out temporary files on hard disk drives;
 - b) Check hard disk space usage to ensure sufficient space is available for continued operations;
 - c) Check that all scheduled tasks are running correctly;
 - d) Check event logs for system, application, security, browser, DNS, and other errors; and
 - e) Check UPS systems.
- 6) Internal controls shall be in place to prevent any person from tampering with or interfering with the operation of any Wagering Equipment.
- 7) The Operator, subject to the approval of the Commission, must develop and implement physical security controls over the Wagering Equipment. These controls must address the following: forced entry, evidence of any entry, and protection of circuit boards containing programs.
- 8) The Operator must develop and implement procedures within the internal controls to ensure that communications between the Wagering Equipment and system used for Sports Betting and/or Fantasy Contests are secure and functioning.

C. Installation and Maintenance

- 1) Procedures shall be documented in the internal controls to ensure accessibility requirements defined by the Commission are met for the installation of Wagering Equipment in the Authorized Location. Accordingly, the Authorized Location is subject to the requirements of title III of the Americans with Disabilities Act of 1990, 42 U.S.C. §§ 12181-12189 ("ADA"), and its implementing regulations, which are found at 28 C.F.R. part 36.
- 2) Testing must be completed during the installation process to verify that the Wagering Equipment components have been properly installed and that the correct version of software is in place. This must include testing of the following, as applicable:
 - a) Communication with the system used for Sports Betting and/or Fantasy Contests;
 - b) For Kiosks, currency and vouchers to bill validator;
 - c) Ticket and voucher printing;
 - d) Meter incrimination;
 - e) All buttons, to ensure that all are operational and programmed appropriately;
 - f) System components, to ensure that they are safely installed at location; and
 - g) Locks, to ensure that they are secure and functioning.
- 3) There must be effective maintenance planned to service Wagering Equipment, including computer program updates, hardware servicing.
- 4) The internal controls in respect of maintenance must include, but not be limited to, the following:
 - a) Procedures in respect of maintenance of Wagering Equipment at all Authorized Locations.
 - b) Procedures for the detection of Wagering Equipment malfunctions.
- 5) Wagering Equipment maintenance must be independent of the Sports Betting and Fantasy Contests Department.
- 6) Maintenance employees must report irregularities to management independent of the Sports Betting and Fantasy Contests Departments.
- 7) If the Wagering Equipment utilizes a barcode or microchip reader, the reader must be tested at least annually by employees independent of the Sports Betting and Fantasy Contests Departments to determine that it is correctly reading the barcode or microchip.

D. Malfunctions

Procedures must be implemented to investigate, document and resolve malfunctions. Such procedures shall be delineated in the internal controls and must address the following

- 1) Determination of the event causing the malfunction;
- 2) Review of relevant records, reports, logs, surveillance records;
- 3) Repair or replacement of the Wagering Equipment; and
- 4) Verification of the integrity of the Wagering Equipment before restoring it to operation.

E. Removal, Retirement and/or Destruction

- 1) When not in use Wagering Equipment shall be stored in a location which is secure and only accessible by authorized personnel staff. The Commission shall be notified in advance that the machines will be moved to the secure location. The notification must include the location of where the machines will be stored and the serial number or other unique number assigned to each machine that is being moved.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- a) Procedures must be delineated in the internal controls and implemented to retire or remove any or all associated Wagering Equipment or components from operation. Procedures must include the following: For Wagering Equipment or components that accept financial instruments:
 - i. Coordinate with the drop team to perform a final drop;
 - ii. Collect final accounting information such as meter readings, drop and payouts;
 - iii. Remove and/or secure any or all associated equipment such as locks, card reader, or printer from the retired or removed component; and
 - iv. Document removal, retirement, and/or destruction.
 - b) For removal of software components:
 - i. Uninstall and/or return the software to the Operator; and
 - ii. Document the removal.
 - c) For all components:
 - i. Verify that unique identifiers, and descriptions of removed/retired components are recorded as part of the retirement documentation;
 - ii. Coordinate with the Accounting Department to properly retire the component in the system records.
- 3) Where the Commission authorizes destruction of any Wagering Equipment or components, procedures must be developed to destroy such components. Such procedures must include the following:
- a) Methods of destruction;
 - b) Witness or surveillance of destruction;
 - c) Documentation of all components destroyed; and
 - d) Signatures of personnel(s) destroying components attesting to destruction.
- 4) The internal controls in respect of the commissioning, alteration and de-commissioning of Wagering Equipment must include the following:
- a) Procedures of the tests that must be performed as contemplated in the Rules whenever Wagering Equipment is moved or relocated from their initial locations to new locations at the site.
 - b) Procedures to ensure that the system is immediately updated to reflect any commissioning, alteration or de-commissioning of Wagering Equipment at the time of such occurrence.
 - c) Procedures for the recording of the results of these tests, which include that such record be signed by a representative from the Operator's designated department, as approved in their internal controls.
 - d) Control measures for the maintenance of significant events and meter test documentation, including system reports in respect of the tests contemplated in the Regulations for a period of at least five (5) years, for Commission inspection.
 - e) Completion of full data collection by the system prior to de-commissioning Wagering Equipment.
 - f) That Wagering Equipment may not be exposed for use before the tests have been successfully completed and the information on the system has been verified as being correct.

Section 6.8. Kiosks

A. Kiosks Permitted

An Operator may use a Kiosk for transactions in conjunction with an approved system for Sports Betting and/or Fantasy Contests in an Authorized Location or other location within the Authorized Location. Before being deployed for use at an Authorized Location, all Kiosks must be submitted to an independent testing laboratory for testing and receive the required certification. The independent testing laboratory shall certify that the Kiosk meets or exceeds the adopted GLI-20 Standards for Kiosks, and the standards established by these Regulations.

B. Kiosk Identification

Every Kiosk shall have the following identification characteristics:

- 1) Certificate of license issued by the Commission; and
- 2) A permanent printed label stamped and visibly affixed to the upper left of the kiosk cabinet display. It will be assigned and set by the Commission to each approved Kiosk. The following are characteristics of the label:
 - a) It will display a unique identification number;
 - b) It will refer to the number of the inspection certificate; and
 - c) It will be assigned to a specific kiosk and cannot be removed or transferred for use in another Kiosk.

C. Kiosk Restrictions

The Operator shall establish procedures that must ensure that Kiosks are configured such that they are unable to:

- 1) Process deposits and withdrawals to Player Accounts of more than \$10,000;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 2) Issue or redeem a voucher with a value of more than \$3,000;
- 3) Issue a ticket with a potential payout of more than \$10,000; and
- 4) Redeem a ticket with a value of more than \$3,000.

D. Access to Kiosks

The internal controls in respect of access to Kiosks must include, but not be limited to, the following:

- 1) Control measures to ensure that only authorized, registered employees of the route Operator, registered employees on an Authorized Location, and a Technology Platform Provider, may access the secure area of a Kiosk.
- 2) The requirement that all doors of the Kiosks are secured at all times.
- 3) The requirement of recording of relevant entries in a log each time a Kiosk is accessed.

E. Kiosk Cash Storage Box

Each Kiosk with a bill validator shall have contained in it a container known as a “cash storage box” in which shall be deposited all financial instruments inserted into the bill validator. Each cash storage box shall:

- 1) Have at least one lock securing the contents of the cash storage box, the key to which shall be different from the key utilized to secure the Kiosk.
- 2) Have an opening through which currency can be inserted into the cash storage box.
- 3) Have a mechanical arrangement or device that prohibits removal of financial instruments from the opening at any time.
- 4) Be fully enclosed, except for such openings as may be required for the operation of the bill validator or the cash storage box; provided, however, that the location and size of such openings shall not affect the security of the cash storage box, its contents, or the bill validator, and shall be approved by the Commission.
- 5) Have an asset number permanently imprinted, affixed or impressed on the outside of the cash storage box, which is sufficient in size to be clearly visible and readable by the CCTV system. This number should correspond to the asset number of the Kiosk to which the bill validator has been attached, except that emergency cash storage boxes may be maintained without such number, provided the word “emergency” is permanently imprinted, affixed, or impressed thereon, and when put into use, are temporarily marked with the asset number of the Kiosk to which the bill validator is attached.

F. Kiosk Replenishment

- 1) Currency cassettes must be secured with a lock or tamper resistant seal and, if not placed inside a Kiosk, must be stored in a secured area of the cage or count room.
- 2) On a daily basis or at a greater frequency as needed, an Operator shall replenish the currency cassettes in the Kiosks. A cashier with no incompatible functions shall prepare the currency cassettes to replenish the Kiosks, which shall be documented on a two-part cassette fill form. The cashier shall retain one copy of such form and the duplicate shall be used to document the completion of the transaction. The form shall include:
 - a) Designation of the Kiosk to which the fill is to be performed;
 - b) For each denomination, the number of bills and total value;
 - c) The total value of all currency cassettes;
 - d) The date and time prepared; and
 - e) Signature of the cashier.
- 3) An Accounting Department employee shall place the replacement currency cassettes and empty reject bins into a secured cart. In the presence of a Security Department member, the Accounting Department employee shall complete the currency cassette replenishment at each Kiosk by:
 - a) Unlocking the cabinets housing the currency cassettes and reject bins;
 - b) Removing all currency cassettes and the reject bin, which shall be placed in a secure cart and generate a credit receipt that, at a minimum, includes:
 - i. an identification number of the Kiosk;
 - ii. the date and time;
 - iii. the denomination of each currency cassette; and
 - iv. the total value of the total number of bills per denomination remaining in each currency cassette being replenished and the reject bin;
 - c) Inserting the replacement currency cassettes and currency cassette reject bin; and
 - b) Entering data into the Kiosk that describes the fill and generating a fill receipt that, at a minimum, includes:
 - i. An identification number of the Kiosk;
 - ii. The date and time the fill was performed;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- iii. The denomination of currency for each currency cassette inserted into the machine; and
- iv. The total value of the total number of bills per denomination, for each currency cassette being inserted into the machine;
- c) Locking the cabinet and signing the duplicate copy of the cassette fill attesting that the fill was completed. The fill receipt and the credit receipt shall be deposited in a locked accounting box; and
- d) Returning all removed currency cassettes and reject bins in a secured cart to the count room or other location approved by the Commission.
- 4) Internal controls must be established, and procedures implemented to ensure that currency cassettes contain the correct denominations and have been properly installed.

G. Reconciliation of Assets and Documents

- 1) Whenever employees remove winning tickets or vouchers from a Kiosk, or cash is removed from or inserted into a Kiosk, Kiosk reports are generated from the Kiosk regarding Kiosk transactions and accountability.
- 2) The Accounting Department shall reconcile the Kiosks on a daily basis and whenever employees remove winning tickets, vouchers or cash from a Kiosk pursuant to internal controls as follows: all the cash remaining in each Kiosk (including cash accepted by the Kiosk) to the cash initially loaded into the Kiosk (i.e., imprest amount) plus/minus cash transactions.
- 3) The following reconciliation reports must be available upon demand for each day, shift, and drop cycle:
 - a) Starting balance dollar amount per financial instrument;
 - b) Starting balance number of items per financial instrument;
 - c) Dollar amount per financial instrument issued;
 - d) Number of items per financial instrument issued;
 - e) Dollar amount per financial instrument redeemed;
 - f) Number of items per financial instrument redeemed;
 - g) Dollar amount per financial instrument increases;
 - h) Number of items per financial instrument increases;
 - i) Dollar amount per financial instrument decreases;
 - j) Number of items per financial instrument decreases;
 - k) Ending balance dollar amount per financial instrument; and
 - l) Ending balance number of items per financial instrument.
- 4) These reports are compared to the transactions recorded by the system.
- 5) Any variance of \$ 500.00 or more shall be documented by the Accounting Department and reported in writing to the Commission within 72 hours of the end of the operational day during which the variance was discovered. The report shall indicate the cause of the variance and shall contain any documentation required to support the stated explanation. Such procedures shall be detailed in the internal controls approved by the Commission.
- 6) Winning tickets and vouchers are ultimately delivered to the Accounting Department.

H. Kiosk Malfunctions

The internal controls in respect of malfunctions of the Kiosks must include, but not be limited to, the following:

- 1) Procedures in the event of a malfunction, which include that the Kiosk must be powered down immediately and disabled until repaired.
- 2) Procedures in the event of a communication malfunction occurring between the system and the Kiosk which cannot be repaired immediately, and the reporting thereof to the Commission in writing within five (5) days.
- 3) Procedures in the event that a malfunction is detected by the Commission and the Kiosk disabled until such time that the malfunction has been repaired.

Section 6.9. Communications Technology

- A. Before installing or permitting the installation of any communications technology, the Operator shall notify the Commission in writing of the location and number or other identifier of each communications technology and shall obtain the approval of the Commission for each communications technology. The Commission may condition the approval in any manner the Commission considers appropriate.
- B. Before an Operator accepts any wagers or entry fees, the Operator must obtain the written approval of the Commission to accept such wagers or entry fees, and thereafter use only the communications technology approved for that purpose. The Operator must obtain permission from the Commission by October 1st of each calendar year to continue using the communications technology.
- C. As a condition to the granting of the privilege of having the communications technology, the Operator shall be deemed to have consented to the authority of the Commission to require the immediate removal of any

Puerto Rico Sports Betting and Fantasy Contest Regulations

communications technology at any time without prior notice of hearing. After any such removal, the Operator may request a hearing before the Commission as to whether or not circumstances may warrant the permanent revocation of the privilege of having communications technology upon the premises.

- D. Upon the request of either the Commission, an Operator shall provide a written consent for the Commission to examine and copy the records of any telephone, telegraph, or other communications board or utility that pertain to the operation of Sports Betting and Fantasy Contests.

Section 6.10. Power Outages

- A. It is the responsibility of the Operator's security personnel to ensure that all players, employees and Commission assets are safeguarded against incidents that may occur during a power outage. At a minimum, security representatives shall be dispatched to the following areas:
- 1) All cages, satellite cages and wagering counters;
 - 2) Tops and bottoms of escalators, stairwells and elevators;
 - 3) Count room(s) if count(s) are in progress; and
 - 4) All other sensitive areas.
- B. No money escorts of any kind shall be conducted during a complete power outage and any unsecured financial instruments in the Authorized Location shall be immediately returned to a secured area.
- C. The Commission shall be informed immediately of any power outage.

Section 6.11. Key Controls

- A. Sensitive keys are those keys that either management or the Commission designates sensitive to the Operator's operation and therefore require strict control over storage, duplication, custody, issuance and return. Sensitive key procedures may be automated and/or manual.
- 1) Sensitive keys which require issuance under security or management escort must be identified as such in the key access list, including:
 - a) Unique identifier for each individual key;
 - b) Key storage location;
 - c) Number of keys made, duplicated, and destroyed; and
 - d) Authorization and access.
 - 2) Physical inventories of sensitive keys must be conducted quarterly to ensure that the physical count and the access list count match.
 - 3) The internal controls must identify the employee responsible for conducting the physical inventories of sensitive keys.
 - 4) The internal controls must identify which management employee has the authority to make changes, deletions and/or additions to the key access list.
- B. The Operator shall establish and include in its approved internal controls, procedures to safeguard the use, access, and security of keys. The internal controls must include the:
- 1) Location of all sensitive key boxes and whether any of the boxes are portable or controlled by dual locks;
 - 2) Job titles which have authorized access to the sensitive key box key(s) and how the keys to the sensitive key boxes are issued and controlled;
 - 3) Sensitive key name, location, custodian and job titles authorized to sign out each sensitive key; and
 - 4) Location and custodian of duplicate sensitive keys.
- C. If key rings are used, each key ring and each key on the ring must be individually identified on the key access list maintained at each sensitive keybox.
- D. Each sensitive key box must be under surveillance coverage and have a clear, transparent door. Clear transparent doors are not required for duplicate sensitive keyboxes.
- E. Each sensitive key box custodian must be issued a key access list noting authorized job titles that may access each key.
- F. Whenever two sensitive keys are required to access a controlled area, the keys must be independently issued to different employees.
- G. Access to and return of keys or equivalents must be documented with the date, time, and signature or other unique identifier of the employee accessing or returning the key(s).
- H. The following requirements apply for keys used in the drop and count process:
- 1) For Class A Operators:
 - a) At least three drop team employees are required to be present to access and return keys.
 - b) At least three count team employees are required to be present at the time count room and other count keys are issued for the count.
 - 2) For Class B Operators:

Puerto Rico Sports Betting and Fantasy Contest Regulations

- a) At least two drop team employees are required to be present to access and return keys.
 - b) At least two count team employees are required to be present at the time count room and other count keys are issued for the count.
- 3) Custody of all keys involved in the drop and count must be maintained by a department independent of the count and the drop employees as well as those departments being dropped and counted.
- 4) Any use of keys at times other than the scheduled drop and count must be properly authorized and documented.
- I. Emergency manual keys, such as an override key, for computerized, electronic, and alternative key systems must be maintained in accordance with the following:
 - 1) Access to the emergency manual key(s) used to access the box containing the Kiosk drop and count keys requires the physical involvement of at least three employees from separate departments, including management. The date, time, and reason for access, must be documented with the signatures of all participating persons signing out/in the emergency manual key(s);
 - 2) The custody of the emergency manual keys requires the presence of two employees from separate departments from the time of their issuance until the time of their return; and
 - 3) Routine physical maintenance that requires access to the emergency manual key(s) and does not involve accessing the Kiosk drop and count keys, only requires the presence of two employees from separate departments. The date, time, and reason for access must be documented with the signatures of all participating employees signing out/in the emergency manual key(s).

Section 6.12. Security Plan Standards

- A. The Operator shall ensure that Sports Betting and Fantasy Contests conducted through the use of a Kiosk or Cashier Station located in the Authorized Location or other window locations as approved by the Commission, is conducted within the sight and control of designated employees of the Operator and under continuous observation by security equipment, as required by the Commission.
- B. The Operator shall ensure that all approved designated areas for Sports Betting and Fantasy Contests at the Authorized Location are monitored by designated staff and Commission-approved security systems that are operational and regularly maintained.
- C. The Authorized Location used to carry out and support Sports Betting and Fantasy Contests must:
 - 1) Be constituted in a way that promotes optimal security for Sports Betting and Fantasy Contests;
 - 2) Include a closed-circuit television (CCTV) system in accordance with the specifications approved by the Commission, providing access to the premises where said system is located or to its signal to the Commission;
 - 3) Not be designed in any way that may interfere with the Commission's ability to oversee the operations of Sports Betting and Fantasy Contests, and
 - 4) Comply in all relevant respects with the regulations of the Commission.
- D. The Commission shall have direct access to the system and its transmissions. Nothing in these Regulations shall preclude the Commission from permitting an Operator to conduct Sports Betting or Fantasy Contests, subject to appropriate terms and conditions, in a location other than an Authorized Location upon petition of an Operator. The Operator shall submit a surveillance plan for Commission approval prior to accepting wagers or entry fees in any approved Authorized Location. Any changes to the surveillance plan must be approved by the Commission.
- E. Before operations of Sports Betting and Fantasy Contests are to commence, the Operator shall submit to the Commission for review and written approval its security plan.
- F. The Operator may not commence operations until its security plan is approved in writing by the Commission.
- G. The Operator's security plan shall, at a minimum, include:
 - 1) Plans to handle the employees during crisis situations;
 - 2) Physical security measures to prevent damage of terror attacks or other threats;
 - 3) A security zone plan for the Authorized Location, employing (if necessary) fixed security post and roving security officers designed to ensure:
 - a) The physical safety of employees of and invitees to the Authorized Location;
 - b) The safeguarding of assets;
 - c) Compliance with all applicable Law and Regulations including Commission approved internal controls and operating procedures;
 - d) That the following individuals are identified and prohibited from entering the Authorized Location, and, if necessary, immediately removed from the site:
 - i. An intoxicated individual;
 - ii. An individual who is involuntarily excluded; and
 - iii. An individual who is voluntarily excluded; and

Puerto Rico Sports Betting and Fantasy Contest Regulations

- e) That an individual under the age of 18 years is identified, prohibited from engaging in and/or collecting winnings from Sports Betting and Fantasy Contests
- 4) Procedures and controls for addressing:
 - a) Authorized Location access controls including:
 - i. An access badge system
 - ii. If utilized, specifications pertaining to a computerized access control system; and
 - iii. Administrative responsibility over a manual or computerized access control system;
 - b) A temporary authentication credential;
 - c) Key controls;
 - d) Emergency alarm and fire command responsibilities including communication protocols with the CCTV system;
 - e) Evacuation of the Authorized Location in the event of a fire, or other emergency;
 - f) The identification and immediate removal of an intoxicated individual, an individual who is involuntarily excluded, and an individual who is voluntarily excluded;
 - g) The identification of individuals under the age of 18, and the prohibition of the individuals from collecting winnings from Sports Betting;
 - h) Player complaints
 - i) The notice requirements in accordance with subsection (vii)
- 5) Procedures to enable a suitable response to any security issue within the Authorized Location.
- 6) A security incident log:
 - a) Maintained by security employees in:
 - i. A book with bound numbered pages that cannot be readily removed; or
 - ii. An electronic format equipped with software that prevents modification of any entry after it has been initially entered into the system; and
 - b) Documenting the following:
 - i. Assignment number of the incident
 - ii. The date and time;
 - iii. Name and Occupational license number of the employee covering the incident;
 - iv. Nature of the incident; and
 - v. Resolution of the incident;
- 7) A requirement that an Operator notify the Commission on detection of:
 - a) An individual engaged in, attempting to engage in, or suspected of cheating, theft, embezzlement, or other illegal activities;
 - b) An individual possessing a firearm, or dangerous weapon;
 - c) An individual who is:
 - i. Participating or attempting to redeem winnings under the age of 18 years;
 - ii. Intoxicated while participating;
 - iii. Involuntarily excluded
 - iv. Voluntary excluded
- H. Continuity exercises shall be planned, performed and evaluated in regular intervals to prepare the employees for crisis situations.

Section 6.13. Closed Circuit Television System (CCTV); Control and Restrictions in the Surveillance Department

- A. The Operator shall install, maintain, and operate in its Authorized Location a surveillance system that meets the **“Surveillance and Recording”** requirements of GLI-33.
- B. The Executive Director, by administrative approval, may exempt an Operator from compliance with any of these sections. All requests for exemption must be in writing and state the justification for the exemption and proposed alternative methods, if any, the Operator will undertake to accomplish the stated purpose of these Regulations.
 - 1) The CCTV system must be approved by the Commission and must include light sensitive cameras with 360-degree zoom, scan and tilt capabilities to effectively monitor in detail and from various points, the following: Transactions conducted at Kiosks with sufficient clarity to identify the activity and the individuals performing it, including maintenance, drops or fills, and redemption of vouchers or winning tickets
 - 2) Transactions conducted in the main cage, betting counter, betting window, and any satellite cage with sufficient clarity to identify the face of each individual transacting business with a ticket writer. At minimum, there must be one dedicated surveillance camera for each betting window or counter (including cash register/safe) with sufficient clarity to identify individuals performing transactions.
 - 3) General activities in the Authorized Location, to include the ticket writer and cashier areas, with sufficient clarity to identify the employees performing the different functions.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 4) Activities in all other Sports Betting and Fantasy Contests restricted areas;
- 5) Any other area or activity that the Commission specifies.
- C. The Operator shall configure its CCTV system to record all areas and transactions enumerated in subsection (C) with sufficient detail to identify any discrepancies with a resolution of 4 common image format at a minimum of:
 - 1) For a standard definition camera, 30 frames per second; or
 - 2) For a high definition camera, 15 frames per second.
- D. The Operator may configure its CCTV system to record activity in areas of the Authorized Location not covered by subsection (D) at a reduced frame rate with a resolution of 4 common image format, as follows:
 - 1) Public areas shall be recorded at a minimum frame rate of 15 frames per second; and
 - 2) Areas not accessible to the public shall be recorded at a minimum frame rate of 7.5 frames per second.
- E. Every surveillance monitoring room must:
 - 1) During all hours of operation be staffed by properly Commission licensed employees of the Authorized Location at all times with a working knowledge and the ability to operate the surveillance equipment, and who can provide immediate access to the secured location to Commission agents and other authorized persons;
 - 2) Be secured to prevent unauthorized entry
 - 3) Contain Sufficient numbers of monitors and recorders to simultaneously display and record multiple Sports Betting and Fantasy Contests activities and record the views of all dedicated cameras and motion activated dedicated cameras.
 - 4) For Class A Operators, contain sufficient numbers of monitors to simultaneously display Authorized Location and count room activities
- F. A periodic inspection of the CCTV systems must be conducted. When a malfunction of the CCTV system is discovered:
 - 1) The Commission should be notified immediately of any failure and indicate the time, date, cause of any equipment or camera malfunction, if known, and the time the Security Department was informed of such malfunction in accordance with the internal controls of the Operator.
 - 2) The malfunction and necessary repairs must be documented, and repairs initiated within 72 hours. If a dedicated camera malfunctions, alternative security procedures, such as additional supervisory or security agents, must be implemented immediately.
- G. All recording made by the CCTV system must be retained by the Operator for a minimum period of ninety (90) days from its recording, except when the Commission, for security reasons or any other reason, requires a longer period or any legal provision requires its conservation.
- H. Logs must be maintained and demonstrate the following:
 - 1) Compliance with the storage, identification, and retention standards required in these Regulations;
 - 2) Each malfunction and repair of the CCTV system as defined in these Regulations; and
 - 3) Activities performed by surveillance employees as required by the controls in these Regulations.
- I. Commission approved procedures must be implemented for reporting suspected crimes and suspicious activity.
- J. The CCTV system must possess the capability to monitor and record, in both audio and video, the area of any security office or other designated detention room in which persons may be detained by security personnel. A notice must be posted in the security office or other designated detention room advising all persons that the area is under video and audio surveillance. When a person is detained by security personnel in the security office or other designated detention room, the detention and any questioning, must be recorded. A person is considered to be detained when the person has been detained by security personnel and confined in the security office or other designated detention room in such a manner as to deprive him of the ability to leave voluntarily.

Section 6.14. Pandemic Reopening Plan

The Operator shall establish, implement and maintain a pandemic re-opening plan, and submit it to the Commission. The pandemic re-opening plan must address and demonstrate compliance with applicable requirements, guidance, and recommendations, including legislative requirements governing re-opening and Declarations of Emergency, any applicable public health requirements, guidance, and recommendations that apply to the gambling sector, including those made at the local and regional level, and any applicable best practices in the gambling sector designed to mitigate risk related to the spread of infectious disease.

- A. The re-opening plan must be evaluated and assessed by a subject matter expert (SME) in infectious disease and the prevention of its transmission acceptable to the Commission, acting independently of the Operator. The plan must be approved by appropriate senior-level management prior to the plan's submission to the Commission. The Operator shall ensure that the SME's evaluation and assessment includes the adequacy of the Operator's plan in

connection with the applicable requirements, guidance, and recommendations. The plan must outline relevant training for the Operator's employees and the measures to address infectious disease outbreaks.

- B. The Operator shall provide as part of its submission the SME's evaluation and assessment of the re-opening plan.
- C. The Operator shall demonstrate as part of its submission the measures in place that establish the SME's independent review from the Operator, including where the SME is employed or otherwise retained by the Operator.
- D. The Commission recognizes that Operators may create a general re-opening plan supplemented by site-specific re-opening plans to address the variable levels of risk posed by particular sites. Both the general re-opening plan and any site-specific plans must be evaluated and assessed by the SME described above.
- E. The Operator must submit pandemic re-opening plans to the Commission at least seven days prior to the site materially increasing staff levels in preparation for re-opening to the public.
- F. The Operator must conduct self-assessments of its pandemic re-opening plans, in accordance with the Commission's requirements.
- G. Substantial changes to the plan shall be communicated to the Commission in a timely manner by the Operator.

