

CHAPTER 20:18:17

SLOT MACHINE AND SYSTEM REQUIREMENTS

20:18:17:18.03. Slot machine specifications -- Player identification components. A

player identification component is software and/or hardware used with a slot machine which supports a means for players to provide identification information and/or the source of funds. This includes components which are controlled by a slot machine's control program and SMIB-based or non-integrated form of these components that operate outside the control of the slot machine.

(1) Card readers shall be electronically based and be able to detect the use of a valid card, as applicable.

(2) Barcode readers shall be able to associate the barcode visible on a card, wagering voucher, or an allowed software application on a player's device, as applicable, with data stored in an external database as a means to identify an account association, or for the purpose of redemption.

(3) Biometric scanners shall be able to associate a person's physical characteristics with those recorded within an external database as means to authenticate the identity of a player and for the purpose of account association or for the purpose of redemption.

(4) Player identification components shall be constructed in a manner that ensures proper handling of inputs and that protects against vandalism, abuse, or fraudulent activity. In addition, player identification components shall be designed to prevent manipulation that may impact integrity and shall provide a method to enable the software to interpret and act appropriately upon a valid or invalid input. A method for detection of counterfeiting shall be

implemented.

(5) Player identification component hardware shall be secured in a locked enclosure or sealed casing or located within a locked area of the slot machine outside of any logic areas (i.e., an area that requires opening of the main door for access). Only the areas of the component that require physical interaction shall be accessible to the player.

(6) The slot machine shall have mechanisms to interpret and act upon an error condition related to a malfunction of any player identification component, including communication failures. If a player identification component error condition is identified, the slot machine shall display an appropriate error message and disable the player identification component.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:17:18.04. Slot machine specifications -- Wireless devices. Communication between a slot machine and any wireless devices that are conducted using transmission technologies such as Near Field Communications (NFC), Bluetooth (BT), Wi-Fi, optical, etc., shall:

(1) Utilize secure communication methods to prevent unauthorized access to sensitive information by unintended recipients;

(2) Employ a method to detect data corruption; upon detection of corruption, either correct the error, or terminate the communication while providing a suitable error message;

(3) Employ a method to prevent unauthorized modification of sensitive information that impacts device integrity or that represents secure player data; and

(4) Only be possible with authorized wireless devices.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:17:19. Slot machine specifications -- Communication protocol. A slot machine which is capable of bi-directional communication with internal or external associated equipment must use a communication protocol which ensures that erroneous data or signals will not adversely affect the operation of the slot machine.

The slot machine shall not allow any information contained in communication to or from the system that is intended by the communication protocol to be protected, or which is of a sensitive nature, to be viewable through any display mechanism supported by the device. This includes, but is not limited to, validation numbers, secure personal identification codes/PINs, player authentication credentials, or secure seeds and keys.

Source: 16 SDR 57, effective October 1, 1989.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-1, 42-7B-2, 42-7B-3, 42-7B-4, 42-7B-7, 42-7B-11(13)~~
~~42-7B-14, 42-7B-17, 42-7B-43.~~

20:18:17:39. Cashless wagering systems -- Defined. A cashless wagering system

allows players to play slot machines through the use of a player card, which accesses a player's account at the host system. Funds may be added to this player cashless account via a cashier station or any supporting gaming machine through the insertion of coins, tickets, vouchers, bills, and coupons. The account value can be reduced either through debit transactions at a slot machine or by cashing out at a cashier's cage. A cashless system is characterized as a host system whereby a player maintains an electronic account on the casino's host database. A casino issues a patron a unique magnetic card and Personal Identification Number (PIN) in conjunction with a cashless account on the system's database, although any approved method of uniquely identifying patrons may be implemented. All monetary transactions between a supporting gaming machine and the host must be secured either by card insertion into a magnetic card reader attached to the host and PIN entry or by other approved protected means. After the player's identity is confirmed, the device must present transfer options to the patron on the LCD/VFD display of the card reader, which requires selection using a keypad/touch screen before occurring. Such options shall include how many credits the player wishes to withdraw and place on the machine the player is playing. A system may move either a predefined amount or the player's entire balance to the machine for play. Once play is complete the player may move some of the credits back to the player's account or cash out some credits. A system may require that the entire credit value be transferred back to the system participate in cashless gaming using an approved, securely protected authentication method, which accesses a wagering account at the cashless wagering system of the operator or another account of the player provided that it allows for the identification of the player and the source of funds and that is linked in a secure manner to the cashless wagering system of the operator and the wagering account on that cashless

wagering system.

A cashless wagering system may also support the functionality to communicate promotional awards to participating wagering accounts based upon predefined player activity criteria established by the parameters of the system. Promotional awards are additional features that entitle players to special promotional awards based on patrons play activity or awards gifted by the casino to guests. In this chapter, unless otherwise specified the term “cashless” shall be used to refer to both promotional and non-promotional functionality.

