



GOBIERNO DE PUERTO RICO

Comisión de Juegos del Gobierno de Puerto Rico

## PUERTO RICO FANTASY CONTEST REGULATIONS



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## STATEMENT OF MOTIVES

This document contains the Regulations for Fantasy Contests of the Puerto Rico Gaming Commission. It is the operator's responsibility to assure that their operations comply with the Regulations. Fantasy Contest 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 Fantasy Contest Operators apply the same minimal due diligence to their Fantasy Contest Operations 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 Fantasy Contests. 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 Fantasy Contests. Nothing in this document should be considered or interpreted as regulating the rules or conduct of Sports Events and Esports Competitions unless otherwise specified herein.
- c) Establish criteria for different licensing types for Employees, Suppliers, Operators and Vendors when applicable;
- d) Establish the objects of Fantasy Contests and methods of play, including what constitutes entries won, lost or tied;
- e) Establish the way in which entry fees are received for authorized 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 Fantasy Contests;
- g) Establish inspection procedures applicable to any device, equipment, software and accessories related to authorized Fantasy Contests.
- h) Establish procedures for the collection of entries and payments, including, among others, requirements for taxation purposes;
- i) Establish procedures to handle suspected irregularities in authorized 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 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 play initiatives including requirements around advertising, self-exclusion or operator-exclusion, and the ability to create and monitor participation limitations; and
- m) Establish the method for calculating income and standards for authorized Fantasy Contests, registration and counting of cash and cash equivalents received in conducting authorized Fantasy Contests.

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 Fantasy Contests.

These Regulations shall be included in and made a part of any operator's Fantasy Contest Operations. 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.

## 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 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:

<b>Access Control</b>	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.
<b>Accountability</b>	All financial instruments, receivables, and Player Account deposits constituting the total amount for which the bankroll custodian is responsible at a given time.
<b>Adjusted Revenue</b>	<b>Gross</b> The Total Revenue Received by the operator from players in Puerto Rico minus the total sums paid to winning players in Puerto Rico. This includes the cash equivalent of any merchandise or object of value awarded as a prize, the free play offered and payments of the tax on the consumption of specific goods to the Federal Government of the United States of America.
<b>Alcoholic Beverages</b>	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).
<b>Anti-Money Laundering (AML)</b>	The legal controls that require financial institutions and other regulated entities to prevent, detect and report money-laundering activities
<b>Application</b>	All the forms, documents and information that are required to be submitted or completed in order to obtain a license or permit.
<b>Associated Equipment</b>	Any computer or component thereof ("hardware") located in the places allowed by the Law, connected for communication, validation and other functions purposes to the system.
<b>Athlete or Participant</b>	An individual, team, or other entity whom a player selects for the purposes of participating in a Fantasy Contest;
<b>Audit Trail</b>	A record showing who has accessed a system and what operations the user has performed during a given period.
<b>Authentication</b>	Verifying the identity of a user, process, software package, or device, often as a prerequisite to allowing access to resources in a system.
<b>Authorized Location</b>	A physical establishment, be it a Principal Operator or a Satellite, that has a license issued by the Commission to accept and pay out winnings for entries from authorized players registered to carry them out.
<b>Authorized Player or Player</b>	An individual, 18 years of age or older, whose identity was authenticated and recorded through a means implemented by the operator which shall meet the intentions of the Law. Once the player is authorized, they can participate in any Fantasy Contest offered by that operator
<b>Auto Draft</b>	Athlete or participant selection offered by the operator that does not involve any input or control by a player;
<b>Beginner Player</b>	Any player who has entered fewer than 51 Fantasy Contests offered by a single Fantasy Contest Operator, and who has not qualified as a highly-experienced player.
<b>Bonus or Promotion</b>	Incentive that is added to the Player Account when a Player meets participation requirements in accordance with the applicable rules for the particular promotion.
<b>Cancelled Entry</b>	An entry that has been cancelled due to any issue with an event that prevents its completion.

<b>Code</b>	The Internal Revenue Code for a New Puerto Rico of 2011, Act 1-2011, as amended, or any subsequent law that may replace it.
<b>College or University Sports Event or Special Event</b>	An Athletic or Sports Event or Special Event offered or sponsored by or played in connection with a public or private institution offering Higher Education services.
<b>Commission</b>	The Puerto Rico Gaming Commission.
<b>Commonwealth</b>	Commonwealth of Puerto Rico.
<b>Communications Technology</b>	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.
<b>Competitor</b>	A participant in a match or event in an Esports competition.
<b>Complaint</b>	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.
<b>Computer</b>	Any computer, server or any other device, be it electronic or mechanical, required or used for the system.
<b>Confidential Information</b>	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.
<b>Contest Rules</b>	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 Fantasy Contest Operations.
<b>Contractor</b>	Any person or entity who works pursuant to an independent contract with the operator and who has access to non-public portions of the operator's office, to information on the operator's computer network that is not publicly available, or to operator proprietary information that may affect how the Fantasy Contest is played.
<b>Days</b>	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.
<b>Debit Instrument</b>	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.
<b>Deposit</b>	Money a player adds to their Player Account and may be used to buy-in entries.
<b>Domain</b>	A group of computers and devices on a network that are administered as a unit with common rules and procedures.
<b>Dormant Account</b>	A Player Account which has had no player-initiated activity for a period of one (1) year.
<b>Eastern Time (ET)</b>	Eastern Standard Time or Eastern Daylight Savings Time, as applicable.
<b>Employee License</b>	The required authorization issued by the Commission to the operator's Employee in order to be able to conduct his duties with the operator.
<b>Encryption</b>	The conversion of data into a form, called a ciphertext, which cannot be easily understood by unauthorized people.
<b>Entry Fee</b>	The cash or a cash equivalent that the player must pay to the operator to participate in a Fantasy Contest.
<b>Esports</b>	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) 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 Gaming - Models traditional affairs, where two players play against each other and they compete through an intermediary, who pays the winner and collects a commission.

<b>Esports Competition</b>	A Special Event involving the competitive playing of video games between individual competitors.
<b>Event</b>	Occurrence related to Sports Events and Special Events approved by the Commission.
<b>Executive Director</b>	The Executive Director of the Gaming Commission of the Government of Puerto Rico.
<b>Fantasy Contest or Contest</b>	A Special Event involving any game or contest or simulation in which: (a) One or more players compete against each other by grouping virtual rosters of real athletes or participants belonging to professional Sports Events or Special Events. (b) These teams compete against each other based on cumulative statistical results of the performance of athletes or participants in real Sports Events or Special Events for a specific period. (c) The winning outcomes reflect the skills and relative knowledge of the players and are mostly determined by the cumulative statistical results of the performance of athletes or participants in real Sports Events or other Special Events.
<b>Fantasy Contest Operations</b>	The business of accepting entries on Fantasy Contests for 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 Fantasy Contests 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 when the origin of the funds is unknown.
<b>Fantasy Contest Operator or Operator</b>	An entity authorized by a license issued by the Commission to accept and pay entries in Fantasy Contests through a Mobile App or Site on the Fantasy Contest System, within the territorial limits of Puerto Rico, in compliance with the local and federal legal framework. The Commission, through regulations, will determine the limit of portals that each Operator may offer.
<b>Fantasy Contest System</b>	The hardware, software, firmware, communications technology, other equipment, as well as Fantasy Contest Operator procedures implemented in order to allow player participation in Fantasy Contests, and, if supported, the corresponding equipment related to the display of the contest outcomes, and other similar information necessary to facilitate player participation. The system provides the player with the means to submit and manage entries. The system provides the operator with the means to review player accounts, if supported, suspend contests, generate various contest/financial transaction and account reports, input outcomes for contests, and set any configurable parameters.
<b>File</b>	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.
<b>Free Play Mode</b>	A mode that allows a player to participate in Fantasy Contests without paying any money on an entry, principally for the purpose of learning or understanding contest mechanics.
<b>Gaming Commission of the Government of Puerto Rico</b>	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 gaming activities to the Gaming Commission of the Government of Puerto Rico.
<b>Geolocation</b>	Identifying the real-world geographic location of an internet connected or mobile device.
<b>Good Conduct Certificate</b>	A document issued by the Puerto Rico Police Department that includes serious or less serious crimes for which a person has been found guilty. It also includes the sentence imposed on it and whether it has been served or not. If you have not committed crimes, you will be issued a negative certificate.
<b>Highly-Experienced Player</b>	Any player who has entered more than 1,000 Fantasy Contests offered by a single Fantasy Contest Operator or won more than 3 prizes valued at \$1,000 or more from a single Fantasy Contest Operator
<b>Hosting Center</b>	An entity hosting on its premises any part(s) of Commission regulated hardware or software of the Fantasy Contest System.



<b>Identity Verification Service Provider</b>	An entity who verifies, or provides information for the verification of, the identification of individuals.
<b>Incompatible Function</b>	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.
<b>Independent</b>	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.
<b>Independent Test Laboratory</b>	Laboratory approved by the Commission to evaluate the equipment, processes and programs against the provisions of applicable law, regulation, orders and resolutions.
<b>Individual or Person</b>	Any natural or legal person, association, board, organization, partnership, or limited liability corporation, joint venture, government, estate, subsidiary, arbitrator, transferee or agent, regardless of their organizational structure or nature.
<b>Integrity Monitoring System</b>	A system of policies and procedures approved by the Commission through which the operator receives and sends reports from other operators to assist in identifying suspicious activity.
<b>Internal Controls</b>	The operator's internal controls
<b>Internet</b>	An interconnected system of networks that connects computers around the world via TCP/IP.
<b>Internet Protocol Address (IP Address)</b>	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.
<b>Involuntary Exclusion List</b>	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.
<b>Key</b>	A value used to control cryptographic operations, such as decryption, encryption, signature generation or signature verification.
<b>Key Employee</b>	A person who is employed by the operator in a director or department head capacity or who is empowered to make discretionary decisions that regulate Fantasy Contest operations as determined by the Commission.
<b>Knowingly</b>	To have known or should have known.
<b>Law</b>	Law No. 81 of July 29, 2019, as amended, known as the Law of the Gaming Commission of the Government of Puerto Rico.
<b>License</b>	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.
<b>Licensee</b>	Person authorized by the Commission or the Administrator to have a license related to the activities implemented under these Regulations.
<b>Liquid Assets</b>	Those assets that can be rapidly transformed into cash, bank deposits and securities with a maturity of less than three (3) months.
<b>Location Percentage</b>	The percentage, rounded to the nearest tenth of a percent (0.1%) of the total entry fees collected from the players of the Fantasy Contest located in Puerto Rico, divided by the total entry fees collected from all players of the Fantasy Contest, regardless of the players' location.
<b>Location Service Provider (LSP)</b>	An entity who identifies, or provides information for the identification of, the geographic location of individuals.
<b>Log</b>	Record of Interventions, malfunctions, claims or any other incident.

<b>Malfunction</b>	An error in the functioning of the Fantasy Contest System, Mobile App, or Site including, the front-end application not being accessible to Players or the Fantasy Contest Operations is not working.
<b>Mobile App</b>	Any mobile application or digital platform approved by the Commission for the Fantasy Contest operation over the internet.
<b>Mobile Device</b>	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.
<b>Operational Day</b>	The period from the beginning to the end of day the licensed operations, which shall not exceed twenty-four (24) hours. For twenty-four (24) hour operations, this shall be midnight to midnight.
<b>Operator License</b>	A License issued by the Commission that authorizes the Fantasy Contest operation
<b>Order or Resolution</b>	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.
<b>Party</b>	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.
<b>Password</b>	A string of characters (letters, numbers, and other symbols) used to authenticate an identity or to verify access authorization.
<b>Payment Service Provider (PSP)</b>	An entity who directly facilitates the depositing of funds into or withdrawing of funds from player accounts.
<b>Personally Identifiable information (PII)</b>	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, voter's Identification or other official identification, residential address, phone number, email address, debit instrument number, credit card number, bank or financial account numbers of any type with or without passwords or access code that may have been assigned, names of users and passwords or access codes to public or private information systems, tax information, or other personal information if defined by the Commission.
<b>Personal Identification Number (PIN)</b>	A numerical code associated with an individual and which allows secure access to a domain, account, network, system, etc.
<b>Physical Address</b>	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.
<b>Player</b>	Any person who actively participates in Fantasy Contests offered by the operator.
<b>Player Account</b>	An account established by the operator for an individual player to engage in Fantasy Contests where information relative to player and financial transactions are recorded on behalf of the player including, but not limited to, deposits, withdrawals, entry buy-ins, winnings, and balance adjustments.
<b>Player Loyalty Program</b>	A program that provides incentives for players based on the volume of play or revenue received from a player.
<b>Privacy Policy</b>	A statement that discloses the type of information the operator may collect and how the operator will secure, use, and disclose information that is periodically updated and published on the operator's Mobile App or Site.
<b>Private Contest</b>	A Fantasy Contest established among players known to each other and the terms and any prize of which are not established by the operator.
<b>Prize</b>	An award, incentive, promotion, or anything of monetary value, including but not limited to, cash or a cash equivalent, contest credits, merchandise, or entry to another contest.



<b>Program</b>	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.
<b>Prohibited Player</b>	<ul style="list-style-type: none"> <li>(a) Any individual under the age of eighteen (18)</li> <li>(b) Any employee of the Commission</li> <li>(c) Any individual who is listed on the Commission's Voluntary Exclusion List or Involuntary Exclusion List</li> <li>(d) Any individual who is listed on any operator's Voluntary Exclusion List or Involuntary Exclusion List</li> <li>(e) The operator, a director, officer, owner, contractor, or employee of the operator, or any relative living in the same household</li> <li>(f) Any individual, group of individuals, or entity <ul style="list-style-type: none"> <li>i. With access to confidential information or insider information held by the operator; or</li> <li>ii. Acting as an agent or surrogate for others.</li> </ul> </li> <li>(g) Any person or entity included in the Specially Designated Nationals and Blocked Persons List issued by OFAC</li> </ul>
<b>Protocol</b>	A set of rules and conventions that specifies information exchange between devices, through a network or other media.
<b>Provider</b>	Any person who designs, assembles and programs 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 Fantasy Contest System.
<b>Proxy</b>	An application that "breaks" the connection between client and server. The proxy accepts certain types of traffic entering or leaving a network and processes it and forwards it. This effectively closes the straight path between the internal and external networks. Making it more difficult for an attacker to obtain internal addresses and other details of the internal network.
<b>Public Announcement</b>	Unless otherwise specified in subsequent rules, any written or verbal communication from the Commission, including without limitation, a press release or radio interview, shall be considered a public announcement for the purposes of these regulations.
<b>Puerto Rico</b>	The Commonwealth of Puerto Rico.
<b>Puerto Rico Gaming Regulations</b>	Regulation No. 8640 of September 9, 2015.
<b>Regulations</b>	These Regulations, which shall be known as the Puerto Rico Fantasy Contests Regulations.
<b>Report</b>	Information produced by the System that is viewed via display, printed, or saved to a file depending on the needs of the Commission.
<b>Risk</b>	The likelihood of a threat being successful in its attack against a network or system.
<b>Script</b>	A list of commands that a Fantasy Contest-related computer program can execute and that are created by players, or by third-parties for the use of players, to automate processes on a Fantasy Contest System.
<b>Segregated Account</b>	A financial account that segregates funds that are owned by players and that, by its terms, is restricted to funds owned by players in the United States, such that the operator's operational funds may not be commingled.
<b>Sensitive Information</b>	Information such as confidential information, PII, contest data, validation numbers, authentication credentials, PINs, passwords, secure seeds and keys, and other data that shall be handled in a secure manner.
<b>Server</b>	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").
<b>Service Provider</b>	The person or company authorized by a license issued by the Commission to offer services or any goods that are necessary for the Fantasy Contest operation.
<b>Service License</b>	The Service Provider with a License issued by the Commission.