ARTICLE 7 SPORTS BETTING OPERATIONS

Section 7.1. Systems and Components used for Sports Betting

A. Product Evaluation

- 1) The independent testing laboratory shall certify that all products deployed within the territorial limits of Puerto Rico meets or exceeds the adopted standards set forth in GLI-33, these Regulations, as well as to the Law and Regulations provided by the Commission and are accompanied by formal certification documentation noting as such.
- 2) The Change Management Program (CMP) policies and procedures developed in accordance with these Regulations shall be approved by the Commission prior to deployment of the CMP and audited at an annual interval by the independent test laboratory.
- 3) Quarterly reports are issued to an independent test laboratory with knowledge of the product for review to ensure risk is being assessed according to the certified CMP and all documentation for all changes are complete.
 - a) The review consists of examining a sample of changes made during the prior period to determine whether:
 - i. The changes were properly approved at each of the development, testing and deployment stages;
 - ii. The changes were adequately documented and classified;
 - iii. The changes were properly tested, and any issues resolved; and
 - iv. Rollback procedures were applied as needed.
 - b) The evidence of the review is to be maintained and include at a minimum:
 - i. The date and time of the review,
 - ii. The name and title of the person who performing the review;
 - iii. The changes reviewed; and
 - iv. Any exceptions noted and any related follow-up on the noted exceptions.
 - c) A formal report shall be produced by the evaluating independent test laboratory noting the review as complete.
- 4) At least once annually, each product operating under a CMP must be fully certified to the standards set forth in GLI-33, these Regulations, as well as to the Law and Regulations provided by the Commission and accompanied by formal certification documentation from an independent test laboratory with knowledge of the product. The Operator and Technology Platform Provider where separate shall be allowed to seek approval for extension beyond the annual approval if hardship can be demonstrated. Granting of a hardship waiver is the sole discretion of the Commission.

B. Change Management (CMP) Policy and Procedures

- 1) The Operator and/or Technology Platform Provider shall submit documentation outlining the change control processes and procedures to be deployed within the organization and adhered to covering all steps of deployment from initial development to build process and source code version controls to internal testing and signoff to deployment. It is expected that the change control processes and procedures be written specifically to the approach of the Operator and/or Technology Platform Provider to the development life cycle but include at a minimum coverage of the following:
 - a) The acquisition and development of new software and/or hardware components;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- b) An appropriate software version control or mechanism for all software components, source code, and binary controls;
 - c) Coding standards and practices followed by the organization;
 - d) Internal testing standards and practices followed by the organization, including:
 - i. To prevent leakage of sensitive information, the documented test methodology shall include provisions to prevent the use in testing of actual PII and other sensitive information, or other raw production data;
 - ii. There shall be a documented method to verify that test software is not deployed to the production environment;
 - e) Separation of the production environment from the development and test environments, both logically and physically. When cloud platforms are used, no direct connection may exist between the production environment and any other environments;
 - f) Separation of duties within the release process;
 - g) If applicable, establish the delegation of responsibilities between the Operator and/or Technology Platform Provider;
 - h) Procedures for the migration of changes to ensure that only authorized components are implemented on the production environment
 - i) A description of procedures required to bring the new or modified component into service (conversion or input of data, installation procedures, etc.);
 - j) A strategy to cover the potential for an unsuccessful install or a field issue with one or more changes implemented under the CMP:
 - i. Where an outside party such as an App store is a stakeholder in the release process, this strategy must cover managing releases through the outside party. This strategy may take into account the severity of the issue;
 - ii. Otherwise, this strategy must cover reverting back to the last implementation (rollback plan), including complete backups of previous versions of software and a test of the rollback plan prior to implementation to the production environment;
 - k) A policy addressing emergency change procedures;
 - l) All documentation relating to software and application development, including procedures to ensure that technical and user documentation is updated as a result of a change; and
 - m) Identification of licensed individuals for signoff prior to release.
- 2) The employee responsible for the documentation indicating the process in managing the development or modification of source code (available upon request by authorized internal and external auditors and by Commission personnel) is to be delineated in the internal controls.
- 3) The Operator shall have patching policies agreed upon with the Commission, whether developed and supported by the Operator or by the Technology Platform Provider, which meets the **GLI-33** requirement for “Patches”.

C. Identification of Controlled Components

- 1) The Technology Platform Provider shall maintain a source code repository of all system source code, and the repository shall contain snapshots of the complete Event Wagering System source code for each approved version of the Event Wagering System.
- 2) The Technology Platform Provider shall use the Critical Asset Registry (CAR) generated in Section 11.11.B to identify all software components that are used in the operation of the Event Wagering System and shall generate a Control Program Verification Listing of all software files identified as critical control program components along with the corresponding digital signatures of the critical control program component(s), as a minimum, the digital signatures must employ a cryptographic algorithm which produces a message digest of at least 128 bits.
- 3) Each item in the Control Program Verification Listing shall have a unique code, version number and identification characteristic sufficient to ensure that the Internal Audit Department will be able to inspect some or all components at any given time and determine whether they have deviated from the approved version.
- 4) A member of the IT Department will be assigned responsibility for changes to each item in the Control Program Verification Listing.

D. Classification of Changes

- 1) Proposed changes to the Event Wagering System components shall be classified according to their Impact.
- 2) The Technology Platform Provider shall classify all changes to one of the following levels:

Puerto Rico Sports Betting and Fantasy Contest Regulations

- a) Level 1 – No Impact - The change has no impact to regulated components of the Event Wagering System. The following types of changes are examples with a Level 1 classification:
 - i. Installation or changes to backup software and/or hardware components;
 - ii. Adding or removing users;
 - iii. Database maintenance that modifies or deletes non-critical data in the database.
 - iv. Scheduled outages or maintenance to any network service provider infrastructure;
 - v. Scheduled outages or maintenance to any electrical infrastructure (generator, ATS, UPS, PDU, etc.); or
 - vi. Installation of operating system security patches
 - vii. Background images, color schemes, or similar ancillary front-end client updates.
- b) Level 2 – Low Impact - The change has a low impact on the integrity of the Event Wagering System. This may also include hardware component changes. The following types of changes are examples with a Level 2 classification:
 - i. Firewall rule changes;
 - ii. Database maintenance;
 - iii. Changes to the physical location of regulated primary backup data;
 - iv. Any change or addition of physical hardware component; or
 - v. Changes to non-wagering logic components of the overall Event Wagering System that are not of a benign nature as described for Level 1 and with the exception of those representative of examples for Level 3 changes.
- c) Level 3 – High Impact - The change has a high impact on regulated components or reporting of the Event Wagering System. The following types of changes are examples with a Level 3 classification:
 - i. Implementation of a new gambling feature or a change to any logic impacting wagering logic;
 - ii. A change impacting required regulatory reports or data used for financial reconciliation;
 - iii. If applicable, a change implemented by the Operator and/or Technology Platform Provider that substantially impacts geolocation services;
 - iv. If applicable, a change impacting the handling or storage of PII; or
 - v. A change to accommodate updated regulatory requirements.

E. Change Management Log (CML)

All changes must be documented in the CML. The Technology Platform Provider shall record installations and/or modifications to the Event Wagering System in the CML. It is the responsibility of the Operator and/or Technology Platform Provider to create and maintain the CML. The CML shall record at a minimum the following:

- 1) The date and time that a change is internally approved for release;
- 2) The component(s) to be changed including the unique identification number from the CAR, version information;
- 3) Details of the reason or nature of the installation or change such as new software, server repair, significant configuration modification. If the component being changed is a hardware component, the physical location of this hardware component;
- 4) Identification of the person responsible for authorizing the change;
- 5) Identification of the person conducting the change;
- 6) Anticipated release date of the installation or modification; and
- 7) The level of the change (Level 1, 2, or 3).

F. Change Handling of Level 2 and Level 3 Changes

- 1) For Level 2 or Level 3 changes, at least 3 business day advance notice prior to deployment must be provided to the Commission and independent test laboratory who performed the prior certification. The Commission or the independent test laboratory, if delegated by the Commission, reserve the right to request testing and potentially certification of the Event Wagering System updates prior to implementation. If the Commission policy does not designate additional rules for handling of Level 2 or Level 3 changes and notice is not provided of a requirement for additional testing within 3 business days, passive approval is conveyed whereby the Operator and/or Technology Platform Provider are approved to introduce the change into production. Included in the notification of deployment of any change shall be:
 - a) An attestation of confirmation in good faith based on internal development and testing practices and standards that the changes being introduced comply with the standards set forth in GLI-33, these Regulations, as well as to the Law and Regulations provided by the Commission

Puerto Rico Sports Betting and Fantasy Contest Regulations

- b) For a change to a critical control program component, a Control Program Verification Listing report that details all critical control program components of the Event Wagering System and their latest digital signature.
- 2) In cases where certification of the Level 2 and Level 3 changes are needed prior to deployment, laboratory testing of these changes shall be certified to the standards set forth in GLI-33, these Regulations, as well as to the Law and Regulations provided by the Commission and accompanied by formal certification documentation from an independent test laboratory with knowledge of the product.
- 3) In cases where certification of the Level 2 and Level 3 changes are not needed prior to deployment, laboratory testing of these changes shall be completed within 90 days of introduction into the production environment. The testing process shall not preclude the Operator or Technology Platform Provider from continuing to develop and introduce changes under the CMP. Establishment of the CMP shall allow for notification of findings resulting from each testing cycle, which shall be reported via structures agreed to with them Commission.
- 4) The Technology Platform Provider shall be allowed to seek approval for extension beyond 90 days if hardship can be demonstrated. Granting of a hardship waiver is the sole discretion of the Commission.
- 5) In emergency situations to deal with open threats or liabilities, an Operator or Technology Platform Provider may execute Level 2 or Level 3 changes immediately without prior consent. Notice shall be provided to the Commission as soon as possible and in accordance with any established emergency rule regulations. Notice shall include the necessity for employing the emergency rule and all details known at the time concerning the needed update. The Commission shall reserve the right to conduct analysis in each emergency instance to verify the necessity of the actions taken.

Section 7.2. Wagers on Sports Events and Special Events

- A. Bets are authorized on any professional sport or, any college or university sports event, any Olympic or international event, or any part thereof, including, but not limited to the individual performance statistics of athletes or teams in a Sports Event or combination of these.
- B. In addition, wagering on electronic game leagues such as E-Sports is authorized.
 - 1) E-Sports are organized video game competition events in which individual competitors, from different leagues or teams compete against each other in popular games in the video game industry.
 - 2) E-Sports include the following types of games:
 - a) Real-time strategy
 - b) Fighting
 - c) Shooting or First-Person Shooter (FPS)
 - d) Multiplayer Online Battle Arena (MOBA)
 - 3) Electronic sports games (such as soccer, basketball, tennis, hockey, volleyball, etc.) are permitted within E-Sports competitions. Additionally, different products within the electronic sports category can be used, such as FIFA, PES, Motorsports, NBA2K, etc.
 - 4) E-Sports Betting has the players bet on the result of the event or on determined incidents that occur in electronic sports competitions or in videogame competitions.
 - 5) These competitions range from a two-person match-up to team competitions.
- C. It also includes any game that the Commission determines is compatible with those expressed in this gaming authorization, in the public interest, and is suitable for use, including, in addition, provided that the tournaments have been endorsed by the Commission:
 - 1) Gaming Tournaments: Participants compete with each other in one or more authorized games, face-to-face or through the internet.
 - 2) Skill Based Gaming: Games that involve skill or combine chance with player skill
 - 3) Peer-to-Peer Wagering: Two participants play against each other and bet through an intermediary, who pays the winner and collects a take or fee.
- D. Wagers may not be accepted or paid by the Operator in any of the following instances:
 - 1) Any Sports Events or Special Events designed for players under eighteen (18) years of age.
 - 2) Any Sports Events or Special Events of educational institutions of primary, intermediate and secondary levels.
 - 3) Any E-Sports event or tournament that:
 - a) Is not sanctioned by a Sports Governing Body or equivalent as an electronic competition; or
 - b) Has not been endorsed by the Commission pursuant to the procedures set forth in subsection (F) of this section.
 - 4) Any virtual event unless:
 - a) An approved Random Number Generator is used to determine the outcome(s);

Puerto Rico Sports Betting and Fantasy Contest Regulations

- b) A video of the virtual event is offered to all players which displays an accurate representation of the outcome(s) of the virtual event; and
 - c) The virtual event is approved pursuant to the procedures set forth in subsection (F) of this section;
 - 5) Any horse racing events regulated in Law No. 83 of July 2, 1987, according to an amendment, known as the Puerto Rico Horse Racing and Equestrian Law
 - 6) Any Special Event, unless such event is approved pursuant to the procedures set forth in subsection (F) of this section; and
 - 7) Any other event which is disallowed by the Commission
- E. An Operator shall not accept any wager on a type of event unless it has received prior approval from the Commission.
- F. Any Operator may petition the Commission for approval of a new event upon which wagers may be placed or accepted. If an Operator would like to offer a new category of event or wager type, they must submit a request to the Commission using the Category of Sports Betting Request Form.
 - 1) A proposed new event may be a variation of an authorized event, a composite of authorized events, or any other event compatible with the public interest and suitable for Operator use.
 - 2) A Category of Sports Betting Request Form shall include the following information:
 - a) The name of the petitioner;
 - b) Whether the new event or wager type is a variation of an authorized event, a composite of authorized event or wager type, or any other event or wager type compatible with the public interest and is suitable for Operators use;
 - c) A complete and detailed description of the new event or wager type for which approval is sought, wagering rules, and the manner in which wagers would be placed, payout information, source of the information used to determine the outcome of the sports wager, and any restrictive features of the wager
 - d) A full description of any technology which would be utilized to offer the new event or wager type;
 - e) Information or documentation which demonstrates that:
 - i. The event could be adequately supervised;
 - ii. The outcome of the event would be verifiable;
 - iii. The outcome of the event would be generated by a reliable and independent process;
 - iv. The outcome of the event would be unlikely to be affected by any wager placed;
 - v. The event could be conducted in compliance with any applicable laws; and
 - vi. The granting of the request for approval would be consistent with the public policy of the territory.
 - f) Request for a test of the new event or wager type;
 - g) Evidence of Sports Governing Body rules and regulations or independent integrity monitoring of the new event; and
 - h) Any other pertinent information or material requested by the Commission.
 - 3) The decision whether to grant approval to accept wagers on a new event or wager type shall be based on all relevant information including, but not limited to, the factors above. The Commission may subject any technology that would be utilized to offer the event to such testing, investigation and approval process as he deems appropriate.
 - 4) Any request for a new event or wager type must be submitted to the Commission at least fourteen (14) days in advance of the proposed date of accepting wagers on such category of sports event or wager type
 - 5) Upon approval of the new event or wager type, the Commission shall provide public notice of such approval including any conditions and limitations placed on such approval. Such notice shall occur by publication on the Commission's website as close as practicable to the time at which the Commission approves the new event or wager type. Thereafter, any Operator may accept wagers pursuant to the approval and any conditions and limitations placed thereon.
 - 6) If the Commission determines, at any time, that approved rules are not adequate to ensure compliance with the regulations and this rule or the integrity of Sports Betting, then the Commission may direct the Operator to amend its rules.
- G. The Commission may use information received from a Sports Governing Body to determine whether to allow wagering on a particular event or players to make wagers of a particular type.
- H. Except as otherwise provided in this subsection, no event shall be approved for wagering unless the Commission has certified that the event has appropriate policies and procedures to monitor the integrity of the athletes or competitors. In the absence of such certification, the Commission shall impose a wager limit of not more than \$100 or a win limit of \$500, whichever is greater, on the amount permitted to be wagered or won on such competitions or contests by any individual.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- I. The Operator shall establish the minimum and maximum wagers that it accepts and provide notice of such minimum and maximum limits and changes thereto to the Commission.

Section 7.3. Information Posting

A. Available Wagering Information

- 1) The Operator shall make available in written form in conspicuous locations and on display devices within view of the public in the Authorized Location and on the online application without the need for placing a wager, the following information
 - a) Information regarding the Sports Events and Special Events available for wagering;
 - b) Current odds/payouts and prices for available Sports Events and Special Events, including the accurate and timely update of odds/payouts and prices for in-play wagers; and
 - c) The principles of how Sports Events and Special Events are selected, how odds are set and revised based on published information and ethical rules and criteria
- 2) All times shown are Eastern Time (ET) unless otherwise stated
- 3) This information shall be displayed as accurately as possible within the constraints of communication delays and latencies.

B. Wagering Rules

- 1) Wagering Rules refers to any written, graphical, and auditory information provided to the public regarding Sports Betting operations. The Operator shall adopt and adhere to comprehensive wagering rules which shall be approved by the Commission before the commencement of operations and shall contain the **“Wagering Rules and Content”** as specified in GLI-33.
- 2) The wagering rules for the Sports Events and Special Events currently offered shall be conspicuously displayed or readily available in the Authorized Location and posted on the Operator’s online applications.
- 3) The Operator shall maintain at its Authorized Location or some other area accessible to players, a printed copy of the complete text of the wagering rules for all authorized Sports Betting and all other information required to be made available to the public.
- 4) Copies of this information shall be made readily available, upon request, to players, the Commission, and the Puerto Rico Police:

C. Sports Betting Guide

No Sports Betting Guide shall be issued, displayed or distributed by an Operator unless and until a sample thereof has been submitted to and approved by the Commission. No licensed operator shall issue, display or distribute any Sports Betting Guide that is materially different from the approved sample thereof.

Section 7.4. Placement of Wagers

- A. Sports Betting shall be conducted from a Cashier Station located in the Authorized Location or other window locations as approved by the Commission, Kiosks in locations as approved by the Commission or through the use of Commission approved mobile applications.
- B. Any wager placed through electronic communication is considered to be made at the physical location of the server or other equipment used by an Operator. The intermediate route in the servers, of the electronic data related to Sports Betting, will not determine the location or locations in which a wager is initiated, received or otherwise carried out.
- C. Wagers shall be made in cash, cash equivalent, vouchers, promotional funds, or in conjunction with a Player Account or any other means approved the Commission
- D. An Operator may accept wagers from a Player Account only if they comply with the following:
- 1) The account wager must be placed directly by the player;
 - 2) The player placing the account wager shall provide the Operator with the correct authentication information for access to the Player Account
 - 3) An Operator may not accept an account wager in an amount in excess of funds on deposit in the Player Account.
- E. All sports wagers must be transacted through the Event Wagering System. In case of system failure, no tickets may be manually written.
- F. The internal controls shall detail procedures for how the ticket writer at a Cashier Station processes wagers in a similar manner to how a wager is directly placed by a player on a Kiosk or mobile application which covers the GLI-33 rules for **“Placement of a Wager”**.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- G. The Event Wagering System may support a feature that allows a player while placing a wager to auto-accept changes in odds/payouts or price of the wager provided that it conforms to the requirements for **“Automatic Acceptance of Changes in Wagers”** in GLI-33.
- H. Upon completion of a wagering transaction,
 - 1) The available player funds are to be debited by the wager amount.
 - 2) The player shall have access to a printed or virtual ticket which contains the information for a **“Wager Record”** as indicated in GLI-33.
 - 3) A restricted record of the wager shall be created in the Event Wagering System which contains the **“Wager Record Information”** as indicated in GLI-33
- I. The internal controls shall detail procedures to reprint tickets that fail to print at either a Cashier Station or Kiosk. Such procedures shall include a requirement of supervisory authorization for the reprint.

Section 7.5. Wagering Periods

- A. Internal Controls shall be in place to provide how the wagering period is controlled. This would include any cases where the wagering period is first opened, when it is closed, or any other time in between where a wager is unable to be placed (e.g., odds/payouts and prices are being updated).
- B. Employees authorized to close a wagering period shall be formally defined.
- C. Generally, pre-game wagers must be placed prior to the start time of the sports event. The start time for a sports event is the official start time declared by the Sports Governing Body. For sports events in which an official start time is not declared, the advertised start time of the sports event is considered the start time. At the discretion of the Operator as indicated in their internal controls, pre-game wagers may be accepted after the start time of the sports event if the final result is not known and no team or participant has achieved a material advantage (such as, but not limited to, scoring a goal or touchdown or expulsion of a player) at the time the pre-game wager is placed.
- D. The date and time the wagering period started and ended shall be recorded in the Event Wagering System;
- E. Internal Controls shall ensure wagers are only accepted from players during the wagering period.
- F. It shall not be possible to place wagers once the wagering period has closed.

Section 7.6. Wager Results

- A. Before publicly announcing results and declaring winners, there shall be a policy for the confirmation of results based on qualified and approved sources of data, unless automated by an external feed.
 - 1) If an external feed is in use, there shall be procedures in place for cases where access to the external feed is unavailable.
 - 2) There shall also be a procedure in place to handle changes in results (e.g., due to statistics/line corrections).
 - 3) A backup record of all results and their changes must be kept and identified as a critical asset.
- B. Results entry shall include the entry of all information which may affect the outcome of all types of wagers offered for that event.
 - 1) It shall be possible for a player to obtain the results of their wagers on any decided sports event once the results have been confirmed.
 - 2) Any change of results (e.g., due to statistics/line corrections) shall be made available.
- C. The Operator determines if a wager is a winning wager based on the official sports event results. The scores and results for a game become the official sports event results when the Operator enters the results in the Event Wagering System.
- D. The internal controls shall delineate how errors for purposes of resettlement include, Operator errors, the Sports Governing Body changes a call on a particular play or final score or a malfunction may cause winnings to be incorrectly credited to the Player Account.

Section 7.7. Winning Wager Payment

Once the results of the event are entered and confirmed, the player may receive payment for their winning wagers either by having the winnings credited to their account, or by redeeming a winning ticket. This does not preclude the ability for the player to perform a redemption for an adjusted payout before event conclusion where offered and allowed by the Commission.

- A. **Payment of Winnings**
 - 1) Internal controls must be established, and procedures implemented that address the following:
 - a) Identification of the employee authorized (by position) to make a payout;
 - b) Predetermined payout authorization levels (by position);
 - c) Documentation procedures ensuring separate control of the cage accountability functions;
 - 2) To secure funds related to unpaid winning tickets and vouchers before and after the end of the redemption period, the internal controls must be established, and procedures implemented:

Puerto Rico Sports Betting and Fantasy Contest Regulations

- a) To ensure the validity of winning tickets and or vouchers redeemed and to verify that the player is paid the appropriate amount.
 - b) To document the payment of a claim on a ticket/voucher that is not physically available or a ticket/voucher that cannot be validated such as a mutilated, expired, lost, or stolen ticket/voucher.
 - c) Ensuring that each redeemed ticket or voucher shall not have the ability to be redeemed again.
 - d) Specifically related to the protection of funds related to unpaid winning tickets and vouchers and data files containing information relating to the payout status of each winning ticket and voucher yet to be paid and the validation files.
 - e) To handle the redemption of a winning ticket or voucher should the Authorized Location be closed.
 - f) To cover the entire redemption period as well as the auditing of the final transfers upon settlement.
 - g) That ensure the security of redeemed tickets and vouchers and the integrity of records of outstanding tickets.
 - h) Confirming the rules covering winning ticket and voucher validity time, payout on lost and defaced winning tickets and vouchers, inquiries into the validity of late or last-minute payouts.
 - i) Confirming that access control be strict and limited to that required in respect of records of unpaid winning tickets and vouchers.
 - j) Confirming a reporting process in case of unauthorized access attempts.
 - k) Confirming an escalation process for any incident or suspicious activity.
 - l) Confirming audit trails are able to identify unusual patterns of late payouts.
- 3) Event Wagering Systems shall be restricted so as to prevent unauthorized access and fraudulent payouts by one person.

B. Voucher Issuance

- 1) Vouchers issued by the Event Wagering System (including through Kiosks) must include the following information
 - a) The date and time of issuance
 - b) The location of issuance (the unique Wagering Equipment ID which issued the voucher);
 - c) The numeric amount of the voucher in local monetary units;
 - d) The unique voucher identifier (and which for a printed voucher, must appear on the leading edge of the voucher);
 - e) A barcode or similar symbol or marking as approved by the Commission, corresponding to the unique voucher identifier;
 - f) if the voucher can be redeemed at a Kiosk
 - i. The alpha amount of the voucher in local monetary unit;
 - ii. The voucher sequence number, if the voucher can be redeemed at Kiosk;
 - g) For a printed voucher, it is permissible for this information to be contained on the voucher stock itself, if not generated on the voucher:
 - i. The expiration date of the voucher.
 - ii. The name of the Operator
 - h) Indication that the voucher can only be redeemed in exchange for a wager or cash; and
 - i) Indication if the voucher is a "duplicate", assuming duplicate vouchers may be printed by the Kiosk;
- 2) The Event Wagering System shall be capable of recording the following information for each voucher:
 - a) The date and time of issuance;
 - b) The location of issuance (the unique Wagering Equipment ID which issued the voucher);
 - c) The amount of the voucher;
 - d) The unique voucher identifier, only the last four (4) digits may be displayed on all system menus, printed reports, and displays for all unpaid and unexpired vouchers;
 - e) Status of voucher (i.e. valid, unredeemed, pending, void, invalid, redemption in progress, redeemed, etc.);
 - f) The date and time of status change;
 - g) Expiration date of the voucher;
 - h) The location of redemption (the unique Wagering Equipment ID which redeemed the voucher), if applicable.
- 3) The internal controls shall detail procedures to reprint vouchers that fail to print at either a Cashier Station or Kiosk. Such procedures shall include a requirement of supervisory authorization for the reprint.

C. Winning Ticket and Voucher Redemption

- 1) Once presented for redemption at a Kiosk or Cashier Station, the ticket or voucher's barcode shall be scanned via an optical reader or equivalent, or the unique ticket/voucher identifier shall be entered manually;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 2) The Event Wagering System shall process winning ticket/voucher redemption according to the secure communication protocol implemented.
- 3) No winnings are issued to the player prior to confirmation of winning ticket/voucher validity.
- 4) The Event Wagering System shall have the ability to identify and provide a notification in the case of invalid or unredeemable tickets/vouchers for the following conditions:
 - a) Winning Ticket/Voucher cannot be found on file (stale date, forgery, etc.);
 - b) Ticket is not a winner;
 - c) Winning ticket/voucher has already been paid; or
 - d) The amount of winning ticket/voucher differs from amount on file (requirement can be met by display of winning ticket/voucher amount for confirmation during the redemption process).
- 5) The Event Wagering System shall update the ticket/voucher status on the database during each phase of the redemption process accordingly. In other words, whenever the ticket/voucher status changes, the system shall update the database.
- 6) Upon scanning the ticket/voucher, the Event Wagering System brands the ticket/voucher with a paid designation, the amount of payment and date. Alternatively, if a cashier manually enters or scans the ticket/voucher number into the Event Wagering System, the cashier either immediately writes/stamps the date, amount of payment and a paid designation on the player's ticket/voucher or attaches to the player's copy a "paid" ticket which indicates a paid designation, the ticket/voucher number, the amount of payment and date.

D. Redemption During System Failure

- 1) The Operator shall submit to the Commission, for its approval, manual procedures that will be followed during times of system failure.
- 2) In the event of a failure of the Event Wagering System's ability to pay winning wagers, the Operator shall have internal controls detailing the method of paying these wagers.
- 3) In case of Event Wagering System failure, winning tickets/vouchers may be paid. For all payouts, including payouts for contest/tournament winners, that are made without Event Wagering System authorization (i.e., system inoperative):
 - a) After the manual grading of the winning ticket/voucher, the date and time must be stamped on the player's copy, and the amount of the payment and a paid designation is written (or stamped) on the player's copy of the winning ticket/voucher by the cashier.
 - b) Before completing the payout, the Sports Betting Manager or other authorized supervisory personnel reviews the documentation supporting and explaining the payout and signs the ticket/voucher as evidence of review.
 - c) An individual, once the Event Wagering System is operative, immediately enters all manually paid tickets/vouchers into the Event Wagering System to verify the accuracy of the amount paid for the tickets/vouchers and the manual grading of the tickets.
- 4) Any manually paid tickets that had been previously purged from the Event Wagering System do not need to be entered into the Event Wagering System.

E. Withholding Delinquent Child Support from Winnings

- 1) The Operator shall receive information from the Child Support Services Commission concerning persons who are delinquent in child support.
- 2) Prior to an Operator disbursing a payout of six hundred dollars (\$600) or more, in winnings, from Sports Betting to a person who is delinquent in child support, the Operator shall:
 - a) Withhold the amount of delinquent child support owed from winnings;
 - b) Transmit to the Commission:
 - i. The amount withheld for delinquent child support; and
 - ii. Identifying information, including the full name, address, and Social Security number of the obligor and the child support case identifier, the date and amount of the payment, and the name and location of the licensed owner, operating agent, or trustee; and
 - c) Issue the obligor a receipt in a form prescribed by the Commission with the total amount withheld for delinquent child support and the administrative fee.
- 3) In addition to the above, the Operator may deduct and retain an administrative fee in the amount of the lesser of one hundred dollars (\$100) or three percent (3%) of the amount of delinquent child support withheld under subsection (2).
- 4) The Operator or the Commission shall notify the obligor that the Commission intends to offset the obligor's delinquent child support with the winnings.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 5) The Commission shall hold the amount withheld from the winnings of an obligor for 10 business days before applying the amount as payment to the obligor's delinquent child support.
- 6) The delinquent child support required to be withheld under subsection (2) and administrative fee described under subsection (3) have priority over any secured or unsecured claim on winnings except claims for federal or state taxes that are required to be withheld under federal or state law.
- 7) The Operator shall prepare and submit quarterly to the Commission a summary of cash winnings withheld under subsection (2). The summary shall include, without limitation, the following information:
 - a) The date on which the Operator withheld the cash winnings.
 - b) The amount of cash withheld for delinquent child support.
 - c) The amount of cash retained for an administrative fee in accordance with subsection (3).
 - d) The following information from the obligor:
 - i. Full name.
 - ii. Address.
 - iii. Last four (4) digits of the obligor's Social Security number.
 - iv. The child support case identifier for the case to which the Child Support Services Commission will apply the withheld cash winnings.
 - v. The name of the person who prepared the summary.
- 8) The Operator shall prepare and submit quarterly to the Commission an updated list of the names of the employees who are authorized to participate in the withholding process.
- 9) These reports shall be deemed confidential.