A cashless wagering system may be entirely integrated into an existing system, such as an on-line monitoring and control system, or exist as an entirely separate entity. If the cashless wagering system is comprised of multiple computer systems at various sites, the system as a whole and all communication between its components shall conform to the applicable technical requirements within this chapter.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:39.01. Phases of certification. The approval of a cashless wagering system shall be certified in two phases:

(1) Initial laboratory testing where the laboratory shall test the integrity of the system in conjunction with ~~slot machines~~ cashless devices in a laboratory setting with the equipment assembled; and

(2) With on-site certification where the communications and set-up are tested on the

casino floor prior to implementation.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:40. ~~Slot machines~~ Devices in a cashless environment. The requirements of §§ 20:18:17:40.01 to 20:18:17:40.07, inclusive, apply to any slot ~~machine~~ machines, kiosks, and any other equipment using a cashless environment, also known as cashless devices.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:40.01. Configuring cashless transactions ~~on a slot machine~~. Since a cashless feature impacts the electronic accounting meters, any ~~slot machine that allows cashless gaming as a selectable feature~~ cashless device may not allow the configuration of such features unless performed via a secure means ~~including access to the locked logic area~~.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:40.02. Audit trails for cashless transactions. A cashless slot machine must have the ability to recall the last ~~25 monetary~~ 35 cashless transactions that incremented any of

the meters listed in ARSD 20:18:17:40.03. It is also acceptable to have cashless transactions recorded in a larger log which also contains records of other types of transactions received from the host system and the last 25 monetary transactions transmitted to the host system. However, if a slot machine has promotional or host bonusing features, or both, enabled simultaneously with cashless features, a single 100 event log is sufficient. The following information must be displayed:

(1) The type of transaction (upload/download) including restrictions (cashable, non-cashable, etc.);

~~(2) The nature of the transaction (promotion, bonus, cash);~~

(3) The transaction value in numerical form;

(4) The time and date; and

(5) The player's account number or a unique transaction number, either of which can be used to authenticate the source of the funds (i.e. source of where funds came from/went to). If a wagering account number is displayed in the log, the cashless device shall mask all but the last four digits of the number.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: ~~SDCL 42-7B-4(21)~~, 42-7B-11(13).

20:18:17:40.03. Cashless meter requirements ~~for cashless slot machines and systems.~~ Each cashless slot machine and cashless host system device must incorporate an electronic accounting ~~meter~~ meters that ~~conforms~~ conform to the following electronic metering

requirements:

(1) ~~Specific cashless electronic accounting meter shall indicate the number of existing electronic credits.~~ The operation of other mandatory electronic accounting meters for cashless devices identified in this chapter shall not be impacted directly by cashless transactions.

(a) ~~Received from the central system—downloaded to the cashless slot machine from the host system; and~~

(b) ~~Transmitted to the central system—uploaded from the cashless slot machine to the cashless host system;~~

(2) Each meter shall be labeled in a manner that clearly explains the function of the meter. Any accounting meter that is not supported by the functionality of the cashless device, is not required to be implemented. The required electronic accounting meters are as follows:

(3) ~~The cashless meter information shall be stored in units equal to the denomination of the machine or in dollars and cents as follows:~~

(a) ~~EFT In~~ Electronic Funds Transfer In. The ~~machine~~ cashless device must have a meter that accumulates the total value of cashable credits electronically transferred from the host system to the machine when using Electronic Funds Transfer (EFT) commands in the function of cashless wagering: a financial institution or other approved source of funds to the cashless device through a cashless wagering system or through a secure interface that uses a defined protocol.

(b) ~~Cashless Account Transfer In (AFT In)~~. (A.K.A. ~~WAT In~~: Wagering Account Transfer In (WAT In)) The ~~machine~~ cashless device must have a meter that accumulates the total value of cashable credits electronically transferred to the ~~machine~~ cashless device from

a wagering account by means of an external connection between the ~~machine~~ device and a cashless wagering system or through a secure interface that uses a defined protocol; and

(c) ~~Cashless Account Transfer Out (AFT Out). (A.K.A. WAT Out;~~ Wagering Account Transfer Out (WAT Out) The ~~machine~~ cashless device must have a meter that accumulates the total value of cashable credits electronically transferred from the ~~machine~~ cashless device to a wagering account by means of an external connection between the machine and a cashless wagering system through a secure interface that uses a defined protocol.

(d) Cashable Electronic Promotion In (CEP In). The cashless device must have a meter that accumulates the total value of cashable promotional credits electronically transferred to the cashless device from a wagering account by means of an external connection between the device and a Cashless wagering system or through the secure interface that uses a defined protocol.

(e) Cashable Electronic Promotion Out (CEP Out). The cashless device must have a meter that accumulates the total value of cashable promotional credits electronically transferred from the cashless device to a wagering account by means of an external connection between the device and a Cashless wagering system or through the secure interface that uses a defined protocol.

(f) Non-Cashable Electronic Promotion In (NCEP In). The cashless device must have a meter that accumulates the total value of non-cashable promotional credits electronically transferred to the cashless device from a wagering account by means of an external connection between the device and a Cashless wagering system or through the secure interface that uses a defined protocol.