<b>Signature</b>	The first or initial name, the surname and the number of the license that are subject to the own person.
<b>Site</b>	Any website operated by the operator through which a player can access their Player Account to purchase entries online.
<b>Smart Card</b>	A card with embedded integrated circuits that possesses the means to electronically store or retrieve account data.
<b>Special Events</b>	Any game or event that can be used for a Fantasy Contest, including, but not limited to, Esports Competitions recognized by a Sports Governing Body or equivalent in which an individual participant's performance is used to accumulate statistical results and whose duration does not exceed thirty (30) days. The Commission may authorize contests and competitions, even if they are not sports, provided that the winner is determined in real time. The Commission will ensure that they provide security for all parties involved in the industry to avoid tax evasion, money laundering and any other criminal conduct typified as such in the corresponding statutes. Under this concept, Fantasy Contests are not authorized to use Special Events designed for participants under eighteen (18) years. Fantasy Contests using Special Events are also not authorized from educational institutions of primary, intermediate and secondary level. This definition does not include the Traditional Lottery or the Additional or Electronic Lottery, which will be regulated by the Treasury Department.
<b>Sports Event</b>	Any professional Sports Event, athletic event, college or university sport, as well as any Sports or Athletic Event recognized by a Sports Governing Body in which an individual athlete's or participant's performance is used to accumulate statistical results. The term Sports Event may include, but is not limited to, other types of events or contests authorized by the Commission, 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 electronic lottery games, draws, or contests 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, 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.
<b>Sports Governing Body</b>	The organization, league, or association that prescribes final rules and enforces codes of conduct with respect to a Sports Event or Special Event and athletes or participants therein.
<b>Statistics Service Provider</b>	An entity chosen by the operator to sell or provide information to the Fantasy Contest System, from among those services providing statistical data, and gather statistical data on team and individual performances, which information is used to create listings of athletes or participants available for roster selection.
<b>Structure Structuring</b> or	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.
<b>Supervisor</b>	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.
<b>Suspicious Activity</b>	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.
<b>Takeout or Fees</b>	An amount retained and not distributed by the operator from the total amount of entry fees in a contest.
<b>Technology Platform Provider or Provider</b>	An entity authorized by a license issued by the Commission to provide the programs (software) for participation in Fantasy Contests, and the peripherals (hardware) where they reside.
<b>Third-Party Service Provider</b>	An entity who acts on behalf of the operator to provide services used for the overall conduct of Fantasy Contests.

<b>Threat</b>	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.
<b>Total Revenue Received</b>	Revenue received by a licensee from players for Fantasy Contests in Puerto Rico for the purpose of accepting and paying entries
<b>Transmission Control Protocol/Internet Protocol (TCP/IP)</b>	The suite of communications protocols used to connect hosts on the Internet.
<b>Unauthorized Access</b>	A person gains logical or physical access without permission to a network, system, application, data, or other resource.
<b>Unusual Activity</b>	Abnormal activity exhibited by players and deemed by the operator, the Commission or another governing body as a potential indicator of suspicious activity. Unusual activity may include the size of a player's entry or increased participation volume on a particular contest or entry type.
<b>Video Game</b>	An electronic game that involves interaction with a user interface to generate visual feedback on a video device such as a computer monitor.
<b>Virtual Events</b>	A Special Event involving simulations of sports, contests, and matches whose results are determined solely by an approved Cryptographic Random Number Generator (RNG). Virtual Events are comprised either an animated graphical representation of a real Sports Event, or a compilation of scenes corresponding to a Sports Event previously carried out.
<b>Virtual Private Network (VPN)</b>	A logical network that is established over an existing physical network and which typically does not include every node present on the physical network.
<b>Voluntary Exclusion List</b>	The list of persons who wish to refrain from participating in Fantasy Contests and types of gambling offered by the Commission
<b>Vulnerability</b>	Software, hardware, or other weaknesses in a network or system that can provide a "door" to introducing a threat.
<b>Winnings</b>	The prize a player wins, including the amount of the entry fee in the course of participating in Fantasy Contests
<b>Withdraw or Withdrawal</b>	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 Fantasy Contest operation 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

This Regulation shall apply to all administrative licensing, oversight, supervision, and regulatory procedures within the authority and competence of the Commission related to the Fantasy Contest operation in Puerto Rico.

#### 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.

### **Section 1.9. Waivers**

- A. The Commission recognizes that technology and the methodology for Fantasy Contest operations will change due to technology and methodology advancement. Therefore, an Operator and/or Technology Platform Provider may petition the Commission for a waiver of the Rules within these Regulations.
- B. To petition for a waiver under this section, the Operator and/or Technology Platform Provider must submit to the Commission a written application describing in detail the purpose, nature, duration, and extent of the requested waiver. The application must also include the process by which existing requirements of the system will be properly maintained.
- C. The Commission shall not grant the waiver unless the Commission determines the requested waiver will not decrease the efficiency, speed, or accuracy of either the existing Fantasy Contest System or the Commission's audit function.

## **ARTICLE 2 LICENSING REQUIREMENTS**

### **Section 2.1 Employee License**

- A. **Prohibition of Employment; Employee License Requirements.**  
No natural person may work as an employee of a Fantasy Contest 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 Fantasy Contest operation.
- B. **Persons Who Must Obtain an Employee License**
  - 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 paragraph (2) of this section shall obtain an Employee License before commencing to work in the operator; provided that the list contained in paragraph (2) 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 Fantasy Sports operation or be directly connected with the operator.
  - 2) An Employee License is required for the following individuals who are going to be employed by the operator:
    - a) Any natural person in a position which includes any responsibilities or powers for supervision of specific areas of the operator, regardless of the title, shall obtain a Supervisory Employee License.
    - b) Any natural person in a position which includes any responsibilities or authority to develop or administer policy or long-term plans or to make discretionary decisions relative to the Fantasy Sports operation, regardless of the title, shall obtain a Key Employee License.
    - c) Any natural person in a position which includes any responsibilities related to the operation at an Authorized Location, if utilized, or whose responsibilities predominantly involve the maintenance or the operation of Fantasy Sports activities or equipment and assets associated with the same, or who is required to work regularly in a restricted area shall obtain an Employee License.
  - 3) The Commission may exempt any person from the employee licensing requirements of this title if the Commission determines that the person is regulated by another governmental agency or that licensing is not considered necessary to protect the public interest or accomplish the policies and purposes of the Act.
- C. **Scope and Applicability of the Licensing of Natural Persons**
  - 1) In determining whether a natural person who provides services to the 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 operator;
    - b) The 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;



- c) The natural person will be given the opportunity to participate in any benefit plan offered by the 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 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 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 operator, and the cost of the license has been or will be paid for or reimbursed by the operator.
- 2) 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 the operator, even if an agreement to the contrary exists between the operator and the natural person.

**D. 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 Commission to deny an application for an Employee License

**E. Personal Information Required for Applying for an Employee License**

- 1) As part of the initial application for an Employee License provided in section 2.1(F) of these Regulations, any applicant shall submit the following information which shall be provided by the Commission for such purposes:
- a) Name, including any aliases or nicknames;
  - b) Date of birth;
  - c) Current physical and mailing address;
  - d) 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;
  - e) Citizenship or immigration or residency status in the United States or in Puerto Rico;
  - f) Telephone number of current places of employment, or if none, home telephone number;
  - g) Marital status and information with respect to immediate family;



- h) Employment history, including gaming related employment;
  - i) Education and training;
  - j) Other licenses which the applicant holds or has applied for in Puerto Rico or in any other jurisdiction, including:
    - 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;
  - k) 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.
  - l) Name, address, telephone number and occupation of persons who can attest to the applicants' good character and reputation; a
  - m) Notarized sworn statement in which the applicant declares that all the information provided in the application is true; and
  - n) A Release Authorization allowing government and private to take and offer any pertinent information related to the person as may be requested by the Commission.
- 2) Every applicant for an Employee License who will work in a managerial or supervision position in a Fantasy Contest operation 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 the operator or with companies controlling the operator and the position he occupies with or his interest in said entity;
  - b) Any affiliation of applicant with a Goods or Service Supplier or with companies controlling the Goods or Service Supplier and the position that he occupies with or his interest in said entity;
- 3) Every applicant for an Employee License who will occupy a position of Director, General Manager or Finance Director in the operator of the type described in Section 2.1(C) of these Regulations must also submit the Multijurisdictional Personal History Disclosure Form – PHD-MJ

**F. 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(E) of these Regulations;
  - b) The documents to identify applicant, as provided in section 2.1(M) 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 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(N) 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 indicated by the Commission.

**G. 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. 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
  - e) Notify the applicant of the decision taken. If the decision consists of a denial 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 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.





**H. Employee License Duration**

- 1) All Employee and Supervisory Employee 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.

**I. Date to Submit Employee License Renewal Application**

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 of 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

**J. 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 (M) 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(N) 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 address provided by the Commission.
- 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(K) 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.

**K. 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, 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.

**L. 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 Law 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.

**M. Identification of the Applicant**

Every applicant for an Employee License shall establish his identify with reasonable certainty. The applicant shall establish his identity in one of the following ways:

- 1) Providing one (1) of the following authentic documents:
  - a) A current United States of America passport;
  - b) 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
  - c) A current permanent resident card issued by the INS, which contains a photograph; or
- 2) Presenting two (2) of the following authentic documents:
  - a) Certified copy of the birth certificate issued by the corresponding governmental agency;
  - b) 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;
  - c) 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;
  - d) 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;
  - e) 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;
  - f) 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
  - g) An unexpired foreign passport authorized by the Immigration and Naturalization Service.

**N. 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.

**O. 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 operator employing the employee shall be subject to the sanctions stipulated in section 12.2 of the Regulation.

**P. Obligation to Pay the Fees; No Refund of Fees Paid**

- 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.
- Q. **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.
- R. **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 operator employee by the Commission upon application by the licensed employee or the 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 the operator shall notify the Commission in writing of any change of employment to another 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(N) of this Regulation.
- S. **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 operator shall permit a person to work in its site without said person carrying his Employee License as provided in paragraph (1) above.
- T. **Authority**
- Nothing provided in this Chapter shall be interpreted as limiting the authority and powers of the Commission to at any time:
- 1) Investigate the qualifications of any holder of an Employee License; and
  - 2) Suspend and/or revoke an Employee License if the holder of the license does not comply with the requirements provided in the Law or in the Regulations.
- U. **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 Licenses:

- A. **Operator License**
- 1) Any legal person who offers Fantasy Contests to the public shall be required to obtain an Operator License.
  - 2) 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:
    - a) For Fantasy Contest Operator licensees who receive Adjusted Gross Revenue for these Contests nationwide that exceed ten million dollars (\$ 10,000,000), the minimum costs will be ten thousand dollars (\$ 10,000) a year;
    - b) For all other Fantasy Contest Operator licensees, the minimum costs will be one thousand dollars (\$ 1,000) a year;
  - 3) The casinos and racetracks must request the corresponding licenses to be able to offer Fantasy Contest operations authorized by the Law and these Regulations. The Commission could waive the requirement to complete an application if the entity has filed a similar application for their gaming license and there is evidence that indicates that the applicant's information from that previous filing includes all the necessary



information to comply with the requirements included in this Regulation. This waiver is only for the submittal of the application and does not exclude the applicant on submitting and complying with the rest of the information that needs to be submitted in order to obtain an operator license.

- 4) Applicants seeking to obtain an Operator License shall complete the
  - a) Business Entity Disclosure Form;
  - b) any Supplement thereto prepared by the Commission; and
  - c) any additional forms required or requested by the Commission.
- 5) 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:
  - a) Multijurisdictional Personal History Disclosure Form;
  - b) any Supplement thereto prepared by the Commission; and
  - c) any additional forms, documents, or information requested by the Commission.
  - d) The individuals noted in this section 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 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.
- 8) 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 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 Revenue 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) software,
  - e) Systems, or platform; data;
  - f) Global Risk Management services,
  - g) Player accounts management systems;
  - h) payment services or processors
  - i) Technology Platform Provider
  - j) Hosting Center
  - k) Third-Party service providers with direct interface or interaction with player accounts or the Fantasy Contest System;
- 2) Companies that provide goods or services directly related to 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 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 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. Plus, all costs incurred by the Commission of any additional investigation necessary for finding of suitability of the entity or any Person related thereto. The Service provider license shall be valid for three (3) years.
- 4) Applicants seeking to be license as a Service Provider shall complete
  - a) The Commission's Business Entity Disclosure Form;
  - b) Any Supplement thereto prepared by the Commission; and
  - c) 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
  - a) The Multijurisdictional Personal History Disclosure Form;
  - b) Any Supplement thereto prepared by the Commission; and
  - c) 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.

### Section 2.3 Vendor Registration

- A. Any legal person who provides goods or services that are material and ancillary to conducting 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:
  - 1) payment services or processors that do not qualify as Supplier Registrants,
  - 2) contractors for goods or services relating to Fantasy Contests,
  - 3) lobbyists,
  - 4) brand developers, and
  - 5) affiliated marketers.
- B. Any legal person who provides non-material or general goods or services indirect to the conduct of Fantasy Contests shall not be required to obtain Registration as a Vendor, unless the Person receives payment or compensation:
  - 1) tied to player activity;
  - 2) in excess of 1% of the handle of any Licensee;
  - 3) that is a percentage of adjusted Gross Revenue of any Licensee of 5% or more; or
  - 4) that exceeds \$250,000 in a one-year period for goods and services relating to Fantasy Contests activity.
- C. 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:
  - 1) Communications or advertising media
  - 2) contracts with Licensees for brand sponsorships and promotions;
  - 3) insurance companies and agencies;
  - 4) legal, accounting and financial services;
  - 5) utility and telecommunication companies;
  - 6) non-profit charitable corporations or organizations, provided that no consideration is received for the contribution; and
  - 7) professional entertainers and/or celebrity promoters.
- D. 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.
- E. Applicants seeking approval for Registration as a Vendor shall complete a Vendor Registration Application Form.
- F. 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 2.4 Restriction on Doing Business

- A. No enterprise shall operate, provide equipment or services related with the activity of Fantasy Contests, or in another manner shall carry on business related with activities of Fantasy Contests with the operator, its employees or agents, unless it holds a current License validly issued by the Commission
- B. No enterprise shall manufacture, sell or lease, distribute, repair or provide maintenance services to a Fantasy Contest System 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 2.5 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 this 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 Commission, 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 2.6 Initial Application for a License

- A. The initial application for a License shall consist in:
  - 1) An original and a digital copy of the following documents:
    - a) Business Entity License Application form to be completed by the applicant and by each holding company of applicant;
    - b) The Multijurisdictional Personal History Disclosure Form to be completed by each natural person who must be qualify by the Commission in accordance with section 2.2 (A) (4) of these Regulation; and
    - c) Supplemental Form to Multijurisdictional Personal History Disclosure Form
  - 2) The fees to be paid, as provided these Regulation.
- B. Every initial application shall be filed at or mailed at the address provided by the Commission.
- C. 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.
- D. 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.
- E. 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.
- F. Any information or documents required as part of the application that is not applicable should be address in the application by selecting the option ( ) does not apply and the reason for not been applicable should be included as part of the application.