F. Lost Tickets and Vouchers

The internal controls shall detail the procedures to redeem lost tickets or vouchers, which shall include a supervisor's approval and documentation of the:

- 1) The date and time of the redemption;
- 2) The employee responsible for redeeming the ticket or voucher;
- 3) The supervisor authorizing the redemption;
- 4) The name of the player redeeming the wager;
- 5) Unique ticket or voucher identifier; and
- 6) Location of the redemption.

G. Payout Procedures for Mail-In Winning Tickets and Vouchers

- 1) Accounting Department personnel or personnel independent of the Sports Betting and Fantasy Contests Department receive the original winning tickets and vouchers.
- 2) Accounting Department personnel or personnel independent of the Sports Betting and Fantasy Contests Department record the winning tickets and vouchers on a log as a mail pay. The log includes the date received, player's name, and ticket numbers and voucher numbers.
- 3) The winning tickets and vouchers are entered into the Event Wagering System by Sports Betting and Fantasy Contests Department personnel or Accounting Department personnel for validation and cancellation.
- 4) Accounting Department personnel compare the "paid" winning tickets and "paid" vouchers to the mail pay log and the Event Wagering System report for paid winning tickets and vouchers. Any discrepancies are documented and reviewed with Sports Betting and accounting management personnel.
- 5) Accounting Department personnel, independent of the individual(s) who processed the mail pay winning tickets and vouchers, reviews the player's correspondence submitted, the winning tickets and vouchers, the mail pay log and the Event Wagering System report for "paid" winning tickets and "paid" vouchers for any discrepancies. Any discrepancies are documented and resolved prior to remitting the proper payment amount to the player.

Section 7.8. Other Wagering

A. In-Play Wagering

- 1) There shall be procedures documented in the internal controls to assure and document the integrity of the in-play wagering.
- 2) Player protection and fraud/integrity protection must be ensured through the provision of a safety mechanism to account for delay in live pictures.
- 3) Wager types offered for in-play wagering must be carefully selected to ensure that they are fairly offered.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 4) There shall be procedures documented in the internal controls to assure and document the integrity of results during the in-play wagering offering. Indicative areas for consideration are time delay, sources for results, reversal of results, etc.

B. Layoff Wagering

- 1) The Operator may, in its discretion, accept a Layoff Wager placed by other Operators. Operators may place wagers only with other Operators. The Operator placing a Layoff Wager shall disclose its identity to the other licensed Operator accepting the wager.
- 2) The amounts of wagers placed by an Operator and the amounts received by the Operator as payments on such wagers shall not affect the computation of the Operator's Gross Revenue.
- 3) Before an Operator accepts a wager from another Operator:
 - a) The authorized employee of the other Operator must personally appear at the premises of the Operator to open a Player Account;
 - b) The Operator employee must record:
 - i. The authorized employee of the other Operator's name, permanent business address (other than a post office box number), and business telephone number;
 - ii. The documents used to verify the other Operator is an Operator, the authorized employee is an employee of the other Operator and is authorized to open this Player Account;
 - iii. The amount of the authorized employee of the other Operator's initial Player Account or front money deposit;
 - iv. The authorized employee of the other Operator's account number with the Operator; and
 - v. The date the authorized employee of the other Operator's account with the Operator is opened;
 - c) The authorized employee of the other Operator must sign, in the presence of a supervising employee of the Operator, statements attesting that the authorized employee of the other Operator:
 - i. Confirms the accuracy of the information recorded;
 - ii. Has received a copy, or has had a copy made available to them, of the Operator's rules and procedures for wagering communications;
 - iii. Has been informed and understands that authorized employees of other Operators that establish a Player Account pursuant to these Regulations are prohibited by law from placing wagering communications from outside the territory and that the Operator is prohibited by law from accepting them;
 - iv. Consents to the monitoring and recording by the Commission and the Operator of any wagering communication; and
 - d) The employee who verifies the authorized employee of the other Operator's information and who obtains and records the information on behalf of the Operator and the supervising employee described in subparagraph (c), must each sign statements that they witnessed the authorized employee's signature and confirmed the authorized employee of the other Operator's identity and residence.

C. Business Entity Wagering

- 1) The Operator is prohibited from accepting wagers from a business entity unless all of the business entity's owners, directors, officers, managers, partners, holders of indebtedness, and anyone entitled to payments based on profits or revenues of the entity are fully disclosed. If the business entity is owned or controlled by one or more holding companies, each of the holding companies' owners, directors, officers, managers, partners, holders of indebtedness and everyone entitled to payments based on profits or revenues of the entity must be fully disclosed.
- 2) An Operator which elects to accept wagers from business entities must conduct due diligence on each business entity from which the Operator will accept wagers which, at a minimum, includes, but is not limited to:
 - a) Requiring the business entity to affirm that it has met all of the applicable requirements found in these Regulations and any applicable statutes, and that it is not established for the purpose of circumventing any applicable federal or state laws including, but not limited to, laws concerning illegal Sports Betting, electronic communications, and money laundering;
 - b) Ascertaining all equity owners, holders of indebtedness, directors, officers, managers, partners, anyone entitled to payments based on the profits or revenues, and any designated individuals; and
 - c) Ascertaining the natural person who is the source of funds for each contribution to the business entity.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 3) The Operator shall maintain records of the due diligence it performs on a business entity for no less than one year following the closure of the Player Account of the business entity or for no less than one year after rejection of a business entity Player Account application by the Operator.
- 4) The Operator shall not accept wagers from a business entity if:
 - a) The business entity does not make the affirmation or disclosures required by the Commission
 - b) The Operator is unable to verify the identity of all the equity owners, holders of indebtedness, directors, officers, managers, partners, anyone entitled to payments based on the profits or revenues, and any designated individuals of the business entity; or
 - c) The Operator is unable to verify the natural person who is the source of funds for each contribution to the business entity.
- 5) Upon receipt of updated information from a business entity, an Operator shall verify the updated information. If an Operator is unable to verify the updated information within 30 days of the Operator's receipt of the updated information from the business entity, the Operator shall suspend the Player Account and not allow further wagering activity on the Player Account.
- 6) The Operator shall require a business entity from which the Operator accepts wagers to provide:
 - a) For business entities from which the Operator accepts wagers aggregating more than \$5,000,000 in a calendar year, an independent third-party verification concerning to whom the business entity made payments based on profits or revenues to ensure no payments were made to persons other than those permitted by the Commission to receive such payments. If the Operator does not receive a copy of the independent third-party verification prior to April 1st of the year following the year in which the business entity placed wagers in excess of \$5,000,000, the Operator shall suspend the Player Account and not allow further wagering activity on the Player Account or
 - b) For business entities from which the Operator accepts wagers aggregating \$5,000,000 or less within a calendar year, an affirmation stating the business entity did not make payments based on profits or revenues to persons other than those permitted by the Commission to receive such payments. If the Operator does not receive such affirmation prior to April 1st of the year following any year in which the business entity placed wagers with the Operator, the Operator shall suspend the Player Account and not allow further wagering activity on the Player Account.
- 7) The Operator shall report any violation or suspected violation of law or regulation related to business entity wagering to the Commission immediately. Such reporting shall include, but is not limited to, any violation or suspected violation of relevant federal laws such as The Federal Wire Act 18 U.S.C. § 1084, the Illegal Gambling Business Act 18 U.S.C. § 1955, and Title 31 anti-money laundering laws.
- 8) The Operator may only accept wagering activity from a business entity, acting through one or more designated individuals, through a Player Account established by the business entity and may only deposit winnings into such Player Account.
 - a) The Operator shall implement policies and procedures designed to ensure that business entities' Player Accounts are used only to place Operator wagers.
 - b) Business entity Player Account deposits and withdrawals may only be made by transfers to and from the bank or financial institution account maintained by the business entity. Business entity Player Account deposits and withdrawals may not be made in cash.
- 9) The Operator shall report the suspension or closure of a business entity Player Account to the Commission within 5 days of suspension or closure and shall include the reason for such suspension or closure in the report. An Operator shall report the reinstatement of a suspended business entity Player Account to the Commission within 5 days of reinstatement and shall include the reasons the Operator reinstated the Player Account.

Section 7.9. External Wagering Systems

- A. Each External Wagering System that provides content to another Event Wagering System shall conform to these Regulations in addition to GLI-33's requirements for **"External Wagering Systems"**.
- B. The External Wagering System Provider shall maintain internal controls approved by the Commission, that address compliance with all Event Wagering System requirements, for all aspects of Sports Betting operations prior to implementation and any time a change is made thereafter. The internal controls shall include detailed procedures for system security, operations, and accounting;
- C. The External Wagering System Provider shall employ personnel responsible for duties of an IT Department, ensuring the operation and integrity of the Sports Betting and reviewing all reports of suspicious behavior as determined and approved by the Commission;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- D. The External Wagering System Provider shall perform an annual system integrity and security assessment conducted by an independent professional selected by the Operator, subject to the approval of the Commission. The independent professional's report on the assessment shall be submitted to the Commission; and
- E. The External Wagering System Provider shall provide the Commission with physical and logical access to the External Wagering System to review and collect all data contained therein.
- F. The External Wagering System Provider shall respond to the Operator for any issue received related to a player or other wagering issue with a resolution within three (3) calendar days.
- G. The External Wagering System Provider shall monitor for and immediately report to the Operator and the Commission, any malfunction or security incident that adversely affects the integrity of critical data or system functionality.
- H. The External Wagering System shall only offer to an Operator's Event Wagering System wagers on sports events approved by the Commission and shall notify the applicable Operators and the Commission when wagering on an event is suspended, regardless of the reason.
- I. The External Wagering System shall only void wagers via a procedure agreed upon between the External Wagering System and affected Operators or after being notified by the Operator that a wager must be voided.
- J. Any feature that allows a user to manually input or override any wager transaction shall be submitted to the Commission for approval prior to use.

Section 7.10. Reports and Data Retention

A. Data Retention

- 1) The Operator's internal controls shall include the processes for maintaining the recorded transactional wagering data information for a period of five (5) years.
- 2) Adequate documentation of all pertinent transactional wagering data is generated and maintained by the Operator.
- 3) This documentation is restricted to authorized personnel.
- 4) The system shall provide a mechanism for the Commission to query and to export, in a format required by the Commission (e.g., CSV, XLS), all transactional wagering data for the purposes of data analysis and auditing/verification.

B. Reporting Requirements

- 1) The Event Wagering System shall, generate the information needed to compile reports necessary to record Gross Revenue, wagering liability, ticket redemption, and such other information relating to Sports Betting as deemed necessary by the Commission. Such reports shall distinguish by method of wagering (on-line vs in-person), type and status where applicable and be produced in a format approved by the Commission.
- 2) If not automated, generation of Event Wagering System reports must be performed by or observed by an employee from a department independent of the Sports Betting and Fantasy Contests Department.
- 3) The Event Wagering System shall be able to provide the reporting information on demand, on a daily basis, and for other intervals required by the Commission (e.g. month-to-date (MTD), year-to-date (YTD), life-to-date (LTD), etc.).
- 4) All required reports shall be generated by the Event Wagering System, even if the period specified contains no data to be presented. The report generated shall indicate all required information and contain:
 - a) The Operator's name (or other identifier), title of report, the selected interval and the date/time the report was generated; and
 - b) An indication of "No Activity" or similar message if no data appears for the period specified
 - c) Labeled fields which can be clearly understood in accordance with their function.
- 5) For these Regulations, it is acceptable to maintain non-system generated reports using data exported from the system (e.g., Excel).
- 6) The Operator shall timely file with the Commission records or reports required by these Regulations;

C. Authorized Location Transaction Summary Report

A "Authorized Location Transaction Summary Report" shall indicate by cashier or Kiosk, and in total, the following information:

- 1) The date of activity;
- 2) User identification of Cashier or unique Wagering Equipment ID;
- 3) The amount of wagers;
- 4) The amount of take or fees collected (if applicable);
- 5) The amount of voided/cancelled wagers;
- 6) The amount of winning wager payouts (if not paid with vouchers);
- 7) The amount of vouchers issued;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 8) The amount of vouchers redeemed; and
- 9) Over or short amount to cashier's drawer, if applicable.
- 10) Grand total of each transaction type for all cashiers and Kiosks.

D. Authorized Location Transaction Detail Report

A "Authorized Location Transaction Detail Report" shall indicate for each type of transaction, by cashier or Kiosk and in total, the detailed, sequential activity as follows:

- 1) User identification of Cashier or unique Wagering Equipment ID which handled the transaction (if applicable);
- 2) The unique transaction ID;
- 3) The date and time of the transaction
- 4) The amount of transaction;
- 5) Method of payment;
- 6) The type of transaction (e.g., wager, voided/cancelled wager, winning wager payout, voucher issued, voucher redeemed, etc.);
- 7) The "Wager Record Information" as indicated in GLI-33, if applicable; and
- 8) The totals by transaction type.

E. Player Account Balance Summary Report

A "Player Account Balance Summary Report" shall indicate, by player and in total, the following information:

- 1) The date of activity;
- 2) The unique player ID and player name;
- 3) Status of account (e.g., active, dormant, closed, excluded, etc.);
- 4) The date account was opened;
- 5) The date registration information provided by player, if different from (d);
- 6) The date registration information verified by Operator, if different from (d) or (e);
- 7) The date of last activity;
- 8) The amount of beginning account balance;
- 9) The amount of deposit transactions;
- 10) The amount of withdrawal transactions;
- 11) The amount of account adjustment transactions;
- 12) The amount of wagers
- 13) The amount of voided/cancelled wagers;
- 14) The amount of winning wagers; and
- 15) The amount of ending account balance.

F. Player Account Transaction Detail Report

A "Player Account Transaction Detail Report" shall indicate for each type of transaction, by player and in total, the detailed, sequential activity as follows:

- 1) The unique player ID and player name;
- 2) The type of transaction (e.g., deposit, withdrawal, adjustment, wager, voided/cancelled wager, winning wager payout, etc.);
- 3) The date and time of the transaction;
- 4) The unique transaction ID;
- 5) The amount of transaction;
- 6) The amount of beginning account balance;
- 7) The total amount of fees paid for transaction, if applicable;
- 8) User identification of employee or unique Wagering Equipment ID which handled the transaction, if applicable;
- 9) User identification of supervisor authorizing the transaction, if applicable;
- 10) Relevant location information, if applicable;
- 11) Method of deposit/withdrawal, if applicable;
- 12) The "Wager Record Information" as indicated in GLI-33, if applicable;
- 13) Deposit authorization number, if applicable;
- 14) Reason/description of adjustment to account balance, if applicable;
- 15) Transaction status (pending, complete, etc.);
- 16) The totals for each type of transaction; and
- 17) The amount of ending balance.

G. Promotion/Bonus Summary Report

A "Promotion/Bonus Summary Report" shall indicate, by promotion/bonus and in total, the following information:

- 1) The date and time the promotion/bonus period started and ended or will end (if known);

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 2) The unique ID for the promotion/bonus;
 - 3) Beginning balance for promotion/bonus for that interval;
 - 4) The total amount of promotions/bonuses issued;
 - 5) The total amount of promotions/bonuses redeemed;
 - 6) The total amount of promotions/bonuses expired;
 - 7) The total amount of promotion/bonus adjustments; and
 - 8) Ending balance for promotion/bonus for that interval; and
 - 9) The promotion/bonus's status (active, disabled, decommissioned, etc.).
- H. **Player Loyalty Account Daily Activity Report**
A "Player Loyalty Account Daily Activity Report" shall indicate, by player and in total, the following information:
- 1) The unique player ID and player name;
 - 2) Beginning balance by promotion/bonus type;
 - 3) The date and time of promotion/bonus activity;
 - 4) Activity type (usage, award, expired, adjusted, etc.);
 - 5) The type of event (e.g., NFL, NBA, MLB, NCAA by sports, parlay, etc.), if applicable;
 - 6) Promotions/bonus amount; and
 - 7) Subtotals by activity type; and
 - 8) Ending balance by promotion promotion/bonus type
- I. **Player Loyalty Point Adjustment Report**
A "Player Loyalty Point Adjustment Report" shall indicate, by player and in total, the following information:
- 1) The unique player ID and player name;
 - 2) The date and time of adjustment;
 - 3) User ID and name of employee performing the adjustment, if applicable;
 - 4) User identification of supervisor authorizing the adjustment;
 - 5) The amount of adjustment; and
 - 6) Reason/description of adjustment.
- J. **Future Wager Summary Report**
A "Future Wager Summary Report" shall indicate, by date of event or parlay completion for the operational day and future event dates the following information:
- 1) The amount of wagers made on previous days (previous write);
 - 2) The amount of wagers made today on future events (write today or future write);
 - 3) The amount of wagers made on previous days refunded today (previous canceled today);
 - 4) The amount of wagers made on previous days for today's event (futures back-in); and
 - 5) The amount of total remaining wagers made for future events (net write).
- K. **Future Wager Detail Report**
A "Future Wager Detail Report" shall indicate the wagers made on the operational day and previous days for events in the future, by date of event or parlay completion and by event or parlay, the following information:
- 1) The "Wager Record Information" as indicated in GLI-33;
 - 2) The total amount of wagers by date of event;
 - 3) The total amount of wagers by event or parlay or parlay completion; and
 - 4) Grand total amount of all wagers.
- L. **Winnings Summary Report**
A "Winning Ticket Summary Report" shall indicate the amount of:
- 1) Beginning balance of unpaid winnings (not required to be listed as long as the previous day's ending balance of unpaid winnings is available);
 - 2) Previously unpaid winnings paid today;
 - 3) New unpaid winnings (i.e., unpaid winnings from event occurred today); and
 - 4) Ending balance of unpaid winnings.
- M. **Unpaid Winnings Liability Report**
An "Unpaid Winnings Liability Report" shall indicate the "Wager Record Information" as indicated in GLI-33 for unexpired winnings that have not been paid.
- N. **Purged Winnings Report**
A "Purged Winnings Report" shall indicate the "Wager Record Information" as indicated in GLI-33 for expired winnings that have not been paid and date purged.
- O. **Winning Resettlement Report**
A "Winning Resettlement Report" shall indicate for winning resettlements:
- 1) The unique player ID and player name;
 - 2) The "Wager Record Information" as indicated in GLI-33

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 3) The date and time of initial settlement;
- 4) The date and time of resettlement;
- 5) Unsettled amount;
- 6) Resettled amount; and
- 7) Net adjustment.

P. Voucher Summary Report

A "Voucher Summary Report" shall indicate the amount of:

- 1) Beginning balance of unpaid vouchers (not required to be listed as long as the previous day's ending balance of unpaid vouchers is available);
- 2) Previously unpaid vouchers paid today;
- 3) New unpaid vouchers (i.e., vouchers issued today and remained unpaid); and
- 4) Ending balance of unpaid vouchers.

Q. Unpaid Voucher Liability Report

An "Unpaid Voucher Liability Report" shall indicate the unexpired vouchers that have not been redeemed including the following information:

- 1) The unique voucher identifier, only the last four (4) digits may be displayed on all system menus, printed reports, and displays for all unpaid and unexpired vouchers;
- 2) The date and time of issuance; and
- 3) The amount of the voucher.

R. Purged Voucher Report

A "Purged Voucher Report" shall indicate the expired vouchers that have not been redeemed including the following information:

- 1) The unique voucher identifier;
- 2) The date and time of issuance;
- 3) The amount of the voucher; and
- 4) The date purged.

S. Contest/Tournament Report

A "Contest/Tournament Report" shall indicate by contest/tournament the following information:

- 1) The date and time the contest/tournament occurred or will occur (if known);
- 2) Name of the contest/tournament;
- 3) The unique player ID (if available) and name of each player participating, amount of entry fee paid, and the date paid;
- 4) The total amount of entry fees collected, including any promotional/bonus credits (if applicable);
- 5) The unique player ID (if available) and name of each winning player, amount paid to a winner, and the date paid;
- 6) The total amount of winnings paid to players, including any promotional/bonus credits (if applicable);
- 7) The amount of take or fees collected (if applicable); and
- 8) Contest/tournament status (in progress, complete, etc.).

T. Event Results Report

A "Event Results Report" shall indicate by event the following information:

- 1) The date and time the event occurred or is expected to occur for future events (if known);
- 2) Event number, if applicable.
- 3) The type of event (e.g., NFL, NBA, MLB, NCAA by sports, parlay, etc.);
- 4) Event status (in progress, complete, confirmed, etc.);
- 5) The date and time the results were confirmed (blank until confirmed);
- 6) A description of the event (e.g., team names and team identifications); and
- 7) Confirmed event results/winners (blank until confirmed).

U. Operator Reserve Report

A "Operator Reserve Report" shall indicate the following information:

- 1) The amounts held by the Operator for Player Accounts;
- 2) The aggregate amounts accepted by the Operator as wagers on events whose outcomes have not been determined; and
- 3) The amounts owed but unpaid by the Operator on winning wagers through the period established by the Operator for honoring winning wagers.

V. Sports Betting Statistical Report

A "Sports Betting Statistical Report" shall indicate the following information:

- 1) The type of event (e.g., NFL, NBA, MLB, NCAA by sports, parlay, etc.);
- 2) The total amount of wagers collected, including any promotional/bonus credits (if applicable);

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 3) The total amount of winnings paid to players, including any promotional/bonus credits (if applicable);
- 4) The total amount of wagers voided or cancelled, including any promotional/bonus credits (if applicable);
- 5) Take or fees collected (if applicable); and
- 6) The total amount of Gross Revenue received by the Operator;
- 7) Win-to-write percentage for each sport (e.g., baseball, basketball, football, hockey, golf, boxing, etc.); and
- 8) Grand total of each transaction type for all events.

W. Accrual Basis Recap Report

An "Accrual Basis Recap Report" shall indicate the following information:

- 1) Current or Today's Writes and Payouts:
 - a) Current Write: Amount of tickets written today for today's events;
 - b) Today's Write: (Current Write (+) Future Write)
- 2) Future Write: Wagers made today on future events;
- 3) Futures Back-In: Wagers made on previous days for today's event;
- 4) Accrual Write: Current Write (+) Futures Back-In;
- 5) Current or Today's Payouts:
 - a) Current Payouts: Payouts from wagers written today and paid today;
 - b) Today's Payouts: Current Payouts (+) Previous Payouts
- 6) Previous Payouts: Payouts paid today for events on previous days;
- 7) Current Unpaid: Unpaid winners from event occurred today;
- 8) Accrual Payout: Current Payouts (+) Current Unpaid
- 9) Unpaid to Revenue: Unpaid winning tickets and unpaid vouchers expired today;
- 10) Taxable Revenue:
 - a) For cash basis: Current Write (+) Future Write, (-) Current Payouts (-) Previous Payouts (+) Expired Unpaid Vouchers when vouchers were included in payout amounts;
 - b) For modified accrual basis: Accrual Write (-) Current Payouts (-) Previous Payouts (+) Expired Unpaid Vouchers when vouchers were included in payout amounts; and
- 11) Operator Revenue: Accrual Write (-) Accrual Payouts (+) Unpaid To Revenue.

X. Revenue Deposit Report

A "Revenue Deposit Report" shall be submitted monthly to the Commission and indicate the following information:

- 1) The month/year of activity;
- 2) The bank account number;
- 3) The date of deposit; and
- 4) The amount collected as Gross Revenue.

Y. Sports Betting Revenue Report

A "Sports Betting Revenue Report" shall be submitted monthly to the Commission and indicate by event and type of event the following information:

- 1) The date and time each event started and ended;
- 2) The type of event (e.g., NFL, NBA, MLB, NCAA by sports, parlay, etc.);
- 3) The total amount of wagers collected;
- 4) The total amount of winnings paid to players;
- 5) The total amount of wagers voided or cancelled;
- 6) Take or fees collected (if applicable); and
- 7) Other amounts and description of other amounts collected by Operator;
- 8) The event number, if applicable; and
- 9) Event status (in progress, complete, confirmed, etc.).

Z. Sports Betting Revenue Recap Report

A "Sports Betting Revenue Recap Report" is prepared and maintained, which includes the daily and monthly Gross Product and Gross Revenue of the Operator in order to calculate the taxable revenue or to ensure the integrity of operations related to operating a Sports Betting. Additionally, the monthly "Sports Betting Revenue Recap Report" shows a reconciliation of the taxable Sports Betting revenue from the month-end "Sports Betting Revenue Report" to the monthly total Sports Betting revenue amount reported on the tax return. Any adjustment to the revenue amount indicated in the "Sports Betting Revenue Recap Report", with supporting documents, may need to be reflected in this reconciliation.

Section 7.11. Accounting/Auditing Standards

A. Sports Wagers

- 1) On a daily basis, the auditor shall:
 - a) For a sample of sports events, verify the accuracy of the take or fees indicated on the "Sports Betting Statistical Report" that resulted from wagering activity.
 - b) Reconcile the total take or fees indicated on the "Sports Betting Statistical Report" by event type to the take or fees indicated for the same event type on the "Sports Betting Revenue Report".
 - c) Reconcile the total take or fees indicated on the "Contest/Tournament Report" by event type to the take or fees indicated for the same event type on the "Sports Betting Revenue Report".
 - d) Reconcile the total take or fees indicated on the "Sports Betting Revenue Report" to the monthly "Revenue Deposit Report".
 - e) Reconcile the total amount of Player Account deposit, withdrawal and account adjustment transactions indicated in the "Player Account Balance Summary Report" to the amount recorded in the "Player Account Transaction Detail Report".
 - f) Foot the winning tickets and vouchers deposited and trace to the "Authorized Location Transaction Detail Report";
 - g) Foot the listing of cashed vouchers and trace to the totals produced by the system;
 - h) Review all exceptions for propriety of transactions and unusual occurrences;
 - i) Review all voids for propriety;
 - j) Verify the results as produced by the system to the results provided by an independent source;
 - k) Regrade 1% of paid (cash) tickets to ensure accuracy and propriety; and
 - l) Compare the write and payouts for each Cashier Station to the cash proceeds/disbursements with a documented investigation being performed on all large variances (i.e., overages or shortages greater than \$100 per cashier).
 - m) Select a random sample of 5 paid transactions from the "Authorized Location Transaction Detail Report" and trace the transaction to the player's copy of the paid ticket.
 - n) Review "Operator Reserve Report" to ensure that the amount of the reserve being maintained shall be not less than the greater of \$25,000 or the totals from the "Operator Reserve Report".
 - o) For all winning tickets in excess of \$10,000, and for a random sample of ten of all other winning tickets:
 1. Recalculate and regrade the tickets using the "Event Results Report".
 2. Compare the date and starting time of the event per the "Event Results Report" to the date and time on the ticket, in the "Authorized Location Transaction Detail Report".
 3. Reviewing the "Wager Record Information" as indicated in GLI-33 listed in the "Authorized Location Transaction Detail Report" indicating all point spreads and money lines at which wagers were written and comparing to an independent source for questionable activity. For winning tickets, the point spreads and money lines can be compared to an independent source such as a newspaper (or its website), sports league website, a licensed sports information service or other reputable source.
 - p) For payouts made without Event Wagering System authorization at the time of payment including such payouts for contest/tournament winners:
 1. Trace all payouts to the "Authorized Location Transaction Detail Report" or the "Purged Winnings Report" to verify authenticity of the initial wager.
 2. For payouts subsequently entered into the Event Wagering System by Sports Betting personnel, compare the manual payout amount to the "Authorized Location Transaction Detail Report".
 3. For payouts not entered into the Event Wagering System by Sports Betting personnel, enter the payout into the Event Wagering System and compare the manual payout amount to the "Authorized Location Transaction Detail Report". If the system is inoperative, manually regrade the ticket to ensure the proper payout amount was made. Appeasement payments (e.g., nonwinning ticket payouts resulting from a player complaint or employee error) are not deductible from Gross Revenue.
 - q) Trace the "Event Results Report" to an independent source for 5% of all sports events to verify the accuracy of starting times (if available from an independent source) and final result. The starting times for sports events that are wagered on in conjunction with a tournament or contest is included in population from which the 5% sample is chosen.
 - r) For all voided tickets, examine:

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 1) The voided ticket information in the “Authorized Location Transaction Detail Report” to verify that tickets were properly voided in the Event Wagering System.
- 2) The voided tickets for a void designation, proper signatures, and
 - i. For not-in-computer voids, the date and time stamp on the ticket for the time of the void.
 - ii. For an Event Wagering System that prints void tickets, a void ticket attached to the original ticket.
- s) Review handle and recalculate the net amount due to or from the Operator on a weekly basis.
- t) Compare net cash proceeds to the audited win/loss by shift and investigate any large cash overages or shortages (i.e., in excess of \$25.00);
- 2) On a weekly basis, the auditor shall verify actual financial instruments turned in to the “Authorized Location Transaction Summary Report” for each cashier's drawer (Beginning balance, (+) fills (draws), (+) net handle (sold less voids), (-) payouts (net of IRS withholding), (-) cashbacks (paid), (=) cash turn-in).
- 3) On a monthly basis, the auditor shall:
 - a) For one day, foot the player copy of paid tickets for a minimum of one Cashier Station and trace the totals to the “Authorized Location Transaction Detail Report”
 - b) Review the accounting records and the tax returns to ensure that the write and win has been properly reported according to the appropriate revenue area.
 - c) Reconcile the dollar amount of the take or fees collected and deposited as recorded in the monthly “Revenue Deposit Report” to the dollar amount indicated in the bank account records. Due to the various payment processors which may be used by an Operator, the reconciliation process will need to be performed to address the uniqueness of each of the payment processors. Furthermore, the reconciliation may need to take into consideration funds that are in transit.
- 4) On a quarterly basis, the auditor shall:
 - a) For each Kiosk, foot the winning tickets and vouchers redeemed for a week and trace the totals to the totals recorded in the “Authorized Location Transaction Summary Report”. This procedure may be performed for different Kiosks throughout the quarter as long as each Kiosk's activity is examined once a quarter. Document the test and the results of investigations into all variances, by Kiosk
 - b) Recalculate and verify the change in the unpaid winning tickets balance in the “Purged Winnings Report” to the total purged winning tickets.
 - c) Recalculate and verify the change in the unpaid vouchers balance in the “Purged Voucher Report” to the total purged vouchers.
 - d) Reconcile the totals of future wagers made to the totals recorded in the “Future Wager Summary Report”, and review the reports to ascertain that future wagers are properly included in write on the day of the event
- 5) At least annually, the auditor shall:
 - a) Foot the write on the restricted record of written tickets for a minimum of three cashiers for each Authorized Location for one day and trace the total to the “Authorized Location Transaction Summary Report”.
 - b) For one day, foot the redeemed vouchers for one Cashier Station and trace the “Authorized Location Transaction Detail Report”.