(g) Non-Cashable Electronic Promotion Out (NCEP Out). The cashless device must have a meter that accumulates the total value of non-cashable promotional credits electronically transferred from the cashless device to a wagering account by means of an external connection between the device and a Cashless wagering system or through the secure interface that uses a defined protocol.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:40.04. Transaction confirmation. Cashless wagering systems shall cause a relevant, informative message to be displayed to the player whenever any cashless transaction is being processed.

(1) The slot machine or host card reader display The cashless device, player identification component display, or the player's device with a secure interface that uses a defined protocol must be capable of providing confirmation or denial of every cashless transaction initiated. This confirmation or denial must include:

- ~~(1a)~~ The type of transaction (upload or download);
- ~~(2b)~~ The transaction value; and
- ~~(3)~~ ~~The time and date (if printed confirmation);~~
- ~~(4)~~ ~~The player's account number or a unique transaction number, either of which can be used to authenticate the source of the funds; and~~
- ~~(5c)~~ A For denied transactions, a descriptive message as to why the transaction was

not completed as initiated. ~~This applies only to the denied transactions.~~

(2) If a player initiates a cashless transaction and that transaction exceeds cashless device configured limits including the credit limit or transaction limit, the transaction may only be processed provided that the player is clearly notified that the player has received or deposited less than requested to avoid player disputes.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: ~~SDCL 42-7B-4(21)~~, 42-7B-11(13).

20:18:17:40.05. Error conditions Player authentication. ~~The following subdivisions outline the error conditions that apply to the~~ Each cashless transactions between a supporting cashless device and the cashless wagering system must be secured using a method of authentication, such as debit instrument or card insertion or “tap” (contactless) capacity on the player identification component and secure personal identification code/PIN entry, a similar approved process that allows for the identification of the player and the source of funds when an approved third-party secure interface that uses a defined protocol, or similar software application on a player’s device (such as a smartphone or tablet) is used, or a secure alternative means (e.g. finger-print recognition).

~~(1) — Host system. The following conditions must be monitored and a message must be displayed to the player at the host card reader for the following:~~

~~(a) — Invalid PIN or Player ID (prompts for reentry up to a certain number of times);~~

~~and~~

(b) — Account unknown; and

(2) — Slot machine. Any credits on the slot machine that are attempted to be transferred to the host system that result in a communication failure for which this is the only available payout medium for the player to cash out must result in an error condition on the slot machine.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:40.06. Transfer of transactions Smart card/device technology. ~~If a player initiates a cashless transaction and that transaction exceeds game configured limits including the credit limit, the transaction may only be processed provided that the player is clearly notified that the player has received or deposited less than requested to avoid player disputes.~~ The cashless wagering system may allow a player to access the player's wagering account using smart card/device technology, including smartphone and tablet technology where the account information, including the current account balance is maintained in the cashless wagering system's database. If the smart card/device also has the ability to maintain a wagering account balance, the cashless wagering system shall be able to validate that the amount on the card/device is in agreement with the amount stored within host system's database (i.e., smart cards/devices cannot maintain the only source of account data).

Before a licensee implements smart card/device technology the commission and the designated independent testing laboratory shall evaluate the technology and either approve or disapprove its use.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:40.07. Identifying a cashless device. A player shall be able to identify each cashless ~~compatible machine~~ device by a means left to the discretion of the Commission. With the Commission's approval the licensee may remove display menu items that pertain to cashless operation for ~~gaming machines~~ devices not participating; provide a host message indicating cashless capability; or affix a specific sticker on ~~gaming machines~~ devices to indicate participation or non-participation.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:41. Host System in a cashless environment. The requirements of §§ 20:18:17:41 to 20:18:17:41.12, inclusive, shall be implemented by the ~~host~~ cashless wagering system to allow for changing of any of the associated parameters or accessing any ~~player~~ wagering account. Additionally, the communication process used by the ~~slot machine~~ cashless device and the host system must be robust and stable enough to secure each cashless transaction such that any failure event may be identified and logged for subsequent audit and reconciliation.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~; 42-7B-11(13).

20:18:17:41.01. ~~Modification of player information~~ Cashless wagering system protection. ~~An authorized, logged employee may only change all player information. Security of this information, including a player PIN code or equivalent player identification must be guaranteed at all times.~~

The cashless wagering system components shall be housed in a secure environment which shall:

- (1) Have sufficient protection against alteration, tampering or unauthorized access;
- and
- (2) Be equipped with a surveillance system that shall meet the procedures put in place by the commission.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~; 42-7B-11(13).

20:18:17:41.02. ~~Balance adjustments~~ Logical access controls. ~~Any adjustment to an account balance requires a supervisor's approval with each adjustment being logged or reported, or both, indicating who, what, when, and the item value before the adjustment, including the reason for the adjustment.~~ The cashless wagering system shall be logically secured against unauthorized access by authentication credentials allowed by the Commission, such as passwords, multi-factor authentication, digital certificates, secure personal identification

codes/PINs, biometrics, and other access methods (e.g., magnetic swipe, proximity cards, embedded chip cards).