### Section 2.7 License Renewal Application

Every License renewal application shall be filed no later than one hundred twenty (120) days prior to the expiration date of said license. The License renewal application shall include:

- A. A duly completed original and a photocopy of:
  - 1) 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;
  - 2) Multijurisdictional Personal History Disclosure Form to be completed by each natural person who must be qualified in accordance with section 2.11 of these Regulations, and who has not been qualified by the Commission; and
  - 3) 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

- A. 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 Commission 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.
- B. Research costs may be required during the application evaluation process. They will be informed to the applicant prior to incurring them.
- C. 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

- A. The Commission may deny a License to any applicant which, in the opinion of the Commission:
- 1) 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;
  - 2) has violated any of the provisions of the Law or the Regulations;
  - 3) 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;
  - 4) does not consent to investigations, inspections, and searches, or to have photographs and fingerprints taken for investigative purposes;
  - 5) 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;
  - 6) 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;
  - 7) 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
  - 8) Do not pay the investigation fees required by the Commission.
- B. 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.
- C. The Commission 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

- A. 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:
- 1) The enterprise;
  - 2) The holding company (ies) of the enterprise;
  - 3) 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;
  - 4) Every owner of a holding company of the enterprise that the Commission deems necessary to promote the purposes of the Law and the Regulations;
  - 5) 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;
  - 6) 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 the operator is conducted and any officer who the Commission considers necessary to protect the good character, honesty and integrity of the enterprise;
  - 7) 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;
  - 8) Any employee who supervises the regional or local office that employs the sales representatives who shall solicit business from or negotiate directly with the operator;
  - 9) Any employee who shall function as a sales representative or who shall be regularly dedicated to soliciting business from any operator in Puerto Rico or any technological employee who has access to the facilities of the operator in the performance of his job duties;
  - 10) Any other person who the Commission considers should be qualified.
- B. 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.
- C. 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

- A. 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:
- 1) His relationship with the enterprise;
  - 2) That he is older than eighteen (18) years of age;

- 3) 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.
- 4) That he has not been convicted by a state or federal court of justice or a court of justice of any other jurisdiction of:
  - a) 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
  - b) 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.
- B. 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**

- A. 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.
- B. 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.
- C. 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**

- A. Any of the following reasons shall be considered sufficient cause for the suspension, denial of renewal or revocation of a License:
  - 1) Violation of any provision of the Law or the Regulations;
  - 2) Conduct, which would disqualify the applicant, or any other person, required to be qualified by the Commission;
  - 3) Failure to comply with any applicable law, regulation, federal, state or municipal ordinance;
  - 4) The material deviation of any representation made in the application for the License;
  - 5) Has not paid the investigation fees required by the Commission.
- B. 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**

- A. The Commission, at its discretion, may permit a License applicant to carry out a commercial transaction with the operator before said service industry enterprise has obtained the License required provided that:
  - 1) The applicant has filed with the Commission a completed application for a License;
  - 2) At least five (5) days has passed since the filing of said completed application with the Commission; and
  - 3) 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:
    - a) A sufficient reason to convince the Commission to grant the special authorization to the enterprise; and
    - b) A detailed description of the commercial transaction that it desires to carry out.
- B. 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.
- C. 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

- A. 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.
- B. 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.
- C. The exemption application provided in this section shall contain the following information:
  - 1) Name, address and detailed description of the service offered by the legal person;
  - 2) Name of the owners, directors, officers and managerial employees of the legal person;
  - 3) 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;
  - 4) Number and frequency of the transactions;
  - 5) Dollar amount of the transactions; and
  - 6) 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 Law.
- D. 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 Law.
- E. 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:
  - 1) Number of transactions;
  - 2) Frequency of the transactions;
  - 3) Dollar amount of transactions;
  - 4) Nature of the equipment or services rendered, or business carried out;
  - 5) 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
  - 6) The public interest and the policy established by the Law.
- F. 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

- A. 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:
  - 1) Any correspondence with the Commission and other governmental agencies at a local, state and federal level;
  - 2) Any correspondence related to the business with the operator whether proposed or existing;
  - 3) Copies of any publicity and promotional materials;
  - 4) The personnel files for every employee of the authorized, including those for the sales representatives;
  - 5) The financial records for all the transactions related to the business, whether proposed or existing.
- B. 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

- A. License Application Form shall be completed in the format provided by the Commission and may require the following information:
  - 1) The current and former official names used by the legal person and the dates of use;
  - 2) The current and former address of the legal person;
  - 3) The telephone number of the enterprise;
  - 4) 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;
  - 5) 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;
  - 6) 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");

- 7) A description of the current and former business carried out by the enterprise, or by an intermediary, subsidiary or holding company of the enterprise;
- 8) 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;
- 9) 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;
- 10) The name, address, date of birth, title or position, and, if applicable, the percent of ownership in the enterprise of the following persons:
  - a) Every officer, director or trustee;
  - b) Every owner, or partner, including all the partners, whether general, limited or any other type;
  - c) Every beneficial owner who owns more than five percent (5%) of the voting shares;
  - d) Every sales representative or other person who shall regularly solicit business from the operator;
  - e) Every manager who supervises a local or regional office which employs sales representatives or other persons who solicit business from the operator; and
  - f) 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 the operator;
- 11) A diagram that illustrates the ownership interest of any other person who has an interest in the applying enterprise;
- 12) 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;
- 13) The annual compensation of each one of the partners, officers, directors and trustees;
- 14) 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);
- 15) A description of any bonus, profit sharing, pension, retirement, deferred compensation or similar plans;
- 16) 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;
- 17) 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;
- 18) A description of the nature, type, terms and conditions of securities options;
- 19) 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:
  - a) Name and address of the financial institution;
  - b) Type of account;
  - c) Account number; and
  - d) Period of time it has had the account(s);
- 20) 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;
- 21) 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;
- 22) 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;
- 23) 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:
  - a) Any arrest, indictment, charge or conviction for a criminal action or personal offense;
  - b) Any criminal proceeding in which the enterprise or any of its subsidiaries has been a party or has been named as co-conspirator;
  - c) 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;
  - d) 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;



- 24) 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;
  - 25) 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;
  - 26) 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;
  - 27) A copy, if applicable, of each one of the following:
    - a) Annual reports for the last five (5) years;
    - b) 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;
    - c) Audited financial statements from an independent certified public accountant, registered or licensed in Puerto Rico in good standing, prepared in accordance with the attestation standards established by the American Institute of Certified Public Accountants 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;
    - d) Copies of all financial statements, whether audited or unaudited, prepared during the last five (5) fiscal years;
    - e) 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;
    - f) 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;
    - g) The most recent proxy or financial statement filed in accordance with Section 14 of the Securities and Exchange Act of 1934, as amended;
    - h) Registration Statements filed in the last five (5) years pursuant to the Securities Act of 1933, as amended; and
    - i) 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;
  - 28) An organizational chart of the enterprise, including descriptions of the positions and the names of the persons holding said positions;
  - 29) 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;
  - 30) Certificate issued by the Treasury Department of Puerto Rico certifying that the enterprise has filed its income tax returns;
  - 31) Negative Debt Certificate issued by the Treasury Department of Puerto Rico; and
  - 32) Negative Debt Certificate issued by the Municipal Revenue Collection Center ("CRIM," by its Spanish acronym).
- B. In addition to the information in paragraph (A) 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.
- C. 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

- A. 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:
- 1) Name, physical and mailing address, telephone number and name of contact person of the enterprise;



- 2) Name, including any nicknames and aliases;
  - 3) Date of birth;
  - 4) Current physical and mailing address;
  - 5) Social security number, which information is voluntarily provided in accordance with Section 7 of the Privacy Act, 5 U.S.C.A. 552a;
  - 6) Telephone number at current place of employment or, if none, the home telephone number;
  - 7) Marital status and information regarding his immediate family;
  - 8) Employment history, including any gaming-related employment;
  - 9) Education and training;
  - 10) Other licenses held or applied for by the applicant in Puerto Rico or in any other jurisdiction, including:
    - a) Any license, permit or registration required to participate in any legal gaming operation; and
    - b) Any denial, suspension or revocation of a license, permit or certification issued by a governmental agency;
  - 11) Criminal or investigatory proceedings in Puerto Rico or in any jurisdiction, including arrests, crimes or offenses committed by the person.
- B. In addition to the information in (A) above, the Multijurisdictional Personal History Disclosure Form completed shall include the following:
- 1) The name, address, occupation and telephone number of persons who can attest to the applicant's good character and reputation; and
  - 2) 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 Commission and a notarized sworn statement whereby applicant declares that all the information supplied in the application is true.
- C. 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:
- 1) The documents similar to those required in section 2.1 (M) of these Regulations for identifying the person;
  - 2) 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
  - 3) 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**

- A. 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.
- B. No amounts paid for franchise fees shall be refundable.

### **Section 2.20 Responsibility of the Operator**

- A. 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.
- B. 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**

- A. The Commission shall maintain a Master Vendor's List of all vendors doing business with operators in Puerto Rico.
- B. 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.
- C. 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 Commission 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 STANDARDS FOR INTERNAL CONTROLS**

### **Section 3.1. Internal Controls**

- A. Each Fantasy Contest Operator shall formulate in writing a complete set of internal controls that adheres to these





Regulations. The internal controls will include a written statement signed by the operator's financial director attesting that the system meets the requirements of these Regulations. In the internal controls formulated in writing, there will be an organization chart showing the separation of responsibilities, duties and functions within the operator's organization. The internal controls shall be designed to ensure that:

- 1) Public confidence in the safety, accuracy, integrity and fairness of the Fantasy Contests are maintained;
  - 2) The assets of the operation are safeguarded;
  - 3) The financial records of the operation are accurate and complete;
  - 4) The operator's accounting complies with generally accepted accounting principles;
  - 5) Transactions are carried out only in accordance with the general or specific authorization of management;
  - 6) Transactions are appropriately recorded to allow for proper accounting of Fantasy Contest income and rights and accountability for assets;
  - 7) Access to assets is permitted only with specific authorization from management;
  - 8) Asset accountability records are compared with existing assets at reasonable periods and appropriate action is taken in the event of any discrepancies; and
  - 9) Functions, duties and responsibilities are appropriately separated, always maintaining competent and qualified personnel, in accordance with integrity practices.
- B. The new operators will formulate their internal controls in writing and will present them to the Commission no later than ninety (90) days before the start of the operations. The Commission may extend the period of ninety (90) days if the operator submits a written request to the Commission.
  - C. The Commission will examine each set of internal controls presented to it and determine whether it meets the requirements of this Regulation. If the Commission finds any deficiencies, it will inform the operator in writing and the operator will make the appropriate changes. When the Commission determines that the internal controls meets the minimum standards, it will notify the operator in writing. No operator may operate Fantasy Contests before the Commission has approved its internal controls, unless the Commission authorizes it in writing.
  - D. Every operator must submit to the Commission any change to its internal controls at least thirty (30) days before the change takes effect, unless the Commission instructs it in writing to do otherwise. The Commission will determine whether or not to approve the changes and will notify the operator of its decision in writing. No operator will modify its internal controls if the changes have not been approved before, unless the Commission orders it in writing to do otherwise. However, the determination of the Commission regarding any change presented to it will be made no later than sixty (60) days after receiving notification of said change.
  - E. Notwithstanding what is described in paragraph (D) above, the operators 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 paragraph (A) above and will notify the Commission of the measure taken immediately, along with the reasons that required its immediate implementation prior to the Commission's authorization. The Commission will determine, within a term of sixty (60) days from notification, if the measure should be modified in any way and will notify the operator of its decision in writing.
  - 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.
  - G. The Commission may develop and publish Minimum Internal Control Standards (MICS) necessary to address the requirements established in the law and these regulations. The operator's internal controls shall address all topics covered in the MICS.

### Section 3.2. Content of Internal Controls

The operator's set of internal controls must:

- A. Establish and maintain a list of Sports Events, Special Events, and types of Fantasy Contests to be allowed using these events
- B. Provide for reliable records, accounts and reports of any financial event that occurs in the conduct of Fantasy Contests, including reports to the Commission related to Fantasy Contests.
- C. Provide for accurate and reliable financial records related to the conduct of Fantasy Contests, including by or through players located in this Commonwealth.
- D. Establish procedures and security standards for:
  - 1) The recordation of entries, winnings, and revenue and taxation.
  - 2) The maintenance of Fantasy Contests and associated equipment used in connection with the conduct of Fantasy Contests.
- E. Establish procedures and rules to govern the conduct of Fantasy Contests, including an organizational chart depicting
  - 1) Appropriate functions and responsibilities of employees involved in Fantasy Contests.

- 2) A description of the duties and responsibilities of each position shown
- F. Establish procedures for the collection, recording and deposit of revenue from the conduct of Fantasy Contests by or through players located in this Commonwealth.
- G. Establish reporting procedures and records required to ensure that all money generated from Fantasy Contests by or through players located in this Commonwealth is accounted for.
- H. Ensure that all functions, duties and responsibilities related to Fantasy Contests are performed in accordance with sound financial practices by qualified employees.
- I. Ensure the confidentiality of player's Personally identifiable information (PII) and financial information. The Citizen Information about Information Banks' Security Act (Law 111/2005) and the Citizen Information about Information Banks' Security Regulation from the Department of Consumer Affairs (Regulation 7376) establish the procedures which must be met when a breach of information has occurred.
- J. Describe the administrative and accounting procedures used to satisfy the requirements of these Regulations
- K. Establish a secure retention of all records related to Fantasy Contests and accounts for a period of not less than five years or such longer period as specified by the Commission
- L. Establish procedures to be utilized to ensure that
  - 1) Money generated from the conduct of Fantasy Contests is safeguarded, including mandatory counting and recording procedures.
  - 2) Recorded accountability for assets is compared with actual assets at intervals required by the Commission and appropriate action is taken with respect to discrepancies.
- M. Describe how the operator will segregate player funds from operational funds.
- N. Establish procedures to be utilized by the operator:
  - 1) In the event of a malfunction of equipment used in the conduct of Fantasy Contests.
  - 2) To prevent minors or Prohibited Players from entering Fantasy Contests.
- O. Describe the measures used to determine the true identity, date of birth, and address of each player seeking to open an account
- P. Describe how the operator will accept entries within the permitted boundary.
- Q. Establish standards and measures used to monitor Fantasy Contests to detect the use of unauthorized scripts and restrict players found to have used such scripts from further Fantasy Contests.
- R. Include reasonable processes to:
  - 1) Prevent unauthorized withdrawals from a player accounts by the Operator or others.
  - 2) Cooperate with the Mental Health and Addiction Prevention Services Authority (ASSMCA) to create and establish controls to identify compulsive play and aid problem gamers.
  - 3) Implement and enforce of self-limitations and self-exclusions requested by players.
  - 4) Monitor player accounts to prevent misuse
  - 5) Detect and prevent of misuse of proxy servers;
  - 6) Control contest locking.
  - 7) Restrict the number of entries per Fantasy Contest per player.
- S. Establish procedures to provide prompt Commission access to all records relating to player identity, age and location in hard-copy or standard electronic format acceptable to the Commission.
- T. Establish, for each of the above, the threshold level at which a variance must be reviewed and documented to determine the cause.

### Section 3.3. Financial and Compliance Auditing

The operator must hire third-parties to carry out independent annual audits, in compliance with the Law and these Regulations. No later than 270 days from the end date of the operator's fiscal year, the operator shall submit a full and complete copy of the audit of the operator's total Fantasy Contest operations, unless the Commission has granted an extension to the operator who has requested it. This audit shall include two components, a financial audit and a compliance audit as described below. Additional audit specifications and requirements may be specified by the Commission through the issuance of MICS.

#### A. Financial Audit

The operator shall submit a financial audit of the operator's financial operations and handling of player accounts and funds, prepared by an independent certified public accountant, registered or licensed in Puerto Rico in good standing, consistent with the attestation standards established by the American Institute of Certified Public Accountants or the rules of the Securities and Exchange Commission, or both, to the extent applicable, pursuant to the Law and meet the following conditions:

- 1) Inclusion of an internal control letter, audited balance sheet, and audited profit-and-loss statement including a breakdown of expenditures and subsidiaries of Fantasy Contest activities.

- 2) Inclusion of a supplement schedule indicating financial activities on a calendar-year basis if the operator's fiscal year does not correspond to the calendar year
- 3) Report of any material errors, irregularities that may be discovered during the audit, or notice of any audit adjustments.
- 4) Availability, upon request, of an engagement letter for the audit between the operator and the auditing firm.

**B. Compliance Audit**

The operator shall submit a compliance audit, prepared by an independent test laboratory, or other independent professional organization recognized by the Commission to verify compliance with the Fantasy Contest Procedures and Practices of these Regulations, as well as to the Law and any other requirements provided by the Commission in the form of MICS. The operator can seek recognition of an alternative independent professional organization for use in completing the compliance audit by submitting a written request to the Commission. The Executive Director will review the qualifications and experience of the independent professional organization and determine whether to recognize that entity as an approved provider.

**Section 3.4. Maintenance and Preservation of Books, Records and Documents**

- A. The operator shall keep its books, records and documents of Fantasy Contest operations so as to clearly show the revenues for Fantasy Contests subject to tax. For purposes of this Section, "books, records and documents" shall:
  - 1) Be defined as any book, record or document related to, prepared in or produced by the operation of the Fantasy Contests, regardless of the medium in which the record is produced or maintained (paper, computer-generated, magnetic media, etc.).
  - 2) Include, but not be limited to, any form, report, record accounting, general ledger, auxiliary ledger, computer-created information, internal audit log, correspondence and personnel log.
  - 3) Not include copies of originals, except if these copies include original comments or annotations or parts of original forms that have several parts.
- B. The following original books, records and documents shall be retained by a Fantasy Contest operation for a minimum of five (5) years:
  - 1) Fantasy Contest reports;
  - 2) Documentation supporting the calculation of revenue received from Fantasy Contests;
  - 3) Internal audit documentation and reports;
  - 4) All other books, records and documents pertaining to the conduct of Fantasy Contests that contain original signature(s) attesting to the accuracy of the Fantasy Contest transaction.
- C. Unless otherwise specified in this part, all other books, records, and documents shall be retained until such time as the accounting records have been audited by the Fantasy Contest operation's independent certified public accountants, registered or licensed in Puerto Rico in good standing. The term independent as used in this rule is consistent with definitions set forth by the American Institute of Certified Public Accountants or the rules of the Securities and Exchange Commission, or both, to the extent applicable.
- D. Except as provided in subsection E, the books, records and documents kept by the operator as provided by this section are public records and the examination, publication, and dissemination of the books, records and documents are governed by the provisions of the examination of public records.
- E. The records of the Commission shall be governed by these provisions, provided that, in addition to records that may be kept confidential, the following records provided by the operator to the Commission shall be kept confidential, unless otherwise ordered by a court, by the lawful custodian of the records, or by another person duly authorized to release such information:
  - 1) Player records.
  - 2) Security reports and network audits.
  - 3) Internal control and compliance records.
  - 4) Employee records.
  - 5) Marketing expenses.
  - 6) Supplemental schedules to the certified audit, except for those books and records as described in subsection A of this section, that are obtained by the Commission in connection with the annual audit.
  - 7) Any information specifically requested for inspection by the Commission or a representative of the Commission.
- F. All information required by this section to be recorded shall be recorded in a permanent form.
- G. Whenever duplicate or triplicate copies of a form, record or document are required by these rules—
  - 1) The original, duplicate and triplicate copies shall be color-coded and have the destination of the original copy identified on the duplicate and triplicate copies; and

- 2) Whenever forms or serial numbers are required to be accounted for or copies of forms are required to be compared for agreement and exceptions are noted, these exceptions shall be reported immediately and in writing to the Commission.
- H. The operator has the responsibility to comply with all other record keeping requirements imposed by local and federal 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 and documents as required by other entities of the local or federal government.