B. Player Accounts

- 1) Daily, for all Player Account adjustments, the auditor shall examine the “Player Account Transaction Detail Report” to ensure the adjustments were properly authorized by management and the reasons for adjustments are stated.
- 2) At least weekly, the auditor shall:
 - a) Reconcile Player Account liability (deposits \pm adjustments - withdrawals = total account balance) to the system record.
 - b) Review manual increases and decreases to/from Player Accounts to ensure proper adjustments were authorized.
- 3) At least monthly:
 - a) Select a sample of Player Accounts created during the month and ascertain compliance with registration procedures established in Section 9.2 to ensure that no wagers were allowed prior to the verification of the player's identification.
 - b) Prepare a balance of active and dormant Player Accounts, including the name of the player and current balance, and reconcile to the general ledger. The reconciliation and any follow-up performed shall be documented, maintained for inspection, and provided to the Commission upon request.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- c) Review the "Player Account Balance Summary Report" for accounts with a negative account balance to determine whether a player's Player Account is overdrawn due to a reason other than being caused by a payment processing issue outside the control of the Operator (e.g., chargebacks).
- d) Reconcile the total outstanding balance of Player Accounts indicated in the "Player Account Balance Summary Report" to the dollar amount indicated in the bank account records.
- e) Reconcile the total amount of the listing of Player Account deposits received via mail with the deposit amount indicated in the bank account records.
- f) Select a sample of deposits and withdrawals and:
 - i. Trace the amounts and transaction type to the "Player Account Transaction Detail Report".
 - ii. Foot the credit and debit transactions to ensure that the totals for the Player Account(s) are accurate, and trace the beginning balance, credit total, debit total, and ending balance from the "Player Account Transaction Detail Report" to the "Player Account Balance Summary Report".
- g) Review documentation related to access to dormant and closed accounts.
- 4) Annually, the auditor shall review all active Player Accounts to identify accounts that have had no player-initiated activity for a period of one (1) year to ensure that such accounts have been suspended. Document and maintain all follow-up related to this review.

C. Contests/Tournaments and Promotions/Bonuses

- 1) At least monthly, the auditor shall review bonus or promotional payouts, drawings, and giveaway programs to verify payout accuracy and proper accounting treatment in accordance with the rules provided to players.
- 2) For all contests/tournaments and bonus or promotional payouts (including payouts from player loyalty accounts) conducted, the following information is made available upon request to the auditor and to Commission personnel:
 - a) Information provided on the mobile application to the registered players describing the contests, tournaments, and promotional payouts;
 - b) Effective dates;
 - c) Accounting treatment, including general ledger accounts, if applicable;
 - d) For tournaments and contests, a list of the registered players along with the information required to be obtained pursuant to Section 7.14.C; and
 - e) For tournaments and contests, the dollar amount of the prize pool. Additionally, if applicable, include the amount of contributions to the prize pool by players and the amount supplemented by the Operator.
 - f) For tournaments and contests, the name of the organization (or person) that conducted the contest/tournament on behalf of, or in conjunction with, the Operator, if any. The extent of responsibilities (including regulatory compliance responsibilities) each organization and the Operator had in the contest/tournament (e.g., ABC Commission is to receive 100% of the entry fees and provide noncash prizes to the winners with the Operator collecting entry fees, dealing the tournament and distributing prizes to winners) will also be documented.
- 3) Daily, the auditor shall reconcile all contest/tournament entry and payout forms to the dollar amounts recorded in the appropriate accountability document and report.
- 4) For one day each week, the auditor shall randomly select two contests/tournaments and for the winners of the selected contests/tournaments, the auditor shall review the appropriate "Contest/Tournament Report" to reconcile the contest/tournament entry fees collected to the actual contest/tournament payouts made. This reconciliation is to determine whether based on the entry fees collected, the payouts made and the amounts withheld by the Authorized Location, if applicable, were distributed in accordance with the contest/tournament rules.
- 5) Monthly, the auditor shall review all contests, tournaments, bonus or promotional payouts, drawings, and giveaway programs to determine proper accounting treatment and proper revenue win/loss computation.
- 6) Monthly, the auditor shall perform procedures to ensure that bonus or promotional payouts, drawings, and giveaway programs are conducted in accordance with conditions provided to the players. The procedures must include a review of the information provided on the mobile application and documents along with employee interviews and/or observations.
- 7) For player loyalty accounts, the auditor shall perform the following procedures at least one day per quarter:
 - a) Review the "Player Loyalty Point Adjustment Report" for all point addition/deletion, other than for point additions/deletions made through an automated process, for propriety.
 - b) Review documentation related to access to dormant and closed accounts.

D. Drop and Count

At least quarterly:

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 1) Unannounced currency counter and currency counter interface (if applicable) tests must be performed, and the test results documented and maintained. All denominations of currency and all types of tickets and vouchers counted by the currency counter must be tested. This test may be performed by internal audit or the Commission. The result of these tests must be documented and signed by the employee(s) performing the test.
- 2) For computerized key security systems controlling access to drop and count keys, the auditor shall review:
 - a) The report generated by the computerized key security system indicating the transactions performed by the individual(s) that adds, deletes, and changes users' access within the system (i.e., system administrator) to determine whether
 - i. The transactions completed by the system administrator provide adequate control over the access to the drop and count keys.
 - ii. Any drop and count key(s) removed or returned to the key cabinet by the system administrator was properly authorized;
 - iii. Any unusual drop and count key removals or key returns occurred; and
 - b) A sample of users that are assigned access to the drop and count keys to determine that their access to the assigned keys is appropriate relative to their job position.
- 3) The auditor shall perform and reconcile an inventory of all sensitive Sports Betting keys to records of keys made, issued, and destroyed. Investigations are performed for all keys unaccounted for, with the investigations being documented. Sensitive keys include, but are not limited to, keys used to access restricted computer storage media and/or restricted equipment used to conduct the Operator (i.e., administrative computer terminal) and to the date and time stamping machines.

E. Cage, Count Room, and Financial Instruments

- 1) Daily, the auditor shall reconcile all parts of forms used to document increases/decreases to the total cage inventory, investigate any variances noted, and document the results of such investigations.
- 2) Twice annually, the auditor shall
 - a) Perform a count of all funds in the Authorized Location.
 - i. Counts must be observed by an individual independent of the department being counted. It is permissible for the individual responsible for the funds to perform the actual count while being observed.
 - ii. Internal audit may perform and/or observe the two counts.
 - iii. The count must be completed within the same day for all areas.
 - b) Count individual straps, bags, and imprest banks on a sample basis.
 - c) Reconcile all amounts counted to the amounts recorded on the corresponding accountability forms to ensure that the proper amounts are recorded.
 - d) Maintain documentation evidencing the amount counted for each area and the subsequent comparison to the corresponding accountability form.

F. Inventory

- 1) At least monthly, the auditor shall verify receipt, issuance, and use of controlled inventory, including, but not limited to, keys, pre-numbered and/or multi-part forms.
- 2) Periodically, the auditor shall perform minimum bankroll calculations to ensure that the Operator maintains cash in an amount sufficient to satisfy the Operator's obligations.

G. Statistics

- 1) The "Sports Betting Statistical Report" (prepared prior to the submission of the tax returns for the month in which the activity occurred) is presented to and reviewed by management independent of the Sports Betting Department on at least a monthly basis and such management investigates any large or unusual statistical fluctuations.
- 2) The investigation is to be completed no later than 30 days after the generation of the month-end "Sports Betting Statistical Report". The above referenced review will be performed by comparing the current period statistics for each type of event with those of applicable prior periods with investigations performed for statistical fluctuations for a month in excess of $\pm 5\%$. Common comparisons include either:
 - a) The current month to the same month from the previous year.
 - b) A rolling year-to-date to the same year-to-date period from the prior year.
 - c) The results of such investigations are documented in writing and maintained.
- 3) The calculation of the statistics based upon "accounting records (or Operator) win" is not required and not a substitute for calculating statistics based upon tax return write and win. However, such a calculation may be used as part of an analysis of any statistical fluctuations.

H. System Parameters

At least annually, the Event Wagering System is reviewed by personnel independent of the individual who sets up or makes changes to the system parameters. The review is performed to determine that the configuration parameters are accurate and have not been altered without appropriate management authorization (e.g., verify the accuracy of the fee % or flat fee to collect on wagering activity and the awarding of points based on the dollar amount wagered). The system must also be tested, if possible, to further verify the accuracy of the configuration parameters (e.g., simulate activity to verify the accuracy of the fee % or flat fee and to verify the accuracy of the amount of points awarded). The test results are documented and maintained.

ARTICLE 8 FANTASY CONTEST OPERATIONS

Section 8.1. Systems and Components used for Fantasy Contests

- A. The Operator and/or Technology Platform Provider shall obtain an initial, technical review and recommendation for approval from an independent test laboratory. That written recommendation shall certify that the Operator is in compliance with these Regulations, as well as to the Law and Regulations provided by the Commission. The Operator must certify annually by third-party audit that it has maintained compliance with these Regulations, as well as to the Law and Regulations provided by the Commission.
- B. The Operator and/or Technology Platform Provider shall submit change management processes that detail evaluation procedures for all updates and changes to equipment and systems to the administrator for approval. These processes shall include details for identifying criticality of updates and determining of submission of updates to an independent test laboratory for evaluation.

Section 8.2. Entries in Fantasy Contests

- A. Contests are authorized where players assemble imaginary or virtual rosters of real participants or athletes of a particular professional sport or, college or university sports event, Olympic or international event from any sports team that plays in a championship, tournament, cup, league or season. Each participant or athlete has a transfer value or acquisition value, and this value is given by their real performance in the championship, tournament, cup, league or season in which they participate
- B. Entries may not be accepted or paid by the Operator in any contests based on the following instances:
 - 1) Any Sports Events or Special Events designed for players under eighteen (18) years of age.
 - 2) Any Sports Events or Special Events of educational institutions of primary, intermediate and secondary levels.
 - 3) Any E-Sports event or tournament that:
 - a) Is not sanctioned by a Sports Governing Body or equivalent as an electronic competition; or
 - b) Has not been endorsed by the Commission pursuant to the procedures set forth in subsection (D) of this section.
 - 4) Any virtual event
 - 5) Any horse racing events regulated in Law No. 83 of July 2, 1987, according to an amendment, known as the Puerto Rico Horse Racing and Equestrian Law
 - 6) Any Special Event, unless such event is approved pursuant to the procedures set forth in subsection (D) of this section; and
 - 7) Any other event which is approved by the Commission
- C. An Operator shall not accept any entries on a type of contest unless it has received prior approval from the Commission. Operators may offer minor variations of an approved contest type without seeking administrator approval. Minor variations include:
 - 1) Offering the contest format for any sport, league, association or organization previously approved by the Commission for any contest type;
 - 2) The size of the contest and number of entries permitted;
 - 3) Nonmaterial changes to entry fee and prize structure;
 - 4) The number of participants that a contestant selects to fill a roster when completing an entry;
 - 5) The positions that must be filled when completing an entry;
 - 6) Adjustments to the scoring system; and
 - 7) Adjustments to a salary cap.
- D. Any Operator may petition the Commission for approval of a new event upon which contests may be based on. If an Operator would like to offer a new category of contest, they must submit a request to the Commission using the Category of Fantasy Contest Request Form.
 - 1) A proposed new contest type may be a variation of an authorized contest type, a composite of authorized contest types, or any other contest type compatible with the public interest and suitable for Operator use.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 2) A Category of Fantasy Contest Request Form shall include the following information:
 - a) The name of the petitioner;
 - b) Whether the new contest type is a variation of an authorized contest, a composite of authorized contest type, or any other contest type compatible with the public interest and is suitable for Operators use;
 - c) A complete and detailed description of the new contest type for which approval is sought, contest rules, and the manner in which entries would be made, contest rules, prize information, source of the information used to determine the outcome of the contest, and any restrictive features of the contest
 - d) A full description of any technology which would be utilized to offer the new contest type;
 - e) Information or documentation which demonstrates that:
 - i. The contest could be adequately supervised;
 - ii. The outcome of the contest would be verifiable;
 - iii. The outcome of the contest would be generated by a reliable and independent process;
 - iv. The outcome of the contest would be unlikely to be affected by any entries made;
 - v. The contest could be conducted in compliance with any applicable laws; and
 - vi. The granting of the request for approval would be consistent with the public policy of the territory.
 - f) Request for a test of the new contest type;
 - g) Evidence of Sports Governing Body rules and regulations or independent integrity monitoring of the new contest type; and
 - h) Any other pertinent information or material requested by the Commission.
- 3) The decision whether to grant approval to accept wagers on a new contest type shall be based on all relevant information including, but not limited to, the factors above. The Commission may subject any technology that would be utilized to offer the contest to such testing, investigation and approval process as he deems appropriate.
- 4) Any request for a new contest type must be submitted to the Commission at least fourteen (14) days in advance of the proposed date of accepting entries on such contest type
- 5) Upon approval of the new contest type, the Commission shall provide public notice of such approval including any conditions and limitations placed on such approval. Such notice shall occur by publication on the Commission's website as close as practicable to the time at which the Commission approves the new contest type. Thereafter, any Operator may accept entries pursuant to the approval and any conditions and limitations placed thereon.
- 6) If the Commission determines, at any time, that approved rules are not adequate to ensure compliance with the regulations and this rule or the integrity of fantasy contests, then the Commission may direct the Operator to amend its rules.
- E. The Commission may use information received from a Sports Governing Body to determine whether to allow contests on a particular event or players to purchase entries of a particular contest.
- F. Except as otherwise provided in this subsection, no event shall be approved for contests unless the Commission has certified that the event has appropriate policies and procedures to monitor the integrity of the athletes or competitors. In the absence of such certification, the Commission shall impose an entry fee limit of not more than \$100 or a win limit of \$500, whichever is greater, on the amount permitted to be entered or won on such competitions or contests by any individual
- G. The Operator shall establish the minimum and maximum amount of entries and entry fees that it accepts and provide notice of such minimum and maximum limits and changes thereto to the Commission

Section 8.3. Information Posting

A. Available Contest Information

- 1) The Operator shall make available in written form in conspicuous locations and on display devices within view of the public in the Authorized Location and on the online application without the need for placing a wager, the following information
 - a) Information regarding the available contest types, including by specific event, entry fees required, number of entries allowed, and prize structure for the contest
 - b) Current statistical data that is made available to the player pertaining to the contest, including the accurate and timely update of statistical data; and
 - c) The principles of how events and contests based on them are selected, how statistical data is obtained and revised based on published information and ethical rules and criteria
- 2) All times shown are Eastern Time (ET) unless otherwise stated

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 3) This information shall be displayed as accurately as possible within the constraints of communication delays and latencies.

B. Contest Rules

- 1) Contest Rules refers to any written, graphical, and auditory information provided to the public regarding fantasy contest operations. The Operator shall adopt and adhere to comprehensive contest rules which shall be approved by the Commission before the commencement of operations and shall contain the following:
 - a) The method of funding an entry fee;
 - b) Rules of participation, including all contest eligibility, entry fees, advertised awards, and scoring criteria
 - c) Contest payout information, including all possible winning positions, rankings, and achievements, along with their corresponding payouts, for any available entry option
 - d) All prizes and awards offered to winning players, which shall be established and made known to the player in advance of the contest. The value of the prizes and awards is not determined by the number of players participating or the amount of any entries paid by those players.
 - e) Any prizes and awards offered to winning players in the form of merchandise, annuities, lump sum payments, or payment plans instead of cash payouts,
 - f) How players are categorized based on their experience level for each contest type as follows
 - i. Beginner Player: A player who has participated in fifty (50) or fewer contests.
 - ii. Intermediate Player: A player who has participated in between fifty (50) and one thousand (1,000) contests
 - iii. Advanced Player: A player who has participated in over one thousand (1,000) contests
 - g) On-boarding procedures for beginner players that explain
 - i. Opportunities to learn about contest play and
 - ii. How to identify advanced players who are participating via a badge or other marker, and
 - iii. Recommendations for beginner contests and low-cost private contests with friends for their value as a learning experience
 - h) Warnings about how scripts can affect play, so that players can make an informed decision whether to participate and provide steps to report suspected unauthorized script usage
 - i) information regarding authorized scripts readily available, including rules on what types of scripts may be authorized in the contest.
 - j) A countdown of the time remaining to enter, modify or cancel an entry prior to commencement of the contest before it locks, thus allowing no further entries, changes to lineups, or substitution of participants;
 - k) The means by which a winner is determined and shall clearly state the handling of an award in any case where a tie is possible.
 - l) A method for the calculation and payment of winning entries;
 - m) The treatment of errors, late entries and related contingencies;
 - n) The method of notifying players of statistical data changes;
 - o) Where the point calculations depend on statistical performance, information on the way in which the points are calculated and the number of decimal places to be used, (for example, if players receive a tenth of a point for each yard gained by a running back, or a fraction of a point for each reception). In addition, the cases where statistical calculations, like a pitcher's ERA are rounded or truncated at a certain decimal place must be also be disclosed.
- 2) The contest rules for the contest types currently offered shall be conspicuously displayed or readily available in the Authorized Location and posted on the Operator's online applications.
- 3) The Operator shall maintain at its Authorized Location or some other area accessible to players, a printed copy of the complete text of the contest rules for all authorized Fantasy Contests and all other information required to be made available to the public.
- 4) Copies of this information shall be made readily available, upon request, to players, the Commission, and the Puerto Rico Police:

C. Fantasy Contests Guide

No Fantasy Contests Guide shall be issued, displayed or distributed by an Operator unless and until a sample thereof has been submitted to and approved by the Commission. No Authorized Location shall issue, display or distribute any Fantasy Contests Guide that is materially different from the approved sample thereof.

Section 8.4. Purchasing Entries

- A. Players shall have the ability to select the contest in which they want to participate.
- B. At the time of participation in a contest, the player must place a wager as an entry fee for participation, this entry fee shall have a fixed value, will be pre-determined for each contest and will be established by the Operator.
- C. After this, the player will be assigned a budget for the acquisition of participants or athletes. The value given to the player for the acquisition of participants or athletes is part of the contest and does not correlate to the value of the entry fee.
- D. No roster may be based on the current membership of an actual real-world team that is a member of a sports organization.
- E. The player shall have an opportunity to review and confirm the roster selected for a particular contest before the entry fee is submitted.
- F. No paid entry amount may be greater than the current balance of the player's account.
- G. The method entering a contest shall be straightforward, with all selections being clearly obvious to a typical player.
- H. There shall be a clear indication provided to the player that a contest entry has been accepted.
- I. A confirmation containing details of the contest entry shall be provided to the player.
- J. The player's account balance is to be debited by the amount of the paid entry once the entry is submitted.
- K. For each entry purchased, the following information shall be recorded as "Entry Information"
 - 1) The date and time the entry was placed;
 - 2) Any player choices involved in the entry:
 - a) Roster selection (e.g., each participant or athlete);
 - b) Statistical data for each participant;
 - c) Any special condition(s) applying to the entry;
 - 3) The total number of points earned by the player's roster (blank until confirmed);
 - 4) The results of the contest (blank until confirmed);
 - 5) Total amount wagered, including any promotional/bonus credits (if applicable);
 - 6) Total amount won, including any promotional/bonus credits (if applicable);
 - 7) Take or fees collected (if applicable);
 - 8) The date and time the winnings were paid to the player, if applicable
 - 9) Unique identification number of the entry;
 - 10) User identification of Cashier or unique Wagering Equipment ID which processed the entry (if applicable);
 - 11) Relevant location information;
 - 12) Event number;
 - 13) Current entry status (active, cancelled, unredeemed, pending, void, invalid, redemption in progress, redeemed, etc.);
 - 14) Unique player ID, for entries conducted using a player account;
 - 15) Redemption period (if applicable); and
 - 16) Open text field for attendant input of player description or picture file (if applicable);

Section 8.5. Contest Locking

- A. Each contest allows entries to be submitted during a short period (days, weeks or months) or during the entire championship, tournament, cup, league or season (quarterly, semi-annual, annually).
- B. Internal Controls shall be in place to provide how contest locking is controlled. This would include any cases where the contest began accepting entries, when it is locking, or any other time in between where a wager is unable to be placed (e.g., statistics/lines are being updated).
- C. Employees authorized to perform contest locking shall be formally defined.
- D. No further entries may be accepted after the contest lock.

Section 8.6. Contest Results

- A. Players in a must be able to view the results when a contest is completed.
 - 1) The player must be able to view the results of their entries of any decided contest, once they have been confirmed.
 - 2) Players must be able to view any change of results, due to scoring changes or disqualification of entries.
 - 3) Except in games where late substitutions are permitted, partial or in-progress results cannot be displayed until the contest has locked.
 - 4) Results must display the all information which may affect the scoring of each contest.
- B. All winning outcomes reflect the relative knowledge and skill of the players and are determined predominantly by accumulated statistical results of the performance of athletes in multiple real-world Sports Events or Special Events

Puerto Rico Sports Betting and Fantasy Contest Regulations

that comprise the contest (championship, tournament, cup, league or season). No winning outcome may be based on:

- 1) the score, point-spread, or any performance or performances of any single real-world team (win, lose or tie) or any combination of such teams.
 - 2) solely any single performance of an individual athlete in any single real-world Sports Event or Special Events.
- B. Each situation that takes place in the contest will be scored positively or negatively, in accordance with the rules established by the Operator, who will assign points accordingly depending on the performance of the participants or athletes during the events.
- C. Scoring may be altered when there has been a change in the official statistical calculations for a given contest, but only if the change has been made before the contest has settled according to its terms.
- D. All performances correlate directly to the development of the real events and the behavior of each of the participants or athletes in each one of those events.
- E. The winner of the contest is the player that has the highest score. The prize is constituted by the sum of the amounts paid by the players as entry fees, minus a take or fees set by the Operator.

Section 8.7. Winning Entry Payment

Once the results of the event are entered and confirmed, the player may receive payment for their winning wagers either by having the winnings credited to their Player Account, or by redeeming a winning ticket. The requirements of Section 7.7 of these requirements apply for the latter case.

Section 8.8. Beginner-Only Contests

Operators must offer beginner-only contests for beginner players:

- A. Intermediate players may be permitted to enter up to ten (10) beginner contests in a contest types for which that player has not already entered twenty (20) contests.
- B. Operators shall have internal controls in place to handle cases where a non-beginner player attempts to enter beginner-only contests, notwithstanding the exception laid out above.

Section 8.9. Scripts

- A. Operators shall use commercially reasonable efforts to prevent the use of unauthorized scripts in contests. Unauthorized scripts include those deemed to offer an unfair advantage over other players for reasons including, but limited to:
- 1) Allowing players to select from pre-selected teams of participants in contests;
 - 2) Facilitating entry of multiple fantasy contests with a single roster;
 - 3) Facilitating changes in many rosters at one time;
 - 4) Facilitating use of commercial products designed and distributed by third parties to identify advantageous fantasy contest strategies; or.
 - 5) Gather information about the performance of others for the purpose of identifying or entering contests against players who are less likely to be successful.
- B. Operators may prohibit the use of any and all scripts.
- C. Operators shall monitor contests to detect the use of unauthorized scripts and restrict players found to have used such scripts from entering or participating in further fantasy contests. Operators shall notify the Commission of any unauthorized scripts detected and the actions taken against those using the scripts.

Section 8.10. Disqualifications

Operators shall have internal controls in place to disqualify players from winning contests if they are deemed to be ineligible because of their geographic location or because they have circumvented restrictions on play:

- A. Anyone ineligible to play a contest that enters and wins the contest shall be disqualified if their ineligibility is identified before the contests is settled, and the funds shall be redistributed to the remaining entries as if these players had not entered.
- B. After contests are settled, Operators shall have reasonable procedures to disqualify these ineligible players and prevent them from receiving any funds that they may have won. Operators shall also have internal controls in place for the handling of these funds.

Section 8.11. Reports and Accounting/Auditing

It is recommended that the Accounting/Auditing Standards of Section 7.11 are used in conjunction with the applicable reports from Section 7.10 with the "Wager Record Information" as indicated in GLI-33 replaced with the "Entry Information" referenced in Section 8.4.K for an entry in a contest. In addition, there shall be information which can be audited to determine the location percentage.

ARTICLE 9 PLAYER ACCOUNT MANAGEMENT

Section 9.1. Player Account Procedures

- A. It is also provided that prior to making any Sports Bet or purchasing a Fantasy Contest entry, whether physical or online, the player will have to register at any Authorized Location as the Main Operator, or digitally via the internet or through a mobile application. This registration is an essential condition for gambling on any system on the internet or on-site at any Main Operator or at any satellites or points of sale. Anonymous participation in Sports Betting and Fantasy Contests is prohibited.
- B. The Operator shall establish procedures for Player Accounts and such procedures are delineated within the internal controls. Procedures to address in the internal controls include, as applicable, but are not limited to:
- 1) The creation and use of Player Accounts, provided, that said accounts may not be owned by minors or on behalf of a beneficiary, custodian, trust, society, association or other organization or entity, nor may they be transferable, assigned or assigned to another person;
 - 2) The procedures for registering Players, to authenticate their identity, acceptance of the terms, conditions and rules applicable to this type of participation, and to log out, including procedures to automatically disconnect the people after a period of inactivity;
 - 3) Procedures for depositing funds to a Player Account in cash, transfer or by other means as allowed by the financial authority, withdrawal of such funds from those accounts, suspension of Player Account activity for security reasons, termination of Player Accounts and the disposition of funds in it provided that the amounts are not claimed in the inactive Player Accounts in accordance with the Law;
 - 4) Mechanisms by which people participating in Sports Betting and Fantasy Contests can set limits on the amount of money to be spent per bet or entry or during any specific period of time, or the amount of funds lost during any given period of time;
 - 5) Mechanisms to exclude people not eligible for Sports Betting and Fantasy Contests due to age, or because of their inclusion in the list of excluded people maintained by the Commission that has been distributed to the Operator at least five (5) days in advance to the effectiveness of the prohibition;
 - 6) The acceptance of wagers and entry fees including, but not limited to:
 - a) Method of communications;
 - b) Player Account transactions documentation (creation and maintenance thereof);
- C. Within an Authorized Location, Player Accounts must be established, maintained, and accounted for at one designated area. Further, all subsequent deposits/withdrawals and account adjustment transactions must be accounted for through the same designated area.