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:41.03. Security levels. The host system must have the ability to structure permission levels and logins so that user roles may be separated.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:41.04. Prevention of unauthorized access or transactions. The following minimal internal controls shall be implemented ~~by the host system~~ to ensure that each game is prevented from responding to any command for crediting outside of a properly authorized cashless transaction, including:

(1) The network ~~hub~~ is hubs, services, and connection ports are secured either in a locked and monitored room or area to prevent unauthorized access to the network and no access is allowed on any node without valid login and password;

(2) The number of stations where critical cashless applications or associated databases may be accessed is limited; and

(3) The number of users that have the requisite permissions to adjust critical

parameters is limited.

(34) ~~The procedures shall be in place on the system~~ To identify and flag suspect ~~player~~ and ~~employee~~ wagering accounts to prevent unauthorized use including:

- (a) Establishing a maximum number of three successive incorrect secure personal identification code/PIN entries before account lockout;
- (b) Flagging of hot accounts where cards or authentication credentials have been stolen;
- (c) Invalidating accounts and transferring balances into a new account; ~~and~~
- (d) Establishing limits for maximum cashless activity or overall gaming activities in and out as a global or individual variable to preclude money laundering;
- (e) Monitoring cashless devices for funds transferred into the cashless device from one wagering account then transferred out to another wagering account; and
- (f) Monitoring wagering accounts for opening and closing in short time frames and for deposits and withdrawal without associated game play transactions.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~; 42-7B-11(13).

20:18:17:41.05. Diagnostic tests on a cashless ~~slot machine~~ wagering system. Any testing or test account must be logged by the ~~host~~ cashless wagering system. No person may perform any cashless activity without being logged by the system.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:41.06. ~~Smart card technology~~ Cashless device identification. ~~The host system may allow a player to access the player's account using smart card technology, if the current balance is maintained in the host system's database. If the smart card also has the ability to maintain a player account balance, the host system shall be able to validate that the amount on the card is in agreement with the amount stored within the host system's database.~~

~~Before a licensee implements smart card technology the Commission and the designated independent testing laboratory shall evaluate the technology and either approve or disapprove its use. The cashless wagering system shall uniquely identify each cashless device connected to the system. This includes kiosks and any other equipment that are connected to the cashless wagering system through a back-office platform or external system.~~

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:41.07. Loss of communication. If communication between the cashless ~~accounting~~ wagering system and the slot machine cashless device is lost, ~~the game or interface element must display~~ a message must be displayed to the player that cashless ~~transfers~~ transactions cannot currently be processed.

Any cashless device that holds information relating to cashless transactions in its memory

shall not have means to compromise the information and shall not allow the removal of its information until that information has been successfully transferred and acknowledged by the system.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~; 42-7B-11(13).

20:18:17:41.08. Encryption. All communication relating to cashless operation must employ encryption technology, which technology must be reviewed and approved by the Commission. This section does not apply to any communication between the ~~slot machine~~ cashless device and the interface element.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~; 42-7B-11(13).

20:18:17:41.09. Host Cashless wagering system logs. The ~~host~~ cashless wagering system shall be able to produce logs for all pending and completed cashless transactions. ~~These logs shall be capable of being filtered by~~ including:

- (1) ~~Machine~~ Cashless device number;
- (2) ~~Player~~ Wagering account ID; ~~and~~
- (3) Time and date of the transaction;
- (4) Type of transaction (e.g., deposit, withdrawal, adjustment, transfer to/from

cashless device);

(5) Unique transaction ID;

(6) Amount of transaction;

(7) Method of deposit/withdrawal (e.g., cash, personal check, cashier's check, wire transfer, money order, debit instrument, credit card, electronic funds transfer, etc.); and

(8) Transaction status (pending, complete, etc.).

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-4(21), 42-7B-11(13).

20:18:17:41.10. Host Cashless wagering system reports. The host cashless wagering system shall be able to provide the information needed to produce the following financial and player reports:

(1) Player Wagering account summary and detail report. This report shall be immediately available to a player upon request. The report shall include beginning and ending account balance, transaction information depicting ~~gaming machine~~ cashless device number, dollar or credit amount, and date and time;

(2) Liability report. This report is to include previous days ending value or today's starting value of outstanding cashless liability, total cashless-in and total cashless-out, expired promotional value (where supported), and the current day's ending cashless liability, if applicable. Separate reports may be generated for promotional and non-promotional cashless

liability;

(3) Cashless meter reconciliation summary and detail report. This report shall reconcile each ~~participating slot machine~~ cashless device's cashless meters against the host system's cashless activity. Separate reports may be generated for promotional and non-promotional cashless activity; and

(4) Cashier summary and detail report. This report shall include ~~player~~ wagering account, buy-ins and cash-out, amount of transaction, and the date and time of transaction.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:41.11. ~~Monetary transactions~~ Transferring of credits to/from the wagering account. Any monetary transaction ~~between a supporting gaming machine and the host system must be secured either by card insertion into a magnetic card reader attached to the host and PIN entry or by other approved protected means.~~ Where credits are transferred between the wagering account and the cashless device:

(1) After the player's identity is confirmed, the cashless device must present transfer options to the ~~patron on the LCD or VFD display of the card reader which requires selection using a keypad or touch screen before occurring~~ player. Such options may include how many credits the player wishes to withdraw and be placed on the ~~machine~~ cashless device. A host system may move either a predefined amount or the entire player's entire balance to the ~~machine~~ cashless device for play.