## **ARTICLE 4 ADVERTISING**

### **Section 4.1. Advertising in General**

- A. The Commission may, at its sole discretion, run advertisements and carry out advertising and marketing campaigns within the jurisdiction of Puerto Rico and abroad, for the purpose of promoting the Puerto Rico Fantasy Contest operations. For the purposes of these regulations, advertising and marketing includes, among other media: radio and television ads, print, direct mail, social media, billboards and Internet promotions.
- B. The advertising and marketing strategy employed by the Operator shall
  1. Comply with the Federal Trade Commission, Guides Concerning Use of Endorsements and Testimonials in Advertising, compiled in 16 CFR § 255; and
  2. Make it clear that fantasy contest participation is an entertainment activity only for adults who can maintain healthy and responsible play behavior.
- C. The operator is prohibited from utilizing any advertising and marketing strategy contrary to these principles.
- D. Advertising shall not be included on the operator's player protection page.

### **Section 4.2. Direct Marketing and Promotional Messages**

Direct marketing and promotional messages will respect user privacy and comply with all applicable legal privacy requirements including those governing consent. All direct marketing and promotional messages to players may only be sent to players who provide or have previously provided their express consent to receive this material or other material from the operator. The operator shall provide "unsubscribe" functionality for players to opt out of future direct marketing and promotional messages.

### **Section 4.3. No Depiction of Minors**

Advertisements shall not depict:

- A. Cartoon characters that appeal primarily to Minors;
- B. Minors (other than collegiate or professional athletes or participants who may be Minors);
- C. Students of educational institutions of primary, intermediate and secondary levels;
- D. Educational institutions of primary, intermediate and secondary levels; or
- E. Settings of educational institutions of primary, intermediate and secondary levels, provided, however, that incidental depiction of non-featured minors (e.g., as a face in a crowd) will not be a violation of this regulation.

### **Section 4.4. Endorsement Restrictions**

Advertisements shall not state or imply endorsement or engagement by:

- A. Minors (other than collegiate or professional athletes or participants who may be minors);
- B. Athletes or participants of educational institutions of primary, intermediate and secondary levels;
- C. Educational institutions of primary, intermediate and secondary levels; or
- D. Athletic associations of educational institutions of primary, intermediate and secondary levels.

### **Section 4.5. Advertisements to Include Information to Promote Responsible Play**

Advertisements shall, where feasible, clearly and conspicuously disclose information concerning assistance available to problem gamers, including information directing problem gamers to reputable resources containing further information. Such information shall be available free of charge and shall include a toll-free number that persons may use to seek assistance. In addition:

- A. All messages placed in digital media, including Internet and mobile sites, emails, text messages, social networks and downloadable content must information concerning resources for problem gamers.
- B. When information concerning resources for problem gamers cannot be presented in the advertisement itself, the information shall be clearly and conspicuously disclosed on the website to which the advertisement directs players, and be visible before the player is directed to establish an account, otherwise register with the operator, or log-in to an existing account.

### **Section 4.6. Content of Advertisements**

Advertisements shall strictly comply with all local and federal standards to make no false or misleading claims or create a suggestion that the probabilities of winning or losing by participating, are different than those actually experienced. In addition, advertisements for Fantasy Contests shall not:

- A. Be designed to appeal primarily to minors



- B. Make representations about average winnings without equally prominently representing the average net winnings of all players. Any representations or implications about average winnings from Fantasy Contests shall be accurate and capable of substantiation at the time the representation is made.
- C. Consist of indecent or offensive graphics and/or audio as determined by the Commission;
- D. Contain content that contradicts the contest rules or terms and conditions of the operation;
- E. Suggest that social, financial or personal success is guaranteed by engaging in Fantasy Contests;
- F. Imply or suggest any illegal activity of any kind; or
- G. Promote compulsive play or excessive participation in Fantasy Contests.

#### **Section 4.7. Restriction on Direct Marketing**

The operator shall take all reasonable steps to prevent marketing Fantasy Contests by phone or email, or by knowingly directing any form of individually targeted advertisement or marketing material to Prohibited Players and groups of people that are considered moderate and high-risk groups for compulsive play

#### **Section 4.8. No Advertising or Promotions at Prohibited Locations**

Advertising and marketing will not be placed with such intensity and frequency that they represent saturation of that medium or become excessive. The operator shall take all reasonable steps to ensure that Fantasy Contests shall not be promoted or advertised:

- A. At any location 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.
- B. At Amateur Sports Events or Special Events held at educational institutions of primary, intermediate and secondary levels, including events held at venues not primarily used for these events; provided, however, if permanent or semi-permanently placed advertisements in such venues cannot reasonably be removed or covered, the operator shall not be in violation of this regulation
- C. At a venue where most of the audience at many of the Sports Events or Special Events at the venue is reasonably expected to be Minors.
- D. In published media or through news assets (e.g., print, radio or television broadcasts, Internet and mobile applications) in Puerto Rico that are aimed exclusively or primarily at minors or are owned by educational institutions of primary, intermediate and secondary levels or advertised on educational institutions of primary, intermediate and secondary levels.
- E. At or in any other locations prohibited by local or federal law.

#### **Section 4.9. Advertisement Retention**

The operator shall retain copies of all advertisements for at least four years from the date of the last use of that advertisement and shall retain records sufficient to identify where such advertisements were placed. To the extent that an advertisement cannot be maintained in its original form (e.g., billboards), the advertising copy shall be retained.

### **ARTICLE 5 FANTASY CONTEST OPERATIONS**

#### **Section 5.1. Authorized Fantasy Contests**

- A. Fantasy Contests are authorized using Sports Events from any professional sport or, any college or university sports event, any Olympic or international event, or any part thereof, from any sports team that plays in a championship, tournament, cup, league or season. In addition, Fantasy Contests are authorized using Special Events, such as those from electronic game leagues such as Esports.
  - 1) Esports 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) Esports 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 Esports competitions. Additionally, different products within the electronic sports category can be used, such as FIFA, PES, Motorsports, NBA2K, etc.
  - 4) These competitions range from a two-person match-up to team competitions.
  - 5) Esports 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:
    - a) Gaming Tournaments: Participants compete with each other in one or more authorized games, face-to-face or through the internet.
    - b) Skill Based Gaming: Games that involve skill or combine chance with player skill

- c) Peer-to-Peer Gaming: Two participants play against each other and compete through an intermediary, who pays the winner and collects a take or fee.
- B. Entries may not be accepted or paid by the operator in contests based on:
  - 1) Any Sports Events or Special Events which are:
    - a) Are designed for athletes or participants under eighteen (18) years of age (minors).
    - b) Are of educational institutions of primary, intermediate and secondary levels or whose athletes or participants are predominantly minors. For purposes of this regulation, “predominantly” means greater than fifty percent (50%)
    - c) Are offensive, distasteful, unsavory or cause affront to normal public standards, including, but not limited to events involving:
      - i. The death of a living person or animal other than in cockfighting held in accordance with the Puerto Rico Rooster Law of the New Millennium;
      - ii. Criminal conduct or appears to induce criminal conduct;
      - iii. A risk of inciting an individual to breach the rules of a Sports Governing Body or equivalent; or
      - iv. Discriminatory or derogatory inferences against race, religion, ethnicity, gender or sexuality.
    - d) Threaten the dignity of people, the right to honor, personal and family privacy and image; or
    - e) Are against the rights of minors or any constitutionally recognized right or freedom.
  - 2) Any Sports Events or Special Events in which.
    - a) The event is not adequately supervised;
    - b) The outcome of the event is not verifiable;
    - c) The outcome of the event is not generated by a reliable and independent process;
    - d) The outcome of the event is unlikely to be affected by any Fantasy Contest;
    - e) The event is not conducted in compliance with any applicable laws;
  - 3) Any Special Events whose outcome cannot be resolved within thirty (30) days of commencement
  - 4) Any Esports 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.
  - 5) Any virtual event.
  - 6) 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
  - 7) Any Special Event, unless such event is approved pursuant to the procedures set forth in subsection (D) of this section; and
  - 8) Any other event which has been prohibited by the Commission
- C. The Authorized Sports Events and Special Events, Leagues and Contests list shall be made publicly available. For items not on this list, the operator shall not accept any entries on a type of contest unless it has received prior approval from the Commission. The operator 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 athletes or participants that a player 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.

## Section 5.2. Systems and Components used for Fantasy Contests

### A. System Evaluation

The Fantasy Contest Operator and/or Technology Platform Provider shall obtain an initial, technical review for the Fantasy Contest System and its components from an independent test laboratory. The independent testing laboratory shall attest that the Fantasy Contest System and its components are in compliance with these Regulations, as well as to the Law and any other requirements provided by the Commission in the form of MICS.

- 1) The independent test laboratory shall also evaluate applicable methods, programs, protocols and security measures implemented by the operator, provider, or an approved third-party service provider for the following:
  - a) Player identification and age verification;



- b) Location verification methods utilized by the system;
  - c) Detection of proxy server or virtual private network (VPN) use;
  - d) Methods to detect suspicious behavior;
  - e) Process to detect or prevent unauthorized access to sensitive areas of the system; and
  - f) Procedures to prevent unauthorized access to or manipulation of the personally identifiable information (PII) of the player.
- 2) At the discretion of the Commission, additional testing or attestation of Fantasy Contest System and its components by an independent test laboratory specified by the Commission may be required. The Operator and/or Provider shall incur all costs associated with the testing of the system. Failure to incur these costs may be grounds for administrative action by the Commission.

**B. System Security**

- 1) The Operator and/or Provider shall comply with all applicable local and federal requirements for system security and shall implement, maintain, and comply with procedures, protocols, and security measures required by the Commission, including such requirements issued in the form of MICS.
- 2) The Operator and/or Provider must provide the Commission with information on the hosting center(s) or other secure location(s) of the Fantasy Contest System and its components (servers and other equipment) other involved in the Fantasy Contest Operation, with each hosting center or secure location selected authorized by the Commission. The hosting centers or secure locations must:
  - a) Unless otherwise authorized by the Commission, be located in the United States;
  - b) Comply with the security standards identified by the Commission, in accordance with the standards or parameters acceptable by the industry and regulatory entities throughout the United States; and
  - c) Be organized in a manner that promotes optimal security for Fantasy Contests and for all parties involved in the industry.
- 3) The Operator and/or Provider shall establish procedures to handle violations of system security, which may include security incidents, unusual transactions, system failures, loss of service, breaches of confidentiality, and malicious intrusion. Such procedures shall address:
  - a) Analysis and cause of the violations of system security;
  - b) Containment;
  - c) Planning and implementation of corrective action to prevent recurrence;
  - d) Communication with players affected by or involved with recovery from the violations of system security; and
  - e) Reporting of the action to the Commission.
- 4) Action to recover from violations of system security and correct system failures shall be carefully and formally controlled. The procedures shall ensure the following:
  - a) Only clearly identified and authorized personnel are allowed access to live systems and data.
  - b) Emergency actions taken are documented in detail.
  - c) Emergency action is reported to management and reviewed in an orderly manner.
  - d) The integrity of the Fantasy Contest System and its components are confirmed with minimal delay.
  - e) Reporting of the action to the Commission.

**C. Cybersecurity Program**

The Operator and/or Provider shall establish a cybersecurity program designed to ensure the confidentiality, integrity and availability of systems and components that perform cybersecurity functions. Functions include identification of cyber risks; implementation of policies and procedures to protect unauthorized access or use or other malicious acts; detection of cybersecurity events; responsiveness to identified cybersecurity events to mitigate any negative events and recovery from cybersecurity events and restoration of normal operation and services.

**D. System Integrity and Security Risk Assessment**

It is recommended, but not required unless requested by the Commission that, a system integrity and security risk assessment be performed annually on the Fantasy Contest System and its components to verify compliance with the Technical Security Controls of the Law and these Regulations. The Executive Director will review the qualifications and experience of the independent professional organization who performs this assessment and determine whether to recognize that entity as an approved provider.

- 1) Where required, the system integrity and security risk assessment shall be conducted within ninety (90) days, after becoming operational and no later than ninety (90) days after the start of the operator's fiscal year.
- 2) Results from the risk assessment shall be submitted to the operator and/or Commission no later than thirty (30) days after the assessment is conducted, which shall include:
  - a) Scope of review;
  - b) Name and Commission affiliation of the individual(s) who conducted the assessment;

- c) The date of the assessment;
  - d) Findings;
  - e) Recommended corrective action, if applicable; and
  - f) The operator's response to the findings and recommended corrective action.
- 3) The Commission may issue additional Technical Security Controls specifications for any additional assessments or specific testing criteria and may also issue such requirements in the form of MICS.

**E. Change Management Program (CMP)**

The Operator and/or Provider shall submit Change Management Program (CMP) policies and procedures 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. The Commission may issue additional specifications for CMP policies and procedures and any specific requirements related to changes and may also issue such requirements in the form of MICS.

**Section 5.3. Information Posting**

**A. Multiple Language Information**

The following principles must be followed where information available to the player (contest rules, terms and conditions, privacy policy, etc.) is provided in different language versions:

- 1) Each language version of the same activity must provide the same statistical data as the case may be;
- 2) Where one player may elect to participate in multiple different language versions of an activity, they must have the same likelihood of winning regardless of which language version they choose.
- 3) Each language version must be consistent with the information for that version,
- 4) All information must be provided in the language specified for that version, and
- 5) The information must carry the same meaning across all language versions so that no one version is advantaged or disadvantaged.
- 6) It will not be mandatory for the common Fantasy Contest terms used internationally to be translated.

**B. Available Contest Information**

- 1) The operator shall make available in written form on the Mobile App or Site without the need for entering a contest, the following information
  - a) Information regarding the Sports Events and Special Events available for contests, including:
    - i. A description of the eligible specific sports, races, games, matches, or contests on which Fantasy Contests will be allowed;
    - ii. Types of entries eligible to be made for a contest; and
    - iii. A list of eligible athletes or participants for selection.
  - b) Current statistics on team and individual performances, including the accurate and timely update of such statistics; and
- 2) All times shown are Eastern Time (ET) unless otherwise stated
- 3) The entry fees, prizes, and player account balances shall be displayed as currency, except when in terms of bonus or promotional credits. Bonus or promotional credits appear as restricted player funds in the Player Account and may be used to participate as described in the specific rules for the particular bonus or promotion.
- 4) This information shall be displayed as accurately as possible within the constraints of communication delays and latencies.

**C. Contest Rules**

- 1) Contest rules refers to any written, graphical, and auditory information provided to the public regarding Fantasy Contest operations.
  - a) Contest rules shall be complete, unambiguous, and not misleading or unfair to the player.
  - b) Contest rules that are presented aurally (via sound or voice) shall also be displayed in written form.
  - c) Contest rules shall be rendered in a color that contrasts with the background color to ensure that all information is clearly visible/readable.
- 2) 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 a player account, including a clear and concise explanation of all fees (if applicable);
  - b) As allowed by the Commission, any prizes and awards offered to winning players in the form of merchandise, annuities, lump sum payments, or payment plans instead of cash prizes for each contest that is offering such a prize;

- c) The procedures by which any unrecoverable malfunctions of hardware/software are addressed including if this process results in the voiding or cancelling of any entries or contests
- d) The procedures to deal with interruptions caused by the discontinuity of data flow from the network server during a contest
- e) Rules of participation, including all contest eligibility and scoring criteria, available contests and entries, entry fees, number of entries allowed, all advertised awards, and the effect of schedule changes;
- f) Payout information and prize structure, including all possible winning positions, rankings, and achievements, along with their corresponding prizes, for any available entry option
- g) 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 may not be determined by the number of players participating or the amount of any entries paid by those players.
- h) How players are categorized based on their experience level for each contest type
- i) 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
- j) A statement that the operator reserves the right to:
  - i. Refuse any roster or part of a roster or reject or limit selections prior to the acceptance of an entry for reasons indicated to the player in these rules;
  - ii. Accept an entry at other than posted terms; and
  - iii. Lock contests at their discretion;
- k) How a winning entry is determined and 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.