Section 9.2. Registration and Verification of Players

A. Registering Players

- 1) To establish a Player Account, the Operator shall collect Personally Identifiable Information (PII) prior to the registration of a Player Account. The PII includes, but is not limited to:
 - a) The player's legal name;
 - b) The player's date of birth;
 - c) The player's residential address (a post office box is not acceptable); and
 - d) The player's Social Security number (SSN) or equivalent for a foreign player such as a passport or taxpayer identification number. The player may enter only the last four (4) digits of an SSN if the other factors are sufficient to determine the entire nine-digit SSN within four (4) minutes; if that cannot be done, entry of the nine-digit SSN is required.
- 2) The email and/or mobile phone number shall also be provided and validated by the player or verified by the Operator. These should allow contact and communication between the Operator and player in a direct and effective manner.
- 3) During the registration process, the Operator shall record the player's acceptance of the terms and conditions and privacy policy and acknowledge that:
 - a) They are applying for an account in their own name;
 - b) They are using their own PII;
 - c) The information they provided to the Operator to open the Player Account is complete, and accurate to the best of their knowledge;
 - d) They will keep their username and password confidential;
 - e) They are prohibited from allowing any other person to access or use their Player Account;
 - f) They do not already have an open Player Account;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- g) They are not on the Commission's Involuntary Exclusion List or Voluntary Exclusion List, or are otherwise prohibited from participating in Sports Betting and Fantasy Contests;
 - h) They consent to the monitoring and recording of the use of their Player Account by the Operator and the Commission, including the use of any identity verification technology or method the Operator deems appropriate to validate age and identification; and
 - i) They are not opening the Player Account for any illegal purpose.
- 4) To apply for a Player Account at the Authorized Location, there shall be a procedure in place to ensure Player provides all information requested on the registration form.
 - 5) The Operator shall have strict controls to prevent the registration of minors under eighteen (18) years of age. Any person that submits a birth date that indicates they are under eighteen (18) years of age shall be denied the ability to register for a Player Account.

B. Identification and Verification

- 1) There shall be technical and operational measures in place which verifies the age and identity of the player to ensure that Player Accounts cannot be opened by Prohibited Players.
- 2) The Operator shall have an identity verification process as a part of its registration process which may include requiring the use of a reputable independent Identity Verification Service Provider that is common in the business of verifying an individual's PII.
- 3) The Operator shall provide the Commission information about its procedures or methodology for verifying the identity of a player, including the legal name, physical address and age, and that the player is not on any Prohibited Player, Voluntary Exclusion, or Involuntary Exclusion lists held by the Operator or the Commission. Such verification procedures, including the method of verification, are delineated within the internal controls.
- 4) The Operator shall notify Commission of any changes to its verification procedures or in the event there is a change of an Identity Verification Service Provider, as applicable, that provides identity verification services to the Operator.
- 5) The verification procedures performed by the Operator are to be recorded and maintained which is to include the following information:
 - a) If an Identity Verification Service Provider performs the verification process, the third-party service provider's verification results and verification date;
 - b) If not using an Identity Verification Service Provider or if the player's registration information does not result in a positive verification, the type of identification credential provided by the player, the last four digits of the relevant credential number, expiration date of credential, date credential was examined; and
 - c) Multi-sourced authentication, which may include third-party and governmental databases, used to verify the accuracy of the information provided for the player's date of birth and the physical address where the player resides.
- 6) The verification procedures are to involve robust identification methods to mitigate the risks of non-face-to-face transactions inherent in participating in Sports Betting and Fantasy Contests. However, the Operator may require a player to provide additional information, provide copies of documents, or appear in person at the Authorized Location in order to complete the registration process.
- 7) The Operator shall establish procedures for handling the unsuccessful verification of the information provided by an individual who is registering as a player. Such procedures are delineated within the internal controls. The Operator is to record and maintain the following information:
 - a) Unique player ID and player name;
 - b) The date the account was suspended from further participation by the player;
 - c) The date the account was closed;
 - d) The amount of winnings retained which were attributable to the player; and
 - e) Balance of amount refunded to the player.

C. Account Establishment

- 1) The Player Account can only become active once age and identity verification are successfully completed, the player is determined to not be on any exclusion lists or prohibited from establishing or maintaining an account for any other reason, the player has acknowledged the necessary privacy policy and terms and conditions, and the Player Account registration is complete.
- 2) The Operator shall notify the player of the establishment of the Player Account by email or first-class mail
- 3) The Operator shall periodically re-verify a player's identification upon reasonable suspicion that the player's identification has been compromised

Puerto Rico Sports Betting and Fantasy Contest Regulations

Section 9.3. Terms and Conditions

The terms and conditions agreed upon between an Operator and any player is to be made available upon request to authorized internal and external auditors and to Commission personnel. The terms and conditions shall:

- A. State that only individuals who are within the territorial limits of Puerto Rico, can participate in Sports Betting and Fantasy Contests;
- B. Provide a description of the possible repercussions for a player under 18 years of age who circumvents or attempts to circumvent controls to prevent underage play, such as immediate stoppage of play, account closure, and confiscation of winnings.
- C. Advise the player to keep their authentication credentials (e.g., password and username) secure;
- D. Disclose all processes for dealing with lost authentication credentials, forced password changes, password strength and other related items;
- E. Specify that an account is declared dormant after it has had no player-initiated activity for a period of one (1) year, and explain what actions will be undertaken on the account once this declaration is made;
- F. Clearly define that in the event a player has a pending wager or entry and then self-excludes the wagers and entries are cancelled, and the funds returned to the player according to the internal controls.
- G. State that the Operator has the right to:
 - 1) Refuse to establish a Player Account for what it deems good and sufficient reason;
 - 2) Refuse deposits to and/or withdrawals from Player Accounts for what it deems good and sufficient reason; and
 - 3) Unless there is a pending investigation or player dispute, suspend or close any Player Account at any time pursuant to the terms and conditions between the Operator and the player.

Section 9.4. Protection of Player Accounts

- A. A player may hold only one Player Account with each Operator. The Operator shall implement internal controls and procedures to prohibit an individual, group of individuals, or entity that places wagers or purchases entries with the Operator from establishing more than one active Player Account with the Operator, and to terminate all accounts of any person who establishes or seeks to establish multiple active Player Accounts, whether directly or by use of another person as a surrogate.
- B. The Operator shall implement and maintain reasonable security procedures and practices that are appropriate to ensure the confidentiality and integrity of the PII and to protect the Player Account from unauthorized access, use, modification or disclosure. The following internal controls surrounding Player Accounts must be present at a minimum:
 - 1) Procedures shall be in place to provide establish a secure personal identification for the player authorized to use the Player Account that is reasonably designed to prevent the unauthorized access to, or use of, the Player Account by any individual other than the player for whom the Player Account is established, and meeting the **GLI-33** requirements for “**Player Access**”.
 - 2) The Player Account shall be automatically locked-out after three failed access attempts in a thirty-minute period. A multi-factor authentication process shall be employed for the account to be unlocked or to recover or reset a password or username.
 - 3) When the terms and conditions and/or privacy policy are materially updated (i.e. beyond any grammatical or other minor changes), the player shall agree to their updates upon account access.
 - 4) Internal controls shall be in place to ensure the strength of Player's passwords;
 - 5) Smart cards, if used, cannot maintain the only source of account data.
 - 6) Player Accounts shall be immediately suspended, and Player's identification shall be immediately re-verified upon reasonable suspicion that the Player's identification has been compromised;
 - 7) The internal controls shall delineate how the Operator may require a player to change or update account information at any time, including the Player's username and password.
 - 8) Multi-factor authentication shall be required before allowing a player to change their password, access/update PII, transfer funds, or to remove a player from the Operator's self-exclusion list. If e-mail is a component of this process, the procedures for the secure use of e-mail as a medium for communicating secure information must be documented in the internal controls. The Operator shall develop alternative procedures for use in the event that a player no longer has access to the e-mail address on record.
 - 9) A mechanism shall be in place to suspend a Player's Player Account in the event that there is suspicion that the Player Account has been compromised or used to commit fraud or other illegal activity.
- C. Any PII obtained in respect to the Player Account shall be done in compliance with the privacy policy and local privacy regulations and standards observed by the Commission. In addition:
 - 1) Any PII which is not subject to disclosure pursuant to the privacy policy shall be kept confidential, except where the release of that information is required by law. This includes, but is not limited to:

Puerto Rico Sports Betting and Fantasy Contest Regulations

- a) The amount of money credited to, debited from, or present in any particular Player Account;
 - b) The amount of money spent by a particular player on any event or contest;
 - c) The account number and authentication credentials that identify the player; and
 - d) The name, address, and other information in the possession of the Operator that would identify the player to anyone other than the Commission or the Operator.
- 2) There shall be procedures delineated in the internal controls for the security and sharing of PII and other sensitive information as required by the Commission, including, but not limited to:
 - a) The designation and identification of one or more employees having primary responsibility for the design, implementation and ongoing evaluation of such procedures and practices;
 - b) The procedures to be used to determine the nature and scope of all information collected, the locations in which such information is stored, and the storage devices on which such information may be recorded for purposes of storage or transfer;
 - c) The measures to be utilized to protect information from unauthorized access;
 - d) The procedures to be used in the event the Operator determines that a breach of data security has occurred, including required notification to the Commission.
 - e) Notification to players of the privacy policy, which shall state, the items listed in GLI-33's section on **"Privacy Policy"**:
- 3) Unauthorized third-party service providers shall be prevented from viewing or altering PII. Where PII is shared with third-party service providers, formal data processing agreements shall be in place that states the rights and obligations of each party concerning the protection of the PII, as well as any other sensitive information. Each data processing agreement shall set out:
 - a) The subject matter and duration of the processing;
 - b) The nature and purpose of the processing;
 - c) The type of PII to be processed;
 - d) How the PII is stored;
 - e) The detail of the security surrounding the PII;
 - f) The means used to transfer the PII from one organization to another;
 - g) The means used to retrieve PII about certain individuals;
 - h) The method for ensuring a retention schedule is adhered to;
 - i) The means used to delete or dispose of the PII; and
 - j) The categories of PII.
- 4) Players shall be provided with a method to request:
 - a) Confirmation that their PII is being processed;
 - b) Access to a copy of their PII as well as any other information about the PII processing;
 - c) Updates to their PII; and
 - d) Their PII erased and/or to impose restrictions on processing of PII.
- 5) There shall be procedures in place to record and process such requests from players, including maintaining records of such requests and providing reasons to the player when such requests are denied or rejected. The player shall be given a reason when the Operator does not intend to comply with the request and also provided with the necessary information on the possibility to file a complaint with the Commission.
- 6) Upon player's request, the Operator shall forward to the players the PII which they have received from the same player, in a structured, commonly used and machine-readable format and transmit those data to another Operator, where it is technically feasible to do so. This only applies to:
 - a) PII which the player has provided to the Operator or PII which is processed by automated means (i.e., this would exclude any paper records); and
 - b) Cases where the basis for processing is PII consent, or that the data is being processed to fulfil a contract or steps preparatory to a contract.
- 7) Where required by the Commission, the player has the right to object to PII processing:
 - a) Based on legitimate interests or the performance of a task in the public interest or in the exercise of official authority;
 - b) Used in direct marketing, including profiling to the extent that it is related to such marketing activities; and
 - c) For scientific or historical research purposes or for the purpose of statistics.
- 8) There shall be procedures in place for the Operator to comply with requests from players to have PII erased and/or to prevent or restrict processing of PII, including, in the following circumstances:
 - a) Where the PII is no longer necessary in relation to the purpose for which it was originally collected/processed;
 - b) When the player withdraws consent;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- c) When the player objects to the PII processing and there is no overriding legitimate interest for continuing the processing;
 - d) The PII was unlawfully processed; or
 - e) The PII has to be erased in order to comply with a legal obligation.
- 9) Where prohibited by the Commission, the operator may not utilize solely automated decision-making which:
 - a) Produces legal effects the player such as those which result in the player being subjected to surveillance by a competent authority; or
 - b) Significantly affects the player in a similar manner (e.g., it has the potential to influence the circumstances, behavior or choices of the player).
- D. The Operator shall have a documented public policy for the treatment of Player Accounts discovered to being used in a fraudulent manner, including but not limited to:
 - 1) The maintenance of information about any account's activity, such that if fraudulent activity is detected, the Operator has the necessary information to take appropriate action;
 - 2) The suspension of any account discovered to be engaged in fraudulent activity, such as a player providing access to underage persons; and
 - 3) The handling of deposits, wagers and entry fees, and wins associated with a fraudulent account.
- E. Funds in Player Accounts may not be used as security by the Operator for any financial transactions.
- F. The Operator shall establish procedures to protect payment types used in the system from fraudulent use. Such procedures are delineated within the internal controls
 - 1) Collection of PII and other sensitive information directly related to deposit/withdrawal transactions shall be limited to only the information strictly needed for the transaction.
 - 2) There shall be processes in place for verifying the protection of the PII or other sensitive information directly related to each deposit/withdrawal transaction.
 - 3) Any communication channels between the Operator and the payment processor conveying deposit/withdrawal details shall be encrypted and protected against interception.
 - 4) All financial transactions shall be reconciled between the operator and the payment processor daily or as otherwise specified by the Commission. There shall be established procedures for:
 - a) In calculating amounts paid to or received from a player, considering all payments used by the player or operator; and
 - b) Assuring the match of ownership between the payment type holder and the Player Account holder.

Section 9.5. Player Account Information

The following Player Account information shall be considered as critical assets for the purposes of risk assessment, which shall include for each Player Account.

- A. Unique player ID and username (if different);
- B. Personally identifiable information (PII) of the player, such as the PII obtained to initially create a Player Account in Section 9.2.A(1) where the player's Social Security number (SSN) or equivalent for a foreign player such as a passport or taxpayer identification number is encrypted, along with other encrypted PII, including the player's Social Security number (SSN) or equivalent for a foreign player such as a passport or taxpayer identification number, authentication credential (password, PIN, etc.), and personal financial information (debit instrument numbers, credit card numbers, bank account numbers, etc.);
- C. The date and method of identity verification, including, where applicable, the document number of the government-issued identification credentials examined, or other methodology for remote, multi-sourced authentication to confirm the player's identity and its date of expiration;
- D. The date of player agreement to the Operator's terms and conditions and privacy policy;
- E. Account details and current balance, including any incentive credits. All restricted incentive credits and incentive credits that have a possible expiration shall be maintained separately;
- F. Open text field for employee input of player description or picture file (if applicable);
- G. Previous accounts, if any, and reason for de-activation;
- H. The date and method from which the account was registered (e.g., remote vs. on-site);
- I. The date and time of account is accessed by any person, including the player or the Operator;
- J. Status of account (e.g., active, dormant, closed, excluded, etc.);

Section 9.6. Player Funds Maintenance

A. Financial Transactions

- 1) Procedures shall be in place to ensure all financial transactions are conducted in accordance with local commerce regulations and requirements mandated by the Commission.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 2) Prior to the player making a deposit or withdrawal from a Player Account, the employee or system used for Sports Betting and/or Fantasy Contests must verify the Player Account, the player identity, and availability of funds.
- 3) The player shall be provided confirmation/denial of every deposit/withdrawal transaction initiated, including:
 - a) The type of transaction (deposit/withdrawal);
 - b) The transaction value; and
 - c) For denied transactions, a reason as to why the transaction did not complete as initiated.
- 4) If a player initiates a deposit/withdrawal transaction and that transaction would exceed limits put in place by the Operator and/or the Commission, this transaction may only be processed provided that the player is clearly notified that they have withdrawn or deposited less than requested.
- 5) A record of each deposit/withdrawal/adjustment is created and maintained that details the following information:
 - a) Unique player ID and player name;
 - b) The type of transaction (e.g., deposit, withdrawal, adjustment);
 - c) The date and time of the transaction;
 - d) Unique transaction ID;
 - e) The amount of transaction;
 - f) The total account balance before/after transaction;
 - g) The total amount of fees paid for transaction (if applicable);
 - h) User identification of employee or unique Wagering Equipment ID which handled the transaction (if applicable);
 - i) Method of deposit/withdrawal;
 - j) Deposit authorization number;
 - k) Relevant location information;
 - l) Player signature for withdrawals, unless a secured method of access is utilized; and
 - m) For adjustments to the account, the reason for the adjustment;
- 6) The Operator shall describe the sequence of the required signatures attesting to the accuracy of the information contained on the player deposit or withdrawal form ensuring that the form is signed by the cashier.
- 7) All player deposits and withdrawal transactions at the cage shall be recorded on a cage accountability form on a per-shift basis.
- 8) The Operator shall establish and comply with procedures that:
 - a) Maintain a detailed record by Player Account and date of all funds on deposit;
 - b) Maintain a current balance of all player deposits that are in the cage/count room inventory or accountability; and
 - c) Reconcile this current balance with the deposits and withdrawals at least daily.
- 9) Where financial transactions are allowed through the Automated Clearing House (ACH), the Operator shall have security measures and controls to prevent ACH fraud. A failed ACH attempt shall not be considered fraudulent if the player has successfully deposited funds via an ACH transfer on a previous occasion with no outstanding chargebacks. Otherwise, the Operator shall:
 - a) Temporarily block the Player Account for investigation of fraud after five (5) consecutive failed ACH attempts within a ten (10) minute time period. If there is no evidence of fraud, the block may be vacated; and
 - b) Suspend the Player Account after five additional consecutive-failed ACH attempts within a ten-minute period.
- 10) If electronic funds transfers are made to or from an licensed operator's bank account for Player Account funds, the bank account must be dedicated and may not be used for any other types of transactions.
- 11) The internal controls shall delineate how the Operator may require players to provide additional information, provide copies of documents, or appear in person at the Authorized Location before processing a deposit or withdrawal. Players may also be required to complete additional Claim forms and/or certify documentation detailing their deposits, withdrawals, and other Player Account transactions.
- 12) The internal controls shall delineate how the Operator may withhold incorrectly deposited amounts from any deposit or prize or seek recovery if a player withdraws funds that were incorrectly credited to their Player Account.
- 13) The Operator shall not allow the transfer of funds or credits between players. Procedures are implemented to ensure that funds withdrawn by a player from a Player Account are not transferred to any other Player Account. Such procedures are delineated within the internal controls.

Puerto Rico Sports Betting and Fantasy Contest Regulations

B. Deposits

- 1) The Internal controls shall describe:
 - a) Procedures established for the use of a payment processor to allow the Operator to fund a Player Account;
 - b) The deposit methods available to players to fund accounts:
 - i. Cash deposits made directly with the Operator;
 - ii. Personal checks, cashier's checks, wire transfer and money order deposits made directly or mailed to the Operator;
 - iii. Debits from the player's debit card or credit card, other than prepaid debit cards or prepaid credit cards;
 - iv. Transfers from another account verified to be controlled by the player through the Automated Clearing House (ACH deposit) or another mechanism designed to facilitate electronic commerce transactions;
 - v. Cash complimentary, promotional credit, or bonus credit;
 - vi. Winnings;
 - vii. Adjustments made by the Operator with documented notification to the player;
 - viii. A transaction at a Kiosk; or
 - ix. Any other means approved by the Commission.
 - c) A complete description of the entire process for each deposit method, including situations where additional information must be requested prior to completing the deposit transaction; and
 - d) Procedures performed to not allow a player's Player Account to be overdrawn unless caused by payment processing issues outside the control of the Operator (e.g., chargebacks).
- 2) A deposit into a Player Account may be made via a credit card transaction or other methods which can produce a sufficient audit trail.
- 3) Funds shall not be available for use until they are received from the issuer or the issuer provides an authorization number indicating that the funds are authorized. The authorization number is to be maintained in an audit log.
- 4) The routing procedures for deposits by mail require that the mail deposits are received by a department independent of the Sports Betting or Fantasy Contests Department.
- 5) When a player's lifetime deposits reaches/exceed the deposit lifetime threshold of \$2,500 or another value specified by the Commission, the system shall immediately prevent any additional transactions until the player acknowledges:
 - a) The player has met the gaming deposit threshold as established by the Commission;
 - b) The player has the capability to establish responsible gaming limits or close his or her account; and
 - c) The availability of the ASSMCA PAS line at 1-800-981-0023.
- 6) The acknowledgement prescribed in subsection (5) above shall be required on an annual basis thereafter.

C. Withdrawals

- 1) The Internal controls shall describe:
 - a) Procedures established for the use of a payment processor to allow the Operator to cash out a Player Account;
 - b) The withdrawal methods available to players to cash out accounts:
 - i. Wagers or entry fees;
 - ii. Cash withdrawal made directly with the Operator;
 - iii. Personal check, cashier's check, wire transfer and money order by the Operator made payable to the player and issued directly or delivered to the player's address on file in a manner approved by the Commission;
 - iv. Credits to the player's debit card or credit card;
 - v. Transfers to another account verified to be controlled by the player through the automated clearing house (ACH withdrawal) or another mechanism designed to facilitate electronic commerce transactions;
 - vi. Adjustments made by the Operator with documented notification to the player;
 - vii. A transaction at a Kiosk; or
 - viii. Any other means approved by the Commission.
 - c) A complete description of the entire process for each withdrawal method, including situations where additional information must be requested prior to completing the withdrawal transaction; and
 - d) Procedures performed to not allow a Player Account to be overdrawn unless caused by payment processing issues outside the control of the Operator (e.g., chargebacks).

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 14) Payments from an account are to be paid (including funds transfer) directly to an account with a financial institution in the name of the player or made payable to the player and forwarded to the player's address using a secure delivery service or through another method that is not prohibited by the Commission. The name and address are to be the same as held in player registration details.
- 15) Prior to any withdrawal, if a player used a credit or debit card to fund a Player Account, any remaining balance in the Player Account up to the amount of the deposit shall be refunded to the player's credit or debit card account used to fund the Player Account provided that a credit or debit card issuer permits the return of a withdrawal from a Player Account funded by the credit or debit card of the issuer.
- 16) Direct access to a Player Account to withdraw funds is restricted to the player who owns the Player Account and who is confirmed to be the owner by using positive player identification methods such as a PIN number or password. *The Customer Service Department may be able to reset the PIN number or password for a Player Account in the system to permit a person with legal authority to gain access to the Player Account when the owner of the account is incapacitated or deceased. For this occurrence, sufficient records are maintained evidencing the reason for resetting the PIN number or password.*
- 17) Indirect access (i.e., player is not providing a PIN number or password) to a Player Account to withdraw funds involves assisted access by a member of the Customer Service Department whether online or by other means. The employee who is assisting with an indirect access is to use challenge questions to identify the person making remote access or employ a sufficient alternative process to ensure that the person is accurately identified as the owner of the Player Account. If challenge questions are used, the responses to challenge questions should be obtained during the registration process for a Player Account.
- 18) A player's request for withdrawal of funds (i.e., deposited and cleared funds and funds won) is completed by the Operator within a reasonable timeframe unless there is a pending unresolved player complaint or investigation.
 - 1) The internal controls shall delineate how the Operator may hold any withdrawal if it is suspected that a Player may be engaging in or have engaged in fraudulent, collusive, unlawful or improper activity pending completion of an investigation.
 - 2) Funds for withdrawal may be withheld from withdrawal until the funding transaction clears or the chargeback period ends.
 - 3) Such investigation shall be documented by the Operator and available for review by the Commission.

D. Adjustments

- 1) The internal controls shall delineate how the Operator may make the appropriate adjustments to a Player Account if funds are mistakenly credited to or deducted from the Account. The Operator shall have security or authorization procedures in place to ensure that only authorized adjustments can be made to Player Accounts, and these changes are auditable.
 - a) All adjustments under \$500 shall be periodically reviewed by supervisory personnel.
 - b) All other adjustments shall be authorized by supervisory personnel prior to being entered.
 - c) The internal controls shall identify the job titles of supervisory personnel authorized to perform this function and specify which evidence of supervisory authorization is to be recorded and maintained.
- 2) On a daily basis, supervisory personnel may authorize multiple transactions occurring within an operational day. Evidence of supervisory authorization for multiple transactions is to be recorded and maintained. The internal controls are to delineate the authorization process for multiple transactions rather than authorizing each individual transaction.

E. Dormant and Closed Accounts

- 1) A Player Account is considered to be dormant after it has had no player-initiated activity for a period of one (1) year as specified in the terms and conditions. Procedures shall be in place to:
 - a) Protect dormant accounts that contain funds from unauthorized access, changes or removal.
 - b) Deal with unclaimed funds from dormant accounts, including returning any remaining funds to the player where possible.
 - c) Close a Player Account if the player has not logged into the account for eighteen (18) consecutive months.
- 2) Access to dormant and closed account information is restricted to those positions which require access and are so authorized by management. Such access is to be delineated within the internal controls.
- 3) A monthly "Dormant/Closed Accounts Report" is prepared and maintained indicating the Player Accounts which were closed and not available for a player to access for account transactions. The report is to include, at a minimum:

Puerto Rico Sports Betting and Fantasy Contest Regulations

- a) The player's name and account number;
- b) User ID and name of employee handling the closure of account, if not an automated process and employee is involved;
- c) The date and time account was opened;
- d) Last date player logged into account;
- e) Number of days since player logged into account;
- f) The date and time account was closed; and
- g) Balance of account when closed.

Section 9.7. Limitations and Exclusions

A. Self-Limitation

- 1) The internal controls shall contain procedures for implementation of a self-limitation program
- 2) Players must be provided with a mechanism to impose responsible gambling limits with the Operator set forth below including, but not limited to:
 - a) A deposit limit, which shall be offered on a daily, weekly and monthly basis and shall specify the maximum amount of money a player may deposit into his or her Player Account during a particular period of time;
 - b) A spending limit, which shall be offered on a daily, weekly and monthly basis and shall specify the maximum amount of player funds that may be put at risk during a particular period of time; and
 - c) A time-based limit, which shall be offered on a daily basis and shall specify the maximum amount of time, measured hourly from the player's log in to log off, a player may spend participating in Sports Betting and Fantasy Contests.
- 3) Players must be given the opportunity to set a limit as part of the registration process (or at the point at which the player makes the first deposit or payment).
- 4) Upon receiving any self-limitation order, the Operator must ensure that all specified limits are correctly implemented immediately or at the point in time (e.g., next login, next day) that was clearly indicated to the player;
- 5) The self-limitations set by a player must not override more restrictive involuntary limitations. The more restrictive limitations must take priority;
- 6) Once established by a player and implemented, the Operator shall prohibit an individual from participating over the limit they have set.
- 7) The Operator shall take reasonable steps to prevent individuals from overriding their self-imposed limits, including, at the request of the individual, sharing the requested limitations with the Commission for the sole purpose of disseminating the request to other Operators.
- 8) Any decrease to these limits shall be effective no later than the player's next log in. Any increase to these limits shall become effective only after the time period of the previous limit has expired and the player reaffirms the requested increase and upon 24 hours' notice, or as required by the Commission;

B. Involuntary Limitation

- 1) The Operator must be capable of applying responsible gambling limits including, but not limited to, daily deposit limits, spending limits, and time-based limits as established by the Commission through regulations to that effect. It is the Operator's responsibility to discuss with the Commission any procedures or tools implemented to assess the financial capacity of the players so that it can apply these limits correlatively to their income.
- 2) Players must be notified in advance of any involuntary limits and their effective dates. Once updated, involuntary limits must be consistent with what is disclosed to the player;
- 3) Upon receiving any involuntary limitation order, the Operator must ensure that all specified limits are correctly implemented immediately or at the point in time (e.g., next login, next day) that was clearly indicated to the player;

C. Self-Exclusion

The internal controls shall contain procedures for implementation of a self-exclusion program

- 1) Players must be provided with a mechanism to self-exclude from participating in Sports Betting and Fantasy Contests for any number of hours or days, or Indefinitely.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 2) Players shall be given a notification containing self-exclusion status and general instructions for removal where possible;
- 3) In the event a player has a pending wager or entry and then self-excludes, the wager and entries shall be cancelled, and the funds returned to the player according to the internal controls.
- 4) Immediately upon receiving the self-exclusion order and until such time as the order has been removed, the player shall be prevented from:
 - a) Participating in Sports Betting and Fantasy Contests;
 - b) Depositing funds;
 - c) Withdrawing funds, unless the Operator acknowledges that the funds have cleared;
 - d) Making changes to their Player Account; and
 - e) Removing of the Player Account from the system.
- 5) The Operator shall not send Sports Betting or Fantasy Contest-related email to the player while their Player Account is suspended, if the suspension is for at least 72 hours. The Operator shall provide a mechanism by which the player may change these controls, except that while their Player Account is suspended, the player may not change responsible gambling controls until the suspension expires, but the player shall continue to have access to the account and shall be permitted to withdraw funds from the account according to the process established for these purposes in the system.
- 6) The self-exclusion order may be removed:
 - a) Upon expiration of the time period established by the player; or
 - b) When permission is granted by the Commission
- 7) All indefinite or permanent self-exclusion requests made by a player to an Operator must be immediately notified to the Commission for their review, and addition to their Voluntary Exclusion List as covered in Section 12.2 of these Regulations.