(2) A transfer shall not be accepted if the transfer will cause the player to have a negative balance;

(3) The account balance is to be debited when the transfer is accepted by the system;

(4) Once play is complete the player may have the option to move some of the credits back to the account or cash out some or all of the credits. A ~~host~~ system may require that the entire currency value of the credit balance be transferred back to the ~~host~~ system.

(5) Any credits on the cashless device that are attempted to be transferred to the cashless wagering system that result in a communication failure for which this is the only available payout medium (the player cannot cash-out via hopper or printer), must result in a hand-pay lockup or tilt on the cashless device.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:41.12. ~~Adding money to a player's account~~ Direct wagering from the wagering account. ~~Money may be added to the player's account via a cashier station or any system-controlled kiosk. The system-controlled kiosk must be approved by the Commission. Money may also be added by any supporting slot machine through credits won, the insertion of coins, vouchers, dollar currency, or coupons. Where credits are not transferred between the wagering account and the cashless device:~~

(1) A wager shall not be accepted that could cause the player to have a negative balance; and

(2) The account balance is to be debited when the wager is accepted by the system.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:41.13. ~~Removing money from a player's account~~ Comingling of player funds. Money may be removed from a player's account either through downloading of credits to the slot machine or by cashing out at a cashier's cage.

If non-cashable credits and cashable player funds are comingled on one credit meter, non-cashable credits shall be wagered first, as allowed by the rules of the game, before any cashable player funds are wagered.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21)~~, 42-7B-11(13).

20:18:17:41.14. Movement of money. ~~A player may be provided the option of moving the player's system credit to the slot machine the player is playing through withdrawal from the player's account, which is maintain by the host system. When the player is finished playing, the player may deposit the balance from the machine onto the player's account~~ Repealed.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: SDCL ~~42-7B-7~~.

Law Implemented: SDCL ~~42-7B-4(21)~~, ~~42-7B-11(13)~~.

20:18:17:41.15. Personal identification number. ~~A licensee may issue a player a unique magnetic card and personal identification number (PIN) in conjunction with an account on the host system's database~~ Repealed.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: ~~SDCL 42-7B-7.~~

Law Implemented: ~~SDCL 42-7B-4(21), 42-7B-11(13).~~

20:18:17:41.16. Player account balance. ~~Current player account balance information shall be available on demand from any participating slot machine via the associated card reader or its equivalent after confirmation of player identity. The player account balance shall be presented in terms of currency to the player~~ Repealed.

Source: 36 SDR 22, effective August 18, 2009.

General Authority: ~~SDCL 42-7B-7.~~

Law Implemented: ~~SDCL 42-7B-4(21), 42-7B-11(13).~~

CHAPTER 20:18:18

SLOT MACHINE AND SYSTEM TESTING, APPROVAL, AND MODIFICATIONS

20:18:18:26. ~~Slot machine promotional and bonus~~ External bonusing

~~systems. Promotional and bonus~~ Bonusing systems are comprised of gaming devices that are configured to participate in electronically communicated ~~promotional and~~ bonus award payments from an approved host system, and the host system that controls award issuance parameters.

~~Bonus~~ Bonusing awards are based on a specific wager or specific event and are available to all patrons playing bonused slot machines. Payouts as a result of a ~~bonus~~ bonusing event are a deductible event in the adjusted gross revenue calculation. ~~Promotional awards are additional features that entitle players to special promotional awards based on patrons play activity or awards gifted by the casino to guests. Promotional awards are not a deductible event in the adjusted gross revenue calculation.~~ The following procedures shall be adhered to in any ~~slot machine promotional or bonus~~ external bonusing system:

(1) Slot machine credit meters should record the value of any patron ~~bonus~~ bonusing wins. If the amount won exceeds the machine jackpot limit, the slot machine must lock up as if it were a hand pay and display the amount owed to the patron. Electronic accounting meters affected as the result of the ~~bonus~~ bonusing event, must increment as if any other win had occurred. In addition to the mandatory meters ~~identified in this chapter~~ required by § 20:18:17:03, an additional “total bonus in” machine paid external bonus payout and “total bonus handpaid” meter attendant paid external bonus payout meters must be added;

(2) Bonus functionality must be configured using an approved security method such as key chip or other form approved by the Commission. Access to the secured area requires prior approval of the Commission;