- 3) The contest rules for the contest types currently offered shall be conspicuously displayed or readily available on the operator's Mobile App or Site.

**D. Fantasy Contests Guide**

No Fantasy Contests Guide shall be issued, displayed or distributed by the operator unless and until a sample thereof has been submitted to and approved by the Commission.

**E. Free Play Mode**

The operator may offer free play mode, which allow players to participate in Fantasy Contests without paying. Free play must not be available to the player without first signing into an account. Free play shall have the same payout as paid contests. Free play shall have the same restrictions and requirements as paid contests including the prohibition of participation by minors. Free play shall provide the same responsible play information as the paid contests. Entries, which may be paid with credits received from a bonus or promotional offer are not considered free play.

**F. Bonus or Promotional Offers**

The operator shall fully and accurately disclose the material terms of all bonus or promotional offers at the time such offers are advertised and provide full disclosures of the terms of and limitations on the offer before the player provides anything of value in exchange for the offer. If the material terms of a bonus or promotional offer cannot be fully and accurately disclosed within the constraints of a particular advertising medium (e.g., on a billboard), the promotional offer may not be advertised in that medium. Bonus or promotional offers require Commission approval and must include the following:

- 1) The rules of play;
- 2) The nature and value of the associated prize(s) or award(s);
- 3) Any restrictions or limitations on eligibility;
- 4) The date(s), time(s), and location(s) the associated bonus or promotional activity or activities are presented, is active, and expires;
- 5) Participation requirements and limitations by type of entry, or by type of contest, or when other specific conditions apply.
- 6) Any other restrictions or limitations, including any related to the claim of prizes, cash awards, or withdrawal of funds;
- 7) How the player is notified when they have won

- 8) The announcement date(s), time(s), and location(s) for the winnings;
- 9) The order in which funds are used for entry fees;
- 10) Rules regarding cancellation; and
- 11) Rules governing bonus or promotional offers offered across multiple operators, third-party sponsored offers, and joint offers involving third-parties.

**G. Restrictions on Number of Entries by Contest.**

The operator shall disclose the number of entries that a player can submit to each Fantasy Contest, and take reasonable steps to prevent players from submitting more entries than allowed for that contest, including, but not limited to, the following restrictions, which shall also be clearly and conspicuously disclosed and enforced:

- 1) No more than one entry in any Fantasy Contest involving 12 entries or less.
- 2) No more than two entries in any Fantasy Contest involving 13 through 36 entries.
- 3) No more than three entries in any Fantasy Contest involving 37 through 100 entries.
- 4) In any Fantasy Contest involving more than 100 entries, no more than the lesser of 3% of all entries or 150 entries.
- 5) Fantasy Contest Operators may establish Fantasy Contests, representing less than 2% of the total number of contests it offers, in which there is no restriction on the number of entries, provided that the operator clearly discloses that there are no limits on the number of entries by each player in such contest and that the cost of participating in such contest is \$50 or more per entry. Fantasy Contest Operators shall be permitted to allow unlimited entries in no more than three percent (3%) of all Fantasy Contests, and the entry fee for such contests shall be a minimum of one hundred fifty dollars (\$150)

**H. Fill Rate**

The operator shall promptly, accurately and regularly update the "fill rate" for any Fantasy Contest it offers on the Fantasy Contest System. For the purpose of this regulation, the term "fill rate" shall mean the number of entries that have been submitted for that Fantasy Contest at a given time.

**I. Free or Discounted Entries**

The operator shall not offer free or discounted entries to fill a contest in the three-hour period prior to the earliest lock time for that contest, unless such free or discounted entries are made available pursuant to a plan that does not unreasonably disadvantage the players that have already entered that contest. For the purposes of this regulation, an entry shall be considered "free" or "discounted" if it is less than the full entry fee for the contest or if the full entry fee is collected subject to refund, account credit, offset or reimbursement on any basis.

**Section 5.4. Entry Buy-ins**

Any entries submitted through electronic communication are considered purchased at the physical location of the server or other equipment used by the operator. The intermediate route between servers, of electronic data related to Fantasy Contests, will not determine the location or locations where it starts, receive or otherwise purchases an entry.

- A. The method entering a contest shall be straightforward, with all selections being clearly obvious to a typical player.
- B. Players shall have the ability to select the Fantasy Contest in which they want to participate.
- C. At the time of buy-in, the player must pay 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.
- D. Players group virtual rosters of real athletes or participants belonging to professional Sports Events or Special Events. No roster may be based on the current membership of an actual real-world team that is a member of an amateur or professional sports organization. Athlete or participant selection is conducted through a bidding process.
  - 1) Each athlete or participant has a transfer value or acquisition value, and this value is given by their real performance in the Sports Event or Special Event in which they participate.
  - 2) The player will be assigned a budget for the acquisition of athletes or participants into their roster.
  - 3) The value given to the player for the acquisition of athletes or participants is part of the contest and does not correlate to the value of the entry fee.
- 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 player may enter a contest if the entry fee for that contest is greater than the current balance of the player's account.
- G. There shall be a clear indication provided to the player that a contest entry has been accepted.
- H. A confirmation containing details of the contest entry shall be provided to the player.
- I. The player's account balance is to be debited by the amount of the paid entry once the entry is submitted.
- J. After the initial teams are selected, interim replacement of athletes or participants may occur by trade or purchase. A specific fee, which may not exceed the total entry fee, is charged for each transaction.

**Section 5.5. Contest Locking**



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 an entry is unable to be purchased.

- A. The operator shall clearly and conspicuously publish rules that govern when each Fantasy Contest shall lock that may include rules for multiple lock times in situations in which underlying competitions begin at different times. No lock times may occur after the commencement of the competition to which that lock time applies.
- B. As of the time a Fantasy Contest locks, no further entries or substitution of athletes or participants shall be accepted in connection with that contest. Nor shall players be allowed to make further alterations or substitutions in connection with their entry or entries.

#### Section 5.6. Contest Results

- A. The players' rosters compete against each other.
  - 1) All performances correlate directly to the development of the Sports Events or other Special Events that comprise the contest (championship, tournament, cup, league or season) and the behavior of each of the athletes or participants chosen in these events.
  - 2) Each development that takes place in the contest which will be scored positively or negatively, shall be done in accordance with the rules established by the Operator, who will assign points accordingly depending on the performance of the athletes or participants during the events.
- B. Players must be able to view the results when a Fantasy 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 all the information which may affect the scoring of each contest.
- C. The winning outcomes shall reflect the skills and relative knowledge of the players and are mostly determined by the cumulative statistical results of the individual performance of athletes or participants. In addition, no winning outcome may be solely 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) Any single performance of an individual athlete or participant in any single real-world Sports Event or Special Event.
- D. 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
- E. When each contest is concluded, the operator shall calculate point totals. The winner(s) of the contest is/are the player(s) that has/have the highest score. The prize(s) is/are, at a minimum, constituted by the sum of the amounts paid by the players as entry fees, minus a take or fees set by the Operator..

#### Section 5.7. Winning Entry Payment

- A. Players with winning entries shall have the prize deposited into their player account or be paid by other means approved by the Executive Director within 48 hours from the end of the contest. If the prize is unable to be placed in a player account, such prize must then be handled in accordance with procedures identified in the internal controls.
- B. The operator may refuse to award a prize to a player upon a good-faith determination, following reasonable investigation, that the player misrepresented their identity or location in order to enter the Fantasy Contest, provided, however, that such prize must then be handled in accordance with procedures identified in the internal controls.
- C. The operator shall receive information from the Administration for Child Support Enforcement ("ASUME") concerning persons who are delinquent in child support. The following will occur prior to the operator disbursing a prize of six hundred dollars (\$600) or more, in winnings to a person who is delinquent in child support,
  - 1) The operator shall make a reasonable effort to:
    - 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 operator; and
    - c) Issue the obligor a receipt in a form prescribed by ASUME with the total amount withheld for delinquent child support and the administrative fee mentioned under subsection (3).



- 2) The operator may also 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.

## Section 5.8. Fairness of Fantasy Contests

### A. **Player Classification**

A Beginner Player is a player who has entered fewer than 51 contests offered by a single Fantasy Contest Operator, and who has not qualified as a highly-experienced player. A Highly-Experienced Player is a player who has entered more than 1,000 contests offered by a single Fantasy Contest Operator or won more than 3 prizes valued at \$1,000 or more from a single Fantasy Contest Operator. A Fantasy Contest Operator may declare others as highly-experienced players so long as the operator's criteria for declaration would include players previously declared highly-experienced players by the operator. Once a player is classified as a highly-experienced player, a player will remain classified as such.

### B. **On-Boarding Procedures for Beginner Players**

The operator shall offer on-boarding procedures for Fantasy Contests for beginner players, which shall be clearly and conspicuously displayed on the Mobile App or Site explaining opportunities to learn about contest play, how to identify highly-experienced players, including symbols or other identification used, and recommending beginner contests and low-cost private contests with friends for their value as a learning experience.

### C. **Beginner Contests**

The operator shall develop Fantasy Contests that are limited to beginners and shall keep non-beginner players from participating, either directly or through another person as a proxy, in those games. A Fantasy Contest Operator shall suspend the account of any non-beginner player that enters a beginner Fantasy Contests directly or through another person as a proxy and shall ban such individual from further play. A Fantasy Contest Operator may allow a non-beginner who is not a highly-experienced player to enter up to 10 beginner contests in any sport in which that player has not already entered 20 Fantasy Contests.

### D. **Fantasy Contests that Exclude Highly-Experienced Players**

The operator shall offer some Fantasy Contests open only to beginner players and that exclude highly-experienced players either directly or through another person as a proxy. Fantasy Contest Operators of contests described in this regulation shall:

- 1) Implement and follow procedures to prevent highly-experienced players from participating in such Fantasy Contests directly or through a proxy; and
- 2) Suspend accounts of highly-experienced players who participate in contests which excludes highly-experienced players, directly or through another person as a proxy, and shall ban such individual from further play.

### E. **Identification of Highly-Experienced Players.**

The operator shall clearly and conspicuously identify highly-experienced players by a symbol attached to their username, or by other easily visible means, on the Mobile App or Site.

### F. **Cheating and Scripts**

- 1) The operator shall use commercially reasonable efforts to monitor for and to deter, detect, and prevent cheating to the extent reasonably possible, including collusion and the use of cheating devices, such as the use of software programs, unauthorized scripts, or scripting programs that submit entry fees or adjust the athletes or participants selected by a player
- 2) Any player found to be cheating shall be barred from playing in any Fantasy Contest by terminating such individual's player account and by banning that individual from further participation.
- 3) Authorized scripts shall either be incorporated as a contest feature or be clearly and conspicuously displayed and thereby made readily available to all players; provided, that the operator shall clearly and conspicuously display its rules on what types of scripts may be authorized in the Fantasy Contest.
- 4) The operator shall not authorize scripts that provide a player with a competitive advantage over another player. A script will be treated as offering a competitive advantage for reasons including, but not limited to, its potential use to:
  - a) Auto draft athletes or participants;
  - b) Choose between pre-selected teams of athletes or participants;
  - c) Facilitate entry of multiple contests with a single roster;
  - d) Facilitate changes in many rosters at one time;
  - e) Facilitate use of commercial products designed and distributed by third-parties to identify advantageous strategies; or
  - f) Gather information about the performance of others for the purpose of identifying or entering contests against players who are less likely to be successful.
- 5) The operator may prohibit the use of any and all scripts.

### Section 5.9. Geolocation Requirements

The operator must use technologically and commercially reasonable measures to make participating in Fantasy Contests possible through computers or mobile devices that allow participation through the Fantasy Contest System 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 reasonably ensure that participation occurs within the territorial limits of Puerto Rico, the Commission will require the use of border control technology to reasonably detect the physical location of a player attempting to access their account and to monitor for simultaneous logins to a single account from geographically inconsistent locations. An Operator may use a third-party Location Service Provider (LSP) to provide the border control technology.

- A. The border control technology must be able to perform as follows:
  - 1) Examine the IP Address upon each connection to a network on a specific computer or mobile device to ensure a known Virtual Private Network (VPN) or proxy service is not in use.
  - 2) Check location prior to entering the first contest after logging in on a specific computer or mobile device. Subsequent location checks on that device shall occur prior to entering contests after a period of 30 minutes since the previous location check. If the location check indicates the player is outside the permitted boundary or cannot successfully locate the player, the entry shall be rejected, and the player shall be notified of this.
  - 3) Use accurate location data sources (Wi-Fi, GSM, GPS, etc.) to confirm the player's location when a location check is performed. If a computer's only available location data source is an IP Address, the location data of a mobile device registered to the player account may be used as a supporting location data source under the following conditions:
    - a) The computer (where the entry is being purchased) and the mobile device shall be determined to be near one another.
    - b) Carrier-based location data of a mobile device may be used if no other location data sources other than IP Addresses are available.
- B. 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 Fantasy Contests.
- C. 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 Fantasy Contests. The operator shall use, at a minimum:
  - 1) Geolocation and geofencing techniques and capability; and
  - 2) Commercially reasonable standards for the detection and restriction of proxy servers, virtual private networks, spoofing, or other means of disguising one's location.
- D. The operator shall use commercially and technologically reasonable measures to prevent the use of proxy servers and deny participation in 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 in order to engage in Fantasy Contests.
- E. 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 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.
- F. The operator shall immediately notify the Commission of any entries made when the player was located in a prohibited location and shall provide the regulatory body with all information, documentation, and other evidence of such activity.
- G. The operator shall take commercially and technologically reasonable measures to detect and prevent one player from acting as a proxy for another. Such measures shall include, without limitation, use of geolocation technologies to prevent simultaneous logins to a single account from geographically inconsistent locations.
- H. The border control technology shall monitor and flag for investigation any buy-ins 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).
- I. The operator should implement procedures to disable account access if the operator receives information that an account is being accessed from a location that indicates that there is a likelihood of unauthorized or improper access.

- J. 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 MICS.

## Section 5.10. Data and Reporting

### A. Data Retention

Upon request and at a location designated by the Commission, the operator shall provide the Commission with the data required to be maintained by this section. The operator shall retain all such data for a minimum of five (5) years in a location approved by the Commission. In the event of a change of ownership, data of prior owners shall be retained in a location approved by the Commission for a period of five (5) years unless a different period is authorized by the Commission. Data may be maintained in other locations if access to the data is available on computers located at the principal place of business or other location approved by the Commission.