D. Involuntary Exclusion

- 1) The Operator must be capable of excluding a player from participating in Sports Betting and Fantasy Contests:
 - a) When required by the Commission;
 - b) Upon a determination that a player is a Prohibited Player; or
 - c) When initiated by an Operator that has evidence that indicates illegal activity, a negative account balance, after failed ACH deposit attempts, a violation of the terms and conditions has taken place on a player's Player Account.
- 2) Immediately upon receiving the involuntary exclusion order and until such time as the order has been removed, the player shall be prevented from:
 - a) Participating in Sports Betting and Fantasy Contests;
 - b) Depositing funds;
 - c) Withdrawing funds, unless the reason for the exclusion would not prohibit a withdrawal and that the Operator acknowledges that the funds have cleared;
 - d) Making changes to their Player Account; and
 - e) Removing of the Player Account from the system, unless the self-exclusion is indefinite or permanent.
- 3) The involuntary exclusion order may be removed
 - a) When permission is granted by the Commission;
 - b) When the player is no longer a Prohibited Player; or
 - c) When the Operator has lifted the suspended status.
- 4) The Operator shall notify the Player Account holder via email, certified or registered mail, or other method approved by the Commission, whenever his or her Account has been closed or placed in a suspended mode. Such notification shall include the restrictions placed on the Account and any further course of action needed to remove the restriction.

E. Exclusion and Limitation Requests from Third Parties

The Operator shall establish procedures for evaluating requests made by third parties to exclude or set limits for players. Such procedures shall include provisions for honoring requests to exclude players for whom the requester provides documentary evidence of sole or joint financial responsibility for the source of any funds used for participating in Sports Betting and Fantasy Contests, including:

- 1) Proof that the requester is jointly obligated on the credit or debit card associated with the player's participation in Sports Betting and Fantasy Contests,
- 2) Proof of legal dependency of the player on the requester under state or federal law, or

- 3) Proof of the existence of a court order that makes the requester wholly or partially obligated for the debts of the individual for whom exclusion is requested; and
- 4) Provide for exclusion in situations in which the requester establishes the existence of a court order requiring the player to pay unmet child support obligations.

F. Commission's Exclusion Lists

- 1) The Commission's Voluntary Exclusion List and Involuntary Exclusion List may only be accessed by individuals authorized in accordance with the internal controls.
- 2) Except as authorized or required by these Regulations, the Commission's Exclusion Lists shall be kept confidential and the Operator shall not disclose the names included on these lists.
- 3) The Commission's Exclusion Lists shall not be publicly disclosed by an Operator, employee, affiliate or other person authorized to access the lists. However, an Operator may share the lists with other designated Operators in the territory or its affiliates in other jurisdictions for the purpose of assisting in the proper administration of responsible gambling programs operated by affiliated Authorized Locations.
- 4) The Operator shall establish procedures to enable the Office to provide to them their Exclusion Lists to add into their system. If the Operator utilizes an internal management system to track individuals on the Exclusion Lists, they shall update that system at least every seventy-two (72) hours with names of individuals being added or removed from the Exclusion Lists.

Section 9.8. Account Statement

The Operator shall provide an account statement with details to a player on demand, which shall include account activity for at least the six (6) months preceding twenty-four (24) hours prior to the request. In addition, Operators shall, upon request, be capable of providing to a player a summary statement of all player activity during the past year. For Sports Betting, the account statement shall meet the **GLI-33** specifications for a **"Transaction Log or Account Statement"**:

Section 9.9. Account Closure

- A. The Operator shall have internal controls, which permit an individual, group of individuals, or entity participation in Sports Betting and Fantasy Contests with the Operator to terminate the account at any time and for any reason and without penalty.
- B. The process for account closure must be simple. A player must be able to request the closure of their account through the mobile application, in addition to via email, telephone, and direct request at the Authorized Location.
- C. A player must not be encouraged or induced to keep their account open following their request to close their account. However, an Operator may explain the effects of an account closure and ask the player if they wish to proceed.
- D. The Operator shall offer a readily accessible method for a player to close his or her account at any time. The account closure process must commence immediately upon receipt of the account closure request.
- E. The account may remain in pending closure status if there are outstanding confirmed wagers or entries. The account closure process must result in the account being closed after all wagers and entries have been settled.
- F. Any balance remaining in a Player Account closed by a player shall be refunded pursuant to the internal controls, provided that the Operator acknowledges that the funds have cleared.

ARTICLE 10 BANK SECRECY ACT AND ANTI-MONEY LAUNDERING

Section 10.1. Bank Secrecy Act (BSA) Compliance

- A. The Operator must comply with the requirements established from time to time in relation to the Bank Secrecy Act, Title 31 (31 CFR, part 103) and all state and federal laws and regulations for the purpose of identifying and preventing money laundering.
- B. The Operator shall establish and comply with, internal controls for the reporting of transactions in excess of \$10,000 that appear to be transacted to avoid filing requirements of the Bank Secrecy Act. Compliance with these Regulations does not release the Operator from its obligation to comply with all applicable state and federal laws and regulations.

Section 10.2. Large Transaction Report (LTR)

- A. Operator shall file a Large Transaction Report (LTR) with the Commission and Financial Crimes Enforcement Network (FinCEN) of each or multiple of the following types of transactions:
 - 1) A wager or entry fee purchase in excess of \$10,000;
 - 2) A Player Account deposit in excess of \$10,000;
 - 3) A payout in excess of \$10,000 on a winning wager or entry; or
 - 4) A Player Account withdrawal in excess of \$10,000.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- B. Each type of transaction shall be aggregated separately in order to determine that the reporting threshold is met. The Operator shall monitor all transactions to ensure players are not circumventing these requirements.
- C. Before concluding any transaction where an LTR is required to be filed, the Operator shall obtain and record the following information:
 - 1) The player's legal name;
 - 2) The player's date of birth;
 - 3) The player's residential address (a post office box is not acceptable);
 - 4) The player's Social Security number or equivalent for a foreign player such as a passport or taxpayer identification number;
- D. For Player Accounts, the information in subsection (C) can be pulled automatically, as well as the recorded document number of the government-issued identification credentials examined for player registration, or other methodology for remote, multi-sourced authentication, which may include third-party and governmental databases, as approved by the Commission
- E. If the player is unable to provide an acceptable form of identification, the transaction must be refused until the necessary information has been obtained. If a player refuses to provide proper identification, all account transactions will be stopped and the player will be barred from any further account activity until satisfactory identification is provided.
- F. Subsequent to processing a transaction in excess of \$10,000 the Operator shall record on the LTR and maintain records that include:
 - 1) The player's legal name;
 - 2) The player's address;
 - 3) The player's social security number;
 - 4) A description including any document number of the identification credential examined;
 - 5) The amount of the transaction;
 - 6) The Ticket Writer number or other identification of the location where the transaction occurred;
 - 7) The time and date of the transaction; and
 - 8) The names and signatures of the Operator employees accepting or approving transaction;
- G. If LTRs are prepared by personnel pursuant to subsection (G) of this section, the completed LTRs are submitted to the Accounting Department by no later than 24 hours.
- H. LTRs shall be filed with FinCEN and submitted to the Commission no later than 15 days following the day on which the reportable transaction occurred and in such manner as the Commission may approve or require. The Operator shall file an amended report if the Operator obtains information to correct or complete a previously submitted report, and the amended report shall reference to the previously submitted report. The Operator shall retain a copy of each report filed for at least 5 years unless the Commission requires retention for a longer period of time. Due to the sensitive content in these reports, all communication should be sent using an encryption process of encoding messages.

Section 10.3. Multiple Transactions Log (MTL)

- A. Before completing a transaction with a player that, when aggregated with others, totals more than \$10,000 during any operational day, the Operator shall complete a Multiple Transactions Log (MTL) with identification and record keeping requirements described in Section 10.2 above.
 - 1) For Player Account transactions, multiple transactions shall be treated as single transaction if the system used for Sports Betting and/or Fantasy Contests records the same type of transactions for a Player Account totaling more than \$10,000 during any single day.
- B. The licensed Operator shall not knowingly allow, and shall take reasonable steps to prevent, the circumvention of reporting requirements through a player making a structured transaction, including multiple transactions or a series of transactions that are designed to accomplish indirectly that which could not be accomplished directly. A transaction or transactions need not exceed the dollar thresholds at any single Operator in any single day in order to constitute prohibited structuring. No Operator shall encourage or instruct the player to structure or attempt to structure transactions. This does not prohibit an Operator from informing a player of the regulatory requirements imposed upon the License, including the definition of structured transactions. An Operator shall not knowingly assist a player in structuring or attempting to structure transactions.
- C. Within 24 hours after the end of a designated 24-hour period, MTLs created pursuant to Section 10.3.A are submitted to the Accounting Department

Section 10.4. Suspicious Activity Report (SAR)

- A. The Operator shall file, with the FinCEN and the Commission to the extent and in the manner required by these Regulations, a Suspicious Activity Report (SAR) of any suspicious transaction or transactions relevant to a possible

Puerto Rico Sports Betting and Fantasy Contest Regulations

violation of law or regulation. An Operator may also file with FinCEN, a SAR, or otherwise, a report of any suspicious transaction that it believes is relevant to the possible violation of any law or regulation but whose reporting is not required by these Regulations. Due to the sensitive content in these reports, all communication should be sent using an encryption process of encoding messages.

- B. A transaction requires reporting under the terms of these Regulations if it is conducted or attempted, by, at, or through an Operator, and involves or aggregates to at least \$5,000 in funds or other assets, and the Operator knows, suspects, or has reason to suspect that the transaction or a pattern of transactions of which the transaction is a part:
 - 1) Involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any federal law or regulation or to avoid any transaction reporting requirement under federal law or regulation or of the Executive Director.
 - 2) Is designed, whether through structuring or other means, to evade any requirements of these Regulations or of any other regulations promulgated under the Bank Secrecy Act;
 - 3) Has no business or apparent lawful purpose or is not the sort in which the particular player would normally be expected to engage, and the Operator knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction; or
 - 4) Involves use of the Operator to facilitate criminal activity.
- C. A suspicious transaction shall be reported by completing a SAR, and collecting and maintaining supporting documentation as required by Section 10.2;
- D. The SAR shall be filed with FinCEN in a central location, to be determined by FinCEN, as indicated in the instructions to the SAR;
- E. The SAR shall be filed no later than 30 calendar days after the date of the initial detection by the Operator of facts that may constitute a basis for filing a SAR. If no suspect is identified on the date of such initial detection, an Operator may delay filing a SAR for an additional 30 calendar days to identify a suspect, but in no case shall reporting be delayed more than 60 calendar days after the date of such initial detection. In situations involving violations that require immediate attention, such as ongoing money laundering schemes, the Authorized Location shall immediately notify by telephone an appropriate law enforcement authority in addition to filing timely a SAR. Authorized Locations wishing voluntarily to report suspicious transactions that may relate to terrorist activity may call FinCEN's Financial Institutions Hotline at 1-866-556-3974 in addition to filing timely a SAR if required by these Regulations.
- F. An Operator is not required to file a SAR for a robbery or burglary committed or attempted that is reported to appropriate law enforcement authorities.
- G. An Operator shall maintain a copy of any SAR filed and the original or business record equivalent of any supporting documentation for a period of five years from the date of filing the SAR. Supporting documentation shall be identified as such and maintained by the Operator and shall be deemed to have been filed with the SAR. An Operator shall make all supporting documentation available to FinCEN, any other appropriate law enforcement agencies or federal, state, local, or Executive Director upon request.
- H. No Operator, and no Executive Director, officer, employee, or Operator of any Operator, who reports a suspicious transaction under these Regulations, may notify any person involved in the transaction that the transaction has been reported. Thus, any person subpoenaed or otherwise requested to disclose a SAR or the information contained in a SAR, except where such disclosure is requested by FinCEN or another appropriate law enforcement or regulatory Commission, shall decline to produce the SAR or to provide any information that would disclose that a SAR has been prepared or filed, citing the requirements of Title 31 U.S.C. and shall notify FinCEN of any such request and its response thereto. An Operator, and any Executive Director, officer, employee, or Operator of such Authorized Location, that makes a report pursuant to these Regulations, whether such report is required or made voluntarily, shall be protected from liability for any disclosure contained in, or for failure to disclose the fact of, such report, or both, to the extent provided by Title 31 U.S.C.

Section 10.5. Anti-Money Laundering (AML) Compliance Programs

- A. The holder of an Authorized Location license, or Operator, that offers Sports Betting and/or Fantasy Contests authorized in the Law, must to the Commission for approval a description of their AML and regulatory compliance programs, policies, and procedures that adequately address the risks posed by Sports Betting and Fantasy Contests for the potential of money laundering and terrorist financing. At a minimum, the AML procedures and policies shall provide for:
 - 1) Internal controls to assure ongoing compliance with the local AML regulations and standards observed by the Commission which should be documented in writing containing the approval of senior management;
 - 2) Up to date training of employees, including training in the identification of unusual or suspicious transactions, to the extent that the reporting of such transactions is required by applicable law or regulation, or by the Operator's own administrative and compliance policies which includes, but is not limited to,

- records of: the training curriculum, attendance records, and test results;
- 3) Assigning an individual or individuals, assigned the title of AML Compliance Officer, to assure day-to-day compliance and to be responsible for the operation and integrity of Sports Betting and Fantasy Contests, including all areas of AML. The AML Compliance Officer shall
 - a) Constantly review all the reports of unusual or suspicious transactions;
 - b) Immediately notify the Commission upon detecting any person who participates in, or attempts to participate in, an activity of fraud, theft, embezzlement, collusion, money laundering or any other illegal activity including those prohibited by the Penal Code and any other applicable special law.
 - 4) The establishment of a suspicious activity compliance committee who shall meet periodically for assessment of SARs prepared for determination of filing;
 - 5) Monitoring Player Accounts for opening and closing in short time frames and for deposits and withdrawals without participation in Sports Betting and Fantasy Contests; and
 - 6) Ensuring that aggregate transactions over a defined period may require further due diligence checks and may be reportable to the relevant organization(s) if they exceed the threshold prescribed by the Commission.
 - 7) Use of any automated data processing systems to aid in assuring compliance;
 - 8) Procedures for using all available information to determine:
 - a) When required by these Regulations, the name, address, social security number, and other information, and verification of the same, of a person;
 - b) When required by these Regulations, the occurrence of unusual or suspicious transactions; and
 - 9) Annual internal and/or external independent testing for compliance which includes the maintenance of work papers, frequency of testing, scope of testing, results of testing, conclusions and notice to management of testing results. Logs of all tests shall be maintained.
- B. Each Operator shall notify the Commission immediately upon discovery and knowledge of any violation or non-compliance with the AML compliance program, policies, and procedures; AML laws or regulations; any regulatory compliance program, policies, and procedures; or any law or regulation governing the Operator in any jurisdiction, including the territorial limits of Puerto Rico.

ARTICLE 11 TECHNICAL SECURITY AND INFORMATION SECURITY SYSTEMS

Section 11.1. Management Information Systems and Application Software Controls

The provisions of Section 6.7 of Regulation No. 8640 of September 9, 2015 as amended, shall apply to the operations of Sports Betting and Fantasy Contests.

Section 11.2. Organization of Information Security Management

- A. The Operator shall develop an information security policy which shall be in effect to describe internal controls pertaining to managing information security and its implementation. The information security policy shall contain:
- 1) A commitment by management to actively support security and compliance within the organization through clear direction, demonstrated commitment, explicit assignment, and acknowledgement of information security and compliance responsibilities.
 - 2) A description of how information security roles and responsibilities of Operator employees and relevant third parties for the operation, service and maintenance of the system used for Sports Betting and/or Fantasy Contests and/or its components.
 - 3) A reference to the Technology Platform Provider's policies and procedures which support information security activities within the organization.
 - 4) A requirement for review at planned intervals and when changes occur to the system used for Sports Betting and/or Fantasy Contests or the Operator's processes which alter the risk profile of the system
 - 5) A requirement to communicate information security policies to all employees and relevant third parties.
- B. The internal controls shall describe how risk assessments are performed to identify, quantify, and prioritize risks against criteria for risk acceptance. The description of risk assessments shall include at a minimum:
- 1) The methodology used for risk assessments, including:
 - a) A clearly defined scope for risk assessments; and
 - b) A systematic approach for risk identification, and risk analysis.
 - 2) The manner in which risk assessments of system components and operations are to be recorded and reported to management.
 - 3) The process for periodic reviews of the risk assessment.

Section 11.3. System Architecture

- A. The internal controls shall describe the following components of the system used for Sports Betting and/or Fantasy Contests deployed by the Technology Platform Provider:
 - 1) System components which record, store, process, share, transmit or retrieve PII, e.g. credit card details, authentication information, Player Account balances;
 - 2) System components which store the results or the current state of a player's wager or entry;
 - 3) Points of entry to and exit from the above systems; and
 - 4) Communication networks which transmit PII.
- B. Production networks serving the system and its components shall be segregated into security domains based on a risk assessment of the functions performed on each network described in the previous regulation. The risk assessment shall consider:
 - 1) The devices and software deployed on each network, e.g. wireless devices, database servers, VOIP devices, remote desktop capability, etc.
 - 2) The accessibility of the network from the public Internet;
 - 3) The value and classification of the information stored or processed in the network.
 - 4) The access control policy and access requirements for the applications on the network.
- C. All domains, points of access, and communication media for operations of Sports Betting and Fantasy Contests conducted are to be delineated in the internal controls.

Section 11.4. System Procedures

- A. The Operator shall be responsible for documenting within the internal controls and following:
 - 1) The procedures for the security and reliability of Player Accounts, Sports Betting and Fantasy Contests and the protection of "software" or computers, computers and other equipment used in Sports Betting and Fantasy Contests and the mechanisms to prevent their manipulation or use by unauthorized persons;
 - 2) The appropriate measures to detect, prevent, mitigate and respond to cyberattacks, including common active and passive attacks; and
 - 3) The procedures to gather cyber threat intelligence and act on it appropriately; and
 - 4) The relevant "**System Procedures**" outlined in GLI-33.
- B. The Operator shall document the responsibilities of the IT Department for the maintenance of the components of the system used for Sports Betting and/or Fantasy Contests. The documentation shall include:
 - 1) The roles of IT personnel in performing routine and non-routine maintenance on the components of the system.
 - 2) The source of procedures for performing routine maintenance activities.
 - 3) The records of the maintenance activities required to be kept.

Section 11.5. Physical and Environmental Security

- 1) Physical security measures shall be imposed on computer, computer terminals, and computer storage media to prevent unauthorized use or loss of data and data processing integrity;
- 2) An entity that has a license to accept participation in Sports Betting and/or Fantasy Contests, from people who are within the territorial limits of Puerto Rico, will have to locate its primary operation in a Hosting Center or other secure area authorized by the Commission that complies with the security standards identified by the Commission, in accordance with the standards or parameters acceptable to the Sports Betting industry and regulatory entities throughout the United States.
 - 1) The Operator will locate its primary operation, including the facilities, equipment, servers, and personnel directly involved in conducting the Sports Betting activity, within an area previously approved by the Commission.
 - 2) The backup equipment and the servers used, in accordance with the rules established by the Commission to conduct Sports Betting, may, with the prior approval of the Commission, be located elsewhere within the territorial limits of Puerto Rico
 - 3) The backup equipment will be used on a temporary basis in accordance with the rules established by the Commission to carry out Sports Betting and may, with the prior written approval of the Commission, locate them elsewhere within the territorial limits of Puerto Rico
 - 4) In the event that the Authorized Location is the Operator of Sports Betting and/or Fantasy Contests, it must locate its primary operation, including the facilities, equipment, servers and personnel directly involved in carrying out the Sports Betting and Fantasy Contests activity, within a restricted area in the facilities designated by them for this purpose.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 5) The Operator who complies with the security standards established by the Commission, will not be responsible for loss or damage if any is related to cyber damage or unauthorized interference with their System. Therefore, it cannot be sued by any judicial or administrative forum for this reason.
- 3) The main computers, including hardware, software, and data files for each participation application shall be in a secure area with access restricted to authorized persons, including providers.
- 4) The secure area shall meet the GLI-33 specifications for **"Physical Location of Servers"** and must include internal controls which delineate the methods, processes and practices used in meeting the following at a minimum:
 - 1) Redundant power sources to reduce the risk of data loss in case of interruption of power.
 - 2) Adequate climate control and fire suppression equipment.
 - 3) Adequate security mechanisms, such as traditional key locks, biometrics, combination door lock, or electronic key card system to prevent unauthorized physical access to areas housing critical components of the system and equipment for sports participation applications.
- 5) The administration of the electronic security systems, if used to secure areas housing critical components of the system and equipment, is performed by personnel independent of the Sports Betting and Fantasy Contests Departments.
- 6) The administration of the physical access security mechanism used to secure areas housing the critical components, such as keys, cards, or fobs, is performed by authorized IT personnel.
- 7) Physical access shall have a multi-factor authentication process unless the location is staffed at all times;
- 8) Access to computer operations shall be restricted to authorized personnel to reduce the risk of loss of data or data processing integrity.
- 9) Incompatible functions shall be adequately segregated, monitored to prevent errors in general system procedures to go undetected, or to conceal fraud.
- 10) Unrestricted entry to the secure location where computers are located will be prohibited for employees not assigned to the IT Department.
- 11) Non-IT personnel, including the Technology Platform Providers of the system's computer equipment, are allowed access to the areas housing critical components of the system and equipment for participation applications only when authorized and accompanied by IT personnel and with continuous monitoring by IT personnel during each access by IT personnel or personnel independent of the department using such application.
- 12) A record of each access by non-IT personnel is maintained and includes at a minimum:
 - 1) The name of the visitor(s);
 - 2) Time and date of arrival;
 - 3) Time and date of departure;
 - 4) Reason for visit; and
 - 5) The name of IT personnel authorizing such access.

Section 11.6. User Access Controls

A. Access Control Policy

An access control policy shall be established and documented within the internal controls which shall be periodically reviewed based on business and security requirements for physical and logical access to the system used for Sports Betting and/or Fantasy Contests and/or its components. The access control policy shall ensure:

- 1) Access to systems software, application programs and computer data shall be limited to authorized personnel;
- 2) Access to computer communications facilities, or the computer system, and information transmissions shall be limited to authorized personnel.

B. Provisioning of Access Privileges

- 1) A formal user registration and de-registration procedure shall be in place for granting and revoking access to the system and/or its components. Procedures shall be in place to control the allocation of access rights to components of the system. The procedures should cover all stages in the lifecycle of user access, from the initial registration of new users to the final de-registration of users who no longer require access to the system.
- 2) The internal control shall describe the assignment of employee access and job responsibilities for various components of the system. Provisioning for user accounts consist of assigning application functions matching the employee's current job responsibilities, unless otherwise authorized by management personnel, to ensure adequate separation of duties
 - a) The allocation of access privileges shall be restricted and controlled based on business requirements and the principle of least privilege.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- b) Employees shall only be provided with access to the services or facilities that they have been specifically authorized to use.
- c) Management shall review user access rights at regular intervals using a formal process.
- 3) A system administrator, management personnel, the IT service provider, or persons independent of the department being controlled, establish, or review and approve, user accounts for new employees and employees who transfer to a new department.
- 4) The transferred employees must have access appropriate for the new position only when the access for the previous position has been removed or disabled. Any previously assigned application function access for the employee's user account is changed to inactive (disabled) prior to the employee accessing their new user account for their role or position in a new department.
- 5) When multiple user accounts are used for one employee within a single application, only one user account may be active (enabled) at a time if the concurrent use of the multiple accounts by the employee could create a segregation of duties deficiency resulting in noncompliance with one or more Regulations. Additionally, the user account has a unique prefix/suffix to easily identify the users with multiple user accounts within one application.
- 6) The access provisioning process must be documented; documentation must evidence authorization by the appropriate management personnel, original user access and each subsequent change to user account; documentation must be maintained and made available upon request.

C. Logical Access Control

- 1) The system, including application software, shall be logically secured against unauthorized access by authentication credentials allowed by the Commission, such as passwords, multi-factor authentication, digital certificates, PINs, biometrics, and other access methods (e.g., magnetic swipe, proximity cards, embedded chip cards).
 - a) Operator personnel or persons independent of the Department being controlled shall assign and control access to system functions.
 - b) Internal controls shall be in place to ensure the GLI-33 requirements for “**Logical Access Control**” are met.
- 2) Any authentication credentials stored on the system shall be either encrypted or hashed to the cryptographic algorithms that meet current industry accepted standards, such as ISO/IEC 19790, FIPS 140-2, or equivalent.
- 3) A fallback method for resetting authentication credentials (e.g., forgotten passwords) shall be at least as strong as the primary method. A multi-factor authentication process shall be employed for these purposes.
- 4) The system shall allow for system administrator notification and user lockout or audit trail entry, after 3 consecutive failed attempts at authentication. Multi-Factor Authentication shall be required to unlock the account.
- 5) Restrictions on connection times such as but not necessarily limited to session timeouts shall be used to provide additional security for high-risk applications, such as remote access.
- 6) The system shall be sufficiently secure to prevent any user-initiated programming capabilities on the server that may result in modifications to the database. However, it is acceptable for network or system administrators to perform authorized network infrastructure maintenance or application troubleshooting with sufficient access rights. The server shall also be protected from the unauthorized execution of mobile code.

D. Password Requirements

- 1) Where passwords are used as an authentication credential, Passwords shall be controlled as follows, unless the standards in this section provide otherwise:
 - a) Each user shall have his/her own individual password;
 - b) Security parameters for passwords, if configurable, shall be at least 8 characters in length.
 - c) Passwords shall be changed at least quarterly with changes documented; and
 - d) For computer systems that automatically force a password change on a quarterly basis, documentation shall be maintained listing the systems and the date the user was given access.
- 2) The internal controls are to delineate whether the system is configurable for security parameters for passwords, and to what extent the system is configurable in meeting the above Password requirements.

E. User Authorization

- 1) The system shall implement the “User Authorization” requirements from **GLI-33**.
- 2) Where user sessions are tracked for authorization, the user session authorization information shall always be created randomly, in memory, and shall be removed after the user's session has ended.

F. Administrative Access

- 1) Access to administer the network, operating system, applications, and database security and system parameters is limited to:
 - a) Supervisory and/or management employees of the IT Department; or
 - b) IT employees under the supervision of supervisory and/or management employees of the IT Department; or
 - c) Employees of Operator/service provider under the supervision of supervisory and/or management employees of the IT Department; or
 - d) Employees of IT service provider.
- 2) The internal controls are to delineate the assignment of administrative access and function for various components of the system.
- 3) The system and its components being administered are enabled to log all administrative account's activity. Such logs are to be maintained and include time, date, login account name, a description of the event, the value before the change, and the value after the change.
- 4) Administrative access at the operating system level for all servers that support or are part of the system must be reviewed quarterly. Reviews are performed by personnel independent of the IT Department and include a complete review of all user accounts with administrative access. The reviewer performs the following:
 - a) Review all administrative groups and groups with elevated privileges to ensure membership is appropriate.
 - b) Review the last login date and time for all administrative accounts to determine whether any "stale" accounts exist (e.g., users on extended leave or terminated IT employees remain active in the system).
 - c) Review administrative accounts to ensure that passwords have been changed at least once every 90 days.
 - d) Examine user list to determine whether IT personnel utilize normal user accounts for regular use and administrator accounts for administrative functions.
- 5) Documentation of the results of the review is retained for a period of 18 months and includes the date, time, and name and title of the person performing the review.