(3) Slot machines configured to participate in the ~~bonus~~ bonusing system must have the ability to recall the last thirty-five (35) monetary transactions received from the host system. If a gaming device has cashless or host-promotional features enabled simultaneously with bonus features, a single 100-event log shall suffice. The following transaction information must be displayed:

- (a) Transaction values; and
- (b) Time and date;

~~(4) The mandatory electronic accounting meters identified in this chapter must not be impacted directly by promotional transactions. In addition to the meters previously identified in this chapter, the following specific promotional meters will be added:~~

- ~~(a) Total promotional awards in (received by the game) meter, which include:
 - ~~(i) Total non-restricted (cashable) "promotional in" meter, and~~
 - ~~(ii) Total restricted (non-cashable) "promotional in" meter; and~~~~
- ~~(b) Total promotional awards out (removed from the game and transferred back to player account) meter, which include:
 - ~~(i) Total non-restricted (cashable) "promotional out" meter; and~~
 - ~~(ii) Total restricted (non-cashable) "promotional out" meter; and~~~~

~~(5) Slot machines configured to participate in the promotional system must have the ability to recall the last thirty-five monetary transactions received from the host system and the~~

~~last thirty five promotional transactions transmitted to the host system. However, if a gaming device has a bonusing or host cashless feature enabled simultaneously with promotional features, a single 100 event log shall suffice. The following transaction information must be displayed:~~

- ~~(a) — Transaction values;~~
- ~~(b) — The nature of the transaction;~~
- ~~(c) — Time and date; and~~
- ~~(d) — If utilizing a single 100 event log, the type of transaction
(upload/download).~~

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL ~~42-7B-4(21), 42-7B-7, 42-7B-11(13), 42-7B-14, 42-7B-17.~~

CHAPTER 20:18:35

REQUIREMENTS OF SPORTS WAGERING OPERATIONS

20:18:35:01. Definitions. Terms used in this chapter mean:

- (1) “Card” is the list of sporting events from which a patron can make selections for a given pool;
- (2) “Collegiate sporting event,” an athletic competition or event between two or more colleges or universities;
- (3) “Event category,” a specific type of athletic event or other event governed by specific sports governing body or other oversight body;
- (4) “Event integrity monitoring” means the monitoring of sports wagering to identify unusual or suspicious wagering activities from a match-fixing and sporting corruption standpoint to then report such activities to required parties;
- (5) “Exchange wagering” means a form of wagering in which two or more persons place identically opposing wagers in a given market, allowing patrons to wager on both winning and non-winning outcomes in the same event;
- (6) “In-game wagering,” placing a sports bet after a sporting event has started;
- (7) “Independent integrity monitoring provider,” an independent person who is registered with the commission and who receives reports of unusual wagering activity from the commission, a licensee, or a sports wagering services provider for the purpose of assisting in identifying suspicious wagering activity;
- (8) “International sporting event,” an international team or individual sporting event governed by an international sports federation or sport’s governing body,

including sporting events governed by the International Olympic Committee and the International Federation of Association Football;

- (9) “Internet,” the international computer network of interoperable packet-switched data networks, inclusive of additional technological platforms, such as mobile, satellite, and other electronic distribution channels;
- (10) “Involuntarily-excluded person,” any individual who has been involuntarily excluded by the executive secretary or the commission and who is prohibited from establishing a wagering account or participating in gambling, gaming or wagering activities under the jurisdiction of the commission;
- (11) “Layoff wager,” a wager placed by a sports wagering operation with another sports operation for the purpose of offsetting patron wagers;
- (12) “Minor league sporting event,” a sporting event conducted by a sports league that has not been classified by the commission as a premier league in the sport;
- (13) “Mobile application,” an application on a mobile phone or other devices through which an individual is able to place a sports bet;
- (14) “Parlay bet,” is a single sports bet that involves two or more bets on different sporting events which are combined into one bet. Each bet that is combined must be made on a different sporting event;
- (15) “Patron,” a person who places a sports bet;
- (16) “Person,” an individual, partnership, corporation, association, limited liability company, or other legal entity;
- (17) “Personal identifying information (PII),” any sensitive information that could

potentially be used to identify a particular patron. Examples include a legal name, date of birth, place of birth, social security number (or equivalent government identification number), driver's license number, passport number, residential address, phone number, email address, debit instrument number, credit card number, bank account number, or other personal information if defined by the commission;

- (18) "Pool" means an offering where patrons may make selections of outcomes on a set number of sporting events on a card in order to enter for a chance to win all or a portion of the prize pool;
- (19) "Prize pool" means the prizing available for an individual tournament, contest, or pool;
- (20) "Professional sporting event," a sporting event, other than a minor league sporting event, in which two or more persons participate and receive remuneration in excess of their out-of-pocket expenses for participating in the event;
- (21) "Prohibited person," all of the following:
 - (a) Any person who has been placed on the list of excluded persons pursuant to SDCL 42-7B-61;
 - (b) Any person who is under the age of 21;
 - (c) Any employee of, or appointee to, the South Dakota Gaming Commission;
 - (d) Any person wagering while not in the permitted boundary pursuant to SDCL 42-7B-79;
 - (e) Any person wagering on behalf of another;