- 1) The operator's internal controls shall include the processes for maintaining the recorded transactional data information for a period of five (5) years, including, but not limited to:
  - a) Information sufficient to trace the deposits into and withdrawals out of a player's account for at least five (5) years from the date of deposit or withdrawal; and
  - b) Data about the winner(s) of each Fantasy Contest and the amount of any prizes awarded to the winner(s) for at least five (5) years from the date of the Fantasy Contest.
- 2) Adequate documentation of all pertinent transactional data is generated and maintained by the operator. This documentation shall be restricted to authorized personnel.
- 3) The Fantasy Contest 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 data for the purposes of data analysis and auditing/verification.
- 4) The following data shall be retained for each player account registration, as applicable:
  - a) Unique player ID and username (if different);
  - b) Personally identifiable information (PII) of the player, such as:
    - i. The information collected by the operator to register a player and create the account, including, the legal name, residential address, and date of birth;
    - ii. Encrypted PII, including the government identification number (social security number, taxpayer identification number, passport number, or equivalent), 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, a description of the identification credential provided by a player to confirm their 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 promotional/bonus credits. All restricted promotional/bonus credits and promotional/bonus credits that have a possible expiration shall be maintained separately;
  - f) Previous accounts, if any, and reason for de-activation;
  - g) The date and method from which the account was registered (e.g., remote vs. on-site);
  - h) The date and time of account is accessed by any person (player or operator), including IP Address;
  - i) The current status of the player account (e.g., active, inactive, closed, excluded, etc.).
  - j) Classification of player (e.g. beginner player, highly-experienced player, etc.).
- 5) The following data shall be retained for each player account who has exclusions and/or limitations, as applicable:
  - a) Unique player ID;
  - b) The date and time of the request;
  - c) Description and reason of exclusion/limitation;
  - d) Type of exclusion/limitation (e.g., involuntary exclusion, self-limitation on deposits per week, etc.);
  - e) The date exclusion/limitation commenced;
  - f) The date exclusion/limitation ended (blank if unknown);
- 6) The following data shall be retained for each player account's financial transactions, as applicable:
  - a) Unique player ID;
  - b) Unique transaction ID;
  - c) Type of transaction (e.g., deposit, withdrawal, adjustment);
  - d) The date and time of the transaction;
  - e) Amount of transaction;
  - f) Total account balance before/after transaction;
  - g) Unique user ID of employee which handled the transaction;

- h) Transaction status (pending, complete, etc.);
- i) Method of deposit/withdrawal;
- j) Deposit authorization number;
- k) Relevant location information;
- l) For adjustments to the account, the reason for the adjustment;
- 7) The following data shall be retained for each player's entry into a Fantasy Contest, as applicable:
  - a) Unique player ID
  - b) Unique entry ID;
  - c) Unique contest ID;
  - d) The date and time the entry was purchased;
  - e) Player selections involved in the entry:
    - i. Roster selection (e.g., each athlete or participant);
    - ii. Statistical data for each athlete or participant;
    - iii. Any special condition(s) applying to the entry;
  - f) The total number of points earned by the player's roster (blank until confirmed);
  - g) The results of the entry (blank until confirmed);
  - h) Total amount paid as an entry fee, including any promotional/bonus credits;
  - i) Total amount of potential prize, including any promotional/bonus credits;
  - j) Takeout or fees collected;
  - k) Relevant location information;
  - l) Unique user ID of employee which processed the entry, if assisting the player;
  - m) Redemption period;
  - n) The date and time the entry was redeemed
  - o) Total amount redeemed, including any promotional/bonus credits, if different than the value in subsection (i);
  - p) Unique user ID of employee which redeemed the entry, if assisting the player;
  - q) Entry status (active, cancelled, unredeemed, pending, void, invalid, redemption in progress, redeemed, etc.);
- 8) The following data shall be retained for each Fantasy Contest, as applicable:
  - a) Unique contest ID;
  - b) The type of contest (e.g., NFL, NBA, MLB, NCAA by Sports Event, Special Event, etc.) and description
  - c) Contest status (in progress, suspended, etc.);
  - d) The date and time that the contest started or is scheduled to start;
  - e) The date and time that the contest ended or is scheduled to end (blank if unknown);
  - f) The date and time the results were confirmed (blank until confirmed);
  - g) The number of entries submitted;
  - h) The results of the contest (blank until confirmed);
  - i) The total amount of entry fees collected, including separate amounts for promotional/bonus credits
  - j) The total amount of winnings paid to players, including separate amounts for promotional/bonus credits and/or prizes
  - k) The total amount refunded from entries voided or cancelled, including separate amounts for promotional/bonus credits
  - l) Total amount of takeout and fees collected from entry fees
  - m) Other amounts and description of other amounts collected by the operator; and
  - n) Contest status (in progress, suspended, complete, confirmed, etc.).
- 9) The following data shall be retained for each bonus or promotional offer, as applicable:
  - a) Unique bonus or promotional offer ID;
  - b) The date and time the bonus or promotional was made available;
  - c) Current balance for bonus or promotional awards;
  - d) Total amount of bonus or promotional awards issued;
  - e) Total amount of bonus or promotional awards redeemed;
  - f) Total amount of bonus or promotional awards expired;
  - g) Total amount of bonus or promotional award adjustments;
  - h) The current status of the bonus or promotional offer (active, disabled, decommissioned, etc.); and
  - i) The date and time the bonus or promotional offer was or is scheduled to be decommissioned (blank until known).



**B. Reporting Requirements**

- 1) The Fantasy Contest System shall, generate the data needed to compile reports necessary to record Adjusted Gross Revenue, Fantasy Contest Operator liability, location percentage, and such other information relating to Fantasy Contests as deemed necessary by the Commission. Such reports shall distinguish by method of type and status where applicable and shall contain:
  - a) The operator's name (or other identifier), title of report, the selected period 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.
- 2) For these Regulations, it is acceptable to maintain non-system generated reports using data exported from the system (e.g., Excel).
- 3) The operator shall timely file with the Commission data records or reports required by these Regulations;
- 4) The Commission may issue additional technical specifications for Fantasy Contest Reports and any specific requirements related to data reporting and may also issue such requirements in the form of MICS.

**C. Backup and Contingency Plan**

- 1) The operator shall conduct a complete data backup to an off-site location a minimum of once a month. For purposes of this Section, the operator shall submit the name, location, and security controls of the off-site storage facility to the Commission. The operator shall submit changes to the location and security controls of the off-site storage facility at least 30 days prior to the change. Any changes less than 30 days in advance must include justification for the late submission. If the operator uses managed cloud service provider backups, the name of the cloud service provider and region where the primary copy of the data shall be provided at the time of licensure and at the time of any change thereafter. A complete system data backup includes, but is not limited to the data recorded in subsection (A):
- 2) The operator shall have a written contingency plan in the event of a system failure or other event resulting in the loss of system data. The plan shall address backup and recovery procedures and shall be sufficiently detailed to ensure the timely restoration of data in order to resume operations after a hardware or software failure or other event that results in the loss of data.

**ARTICLE 6 OPERATOR PROCEDURES AND PRACTICES**

**Section 6.1. Authorized Players**

The Fantasy Contest Operator will be required to have strict controls to prevent access by minors under eighteen (18) years of age. Only people eighteen (18) years of age or older may participate in Fantasy Contests. To corroborate that the player is not a minor, the Commission will oblige the operator to take the necessary measures to guarantee the identity of the player and that they are 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.

**Section 6.2. Participation Prevention and Restriction**

**A. Prevent Participation by Prohibited Players**

Fantasy Contests may not be directed at minors or other Prohibited Players excluded by the Law.

- 1) The operator's internal controls shall describe the method to prevent Prohibited Players from participating in 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 operator's Voluntary Exclusion List or Involuntary Exclusion List
  - e) The operator, a director, officer, owner, contractor, or employee of the operator, or any relative living in the same household
  - f) Any individual, group of individuals, or entity
    - i. With access to confidential information or insider information held by the operator; or
    - ii. Acting as an agent or surrogate for others.
  - g) Any person or entity included in the Specially Designated Nationals and Blocked Persons List issued by OFAC
- 2) The operator shall make these restrictions known to all affected individuals and corporate entities.
- 3) Identity will be verified during the registration process as described in Section 7.1.C.
- 4) 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 an entry buy-in 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 purchased an entry.
- c) The operator shall deny access to bonus or promotional offers, player loyalty programs, and other similar benefits to a Prohibited Player;
- d) The operator shall deny a Prohibited Player from any winnings derived from participating in 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 Fantasy Contests. Upon withholding or refusing to pay a Prohibited Player, the operator shall promptly notify the Commission.
- e) If the operator becomes or is made aware that a Prohibited Player has participated in Fantasy Contests, the operator shall promptly, within no more than three (3) business days, refund any deposit received from the Prohibited Player, whether or not the Prohibited Player has engaged in or attempted to engage in a Fantasy Contest; provided, however, that any refund may be offset by prizes already awarded.

**B. Restrict Participation by Athletes, Participants, and Associates**

- 1) The following may not participate in Fantasy Contests determined, either in whole or in part, by the accumulated statistical results of that individual or the individual's real-life team or the Sports Event or Special Event in which the individual participates;
  - a) Any person, from Puerto Rico, the United States or any part of the world who is recognized as a professional athlete or participant, coach, referee or director of a Sports Governing Body or equivalent or any of its member teams
  - b) A Sports Governing Body or equivalent or any of its member teams
  - c) An athlete or participant, or a referee personnel member, in, or on, any Sports Event or Special Event supervised by that individual's Sports Governing Body or equivalent
- 2) The following may not participate in Fantasy Contests that they may benefit from, may have confidential information, or any other insider information identified by the Commission.
  - a) A person who occupies a position of authority or influence sufficient to exercise it over the athletes and participants in a Sports Event or Special Event, including, but not limited to, coaches, managers, handlers, athletic trainers or sports trainers in general;
  - b) A person with access to certain types of confidential information about any Sports Event, Special Event, or Fantasy Contest;
  - c) A person identified by any list provided by the Sports Governing Body or equivalent to the Commission in Puerto Rico.
- 3) Any employee of a Sports Governing Body or equivalent or its member teams who is not prohibited from participating must, however, notify the Commission before participating in Fantasy Contests.
- 4) The direct or indirect legal or beneficial owner of a Sports Governing Body or equivalent or any of its member teams may not participate in Fantasy Contests involving a Sports Event or Special Event in which any member team of that Sports Governing Body or equivalent participates.
- 5) 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, any information or lists that the Sports Governing Body or equivalent may provide to the Commission and which the Commission or Sports Governing Body or equivalent provides to the operator
- 6) The operator will not be held liable for a violation of these regulations if:
  - a) The operator makes commercially reasonable efforts to obtain lists of such persons for the purpose of implementing this provision by monitoring for and excluding accounts of such persons;
  - b) The operator makes these restrictions known to all affected individuals and corporate entities;
  - c) The Sports Governing Body or equivalent for the Sports Event or Special Event in which such individuals participate, maintains and enforces a policy that excludes such individuals from entering Fantasy Contests in that Sports Event or Special Event; and
  - d) The operator, upon learning of a violation of these regulations, immediately bars the individual committing the violation from Fantasy Contests by suspending such individual's account and banning such individual from further play, terminates any existing promotional agreements with such individual and refuses to make any new promotional agreements that compensate such individual.

**C. Prevent Sharing Confidential Information that May Affect Fantasy Contests**

- 1) The operator must implement commercially reasonable procedures to prevent Confidential Information that may affect the participation in Fantasy Contests from being shared with third-parties, before the information is available to the public.
- 2) No operator employee, principal, officer, director, or contractor may disclose confidential information that may affect a Fantasy Contest to any person permitted to participate in such contest.
- 3) The operator shall prohibit the disclosure of confidential information by all operator employees and contractors that may affect the result of a contest to any person permitted to engage in Fantasy Contests;
- 4) The operator shall not knowingly allow an athlete or participant, sports agent, team employee, referee or league official to provide confidential information to any player, or to provide such information to a player before such information is made public.
- 5) The operator shall not knowingly allow a player to enter a contest after that player has been provided with confidential information that may affect the result of a Fantasy Contest by an athlete or participant, sports agent, team employee, referee, or league official;
- 6) The operator shall regularly monitor its Fantasy Contests for evidence of activity that indicates that a player has access to confidential information; and
- 7) On learning of a violation of this regulation, the operator shall permanently bar the player receiving such information from participating in any Fantasy Contest operated by the operator and close the player's account. and banning such individual(s) from further play. The operator shall also terminate any existing individual promotional agreements with any athlete or participant, sports agent, team employee, referee or league official that violates these regulations and shall refuse to make any new individual promotional agreements that compensate such individual.
- 8) The operator shall make these restrictions known to all affected individuals and corporate entities.

**D. Prevent Extension of Credit or Promotion Thereof**

The operator shall not extend credit to players for Fantasy contests or allow the deposit of funds into an account that is derived from the extension of credit by affiliates or agents of the operator. For purposes of this subsection, credit shall not be deemed to have been extended where, although funds have been deposited into an account, the operator is awaiting actual receipt of such funds in the ordinary course of business.

**Section 6.3. Responsible Play**

- A. The provisions of Articles 1 through 4 of Law No. 96 of May 16, 2006, as amended, shall apply to Fantasy Contests.
- B. The Mobile App or Site shall not induce players to continue participation when the player is in session, when the player attempts to end a session, or when a player wins or loses a contest. Communications with players shall not intentionally encourage players to increase the amount of time spent or funds in player accounts beyond pre-determined limits, participate continuously, re-play winnings, and chase losses.
- C. The Mobile App or Site shall avoid reinforcing myths, particularly related to frequency or extent of winning.
- D. The Mobile App or Site shall display a responsible play logo or information to direct players to the operator's player protection page, which shall include, at a minimum:
  - 1) Information provided by the Mental Health and Addiction Prevention Services Authority (ASSMCA) on their Compulsive Gamblers Assistance Program, including signs and symptoms of problems and addictions related to participation in Fantasy Contests
  - 2) A statement of potential risks associated with excessive play and where to seek help if the player develops a problem (e.g. "The games can create addiction. If playing causes you financial, family and occupational problems, call the ASSMCA PAS line at 1-800-981-0023." "Los juegos pueden crear adicción. Si jugar le causa problemas económicos, familiares y ocupacionales, llame a la línea PAS de ASSMCA 1-800-981-0023.")
  - 3) A statement that no underage persons are permitted to play (e.g. "Only for players over the age of eighteen (18) years." "Solo para jugadores Mayores de dieciocho (18) Años.");
  - 4) A list of the available player protection measures that can be invoked by the player, such as self-limitation and self-exclusion, and information on how to invoke those measures;
  - 5) Mechanisms in place which can be used to detect unauthorized use of their account, such as reviewing credit card statements against known deposits;
  - 6) The method of contacting the operator for questions and complaints; and
  - 7) The method of contacting the Commission and/or a link to their website.
- E. The Mobile App or Site shall include a direct link to at least one player protection organization and at least one organization dedicated to helping people with potential compulsive play problems. Links to these organizations are to be regularly tested by the operator. Participating may not occur where the links used to supply information on

responsible play 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 6.4. Operator Reserves

- A. The operator shall document in the internal controls a description of procedures used for maintaining and protecting adequate reserves, as determined by the Commission which will not be used for operational activities.
- B. To ensure prompt availability of player funds for authorized withdrawals, the operator shall separate player funds for Fantasy Contests from operational funds in a segregated account or maintain a reserve that equals or exceeds the greater of twenty-five thousand dollars (\$25,000) or the sum of the following amounts:
  - 1) The total cashable balances held by the operator for Player Accounts;
  - 2) The aggregate amounts accepted by the operator as entries on contests whose outcomes have not been determined; and
  - 3) The amounts owed but unpaid by the operator on winning entries through the period established by the operator for honoring winning 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 the 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 6.5. Protection of Player Funds

- A. Funds in player accounts must either be held in trust for the player in a FDIC insured bank Segregated Account or in a special purpose Segregated Account that is maintained and controlled by a properly constituted corporate entity that is not the operator and whose governing board includes one or more corporate directors who are independent of the operator and of any corporation related to or controlled by the operator. Said corporate entity must require a unanimous vote of all corporate directors to file bankruptcy and must have articles of incorporation that prohibit commingling of funds with those of the operator except as necessary to reconcile the player accounts with sums owed by those players to the operator. Said special purpose corporate entity must also be:
  - 1) Restricted from incurring debt other than to players pursuant to the rules that govern their accounts as participants in Fantasy Contests;
  - 2) Restricted from taking on obligations of the operator other than obligations to players pursuant to the rules that govern their accounts as consumers of Fantasy Contests; and
  - 3) Prohibited from dissolving, merging or consolidating with another Commission (other than a special purpose corporate entity established by another operator that meets the requirements of this section) while there are unsatisfied obligations to players.
- B. The operator shall implement processes and procedures that:
  - 1) Make clear that the funds in the segregated account do not belong to the operator and are not available to creditors other than the player whose funds are being held;
  - 2) Prevent commingling of funds in the segregated account with other funds including, without limitation, funds of the operator;

#### Section 6.6. Risks and Controls

##### A. Risk Management Procedures

Each set of internal controls submitted to the Commission for approval shall contain a description of the operator's risk management framework, including but not limited to:

- 1) Automated and manual risk management procedures;
- 2) Employee management, including access controls and segregation of duties;
- 3) Information regarding identifying and reporting fraud and suspicious conduct;
- 4) Controls ensuring regulatory compliance;
- 5) Procedures for identifying and preventing persons who are under eighteen (18) years of age from engaging in Fantasy Contests;
- 6) Procedures to prevent participation by Prohibited Players;
- 7) Description of Anti-Money Laundering (AML) compliance standards including procedures for detecting structuring to avoid reporting requirements;
- 8) Description of all software applications that comprise the Fantasy Contest System;
- 9) Description of all types of Fantasy Contests available to be offered by the operator;
- 10) Description of the method to prevent accepting entries after the Fantasy Contest locks;
- 11) Description of all software applications that comprise the system;
- 12) Description of all integrated third-party service providers; and
- 13) Any other information required by the Commission.

**B. Statistics Service Provider**

The operator shall document in their internal controls and report to the Commission the data sources used by the Statistics Service Provider. The Commission may disapprove of the data sources used by the Statistics Service Provider for any reason, including but not limited to, the type of contest and method of data collection.