G. Removal of Access Privileges

- 1) The access rights of employees to the system and/or its components shall be removed upon termination of their employment, contract or agreement, or adjusted upon change.
- 2) The user access administrator and/or system administrator, as applicable, must be notified immediately, but no less than within 24 hours, when an employee, including one who has a user account with remote access capability, is known to be no longer employed (e.g., voluntary or involuntary termination of employment). Hostile terminations require immediate notification to the administrator who must promptly disable/remove access rights to the system(s). Upon notification, the administrator must change the status of the employee's user account from active to inactive (disabled) status within a reasonable period of time, established in the internal controls. The period of time for notification of the administrator is to be set such that it is unlikely that the terminated employee would gain access, remote or otherwise, within the notification period.

H. Generic Accounts

- 1) Generic accounts at the application level are prohibited unless user access is restricted to inquiry only functions.
- 2) The use of generic accounts shall be limited, and where used the reasons for their use shall be formally documented in the internal controls.
- 3) Generic accounts at the operating system level, if used, are configured such that:
 - a) The user is automatically brought to the application logon screen immediately upon logging into the operating system, and the user is logged out of the operating system automatically upon exiting the application; or
 - b) The user is only granted access to the assigned application(s) for the user's current job responsibilities, and the user is precluded from executing unassigned applications or functions from the terminal desktop and is precluded from interactive access to the operating system through the proper security configurations.
- 4) The internal controls are to delineate the method used to secure generic accounts.

I. Service Accounts

- 1) Service accounts, if used, are utilized in a manner to prevent unauthorized and inappropriate usage to gain logical access to an application and the underlying databases and operating system.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 2) Service account log-in and password information is restricted to a limited number of authorized employees. Suggested methods include:
 - a) Service accounts are configured such that the account cannot be used to directly log in to the console of a server or workstation;
 - b) Service account passwords are to be changed at least once every 90 days, and immediately upon termination of system administrators.
- 3) The employee responsible for the documentation indicating the method used to prevent unauthorized and inappropriate usage of these service accounts (available upon request by authorized internal and external auditors and by Commission personnel) is to be delineated in the internal controls.

J. Default Accounts

- 1) User accounts created by default (default accounts) upon installation of any operating system, database or application are configured to minimize the possibility that these accounts may be utilized to gain unauthorized access to system resources and data.
- 2) The employee responsible for the documentation indicating the procedures implemented to restrict access through the use of default accounts (available upon request by authorized internal and external auditors and by Commission personnel) is to be delineated in the internal controls.
- 3) Any other default accounts that are not administrator, service, or guest accounts must be disabled unless they are necessary for proper operation of the system. If these accounts must remain enabled, the passwords are changed at least once every 90 days.

K. Test Accounts

The Operator shall set up test accounts to be used to test each of the various components and operations of the system in accordance with internal controls approved by the Operator, which, at a minimum, shall address the following procedures:

- 1) The procedures for authorizing testing activity and assigning each test account for use;
- 2) The procedures for the issuance of funds used for testing, including the identification of who is authorized to issue the funds and the maximum amount of funds that may be issued;
- 3) The maintenance of a record for all test accounts, to include when they are active and to whom they are issued; and
- 4) The procedures for the auditing of testing activity to ensure the accountability of funds used for testing and proper adjustments to reports and records.

L. List of Accounts

- 1) System administrators maintain a current list of all enabled generic, system, and default accounts. The employee(s) responsible for maintaining the list is to be delineated in the internal controls. The documentation includes, at a minimum, the following:
 - a) Name of system (i.e., the application, operating system, or database).
 - b) The user account login name.
 - c) A description of the account's purpose.
 - d) A record (or reference to a record) of the authorization for the account to remain enabled.
- 2) The current list required by subsection (1) is reviewed by IT management in addition to the system administrator at least once every six months. The internal controls are to delineate the employee(s) responsible for the review. The list is reviewed to perform necessary procedures:
 - a) To identify any unauthorized or outdated accounts;
 - b) To ensure that all service, generic, and default accounts are not enabled for remote access;
 - c) To determine that the method used is a properly designed control process and is effectively operating to secure the generic, service, and default accounts from unauthorized usage.
- 3) If an IT service provider is used, the system administrator (the employee[s] delineated in the internal controls) maintains an additional list of all user accounts with system administrative permission which includes at a minimum:
 - a) Name of the system administered by an IT service provider, and
 - b) The user account(s) login name(s) used by an IT service provider.
- 4) The current list required by subsection (3) is reviewed by IT management, in addition to the system administrator, at least once every six months. The internal controls are to delineate the employee(s) responsible for the review. The list is reviewed to ensure that the permissions are appropriate for each user's position.

M. User Access Listing

- 1) A “User Access Listing” must be maintained either manually or by systems that automatically record access changes and force authentication credential changes. The written internal controls are to indicate the system's capability of producing a user access listing and to what extent the system's listing provides specified information.
- 2) A “User Access Listing” report must be generated monthly and a copy of each report is to be retained for the most recent five years.
 - a) The “User Access Listing” report shall contain at a minimum, for each user account:
 - i. Employee name and title or position.
 - ii. User identification.
 - iii. Full list and description of application functions that each group/user account may execute. This list may be available in a separate report if the menu functions are easily referenced between the user access listing report and the menu function report.
 - iv. The date and time account created.
 - v. The date and time of last login.
 - vi. The date and time of last password change.
 - vii. The date and time account disabled/deactivated.
 - viii. Group membership of user account, if applicable.
 - b) The “User Access Listing” reports may be archived electronically if the listing is written to unalterable media (secured to preclude alteration). If available, the list of users and user access for a system must be available in electronic format that can be analyzed by analytical tools (e.g., spreadsheet or database) that may be employed by the Commission.
- 3) “User Access Listing” reports produced at the application layer shall be reviewed quarterly by personnel independent of the authorization and user provisioning processes.
 - a) The review consists of examining a sample of at least 10% (with a maximum of 25) of the users included in the listing. For each of the randomly selected users, the reviewer shall determine whether:
 - i. The assigned system functions are being used as authorized (i.e., system functions are appropriate for user's job position);
 - ii. The assigned functions provide an adequate segregation of duties;
 - iii. Terminated employees' user accounts have been changed to inactive (disabled) status within the time period determined by management and delineated in the internal controls. Verification of the time period is not required if the system is not capable of providing a user access listing indicating the date and time of an account being disabled/deactivated. The written internal controls are to delineate this reason for not performing a verification of time period;
 - iv. Passwords have been changed within the last 90 days. The review for password changes within 90 days applies regardless of whether the system parameter has been configured to have the password changed at least once every 90 days. However, the review does not apply when the system is not capable of providing a user access listing indicating the date of the last password change. The internal controls are to delineate this reason for not performing a review for password changes.
 - v. There are no inappropriate assigned functions for group membership, if applicable. This applies to a review of the assigned functions for the selected user account with group membership.
 - b) The reviewer must maintain adequate evidence to support the review process for the last four quarterly periods. The evidence is to include at a minimum:
 1. The date and time of review;
 2. The individual(s) performing the review;
 3. The selected user accounts reviewed;
 4. Documentation of the results of the review, including any exceptions, follow-up and resolution of exceptions.

Section 11.7. Monitoring and Reporting

A. Logging

- 1) Logging facilities and log information shall be protected against tampering and unauthorized access.
- 2) Event logs recording user activities, exceptions, and information security events shall be generated on each system component in order to monitor and rectify anomalies, flaws and alerts. All logs shall be stored and regularly reviewed in order to be presented as evidence.
- 3) Transaction logging shall be enabled on all databases. The alteration of any accounting, reporting or significant event data shall meet the GLI-33 requirements for “**Data Alteration**”.

B. Monitoring of Systems

- 1) Antivirus software shall be deployed on the system used for Sports Betting and/or Fantasy Contests to mitigate attacks from known viruses. Logs shall be stored of all virus encounters. These programs shall be updated regularly to scan for new strains of viruses.
- 2) All critical components of the system are to be operational in order for the system to operate and commence Sports Betting and Fantasy Contests. The system shall detect and record information regarding the failure or non-operation of any component within the system. A log of this event shall be generated.
- 3) After a system interruption or shutdown, communication with all components necessary for system operation shall not be established and authenticated until the program resumption routine, including any self-tests, are completed successfully

C. Exception Reports

- 1) Exception reports shall be generated for significant events or alternations. The internal controls are to indicate the system's capability of producing an exception report (includes listing of specific report[s]) and to what extent this report provides specified information.
- 2) Significant events or alternations which shall be tracked include, but are not limited to:
 - a) Failed login attempts. If configurable by the system, parameters may be set so that only certain attempts are flagged for review (e.g., failed login attempts exceeding a certain number or failed login attempts to a specific address are flagged for review);
 - b) Program error or authentication mismatch;
 - c) Significant periods of unavailability of the system or any critical component. A significant period may be any length of time when a transaction cannot be performed;
 - d) Large wins (single and aggregate over defined time period) in excess of a value specified by the Commission, including ticket information;
 - e) Large wagers or entry purchases (single and aggregate over defined time period) in excess of a value specified by the Commission, including ticket information;
 - f) Large financial transactions (single and aggregate over defined time period) in excess of a value specified by the Commission, including transaction information;
 - g) System voids, past-post wager or entry voids, in-progress wager or entry voids, past-post wager or entry write, in-progress wager or entry write, overrides, and corrections;
 - h) Changes to live data files occurring outside of normal program and operating system execution. Databases and operating systems are to be configured to monitor for and record manual edits and modifications made by users (not automatically by programs or operating systems) to data files and database tables belonging to the system;
 - i) Changes that are made to the download data library, including the addition, changing or deletion of software, where supported;
 - j) Changes to operating system, database, network, and application policies and parameters. Policies and parameters include, but are not limited to:
 - i. Audit settings (types of events that are monitored and logged);
 - ii. Password complexity settings (minimum length, maximum age, etc.);
 - iii. System security levels (AS/400, Security);
 - iv. Point structure for player loyalty;
 - k) Changes to date/time on master time server;
 - l) Audit trail of information or initially recorded data changed by administrator accounts. Information logged, if configurable, is to include the events related to the functions described in the definitions of “system administrator” and “user access administrator”.
 - m) Changes to previously established criteria for a Sports Event, Special Event, or Fantasy Contest (not including line posting changes for active Sports Events or Special Events), such as odds, cut-off times, event data;
 - n) Changes to the results of a Sports Event, Special Event, or Fantasy Contest;
 - o) Changes to promotion and/or bonus parameters;

Puerto Rico Sports Betting and Fantasy Contest Regulations

- p) Adjustments to a Player Account balance;
 - q) Changes made to PII and sensitive information recorded in a Player Account;
 - r) Deactivation of a Player Account;
 - s) Irrecoverable loss of sensitive information;
 - t) Any other activity requiring user intervention or supervisory approval and occurring outside of the normal scope of system operation; and
 - u) Other significant or unusual events as deemed applicable by the Commission (the internal controls are to delineate what other events are to be logged).
- 3) Exception reports produced for the system for the significant events or alternations listed above shall include at a minimum:
- a) The date and time of the significant event or alteration;
 - b) Unique transaction identifier;
 - c) Identification of user(s) who performed and/or authorized the significant event or alteration;
 - d) Reason/description of the significant event or alteration, including data or parameter altered;
 - e) Data or parameter value prior to alteration; and
 - f) Data or parameter value after alteration.
- 4) The internal controls are to delineate separately for each layer of the system (application, operating system, database and network, where applicable) whether the system is configurable, and to what extent the system is configurable, in tracking specified events.
- 5) Exception reports are reviewed on a daily basis for propriety of transactions and unusual occurrences. The review shall be aimed at providing reasonable assurance that:
- a) Users are only performing activities which have been explicitly authorized; and
 - b) Possible threats facing the system are being assessed.
- 6) All noted improper transactions or unusual occurrences noted during the review of exception reports are investigated by supervisors of the IT Department with the results documented.
- 7) The employee(s) responsible for reviewing the exception reports is (are) delineated in the internal controls.
- 8) Evidence of this review (e.g., log, checklist, notation on reports) must be maintained for 18 months following the completion of the review. The evidence is to include:
- a) The date and time of review;
 - b) Name and title of person performing the review;
 - c) The exception report reviewed;
 - d) Any exceptions noted; and
 - e) Follow-up and resolution of exceptions.
- 9) Compliance may involve the use of an automated tool that “flags” the events for the system and provides the person assigned to complete the review with notification.
- a) A record of the notification must include the date and time of the notification.
 - b) Maintaining the notification for 90 days may serve as evidence of the review, provided that the date, time, name of individual performing the review of the exceptions noted, and any follow-up of the noted exception are documented in the notification or in a separate document maintained as required by these Regulations.
- 10) IT personnel who review the logs are independent of the system administration and user access administration functions and do not have system access to perform any administrative functions in the systems for which the logs are being reviewed. Alternatively, the Operator may designate an employee outside of the IT Department, provided that the employee is independent of the department using the system for which the logs are being reviewed.
- 11) If an IT service provider maintains and administers the system on behalf of the Operator:
- a) The review of the logs is to be performed by IT personnel who are employees of the Operator; or
 - b) If an automated tool is used, the notification is to be provided to IT personnel employed by the Operator.

D. Incident Management Procedures

- 1) Procedures must be implemented within the internal controls for responding to, monitoring, investigating, resolving, documenting, and reporting security incidents associated with the system used for Sports Betting and/or Fantasy Contests.
- 2) The incident management process shall:
 - a) Include a definition of what constitutes a security incident.
 - b) Document how security incidents are reported through appropriate management channels.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- c) Address management responsibilities and procedures to ensure a rapid, effective and orderly response to security incidents, including:
 - i. Procedures to handle different types of security incident;
 - ii. Procedures for the analysis and identification of the cause of the incident;
 - iii. Communication with those affected by the incident;
 - iv. Reporting of the incident to the appropriate authority;
 - v. Forensic evidence collection; and
 - vi. Controlled recovery from security incidents.
- 3) All security incidents must be responded to within an established time period approved by the Commission and formally documented.
- 4) If an Operator becomes aware of a reproducible error in the system that relates to network security, data security, accurate placement, or recording or redemption of wagers or entries, location detection, or otherwise calls into question the security and integrity of the system, the Operator shall notify the Commission immediately. Such notification shall include:
 - a) A description of the error;
 - b) Risks created or imposed by the error; and
 - c) Efforts being taken by the Operator to prevent any impact to the security and integrity of the system.

Section 11.8. System Verification

A. Requirements for System Verification

- 1) The internal controls shall include a mechanism for verifying that the components of the system used for Sports Betting and/or Fantasy Contests in the production environment and the mobile application made available for download by players from the live website are identical to those approved by the Commission.
- 2) The system shall, at least once every twenty-four (24) hours, perform a self-authentication process on all software used to offer, record and process wagers and entry fees to ensure there have been no unauthorized modifications.
- 3) Provision shall be made for the verification mechanism to be run at the following times:
 - a) On re-start of the system;
 - b) On the incorporation of changed components to the system;
 - c) On a scheduled period of not more than 24 hours as determined by the Executive Director; and
 - d) At any time at the request of the Executive Director.
- 4) The authentication mechanism shall include all critical control program components which may affect the operations of Sports Betting and Fantasy Contests, including but not limited to executables, libraries, system configurations, operating system files, components that control required system reporting, and database elements that affect system operations;
- 5) As a minimum, the digital signatures shall employ a cryptographic algorithm which produces a message digest of at least 128 bits;
- 6) Signatures of shall be gathered from the production environment through a process, which shall include one or more analytical steps to compare the current signatures of the critical control program components in the production environment with the signatures of the current approved versions of the critical control program components.

B. Results of Authentication

- 1) Signatures produced by the authentication mechanism from each verification process must be stored in an unalterable format and shall comprise part of the system records which must be recovered in the event of a disaster or equipment or software failure.
- 2) Records of verification processes must be
 - a) Recorded by the system in a log or report;
 - b) Maintained for a period of not less than ninety (90) days; and
 - c) Accessible by the Commission in a format which will permit analysis of the verification records by the Commission.

C. Authentication Failure

- 1) A failure of verification of any component of the system shall result in an alert being communicated to the Information Systems Officer and the Commission within twenty-four (24) hours.
- 2) There shall be a process in place for responding to authentication failures if the component is determined to be invalid, including determining the cause of the failure and performing the associated corrections or reinstallations needed in a timely manner.

D. Control Program Independent Verification

- 1) Each critical control program component of the system shall have a method to be verified via an independent third-party verification procedure.
- 2) The third-party verification process shall operate independently of any process or security software within the system. The independent test laboratory, prior to system approval, shall approve the integrity check method.

Section 11.9. Software Downloads

- A. Downloads must use secure methodologies that will deliver the download data without alteration or modification.
- B. Downloads conducted during operational periods must be performed in a manner that will not affect Sports Betting or Fantasy Contests.
- C. Downloads must not affect the integrity of locally stored data.
- D. The Operator must be capable of recording for each download:
 - 1) The time and date of the initiation of the download;
 - 2) The time and date of the completion of the download;
 - 3) The system components to which software was downloaded;
 - 4) The version(s) of download package and any software downloaded. Logging of the unique software signature will satisfy this requirement;
 - 5) The outcome of any software verification following the download (success or failure); and
 - 6) The name and identification number, or other unique identifier, of any individual(s) conducting or scheduling a download.

Section 11.10. Electronic Storage of Information

- A. Reports and other documents/records may be directly written to an electronic document retention system in a portable document format (PDF) or scanned to an electronic document retention system into either a portable document format or standard image format provided that the system, meets the GLI-33's requirements for an **"Electronic Document Retention System"**:
- B. If scanned, documentation must be verified by at least one additional person when being added to the electronic document storage system to ensure that the scanned version is identical to the original document. The second person must provide an electronic signature or other method of sign-off verification with the date and time to demonstrate that the review was performed prior to the document being added to the system.
- C. On a quarterly basis, internal audit personnel shall review a minimum of 20 documents added to the electronic document retention system.
 - 1) The review shall assess whether:
 - a) The documents are accurate reproductions of the original and the hash signatures match to the signatures recorded when the documents were added to the system;
 - b) The documents are readable and version control is functioning properly (i.e., all changes after the original was added are reflected in subsequent versions);
 - c) Indexing is correct (i.e., all information is accurate, and the document is easily identified);
 - d) User access to add or modify documents is set to an appropriate level of access to administer the electronic document retention system, and no terminated employees have active user accounts on the system;
 - e) Event recording and reporting is functioning as designed and the logs are being reviewed by the appropriate personnel regularly; and
 - f) Redundancy exists and is adequately functional to limit the level of risk that an outage or loss of records may occur in the event of hardware failure or another unforeseen event.
 - 2) Evidence of the review shall be maintained for five years. The evidence is to include at a minimum:
 - a) The date and time of review;
 - b) Name and title of person performing the review;
 - c) The document records reviewed; and
 - d) Any exceptions, follow-up and resolution of exceptions.
- D. The internal controls must delineate the name and components of the electronic storage system, all procedures used for electronic document retention and the titles for all employees responsible for administering and maintaining the system.

Section 11.11. Assets

A. Asset Management

Internal controls shall be in place to ensure that all assets housing, processing or communicating sensitive information, including those comprising the operating environment of the system used for Sports Betting and/or Fantasy Contests and/or its components, are accounted for in accordance with GLI-33 requirements for “**Asset Management**”.

B. Inventory of Assets

- 1) The internal controls shall include a Critical Asset Registry (CAR) of all components of the system including hardware and software, that affect the functionality of the system or has an influence on how PII and other sensitive information is stored/handled by the system.
- 2) The structure of the CAR shall include hardware and software components and the inter-relationships and dependencies of the components.
- 3) The CAR shall include the following information for each component:
 - a) A descriptive name/definition for the component (e.g. server, email application, etc.);
 - b) The unique ID that is assigned to each individual component;
 - c) A model number or version number of the component listed;
 - d) Identifying characteristics (e.g., system component, database, virtual machine, hardware);
 - e) The “owner” responsible for the component;
 - f) The geographical location of hardware components, including the location of staff required for the management or maintenance of each component; and
 - g) Relevance codes on the classification criteria:
 - i. **Confidentiality** of PII and other sensitive information (e.g., identification and transaction information) For example, identification/personal information of a player on the system or transactional information of players’ data.
 - ii. **Integrity** of the system, specifically any components that affect the functionality of the system or has an influence on how information is stored/handled by the system
 - iii. **Availability** of player information; and
 - iv. **Accountability** of user activity, and how much influence the component in question has on the user’s activity.
- 4) Each component in the CAR will be assigned a relevance code on the scale below based on the component’s role in achieving or ensuring each of the above classification criteria (Confidentiality, Integrity, Availability, and Accountability)
 - a) 1 - No relevance (the component can have no negative impact on the criteria);
 - b) 2 - Some relevance (the component can have an impact on the criteria);
 - c) 3 - Substantial relevance (the criteria are related to or dependent on the component); and
- 5) The internal controls are to delineate the physical location of each component, including the location of staff (Operator, service provider, datacenter Operator if the datacenter is maintained by an independent party) for operation, service and maintenance of system and/or its components.

C. Secure Disposal of Assets

- 1) Assets shall be disposed of securely and safely using documented procedures.
- 2) Prior to disposal or re-use, assets containing storage media shall be checked to ensure that any licensed software, as well as PII and other sensitive information has been removed or securely overwritten (i.e., not just deleted).
- 3) A record of the disposal of equipment or media shall be kept in the CAR.

Section 11.12. System Integrity

A. Data Security

- 1) The Operator shall provide a layered approach to security within the production environment to ensure secure storage and processing of data.
- 2) The system used for Sports Betting and/or Fantasy Contests shall provide a logical means for securing the PII and other sensitive information, including accounting, reporting, significant event, or other participation data, against alteration, tampering, or unauthorized access in accordance **GLI-33’s** requirements for “**Data Security**”:
- 3) The internal controls shall describe how and where encryption or cryptography is used in the system to protect PII and other sensitive information, in accordance with GLI-33’s requirements for “**Cryptographic Controls**” and “**Encryption Key Management**”:

Puerto Rico Sports Betting and Fantasy Contest Regulations

- 4) The following shall also be included in the internal controls:
 - a) The required level of protection of all PII and other sensitive information based on a risk assessment and information classification.
 - b) The use of encryption for PII and other sensitive information if it traverses a network with a lower level of trust.
 - c) The need for encryption of stored PII and other sensitive information on portable computer systems (laptops, USB devices, etc.).
 - d) Secure encryption keys in a way which limits access.
 - e) Integrity measures for the storage of winning ticket, entry, and voucher data and validation information.
 - f) The roles and responsibilities of IT Department personnel for key management and the implementation of the cryptography policy.

B. Backup and Recovery Procedures

- 1) Daily backup and recovery procedures shall be in place and shall follow a process documented in the internal controls, which shall meet the GLI-33 requirements for the following items:
 - a) "Backup Frequency";
 - b) "Storage Medium Backup";
 - c) "System Failure";
 - d) "Accounting of Master Resets"; and
 - e) "Recovery Requirements".
- 2) Backup system logs are reviewed daily by IT personnel or individuals authorized by IT personnel to ensure that backup jobs execute correctly and on schedule. The backup system logs are maintained for the most recent 30 days. The employee(s) responsible for reviewing the backup logs is to be delineated in the internal controls.
- 3) Backup data files and data recovery components must be managed with at least the same level of security and access controls as the system for which they are designed to support.
- 4) The employee responsible for the documentation indicating the procedures implemented for the backup processes and for restoring data and application files (available upon request by authorized internal and external auditors and by Commission personnel) is to be delineated in the internal controls.
- 5) Quarterly, IT personnel test the recovery procedures. A record is to be maintained indicating the date a test of the recovery procedures was performed and the results of the recovery test. Recovery procedures must include, but are not limited to, the following:
 - a) Data backup restoration;
 - b) Program restoration; and
 - c) Redundant or backup hardware restoration.

C. Business Continuity and Disaster Recovery Plan

- 1) The Operator shall provide and annually update and test a "**Business Continuity and Disaster Recovery Plan**," as outlined in GLI-33, to recover operations of Sports Betting and Fantasy Contests if the system's production environment is rendered inoperable. Such plan shall consider disasters including, but not limited to, those caused by weather, water, flood, fire, environmental spills and accidents, malicious destruction, acts of terrorism or war, and contingencies such as strikes, epidemics, pandemics, etc.
- 2) Utilization of cloud platforms for this purpose will be evaluated on a case-by-case basis;
- 3) The Operator shall include a process for testing the business continuity and disaster recovery plan at least annually.
 - a) A report detailing the results of the annual test shall be forwarded to the Executive Director no later than one month after the completion of the test.
 - b) A process for implementing any recommendations for improvement resulting from the annual test shall be documented.
- 4) The roles and responsibilities of the IT Department personnel responsible for maintaining the business continuity and disaster recovery plan shall be documented in the internal controls.
- 5) System components shall be provided with adequate primary power which meets the GLI-33 requirement for "**Uninterruptible Power Supply (UPS) Support**".

Section 11.13. System Security

A. Third-Party Systems

- 1) The Operator is to document within their internal controls the use of any additional third-party systems/processes that are not managed by the Operator, an example might be a third party who is contracted to perform patch management, system backups, or vulnerability testing. A third-party system is a hardware system or process performed by someone who is not part of the Operator or Technology Platform Provider, examples include a Commission managed to operate the physical computer system, perform backups, or provide security services. This would also include a technology firm who provides assurance services such as SOC audits. None of these need licenses but the Commission would like to understand the environment in which the Sports Betting and Fantasy Contests operates.
- 2) The Operator shall have policies and procedures for managing third parties who provide information security services, hardware, and/or software or interact with the system, which shall meet the GLI-33 requirements for **“Third-Party Service Providers”**.

B. Communications Security

- 1) The system used for Sports Betting and/or Fantasy Contests shall be designed to ensure the integrity and confidentiality of all communications and ensure the proper identification of the sender and receiver of all communications. If communications between any system components are performed across internet/public or third-party networks, the system shall either encrypt the data packets or utilize a secure communications protocol to ensure the integrity and confidentiality of the transmission. In addition, the GLI-33 requirements for **“Communications”** must be met to assure communications security:
- 2) Network equipment shall be correctly maintained to ensure its continued availability and integrity. The logs of all routers, switches, firewalls and other network appliances should be reviewed on a scheduled basis for any errors, or performance concerns.
- 3) Communications records covering network lag, connection speeds, and communications outages should be reviewed on a regular basis and corrective action taken if any errors or performance concerns are detected.
- 4) All entry and exit points to the network shall be identified, managed, controlled, and monitored on a 24/7 basis.
- 5) The servers used to resolve public or external Domain Name Service (DNS) queries used in association with the system shall meet GLI-33’s **“Domain Name Service (DNS) Requirements”**.
- 6) In cloud and virtualized environments, each server instance may perform only one function. Alternative equivalently secure mechanisms will be considered as technology advances.
- 7) A formal policy shall be in place, and appropriate security measures shall be adopted to protect against the risks of using mobile computing and communication facilities. Telecommuting shall not be permitted except under circumstances where the security of the endpoint can be guaranteed.
- 8) If guest networks are offered (such as, networks that provide internet access for players, athletes, or Technology Platform Providers), adequate logical segregation is provided of the guest network from the network used to serve access to Sports Betting and/or Fantasy Contest related applications and devices. Traffic on guest networks is non-routable to the network serving Sports Betting and/or Fantasy Contest related applications and devices.