- (f) Any restricted patron wagering in violation of their restrictions;
 - (g) Any person wagering in violation of state, local, or federal law;
 - (h) Any person employing a wagering account in a suspended mode;
 - (i) Other prohibited persons as determined by the commission;
- (22) “Rake” means the fee that is deducted by a licensee or sports wagering services provider from a wager made for exchange wagering, or entry fees paid by patrons who participate in a tournament, contest, or pool;
- (23) “Rake adjustment” means an adjustment made by the licensee or sports wagering services provider to account for any shortfall in connection with a tournament, contest, or pool;
- (24) “Restricted patron,” any patron with the following restrictions in place:
- (a) Employees of a licensee or sports wagering services provider may not wager with the licensee or sports wagering services provider for which he or she is employed unless using a test account under these rules;
 - (b) Professional or collegiate athletes, team employees and owners, coaches, managers, handlers, athletic trainers, referees, umpires, judges, sporting event officials, league officials and employees, sports agents, and employees of an athletic or referee union, and anyone with access to non-public/exclusive information or sufficient authority to influence the outcome of an event, as well as those within the same household, may not wager on events in the sport in which they participate, or in which the athlete(s) they represent participates;

- (c) At the commission’s discretion, individuals on a list provided by a team or sports governing body may not wager on any event overseen by the relevant sports governing body.
- (25) “Sensitive information,” information such as PII, transactional wagering data, authentication credentials (including PINs and passwords), secure seeds and keys, and other data that shall be handled in a secure manner;
- (26) “Shared liquidity pool” means a tournament, contest, or pool conducted in South Dakota and at least one other jurisdiction;
- (27) “Sporting event,” a contest or competition between individuals or teams, the results of which are determined at least in part by the skill or ability of an individual athlete or competitor or a team that is competing in the event.
“Sporting event” includes, but is not limited to, any professional sporting event and any international sporting event;
- (28) “Sporting event official,” any official as recognized by the respective sports governing body;
- (29) “Sports bet,” an amount placed as a wager on the results of a sporting event or a contingency during a sporting event or the performance or nonperformance of an athlete or competitor during a sporting event. Sports bets include single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, and straight bets;
- (30) “Sports governing body,” an organization that prescribes final rules and enforces codes of conduct for an athletic event and the participants in the athletic event;

- (31) “Sports wagering” or “wagering on sporting events,” the acceptance of a wager on an authorized sporting event by any system of wagering authorized by the commission;
- (32) “Sports wagering area,” the designated location in a gaming establishment approved by the commission, in which sports wagering may be conducted;
- (33) “Sports wagering kiosk,” an automated device used by patrons to make wagers on sporting events. The kiosk may also be used to obtain wagering information, process sports wagering tickets and wagering sports vouchers, manage wagering accounts, and any other automated functions approved by the commission;
- (34) “Sports wagering operation,” a licensed operator in conjunction with a licensed sports wagering services provider who offers sports wagering to the public;
- (35) “Sports wagering revenue,” the total of all wagers placed by patrons with a licensee, excluding free wagers and promotional play, minus all payments to patrons and minus any applicable federal excise taxes. Payments to patrons include all payments of cash, cash equivalents, merchandise, and any other thing of value;
- (36) “Sports wagering services provider,” a person who maintains or operates the software or hardware of a sports wagering system or facilitates wagering on a sporting event by providing a service, including data aggregation, risk management, computer service, furnishing information, and setting of odds;
- (37) “Sports wagering system,” the hardware, software, firmware, communications technology, other equipment, as well as operator procedures implemented in order

to allow patron participation in sports wagering, and, if supported, the corresponding equipment related to the display of the wager outcomes, and other similar information necessary to facilitate patron participation. The system provides the patron with the means to place and manage sports bets. The system provides the licensee with the means to review wagering accounts, suspend events, generate various wagering/financial transaction and account reports, input outcomes for events, and set any configurable parameters;

- (38) “Sports wagering ticket,” a printed document or other electronic record which contains information pertaining to a sports bet;
- (39) “Sports wagering voucher,” a printed record, or digital representation thereof, issued by a sports wagering system that may be used to fund a sports bet or may be redeemable for cash;
- (40) “Suspicious wagering activity,” unusual wagering activity that cannot be explained and is indicative of match fixing, the manipulation of an event, misuse of inside information, or other prohibited activity;
- (41) “Unusual wagering activity,” abnormal wagering activity exhibited by patrons and deemed by the sports wagering operation as a potential indicator of suspicious activity. Abnormal wagering activity may include the size of a patron's wager or increased wagering volume on a particular event or wager type;
- (42) “Voluntarily-excluded person,” any individual whose name is included, at his or her own request, on a self-exclusion list
- (43) “Winnings,” the total cash value of all property or sums, including currency or

instruments of monetary value paid to a patron by a licensee as a direct result of a winning sports bet.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-4, 42-7B-11(13).