**C. Suspension of Entry Buy-Ins**

- 1) There shall be established procedures for manually suspending entry buy-ins on that Fantasy Contest. These procedures must be documented in the internal controls and involve several levels of authority for manual controls. Logs and other audit trails must exist to prevent possible misuse of authority.
- 2) When entry buy-ins are manually suspended for an active contest, an entry shall be made in an audit log that includes the date and time of suspension and its reason.

**D. Entry Cancellations and Voids**

- 1) Procedures shall be delineated in the internal controls for handling cancelled Sports Events, or Special Events, including voiding or cancelling entries and providing refunds to players who were not refunded automatically by the system.
- 2) All voided or cancelled entries and all refunds of any voided or cancelled entry pursuant to these Regulations shall be logged at the time they occur, indicating the void or cancellation and identity of the employee or automated process.
  - a) The system shall render the voided or cancelled entry as nonredeemable.
  - b) The voided or cancelled entry shall be refunded to the player and that amount shall be deducted from the Adjusted Gross Revenue.
- 3) The internal controls shall delineate how the operator reserves the right to void or cancel any entry if the operator has reasonable basis to believe there was obvious error in the placement or acceptance of the entry. Those errors include, but are not limited to:
  - a) The entry was placed using incorrect statistical data;
  - b) Human error in the placement of the entry;
- 4) The operator shall prevent modifications of entries (including rescinding, voiding or canceling) after the outcome of a contest is known, except as approved by the Commission. The modifications of entries under these circumstances will be evaluated on a case-by-case basis in conjunction with the contest rules.
- 5) A player may request that the Commission or their designee review any entry declared void by the operator. If the Commission or their designee concludes there is no reasonable basis to believe there was obvious error in the placement or acceptance of the entry, the Commission or their designee may order the operator to honor the entry.

**E. Taxation Reporting**

- 1) The operator shall comply with all applicable tax laws and regulations including, without limitation, laws and regulations applicable to tax withholding and laws and regulations applicable to providing information about winnings and withholdings to taxing authorities and to players.
- 2) The operator shall disclose potential tax liabilities to players in the on-boarding process and again at the time of award of any prize in excess of any taxation limits required by local or federal law. Such disclosures will include a statement that the obligation to pay applicable taxes on winnings is the responsibility of the player and that failure to pay applicable tax liabilities may result in civil penalties or criminal liability.



**F. Monitoring and Managing Risks**

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.

**G. Identifying and Reporting Fraud and Suspicious Conduct**

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 statistical data that could signal Unusual or Suspicious Activities as well as all changes to statistical data and/or suspensions throughout an event that should require further investigation

- 1) 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 entries which may indicate cheating, manipulation, interference with the regular conduct of an event, or violations of the integrity of any event on which entries were purchased;
  - b) Reasonably detecting irregular patterns or series of entries to prevent player collusion or the unauthorized use of scripts; and
- 2) The operator shall promptly, but no longer than 24 hours, report to the Commission any facts or circumstances which the operator has reasonable grounds to believe indicate a violation of law or Commission rule committed by the operator, their key persons, or their employees, including without limitation the performance of licensed activities different from those permitted under their license. The operator is also required to provide a detailed written report within 72 hours from the discovery for any of the following:
  - a) Criminal or disciplinary proceedings commenced against the operator or its employees in connection with the operator conducting Fantasy Contests;
  - b) Abnormal activity or patterns that may indicate a concern about the integrity of Fantasy Contests;
  - c) Any other conduct with the potential to corrupt an outcome of Fantasy Contests for purposes of financial gain, including but not limited to match fixing; and
  - d) Suspicious or illegal activities, including the use of funds derived from illegal activity, deposits of money to participate in Fantasy Contests to conceal or launder funds derived from illegal activity,
  - e) The use of employees to participate in Fantasy Contests or use of false identification.
- 3) The Commission is required to share any information received pursuant to this paragraph with the division of criminal investigation, any other law enforcement entity upon request, or any regulatory agency the Commission deems appropriate. The Commission shall promptly report any information received pursuant to this paragraph with any sports team or Sports Governing Body or equivalent as the Commission deems appropriate but shall not share any information that would interfere with an ongoing criminal investigation.

**Section 6.7. Suspicious Activity Report (SAR)**

- A. Within 2 business days of learning of the transaction, the operator shall submit to the Commission a Suspicious Activity Report (SAR) for any transaction between an operator or an employee of an operator and an individual that involves the acceptance or redemption by a player of cash or cash equivalent involving or aggregating \$5,000 or more which an operator or employee of an operator knows, suspects or has reason to believe:
  - 1) Involves funds derived from illegal activities or is intended or conducted in order to conceal or disguise funds or assets derived from illegal activities.
  - 2) Is part of a plan to violate or evade a law or regulation to avoid a transaction reporting requirement under the laws or regulations of the United States or this Commonwealth, including a plan to structure a series of transactions to avoid a transaction reporting requirement under the laws of the United States or this Commonwealth; or
  - 3) Has no apparent lawful purpose or is not the type of transaction in which a person would normally be expected to engage, and the operator or employee knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction;
- B. The Commission shall maintain a record of all SARs made under this section for a period of five years. The Commission shall make the reports available to any Local or Federal law enforcement agency without necessity of subpoena.
- C. A person who is required to file a SAR shall not notify an individual suspected of committing the suspicious transaction that the transaction has been reported.
- D. A person who is required to file a SAR who in good faith makes the report shall not be liable in any civil action brought by a person for making the report, regardless of whether the transaction is later determined to be suspicious.





## ARTICLE 7 PLAYER ACCOUNT MANAGEMENT

### Section 7.1. Player Account Registration

An individual must have an established player account with the Fantasy Contest Operator in order to participate in Fantasy Contests in accordance with Article 4.4 of the Law. This registration is an essential condition for participation on any Fantasy Contest on the internet. Anonymous participation in Fantasy Contests is prohibited.

- A. Before allowing an individual to create an account as a player, including for free play mode, the operator must first:
  - 1) Collect the following Personally Identifiable Information (PII) from the individual
    - a) The name of the individual;
    - b) The individual's date of birth showing the individual is 18 years of age or older;
    - c) The physical address where the individual resides (a post office box is not acceptable); and
    - d) Any other information required by the operator to independently verify the identity of the player.
  - 2) Have the individual affirm that:
    - a) The information provided to the operator by the individual to register is accurate;
    - b) The individual has been informed, and acknowledges, that as a player they are prohibited from allowing any other person access to or use of their player account; and
    - c) The individual acknowledges that their account activity and winnings may be disclosed to the Commission, the Department of Revenue and any other applicable local or federal entities.
- B. To ensure that Player Accounts cannot be opened by a Prohibited Player, the operator shall use commercially and technologically reasonable means to independently verify the true identity of the individual creating the player account, including their legal name, physical address and age. Such identity verification measures may include requiring the use of a reputable independent third-party Identity Verification Service Provider.
- C. The account registration process shall also include:
  - 1) Age verification to prevent individuals under the legal age from participating in Fantasy Contests and establishing an account. The operator must deny account registration to any person who enters a birthdate which indicates that they are a minor.
  - 2) Identity verification of legal name, physical address, and age to correctly identify individuals and ensure they are not Prohibited Players. Such identity verification measures may include requiring the use of a reputable independent third-party that is commonly in the business of verifying an individual's personal identity information online.
  - 3) Verification that the individual is not on the Commission's Voluntary Exclusion List and Involuntary Exclusion List set forth in Article 9 prior to establishing an account.
  - 4) Availability and acceptance of a set of terms and conditions that are also readily accessible to the player before and after registration and noticed when materially updated (i.e. beyond any grammatical or other minor changes) that include, at a minimum, the following:
    - a) Information about account deposits, withdrawals, and the disposition of player funds
    - b) Statement that only individuals legally permitted by their respective jurisdiction can participate in Fantasy Contests
    - c) Specifications advising players to keep their authentication credentials secure.
    - d) Disclosure of all processes for dealing with lost authentication credentials, forced password changes, password strength and other related items;
    - e) Statement that no individuals under 18 years of age are permitted to participate in Fantasy Contests.
    - f) Description of the possible repercussions for a minor who circumvents or attempts to circumvent controls to prevent underage play, such as immediate stoppage of play, account closure, and confiscation of winnings
    - g) Statement 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
    - h) A clear definition of what happens to a player's purchased entries if a player has entered a contest prior to any self-exclusion or involuntary exclusion, including the refund of all paid entry fees to the player or settling all entries, as appropriate.
    - i) Specification of the handling of entry fees:
      - i. Where the entry of a player is canceled; or
      - ii. For contests that are voided or abandoned
  - 5) Availability and acceptance of a privacy policy that is also readily accessible to the player before and after registration and noticed when materially updated (i.e. beyond any grammatical or other minor changes) that include, at a minimum, the following:
    - a) The personally identifiable information (PII) that is collected,
    - b) The purpose for PII collection,

- c) The period in which the information is stored
  - d) The conditions under which information may be disclosed; and
  - e) An affirmation that measures are in place to prevent the unauthorized or unnecessary disclosure of the information.
- D. If the operator determines that the information provided by a player to is inaccurate or incapable of verification, or violates its policies and procedures, the operator shall, within ten days, require the submission of additional information that can be used to verify the identity of the player. If such information is not provided or does not result in verification of the player's identity, the operator shall:
  - 1) Immediately exclude the player account;
  - 2) Retain any winnings attributable to the player;
  - 3) Refund the balance of deposits made to the account; and
  - 4) Deactivate the account.
- E. The Commission may issue additional technical specifications for Player Account Management and any specific requirements related to player accounts and may also issue such requirements in the form of MICS.

### Section 7.2. Restriction to One Account per Player

The operator shall not allow a player to establish more than one username or more than one account on a single portal. Where an operator has multiple portals, they must state clearly how a player who manages their account on one portal may be managed on the operator's other portals.

- A. The operator shall implement rules and procedures to terminate all accounts of any player that establishes or seeks to establish more than one username or more than one account, whether directly or by use of another person as a proxy.
- B. The operator may allow a player that establishes or seeks to establish more than one username or more than one account, for one time only, to retain one account provided that the operator investigates and makes a good faith determination that the player's conduct was not intended to obtain a competitive advantage. A player who has established more than one username or account will not be entitled to retain any winnings earned from any account during the time period that more than one username or account is active.
- C. If a player is allowed to retain one account in accordance with subdivision (B) above and subsequently establishes or attempts to establish another account, the operator, upon discovery of the duplicative account or attempt, must terminate the player's account and prohibit that player from establishing or seeking to establish a new account for a period of two years.
- D. The operator shall implement procedures for closing each account previously held by a player when a new account is opened by that same player while carrying over any designations applicable to that account.

### Section 7.3. Protection of Player Accounts

- A. 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.
- B. Any PII obtained in respect to the Player Account must be done in compliance with the privacy policy and local privacy regulations and standards observed by the Commission.
- C. Any information about player accounts which is not subject to disclosure pursuant to the privacy policy must be kept confidential, except where the release of that information is required by law.
- D. All PII must be securely erased from hard disks, magnetic tapes, solid state memory and other devices before the device is properly disposed of by the operator. If erasure is not possible, the storage device must be destroyed.
- E. The player must be provided with (or create) authentication credentials such as a digital certificate or an account description and a password to access their player account using the Mobile Site or App.
  - 1) The operator must allow players to change their authentication credentials.
  - 2) Where a player has forgotten their authentication credentials, the operator must provide a secure process for the re-authentication of the player and the retrieval and/or resetting of their authentication credentials. Any and all processes for dealing with lost authentication credentials must be clearly described to the player and be sufficiently secure.
- F. If player account is also utilized at an Authorized Location, players may access their accounts there using smart card/device technology, including smartphone and tablet technology where the account information, including the current account balance, is maintained in the system's database. Smart cards/devices which have the ability to maintain a player account balance are only permissible when the system validates that the amount on the card/device is in agreement with the amount stored within the system's database (i.e., smart cards/devices cannot maintain the only source of account data).

- G. Changes to player accounts other than through an automated process related to actual play must be sufficiently documented (including substantiation of reasons for increases) and authorized or performed by supervisory employees. An addition, deletion, or change to player accounts must be authorized by supervisory employees and documented and randomly verified by authorized personnel on a quarterly basis. All other changes to player accounts must be appropriately documented.

#### Section 7.4. Player Funds Maintenance

- A. The operator shall not allow a player to directly transfer funds, including bonus or promotional credits, from one player account to any other player account.
- B. Procedures shall be in place to ensure all financial transactions using a Payment Service Provider (PSP) are conducted in accordance with local and federal commerce regulations and requirements mandated by the Commission
- C. The player shall have fee-free methods to deposit funds to or withdraw funds from their player account
- 1) The deposit methods available to players to fund accounts may include:
    - a) Cash deposits made directly with the operator if the player account is also utilized at an Authorized Location;
    - b) Personal checks, cashier's checks, wire transfer and money order deposits made directly or mailed to the operator;
    - c) Debits from the player's debit card or credit card, other than prepaid debit cards or prepaid credit cards when the origin of the funds is unknown;
    - d) 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;
    - e) Cash complimentary, promotional credit, or bonus credit;
    - f) Winnings;
    - g) Adjustments made by the operator with documented notification to the player;
    - h) A transaction at a Kiosk if the player account is also utilized at an Authorized Location; or
    - i) Any other means approved by the Commission.
  - 2) The withdrawal methods available to players to cash out accounts may include:
    - a) Entry fees;
    - b) Cash withdrawal made directly with the operator if the player account is also utilized at an Authorized Location;
    - c) 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;
    - d) Credits to the player's debit card or credit card;
    - e) 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;
    - f) Adjustments made by the operator with documented notification to the player;
    - g) A transaction at a Kiosk if the player account is also utilized at an Authorized Location; or
    - h) Any other means approved by the Commission.
- D. When a player's lifetime deposits reaches/exceed the lifetime deposit threshold of \$2,500 or another value specified by the Commission, the system shall immediately prevent any additional transactions until the player acknowledges:
- 1) The player has met the lifetime deposit threshold as established by the Commission;
  - 2) The player has the capability to establish responsible play limits or close their account; and
  - 3) The availability of the Addiction and Mental Health Services Administration (ASSMCA) helpline number.
- E. The acknowledgement prescribed in subsection (D) above shall be required on an annual basis thereafter.
- F. A player's request for withdrawal of funds (i.e., deposited and cleared funds and funds won) is completed by the operator within a timeframe of five business days of the request or ten business days of submission of any tax reporting paperwork required by law unless there is a pending unresolved player complaint or investigation.
- 1) 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, in which case
    - a) The operator shall provide notice of the nature of the investigation of the account to the player pending completion of an investigation.
    - b) Funds for withdrawal may be withheld from withdrawal until the funding transaction clears or the chargeback period ends.

- c) Such investigation shall be documented by the operator and available for review by the Commission.
- 2) For the purposes of this regulation a request for withdrawal will be considered honored if it is processed by the operator but delayed by a PSP, credit card issuer or by the custodian of a financial account
- G. The operator shall not allow a player's account to be overdrawn unless caused by payment processing issues outside of the control of the operator.

#### **Section 7.5. Dormant and Closed Accounts**

- A. A Player Account is considered to be dormant after it has had no player-initiated activity, such as entering a contest, making an account deposit, or withdrawing funds for a period of one (1) year as specified in the terms and conditions. Procedures shall be in place to:
  - 1) Protect dormant accounts that contain funds from unauthorized access, changes or removal.
  - 2) Deal with unclaimed funds from dormant accounts, including returning any remaining funds to the player where possible.
  - 3) Close a Player Account if the player has not logged into the account for eighteen (18) consecutive months; and
  - 4) Notify the player that the account has been closed when an account has been closed due to inactivity
- B. No operator shall charge an administration fee or maintenance fee for any dormant player account at any time for any reason.

#### **Section 7.6. Disposal of Abandoned or Unclaimed Funds in Player Accounts**

If a dormant player account remains unclaimed for three years after the balances are payable or deliverable to the player, the operator shall presume the account to be abandoned. The provisions of Act No. 36 of July 28, 1989 as amended, known as the "Act of Abandoned or Unclaimed Money and Other Liquid Assets, shall apply for these accounts.