C. Remote Access

- 5) Remote access allows a user access to the operator’s network from outside of this network through some form of a data link. Remote access typically involves the use of the Internet, a dial-up modem, and/or Virtual Private Network (VPN) or similar technology. A procedure for strictly controlled remote access in accordance with GLI-33’s requirements for **“Remote Access Security”** shall be established and documented in the internal controls.
- 6) The range of functions available to each remote access user shall be defined in conjunction with the process owner, the IT Department and the Security Department.
- 7) Remote access to any component of the system shall be configured to prevent the transfer of PII outside of the United States, unless authorized by the Commission.
- 8) Remote access to the system components (production servers, operating system, network infrastructure, application, database and other components) shall be limited to authorized IT Department personnel employed by the Operator, except in the following cases:
 - a) Remote access by Technology Platform Provider personnel to any component of the system is allowed for purposes of support or updates and is enabled only when approved by authorized IT personnel employed by the Operator. If the remote access to a database is performed by unlicensed

Puerto Rico Sports Betting and Fantasy Contest Regulations

- Technology Platform Provider personnel, the remote access must be continuously monitored by IT personnel employed by the Operator.
- 9) Remote access may be allowed for non-IT personnel (management personnel or other authorized employees of the Operator), however:
 - a) Non-IT personnel must be precluded from directly accessing any databases or operating systems of any of the system and other production environment servers.
 - b) Additional security methods must be employed beyond passwords for user accounts to ensure that the system application and data integrity are maintained and secure. These additional security methods are to be delineated in the internal controls
 - 10) Remote access to Player Accounts by authorized employees of the Operator from outside of the United States is allowed for the purposes of providing customer service but must be conducted via a remote desktop application to prevent the transfer of data from the application environment to the remote site. Access must be limited to only the application functions necessary for personnel to perform their job duties.
 - 11) When the system (or its components) can be accessed remotely for purposes of Technology Platform Provider support, the internal controls must specifically address **“Remote Access Procedures and Guest Accounts”** as specified in GLI-33.
 - 12) Technology Platform Provider accounts must be restricted through logical security controls to have the ability to access only the application(s) and/or database(s) that are necessary for the purposes of support or providing updates/upgrades.
 - a) The Operator must employ security methods in addition to passwords to verify the identity of Technology Platform Provider personnel prior to authorizing any remote access for that Technology Platform Provider
 - b) User accounts used by Technology Platform Providers must remain disabled on all operating systems, databases, network devices, and applications until needed by such Technology Platform Provider.
 - c) Subsequent to an authorized use by a Technology Platform Provider, the account is returned to a disabled state.
 - 13) Any instance of remote access to the system components shall be automatically recorded by a device or software which requires the information to be recorded in a **“Remote Access Activity Log”** as specified in GLI-33. For at least one day each quarter, the remote access log shall be reviewed by the Internal Audit Department.
 - a) The internal controls are to delineate the procedures and documentation used to perform the review.
 - b) The review is to reasonably assure:
 - i. Each remote access session by a Technology Platform Provider has been appropriately documented;
 - ii. Each remote access by non-Technology Platform Provider personnel (IT employee, management personnel, or other authorized employee) is performed by an individual who has been authorized to have such access.
 - c) Evidence of the review of remote access logs is to be maintained for the last four quarterly periods. The evidence is to include at a minimum:
 - i. The date and time of review;
 - ii. Name and title of person performing the review;
 - iii. The remote access log reviewed; and
 - iv. Any exceptions, follow-up and resolution of exceptions.

D. Firewalls

- 1) The production environment must be equipped with a firewall which meets the **GLI-33** requirements for **“Firewalls”**.
- 2) Firewalls used to protect the production environment shall be able to record the audit information specified in GLI-33 for **“Firewall Audit Logs”** to preserve and secure the information from loss or alteration.

Section 11.14. Annual Security Audits

A. Technical Security Audits

- 1) An annual technical security audit shall be performed by an independent testing laboratory accredited by the Commission to compliment the testing and annual certification designated for the system used for Sports Betting and/or Fantasy Contests. The security audit covers the applications transferring, storing or processing PII or sensitive information, the underlying operating system, network components, and hardware changes not included in the evaluation of the system re-baselined. It is the responsibility of the Operator to

Puerto Rico Sports Betting and Fantasy Contest Regulations

coordinate with their Technology Platform Providers and Service Providers to ensure all critical components are audited.

- a) An Operator shall submit a security audit within ninety (90) days, after becoming operational and by June 1 of each year thereafter. Sports Betting
 - b) Compliance with these standards is to ensure that Operators have appropriate security controls in place so that players are not exposed to unnecessary risks when choosing to participate in Sports Betting and Fantasy Contests.
- 2) Security testing of new content is only necessary if said game content contains functionality that impacts system or information security. If all security-side requirements are met by the base platform, no game-side security testing should be required. Any software code which could have impact on communication, security measures or storing of sensitive data shall be reviewed for security to ensure that the system is not vulnerable due to the changes
- 3) The security tests on the production environment shall guarantee that no vulnerabilities putting at risk the security and operation of the system exist in accordance with **GLI-33's** specifications for **"Technical Security Testing"**
- 4) The Operator shall describe in the internal controls how annual security testing of the system will be conducted, including at minimum the following:
- a) Review of the operational processes that are critical to compliance;
 - b) The processes for performing the vulnerability assessment pursuant to **GLI-33's** specifications for **"Vulnerability Assessment"**;
 - c) The processes for performing penetration testing pursuant to **GLI-33's** specifications for **"Penetration Testing"**;
 - d) The processes for reviewing the firewall rules on all the perimeter firewalls and the internal firewalls to verify the operating condition of the firewall and the effectiveness of its security configuration and rule sets.
 - e) The process for communicating the results of vulnerability assessment and penetration testing to the Commission no later than one month after the date of the scan or penetration test. Once completed, a report on the assessments shall be provided to the Operator and/or Commission, which shall include:
 1. Scope of review;
 2. Name and Commission affiliation of the individual(s) who conducted the assessment;
 3. The date of the assessment;
 4. Findings;
 5. Recommended corrective action, if applicable; and
 6. The Operator's response to the findings and recommended corrective action.
 - f) The process for addressing any recommendations contained in the vulnerability scanning or penetration testing reports.

B. Information Security Program and Service Provider Audit

- 1) The Operator or IT Service Provider shall implement, maintain, regularly review and revise, and comply with a comprehensive Information Security Management System (ISMS), the purpose of which shall be to take reasonable steps to protect the confidentiality, integrity, and availability of personal information of individuals who place a wager or purchase an entry with the Operator, and shall contain administrative, technical, and physical safeguards appropriate to the size, complexity, nature, and scope of the operations and the sensitivity of the personal information owned, licensed, maintained, handled, or otherwise in the possession of the Operator.
- 2) The ISMS shall undergo an annual audit against common information security principles in relation to confidentiality, integrity and availability, as covered within these Regulations. It is acceptable to leverage the results of prior audits conducted by appropriately accredited providers and qualified individuals, within the current audit period (e.g., within the past year), against standards such as ISO/IEC 27001, the NIST Cybersecurity Framework, the Payment Card Industry Data Security Standards (PCI-DSS) for Payment Service Providers, or equivalent.
- 3) An Operator making use of a cloud service provider (CSP), as allowed by the Commission, to store, transmit or process PII and other sensitive information shall undergo an annual audit against common information security principles in relation to confidentiality, integrity and availability, as covered within these Regulations. It is acceptable to leverage the results of prior audits conducted by appropriately accredited providers and qualified individuals, within the current audit period (e.g., within the past year), against standards such as ISO/IEC 27017 and ISO/IEC 27018 or equivalent

- a) If PII and other sensitive information is stored, processed or transmitted in a cloud environment, the applicable requirements will apply to that environment, and will typically involve validation of both the CSP's infrastructure and the Operator's usage of that environment.
- b) The allocation of responsibility between the CSP and the Operator for managing security controls does not exempt an Operator from the responsibility of ensuring that PII and other sensitive information is properly secured according to the applicable requirements.
- c) Clear policies and procedures shall be agreed between the CSP and the Operator for all security requirements, and responsibilities for operation, management and reporting shall be clearly defined and understood for each applicable requirement.

ARTICLE 12 COMMISSION'S LISTS FOR INVOLUNTARY AND VOLUNTARY SELF-EXCLUSION

Section 12.1. Purpose

Programs and policies created by this section are intended to prevent problem gambling, treat problem gamblers and promote responsible gambling. The sole remedy for failure to comply with this section shall be disciplinary actions imposed by the Commission. The Commission, and its Licensees, or employees thereof will not be liable for damages in any civil action, which is based on the following:

- A. Compliance or noncompliance with this section or a plan adopted pursuant to this section;
- B. An action or failure to take action under this section or a plan adopted under this section;
- C. Failure to withhold gambling privileges from an individual; or
- D. Permitting an individual to gamble.

Section 12.2. Voluntary Exclusion List

- A. The Commission shall maintain a Voluntary Exclusion List that consists of the names of people who wish to refrain from Sports Betting, Fantasy Contests, and other types of gambling offered by the Commission, to notify the Commission that they will accept responsibility for refraining from engaging in Sports Betting, Fantasy Contests, and other gambling activities offered by the Commission and its Licensees. Each person seeking placement on the Voluntary Exclusion List acknowledges that it is his or her responsibility to refrain from engaging in Sports Betting, Fantasy Contests, and other gambling activities under the jurisdiction of the Commission.
- B. An individual may request to have their name placed on the Voluntary Exclusion List by completing the application and following the procedure outlined in the Commission's website or printed material available from the Commission, at designated locations in the Authorized Locations as determined by the Commission.
- C. An application for placement on the Voluntary Exclusion List may only be accepted, and an intake performed, by a designated agent approved by the Commission.
- D. Failure to provide any information or to execute any forms deemed necessary by the Commission may result in a denial of a request for placement in the Voluntary Exclusion List.
- E. Voluntary Exclusion List application forms may include a request to waive the liability of the Commission and its agents, Operators and their Authorized Locations, the Commonwealth and any person licensed pursuant to the Law, or other such persons as deemed necessary by the Commission, for any damages that may arise out of any act or omission related to placement on the Voluntary Exclusion List.
- F. Upon the filing of an application for placement on the Voluntary Exclusion List, the Commission may file a Notice of Placement in the Voluntary Exclusion List and such application and notice may be disclosed to Operators and their Authorized Locations and employees, as approved by the Commission.
- G. Upon submission of an application, a designated agent shall review with the applicant the contents and statements contained in the application. If the application is complete, the designated agent shall sign the application indicating that the review has been performed and the application has been accepted.
- H. A designated agent may not sign an application if any required information is not provided or they are of the belief that the applicant is not capable of understanding the responsibilities and consequences of being placed on the Voluntary Exclusion List.
- I. The designated agent shall forward the signed application for Voluntary Exclusion to the Commission within forty-eight (48) hours of completion in a manner directed by the Commission.
- J. Upon receipt of an application, the Commission, or its designee, shall review it for completeness. If the application meets all requirements of this section, the application shall be approved, and the individual's name shall be added to the Voluntary Exclusion List. If the application is incomplete, the Commission, or its designee, may deny the application and make efforts to contact the applicant advising them of such.
- K. The Commission, or its designee, shall add to the Voluntary Exclusion List the name of any individual provided from a gaming jurisdiction outside of the Commonwealth, with which the Commission has entered into an

Puerto Rico Sports Betting and Fantasy Contest Regulations

intergovernmental agreement, upon a determination that the individual voluntarily requested that their name be added to the list of the referring jurisdiction and that they were notified, either directly or by operation of law, that their name may be placed on similar lists in other jurisdictions.

- L. A person does not have to admit they are a problem gambler when placing themselves on the Voluntary Exclusion List.
- M. If the applicant has elected to seek services available within the Commonwealth, the Commission, or its designee, shall contact the designated coordinating organization for the provision of requested services. The Executive Director shall determine the information and forms to be required of a person seeking placement on the Voluntary Exclusion List. Such information shall include, but not be limited to, the following:
- 1) Name, home address, email address, telephone number, date of birth, and Social Security number of the applicant;
 - 2) A passport-style photo of the applicant;
 - 3) A statement from the applicant that one or more of the following apply:
 - a) They identify as a “problem gambler,” meaning an individual who believes their gambling behavior is currently, or may in the future without intervention, cause problems in their life or on the lives of their family, friends, or co-workers;
 - b) They feel that their gambling behavior is currently causing problems in their life or may, without intervention, cause problems in their life; or
 - c) There is some other reason why they wish to add their name to the Voluntary Exclusion List.
 - 4) Election of the duration of the exclusion in accordance with subsection (O) of this section;
 - 5) An acknowledgment by the applicant that the individual will not be participating in Sports Betting, Fantasy Contests, or any other form of gambling offered by the Commission and that it is their sole responsibility to refrain from doing so;
 - 6) An acknowledgment by the applicant that the applicant shall not collect any winnings or recover any losses resulting from any gambling activity under the jurisdiction of the Commission for the duration of the exclusion period;
 - 7) An acknowledgment by the applicant that the individual will forfeit all rewards or points earned through any player reward or another promotional program they engage in Sports Betting or Fantasy Contests while on the Self-Exclusion List;
 - 8) An offer by the Commission or the designated agent completing the Voluntary Exclusion application to assist the applicant to access information about gambling disorders, self-guided help or counseling services with a clinician approved by the Administration of Mental Health and Anti-Addiction Services (ASSMCA);
 - 9) An acknowledgment of understanding by the applicant that by placing their name on the Voluntary Exclusion List, the prohibitions identified this section apply to all Sports Betting, Fantasy Contests, or gambling activities offered by the Commission or its Licensees or affiliates, whether within the Commonwealth or another jurisdiction, and that the Commission may share the Voluntary Exclusion List with other domestic or international gaming jurisdictions resulting in placement on those lists;
 - 10) An acknowledgment by the applicant that the individual is submitting the application freely, knowingly, and voluntarily;
 - 11) A statement that the individual is not under the influence of a substance or suffering from a mental health condition that would impair their ability to make an informed decision;
 - 12) An acknowledgment by the applicant that if they knowingly violate their agreement to refrain participating in any gambling activity offered by the Commission or its Licensees or affiliates during the exclusion period, the applicant shall notify the Commission of such violation within twenty-four (24) hours of such gambling activity; and releasing the Commonwealth, the Commission and all affiliated employees, entities and persons licensed by the Commission and their affiliates, from any claims associated with their breach of the agreement;
 - 13) An affidavit verifying that the applicant wishes to be placed on the Voluntary Exclusion List, that the Commission is specifically authorized and requested to release all contents of the person’s application to persons who, in the sole discretion of the Commission, are necessary to implement the policies and procedures contained in this section. Such persons shall be subject to terms of confidentiality prescribed by the Commission, which shall be contained in the application. Such persons shall include, but not be limited to the following:
 - a) Employees or contractors of the Commission involved in the administration, supervision or activities related to the administration or supervision of this section;
 - b) Licensees of the Commission or their affiliates, agents and employees;
 - c) Designated agents; and

Puerto Rico Sports Betting and Fantasy Contest Regulations

- d) Law enforcement personnel involved in the administration, supervision or investigation of activities contained in this section.
- 14) An acknowledgment by the applicant that once their name is placed on the Voluntary Exclusion List, they may be refused entry or ejected from areas specifically devoted to Sports Betting, Fantasy Contests, or other forms of gambling under the jurisdiction of the Commission by a person licensed by the Commission, an agent of the Commission, or law enforcement personnel.
- N. The Commission may provide procedures permitting online self-exclusion if it determines that the goals, objectives and protections of the in-person self-exclusion process can be accomplished online.
- O. As part of the request for self-exclusion, the individual must select the duration for which they wish to be excluded. An individual may select any of the following time periods as a minimum length of exclusion:
 - 1) One (1) year;
 - 2) Eighteen (18) months;
 - 3) Three (3) years;
 - 4) Five (5) years; or
 - 5) Lifetime (an individual may only select the lifetime duration if their name has previously appeared on the Voluntary Exclusion List for at least six (6) months).
- P. An individual on the Voluntary Exclusion List may not apply to decrease the duration of exclusion. An individual who is on the Voluntary Exclusion List may submit a request to increase the minimum length of exclusion.
- Q. Upon expiration of the selected duration of exclusion, individuals may request that their name be removed from the Voluntary Exclusion List or petition for exclusion for a new duration. Individuals shall remain on the self-Exclusion List after the expiration of the selected duration of exclusion until such time as they submit a petition for removal, and it is approved by the Commission or its designee.
- R. At any time after the expiration of the selected duration of exclusion, an individual may request that their name be removed from the Voluntary Exclusion List by submitting a petition for removal on a form approved by the Commission. The petition shall include confirmation from a designated agent that the individual completed an exit session. Any petition for removal received by the Commission prior to the expiration of the duration of the selected exclusion period shall be denied.
- S. The Commission shall approve a completed petition for removal. An individual who has selected a lifetime duration may not submit a petition for the removal of their name from the Voluntary Exclusion List. An incomplete application, including one that fails to demonstrate completion of an exit session shall be denied until such time as the application is completed.
- T. To be eligible for removal from the Voluntary Exclusion List the petitioner shall participate in an exit session with a designated agent. The exit session shall include a review of the risks and responsibilities of gambling, budget setting and a review of problem gambling resources should the petitioner wish to seek them. Upon completion of the exit session, the designated agent shall sign the individual's petition for removal from the Voluntary Exclusion List attesting to the fact that the exit session was conducted.
- U. Upon approval of a petition for removal from the Voluntary Exclusion List, a written notice of removal from the Voluntary Exclusion List shall be forwarded by the Commission, or its designee, to each Licensee and to the petitioner. Notice may be forwarded to the petitioner by email or first-class mail to the email address or home address provided by the petitioner in the petition. The petitioner shall be deemed to be removed from the Voluntary Exclusion List when the notice is sent by the Commission or its designee.
- V. If a petitioner does not meet the eligibility requirements for removal from the Voluntary Exclusion List, the petition shall be denied. The petitioner shall be notified of the denial by email or first-class mail to the email address or home address provided by the petitioner in the petition. In the event of a denial of a petition, the individual shall remain on the Voluntary Exclusion List until such time as the eligibility requirements have been satisfied.
- W. An individual whose name has been removed from the Voluntary Exclusion List may reapply for placement on the Voluntary Exclusion List at any time by submitting an application in accordance with this section;
- X. An individual whose name was added to the Voluntary Exclusion List in the Commonwealth in accordance with this section shall be removed from the Voluntary Exclusion List upon receipt of written notice from the referring jurisdiction that the individual's name has been removed from that jurisdiction's list.
- Y. The Commission shall maintain an up-to-date database of the Voluntary Exclusion List. Licensees designated by the Commission shall be afforded access to the Voluntary Exclusion List. All information contained in approved applications for exclusion may be disclosed to a designated Licensee.
- Z. Except as authorized by this section, the Commission's Voluntary Exclusion List shall be kept confidential. The Commission may disclose de-identified information from the Voluntary Exclusion List to one or more research entities selected by the Commission for the purpose of evaluating the effectiveness and ensuring the proper administration of the self-exclusion program.

Section 12.3. Involuntary Exclusion List

- A. The Commission shall maintain an Involuntary Exclusion List that consists of the names of people who the Executive Director determines meet anyone of the following criteria:
 - 1) Any person whose presence in an Authorized Location would be inimical to Sports Betting and/or Fantasy Contests in the Commonwealth of Puerto Rico, including the following:
 - a) Any person who cheats;
 - b) Any person who poses a threat to the safety of the players or employees;
 - c) Persons who pose a threat to themselves;
 - d) Persons with a documented history of conduct involving the disruption of an Authorized Location;
 - e) Persons included on another jurisdiction's exclusion list; or
 - f) Persons subject to a Court order excluding those persons from any Authorized Location;
 - g) Any felon or person who has been convicted of any crime or offense
 - h) involving moral turpitude and whose presence in an Authorized Location would be inimical to Sports Betting and/or Fantasy Contests in the Commonwealth of Puerto Rico; or
 - 2) Any person who enhances a risk of unfair or illegal practices in the conduct of Sports Betting and/or Fantasy Contests.
- B. The Executive Director's determination of inimicality may be based upon any of the following:
 - 1) The nature and notoriety of the person to be excluded from Authorized Locations or the licensed operator's online platform;
 - 2) The history and nature of the involvement of the person with an Authorized Location in the Commonwealth of Puerto Rico or any other jurisdiction or with any particular licensee or licensees or any related company of any licensee;
 - 3) The nature and frequency of any contacts or associations of the person with any licensee; or
 - 4) Any other factor reasonably related to the maintenance of public confidence in the regulatory process or the integrity of Sports Betting and/or Fantasy Contests in the Commonwealth of Puerto Rico.
- C. The Involuntary Exclusion List shall contain the following information, if known, for each excluded person:
 - 1) The full name and all known aliases and the date of birth;
 - 2) A physical description;
 - 3) The date the person's name was placed on the Involuntary Exclusion List;
 - 4) A photograph, if available;
 - 5) The person's occupation and current home and business addresses; and
 - 6) Any other relevant information as deemed necessary by the Commission.
- D. The Commission shall distribute the Involuntary Exclusion List to Operators and Management Services Providers.
- E. The Commission shall attempt to provide notice to any person who is placed on the Involuntary Exclusion List.
- F. Each excluded person who has been listed on the Involuntary Exclusion List and wishes to contest being placed on the Involuntary Exclusion List may request a Mediation Hearing pursuant to Article 12 if Regulation No. 8640 of September 9, 2015.

ARTICLE 13 ADOPTION, MODIFICATION AND REVOCATION OF REGULATIONS AND STANDARDS

Section 13.1. Notice of the Proposed Amendment, Adoption or Revocation of a Regulation

- A. The Commission shall follow the procedures stipulated in these regulations and in Act No. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedures Act of the Commonwealth of Puerto Rico, for the adoption, amendment, or revocation of any regulation related to the operation of Sports Betting and Fantasy Contests.
- B. The adoption, amendment and revocation of a regulation will be carried out in accordance with the following procedures:
 - 1) At least thirty (30) days before holding a meeting of the Board of Directors of the Commission in which the adoption, amendment or revocation of a regulation for the purposes described in this section will be considered, the Commission will publish a notice of the proposed action in a newspaper of general circulation in Puerto Rico. Notice of the proposed adoption, amendment, or revocation must include:
 - a) A summary or brief explanation of the purposes of the proposed action;
 - b) A quote from the legal stipulation authorizing said action;
 - c) A declaration to the effect that any interested party will have at least thirty (30) days, counted from the date of publication of the notice, to send written comments regarding the regulation that is the object of the action;
 - d) The form, place, dates and times during which said written comments can be presented;

- e) The place where the complete text of the regulation that will be adopted, amended or revoked will be available to the public.
- 2) The Commission will provide an opportunity to submit written comments for a period of not less than thirty (30) days from the date of publication of the notice described in subsection (1), above.
- 3) The Commission will call public hearings, which may be recorded or transcribed by stenographers. The official presiding over the hearings will prepare a report for the Director's consideration, summarizing the comments made during the hearing.
- 4) The proposed regulation will be presented to the Board of Directors of the Commission for its approval. If the Board of Directors approves it, it will be sent to the Governor.
- 5) If the Governor approves the proposed regulation, it will be filed with the State Department in original and two copies and will come into effect from the date of its filing with the State Department.

Section 13.2. Content, Style and Form of the Regulations

In addition to the text of the regulation, any regulation that is adopted or amended by the Commission must include the following information:

- A. A citation of the stipulation or legal stipulations authorizing the adoption or amendment;
- B. A brief and concise explanation of the purposes or reasons for such adoption or amendment;
- C. A reference to all regulations that are amended, revoked or suspended by such adoption;
- D. The date of its approval and
- E. The date of its adoption.

Section 13.3. Archive

The Commission will keep available for public inspection an official file with all the information related to any proposal for the adoption of rules or regulations, as well as those that have been adopted or amended, which includes, among others:

- A. A copy of any publication related to said regulation;
- B. Any request, request, memorial or written comment sent to the Commission, as well as any written material considered by the Commission regarding the adoption of the applied procedures.
- C. Any report prepared by the official who presides over the hearing and which summarizes the content of the presentations;
- D. A copy of any regulatory analysis that has been prepared during the regulatory adoption procedures;
- E. A copy of the regulation and an explanation thereof, and
- F. All requests for exceptions, amendments, revocation or suspension of the regulations.

Section 13.4. Request for Adoption, Amendment or Revocation of Regulations

- A. Any interested person may submit a petition to the Commission to request the adoption, amendment or revocation of a regulation. The request must clearly and concisely indicate the following:
 - 1) The content and nature of the requested regulation, amendment or revocation;
 - 2) The reasons for the request and
 - 3) The appointment of the legal stipulation that authorizes the Commission to take the requested action.
- B. The Commission may deny the request in writing or establish a period not exceeding forty-five (45) days from the date on which the Commission receives the notice of request, during which it must take action regarding said request.

Section 13.5. Regulation - Emergencies

The provisions of Section 13.1 may not be taken into account in all cases in which the Governor certifies that, due to an emergency or any other circumstance that so warrants

ARTICLE 14 MISCELLANEOUS PROVISIONS

Section 14.1. Separability

If any of the provisions of this Regulation is declared unconstitutional by a court of competent jurisdiction, said determination will not affect or invalidate the rest of the Regulation, but its effect will be limited to the part, section, paragraph, subsection, subparagraph or clause that is declared unconstitutional or illegal.

Section 14.2. Sanctions

- A. The Puerto Rico Law Enforcement Agencies shall have exclusive jurisdiction in relation to the application of criminal sanctions for any activity related to the operations of Sports Betting and Fantasy Contests.
- B. The Commission may file lawsuits and / or take regulatory measures to compel compliance with the Law and Regulations by any person licensed under them.

Puerto Rico Sports Betting and Fantasy Contest Regulations

- C. Any person who, deliberately, fails to inform, pay or comply with the procedure of any license application and to pay all fees for research or franchise rights stipulated by Law and Regulation, or who deliberately attempts to any form, evading or circumventing such rights, or their payment, will be subject to regulatory sanctions and will be subject to the imposition of a sanction of three (3) times the amount of the license fee that he evaded or did not pay, which will be collected by the Commission.
- D. Any person who, without having obtained the indispensable license stipulated in these Regulations, works or is employed in a position whose functions require licensing in accordance with the provisions of these Regulations, will be subject to the imposition of sanctions and a fine of no more than twenty-five thousand dollars (\$25,000) and/or the suspension or revocation of the license.
- E. In addition to any monetary sanction, the Commission will have the authority to impose the following sanctions on any person licensed under the Law and these Regulations:
 - 1) Revoke the license of any person found guilty of any crime, which will be disqualified in accordance with the provisions of these Regulations.
 - 2) Suspend the license of any person involved in a case that could conclude with a revocation of license, until the hearing takes place and a determination is reached.
 - 3) Suspend or revoke the franchise of all Operators for violating any stipulation of the Law or these Regulations related to their operations.
 - 4) Impose the administrative fines that are necessary to punish the misconduct and discourage future infractions and said fines may not exceed the amount of twenty-five thousand dollars (\$25,000.00) per infraction.
 - 5) Send warning letters and reprimand or censure letters, which will become a permanent part of the file of each Operator thus sanctioned or holder of a license.
- F. In considering the appropriate sanctions in a given case, the Commission will consider the following:
 - 1) The danger to the public and the integrity of gaming operations created by the conduct of the person facing sanctions;
 - 2) The seriousness of the conduct and whether it was deliberate and with knowledge that it was a contravention of the Law and the Regulations;
 - 3) Any justification or excuse for such conduct;
 - 4) The previous history of the Operator and / or license holder regarding compliance with the Law and the Regulations;
 - 5) The corrective measures taken by the Operator or license holder to prevent similar misconduct from occurring in the future; and
 - 6) In case of monetary sanction, the amount of the fine in relation to the seriousness of the misconduct and the financial resources of the Operator and / or franchise holder. The Commission may impose any terms or conditions of payment of said fine that they consider appropriate.
 - 7) The applicant or Operator may not allege, in his defense, that he violated a stipulation of the Law or these Regulations by mistake, inadvertently or without knowing. Those elements will only be taken into account to determine the degree of the sanction to be imposed by the Commission.
- G. A violation of any provision of these Regulations that is a continuing violation will be considered a separate violation for each day on which it occurs. Nothing in this subsection shall be interpreted as preventing the Commission from determining that multiple violations of those provisions of the Regulations that establish consistent violations of separate and different acts have been committed on the same day.

Article 15 – Taxes

Section 15.1. Tax Collection

- A. As establish on Act 81 of 2019 the taxes for each activity authorized under the law and these regulations are:
- 1) Sports Betting
 - a) In person – Seven percent (7%) of the gross income, this is defined as the total income received less the total payments made to players.
 - b) Online – Twelve percent (12%) of the gross income, this is defined as the total income received less the total payments made to players.
 - 2) Fantasy Games
 - a) Twelve percent (12%) of the gross income from the inscription fees.
 - 3) Licensees must timely pay the tax imposed under Act 81 of 2019.
 - a) The tax shall be calculated in accordance to the percentages establish on Section 15.1 A 1) and 15.1 A 2).
 - b) The tax for a month shall be transferred to the Commission on the fifth business day of the following month from the Operators account.
 - c) The operator must complete an electronic form through an internet portal provided by the Commission with the financial information for the period been paid. The information of the form will be provided to the operators as approved by Commission.
 - d) A report showing Adjusted Gross Income and tax amount calculations shall be submitted electronically to the Commission on the same day.
 - e) These reports will be preapproved by the Commission before the Operator begins to offer the Sports Wagering, or Fantasy Games.
 - 4) Reports could offset amounts from one month to the other during the Commission Fiscal Year. This period begins on July and ends in June of the next year, for a total of twelve months. All final adjustments should be included on the report of June.



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