#### **Section 7.7. Limitations and Exclusions**

- A. **Self-Limitations**  
 Self-limitation shall be offered as a player-initiated restriction on their ability to participate in Fantasy Contests.
  - 1) Players must be provided with a process available on the Mobile App or Site or via direct communications with the operator to set daily, weekly or monthly financial deposit limits, limits on entry fees per Fantasy Contest, or limits on total potential losses permissible in a given period
  - 2) Upon receipt, any self-limitation order must be employed correctly and immediately or at the point in time (e.g., next login, next day) that was clearly indicated to the player;
  - 3) The self-limitations set by a player must not override more restrictive involuntary limitations or the Monthly Deposit Limit specified in subsection (B). The more restrictive limitations must take priority;
  - 4) Once established by a player and implemented, the operator shall prohibit an individual from participating over the limit they have set.
  - 5) Any changes increasing the severity of the self-limitations shall be effective immediately or at the point in time (e.g., next login, next day) that was clearly indicated to the player. No changes can be made reducing the severity of the self-limitations for at least 24 hours.
- B. **Monthly Deposit Limits and other Imposed Limitations**  
 The Operator must be capable of imposing responsible play limits including, but not limited to, deposit limits, spending limits, and time-based limits as established by the Commission through regulations to that effect. Where required by the Commission, it is the operator's responsibility is to discuss with the Commission any procedures implemented to assess the financial capacity of the players so that it can set and update these limits correlatively to their income where required by the commission.
  - 1) Players must be notified in advance of any involuntary limits or updates and their effective dates. Once updated, involuntary limits must be consistent with what is disclosed to the player;
  - 2) Where required by the Commission, no player shall be permitted to deposit more than two thousand five hundred dollars (\$2,500) per calendar month with the operator. The operator may establish procedures for temporarily or permanently increasing a player's deposit limit, at the request of the player.
    - a) If established by the operator, such procedures shall include evaluation of income or asset information, sufficient to establish that the player can afford losses that might result from participation at the deposit limit level requested.
    - b) The player must provide reasonable certification or proof, including the types of certifications used to qualify accredited investors, to the operator that the player's monthly deposit limit should be increased in accordance with these rules and the published rules of the operator.



- c) In order to be eligible for a deposit limit increase, a player must demonstrate, to the operator's reasonable satisfaction, that they qualify for an increase under policies and procedures established by the operator, based on the player's annual income or net worth.
  - d) When a temporary or permanent deposit level limit increase is approved, the operator's procedures shall provide for annual evaluation of information, including income or asset information, sufficient to establish a player's financial ability to afford losses at the deposit limit level in place. Absent such evaluation, the temporary or permanent deposit level increase shall not be extended.
  - e) No player shall be granted an increase in his or her deposit limit prior to verification of their identity in accordance with these rules.
  - f) No player who is classified as a beginner player shall be allowed to request an increase in their deposit limit.
- 3) Upon receiving any involuntary limitation order or update, 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-Exclusions**

Self-exclusion shall be offered as a player-initiated restriction on their ability to participate in Fantasy Contests.

- 1) Players must be provided with a process available on the Mobile App or Site or via direct communications with the operator to self-exclude from participating in Fantasy Contests indefinitely or for specified period of at least 1 hour.
- 2) Immediately upon receiving the self-exclusion order and until such time as the order has been removed, the player shall be prevented from participating in Fantasy Contests and depositing funds into their account. In addition, the player shall receive clearly worded information:
  - a) About available addiction resources (e.g., helpline number, blocking software, counseling), such as the Mental Health and Addiction Prevention Services Authority (ASSMCA).
  - b) That outlines the conditions of the self-exclusion, which includes:
    - i. Length of self-exclusion
    - ii. The closure process for any accounts opened by the player and restrictions on opening new accounts during the self-exclusion
    - iii. Requirements for reinstatement at the conclusion of the length selected for self-exclusion
    - iv. The manner in which bonus or promotional credits and remaining player account balances are handled; and
    - v. Help access points shall a problem exist
- 3) In the event a player has a pending entry and then self-excludes, the entries shall be handled according to the internal controls.
- 4) The player's account shall be closed or suspended during self-exclusion so that no account deposits or entries can be made. Any new accounts detected following a player's self-exclusion shall be closed so that no account deposits or entries can be made.
- 5) In the event of indefinite self-exclusion, the operator must ensure that the player is paid in full for the player's account balance within a reasonable time provided that the operator acknowledges that the funds have cleared. A player who has self-excluded indefinitely shall not be allowed to again engage in Fantasy Contests until the player completes a reinstatement process.
- 6) Temporary self-exclusion, regardless of the length, shall be irrevocable during the period of time specified. Self-exclusion shall stay in effect until the player completes a reinstatement process after the period of time passes.
- 7) There shall be a process in place for players to request reinstatement at the conclusion of the length selected for temporary self-exclusion and for indefinite self-exclusion after a reasonable amount of time of not less than 30 days has passed since the individual self-excluded. Information on reinstatement requests and tools for responsible play shall be provided to the player along with addiction resources (e.g. tips on determining risks, as well as frequency and volume of participation and encouragement to use the Mobile App or Site's responsible play features).
- 8) Players shall be able to renew or extend their temporary self-exclusion. Players who renew or extend their self-exclusion shall, at the time of renewal or extension, receive information concerning compulsive play and help resources.
- 9) All indefinite self-exclusion requests made by a player to the operator must be immediately notified to the Commission for their review, and addition to their Voluntary Exclusion List as covered in Section 9.2 of these Regulations.

#### D. **Suspension or Imposed Exclusions**

- 1) The operator must be capable of suspending a player from participating in Fantasy Contests:





- a) When required by the Commission;
  - b) Upon a determination that a player is a Prohibited Player; or
  - c) When initiated by the 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 account.
- 2) Immediately upon receiving the suspension order and until such time as the order has been removed, the player shall be prevented from participating in Fantasy Contests and depositing funds into their account. In addition, the player shall not be prevented from withdrawing any or all of their account balance, provided that the operator acknowledges that the funds have cleared, and that the reason(s) for suspension would not prohibit a withdrawal.
- 3) The suspension 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) All indefinite suspensions must be immediately notified to the Commission for their review, and addition to their Involuntary Exclusion List as covered in Section 9.3 of these Regulations.

**E. Exclusion and Limitation Requests from Third-Parties**

The operator shall develop procedures for reviewing requests made by third-party requestors to impose exclusions or set limitations for players. These procedures shall include provisions for:

- 1) Whom the requestor can provide documentary evidence of sole or joint financial responsibility for the source of any funds deposited with the operator for participating in Fantasy Contests, including proof:
  - a) That the requestor is jointly obligated on the credit or debit card associated with the player's account;
  - b) Of legal dependency of the player on the requestor under local or federal law; and
  - c) Of the existence of a court order that makes the requestor wholly or partially obligated for the debts of the person for whom exclusion or limitation is requested.
- 2) Exclusions or limitations in situations in which the requestor can establish 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 set forth in Article 9 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 the operator, employee, affiliate or other person authorized to access the lists. However, the 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 play programs.
- 4) The operator shall establish procedures to enable the Commission 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.
- 5) The operator shall adopt and implement a process to review and deactivate accounts of newly enrolled players of the Commission's Voluntary Exclusion List and Involuntary Exclusion List. The operator must ensure that the player is paid in full for the player's account balance provided that the operator acknowledges that the funds have cleared.

**Section 7.8. Account Information Access**

- A. The player must be able to access information listing the time and date of the following player activity that have taken place in their account over the last thirty (30) days. In addition, the operator shall, upon request, be capable of providing to a player a summary statement of the following player activity during the past year:
  - 1) Account details including all deposits amounts, withdrawal amounts and bonus or promotional information including how much is left on any pending bonus or promotional offer and how much has been released to the player, restrictions such as exclusion events and limits, and net outcomes including total won or lost.
  - 2) Play history including entries made, amounts won, time and money spent, and net wins/losses.
- B. The player must have the ability to receive updates during play about time and money spent on entries for confirmed contests and account balances in currency as well as the amount available (if any) of pending bonus or promotional offer. In addition, the player must have the ability to receive updates during play about entries for future contests.

**Section 7.9. Account Closure**

The operator shall implement processes and procedures that allow any player to permanently close an account at any time and for any reason. The procedures will allow for cancellation by any means including, without limitation, by a player on any Mobile App or Site used by that player to make deposits into a player account. The operator shall return all unrestricted player funds from a closed account to the player within five (5) business days. Closure of the Player Account will render participation in a bonus or promotional offer void and the value of restricted player funds remaining will be removed from the Player Account.

#### **Section 7.10. Test Accounts**

Commission or operator employees shall use clearly marked test accounts for testing purposes including to measure or assess the functionality of a Fantasy Contest System. Test accounts shall not be eligible to win prizes, provided however, that if a test account wins in a contest, the prize must be awarded to a player who would have won the prize if the test account had not participated. The operator shall make these restrictions known to all affected individuals and corporate entities.

### **ARTICLE 8 AUTHORIZED LOCATION OPERATIONS**

#### **Section 8.1. Fantasy Contests and Account Transactions at Authorized Locations**

As approved by the Commission, the Fantasy Contest Operator may partner or otherwise contract with one or more Authorized Locations for Sports Betting to aid players in registration and/or management of player accounts on the Fantasy Contest System and/or accepting entry fees.

- A. Player accounts may be accessed and/or Fantasy Contests may be conducted in an Approved Location from a Kiosk, a Ticket Writer Station or other window locations.
  - 1) The Authorized Location may utilize the main cage to accept entry fees for fantasy contests using cash, cash equivalent, vouchers, promotional funds, or using player account funds.
  - 2) For the assisted entry, the Authorized Location must implement an authentication method that allows verifying the player's authentication credentials, with which it will be possible to access the player account, from which the entry will be made in order to ensure its registration with the same level of detail as the other entries. In this event, the operator may issue a physical ticket as proof of the entry and verify that the entry corresponds to the player's selection, prior to registering it.
  - 3) The payment of prizes in the Authorized Location will be made in the terms provided in section 5.7.
  - 4) The Authorized Location may utilize the main cage to pay out winnings resulting from fantasy contests or withdrawals in a manner approved by the Executive Director.
  - 5) For the deposits and withdrawal of funds in the Authorized Location, assistance may be provided, for which the player account must be accessed with the authentication method implemented in subsection (2) and deliver a receipt as proof of the transaction.
- B. The Commission may issue additional specifications for Fantasy Contests and player account transactions occurring at Authorized Locations and may also issue such requirements in the form of MICS.

### **ARTICLE 9 COMMISSION'S LISTS FOR INVOLUNTARY AND VOLUNTARY SELF-EXCLUSION**

#### **Section 9.1. Purpose**

Programs and policies created by this section are intended to prevent compulsive play, treat problem gamers and promote responsible play. 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 participation privileges from an individual; or
- D. Permitting an individual to play.

#### **Section 9.2. Voluntary Exclusion List**

- A. The Commission shall maintain a Voluntary Exclusion List that consists of the names of people who wish to refrain from Fantasy Contests, and types of gambling offered by the Commission, to notify the Commission that they will accept responsibility for refraining from engaging in Fantasy Contests and gambling activities offered by the Commission and its Licensees. Each person seeking placement on the Voluntary Exclusion List acknowledges that it is their responsibility to refrain from engaging in Fantasy Contests and 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.
- 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, 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 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 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 gamer 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 gamer," meaning an individual who believes their gaming 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 gaming 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 Fantasy Contests or any 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 Fantasy Contests or 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 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 gaming disorders, self-guided help or counseling services with a clinician approved by the Mental Health and Addiction Prevention Services Authority (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 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 Fantasy Contest or 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 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
    - 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 Fantasy Contests or 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 participation, budget setting and a review of compulsive play 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 9.3. 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 participation would be inimical to 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 a Sports Event or Special Event;
    - e) Persons included on another jurisdiction's exclusion list; or
    - f) Persons subject to a Court order excluding those persons from any Fantasy Contests;
    - g) Any felon or person who has been convicted of any crime or offense
    - h) involving moral turpitude and whose participation would be inimical to 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 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 the operator's Fantasy Contest System;
  - 2) The history and nature of the involvement of the person with the operator in the Commonwealth of Puerto Rico or any other jurisdiction or with any particular licensee or licensees or any related Commission 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 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.
- 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 the Adjudicatory Procedures Regulations of the Commission

## **ARTICLE 10 COMPLIANT REPORTING AND RESOLUTION PROCESS**

### **Section 10.1. Opportunities for Player Complaints**

The Fantasy Contest Operator shall develop and maintain procedures delineated in the internal controls on the complaint reporting and resolution process. A player may file a complaint with the operator about any aspect of a Fantasy Contest operation on a 24/7 basis.

### **Section 10.2. Responses to Complaints**

The operator shall implement processes and procedures that establish a protocol for responding to and reporting on complaints by players that their accounts have been misallocated, compromised or otherwise mishandled. The operator shall respond to such complaints in writing within ten business days. If the relief requested in the complaint will not be granted, the response to the complaint shall state the reasons with specificity.

### **Section 10.3. Complaints Requiring Additional Information**

If the response to a complaint is that more information is needed, the form and nature of the necessary information shall be specifically stated. When additional information is received, further response shall be required within seven days.

### **Section 10.4. Operator Retention of Complaints**

All complaints received by the operator from a player and the operator's responses to complaints shall be retained for at least five years.

### **Section 10.5. Reporting to Commission of Complaints**

All complaints received by the operator from a player and the operator's responses to complaints shall be made available to the Commission within seven days of any request by the Commission.

### **Section 10.6. Beginning of the Adjudicative Procedure for the Settlement of Complaints**

- A. Except when otherwise established by law, the adjudicative procedure of any complaints related to Fantasy Contest shall be governed by the Adjudicatory Procedures Regulations, to the extent that they are not incompatible with the provisions of this section.
- B. The Executive Director or their authorized representative will keep a record of all the complaints presented, which will be registered in the order in which they are received, assigning each of them a registration number.

### **Section 10.7. Mediation Hearing**

- A. In order to encourage the informal resolution of complaints related to Fantasy Contests in the most rapid, fair and economical way for the parties, the Commission may hold a mediation hearing to encourage the parties to reach an agreement without the need to bring carry out further procedures.
- B. If a mediation hearing is held, the Commission will notify all parties or their authorized representatives in writing of the date, time and place where the mediation hearing will be held. The notification will be made by mail or in person with no less than fifteen (15) days prior to the date of the hearing, except that for justified reasons, consigned in the notification, it is necessary to shorten said period. All adjudicative processes will be deemed to be paralyzed when a mediation hearing is notified.
- C. The mediation hearing will be chaired by the Executive Director or their authorized representative.
- D. The function of the Executive Director or their authorized representative at the mediation hearing will be exclusively to promote that the parties reach an agreement without having to carry out subsequent procedures.

### **Section 10.8. Conclusion of the Mediation Hearing**

- A. If at the mediation hearing the parties manage to reach an agreement, then they will submit to the Executive Director said agreement in writing and signed by the parties within a term not greater than ten (10) days after the conclusion of the hearing of mediation, in which case the adjudicative process shall be deemed finished. Otherwise, the Executive Director shall submit the case to an examining officer within a term no greater than ten (10) days after the conclusion of the mediation hearing for adjudication.
- B. For the purposes of this section, the mediation hearing shall be deemed concluded on the day that:
  - 1) The parties reach an agreement;
  - 2) The parties do not reach an agreement and a specific date is not set for the continuation of the mediation hearing;
  - 3) One or more of the parties fail to appear, without just cause, at the mediation hearing; or
  - 4) For any other reason that the Executive Director deems reasonable.

## **ARTICLE 11 ADOPTION, MODIFICATION AND REVOCATION OF REGULATIONS**

### **Section 11.1. 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 Fantasy Contest operation.
- 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 11.2. 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 11.3. 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 11.4. 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 11.5. Regulation - Emergencies**

The provisions of Section 11.1 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 12 MISCELLANEOUS PROVISIONS

### Section 12.1. 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 12.2. 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 Fantasy Contest Operations.
- 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.
- 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 13 TAXES

### Section 13.1. Tax Rates

- A. The Fantasy Contest Operator which has in force a license issued by the Commission under the Law shall, in lieu of any other revenue contribution provided for in the Code or any other law, be subject to the fixed fee set forth in this Article with respect to fantasy contests conducted under the Law. Unless other values are given under the Law, the tax shall be calculated in accordance to twelve percent (12%) of the Adjusted Gross Revenue from the entry fees.
- B. It is provided that the Operator's income that does not come from the wagers placed in accordance with the Law shall be subject to the provisions of the Code or the applicable tax statute.

### Section 13.2. Tax Collection

- A. The Operator must timely pay the tax imposed under the Law. The tax for a month shall be transferred to the Commission on the fifth business day of the following month from the operator's account.
- B. 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.
- C. A report showing Adjusted Gross Revenue and tax amount calculations shall be submitted electronically to the Commission on the same day. These reports will be preapproved by the Commission before the operator begins to offer the Fantasy Contests.
- D. 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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