<u>Example (2) “Event Category”:</u> Professional Hockey governed by the National Hockey League

20:18:35:02. Internal control procedures. Either the licensee or sports wagering services provider or both shall submit a description of internal controls to the commission. The submission shall be made at least 30 days before sports wagering operations are to commence. All internal controls must be approved by the executive secretary prior to commencement of sports wagering operations. The licensee and/or sports wagering services provider shall submit to the commission any changes to the internal controls previously approved at least 15 days before the changes are to become effective unless otherwise directed by the executive secretary. It shall be the responsibility and continuing duty of each licensee and sports wagering services provider and their employees to follow and comply with all approved internal controls.

(1) The submission shall include controls and reasonable methods that provide for the following:

(a) Automated and manual risk management procedures;

(b) Employee management, including user access controls for all sports wagering personnel and segregation of duties;

- (c) Procedures for identifying and reporting fraud and suspicious conduct, including identifying unusual wagering activity and reporting such activity to an independent integrity monitoring provider;
- (d) Controls ensuring regulatory compliance;
- (e) Description of Anti-Money Laundering (AML) compliance standards;
- (f) Description of process for accepting wagers and issuing pay outs, plus any additional controls for issuing pay outs in excess of \$10,000;
- (g) Description of a process for accepting multiple wagers from one patron in a 24-hour cycle, including a process to identify patron structuring of wagers to circumvent recording and reporting requirements;
- (h) Description of all software applications that comprise the sports wagering system;
- (i) Process for submitting and receiving approval of all types of wagers available to be offered by the system;
- (j) Description of all integrated third-party systems;
- (k) Procedures for reconciliation of assets and documents contained in a sports wagering area cashier's drawer and sports wagering kiosks, which shall include the drop and count procedures for sports wagering kiosks;
- (l) Procedures for cashing winning tickets at the cage after the sports wagering area has closed, if applicable;
- (m) Procedures for accepting value game chips for sports bets, if applicable;
- (n) Procedures for issuance and acceptance of promotional funds and free bets

for sports wagering;

- (o) Identifying and preventing wagering by prohibited persons;
- (p) Description of the method to prevent past-post wagers from being placed;
- (q) The method of paying winning wagers, in the event of a failure of the sports wagering system's ability to pay winning wagers;
- (r) The procedures to file an incident report with the commission for each sports wagering system failure and document the date, time, and reason for the failure along with the date and time the system is restored;
- (s) Procedures for rejecting or refusing bets which exceed the value set forth in SDCL 42-7B-14; and
- (t) Any other information which may be required by the commission.

(2) To the extent a third-party is involved in or provides any of the internal controls required in these rules, the licensee's or sports wagering services provider's controls, or the controls of both of them must document the roles and responsibilities of the third-party and must include procedures to evaluate the adequacy of and monitor compliance with the third-party's internal control procedures.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35:03. Authorized and prohibited events and wager types. Before any licensee or sports wagering services provider may accept sports bets on an event category or sports bets

of a particular wager type, the event category or wager type must be approved by the commission.

(1) Unless already approved by the commission, a request for approval must be submitted by a licensee or sports wagering services provider in the form and manner prescribed by the commission, subject to the following:

(a) A request for approval of an event category involving athletic events must include, at a minimum, the name of the sports governing body and, to the extent known by the licensee or sports wagering services provider, a description of its policies and procedures regarding event integrity;

(b) A request for approval of an event category involving events other than athletic events must include:

(i) A full description of the event category and the manner in which sports bets would be placed and winning sports bets would be determined;

(ii) A full description of any technology that would be utilized to offer the event category;

(iii) Assurance that the event category meets the requirements of subdivision (7);

(iv) Any rules or voting procedures related to the event category; and

(v) Any other information the commission considers necessary.

(2) The commission may require an appropriate test or experimental period, under such terms and conditions the commission considers appropriate, before granting final approval

to an event category or wager type. The commission may subject any technology that would be used to offer an event category or wager type to such testing, investigation, and approval as it considers appropriate.

(3) The commission may grant, deny, limit, restrict, or condition a request made pursuant to this rule for any cause. The commission may issue an order revoking, suspending, or modifying any approval of an event category or wager type granted under this rule for any cause.

(4) The commission shall notify all licensees and sports wagering services providers of any additions, deletions, or changes regarding authorized event categories and authorized wager types, which may include publication of a list of authorized event categories and wager types on the commission's website.

(5) The commission reserves the right to prohibit the acceptance of any sports bets and may order the cancellation of sports bets and require refunds on any sporting event or other event category, event, or wager type for which wagering would be contrary to the public policies of the state.

(6) In addition to the events prohibited by SDCL 42-7B-82, a licensee or sports wagering services provider may not accept sports bets on any of the following:

(a) Horse and dog races if the sports wagering on those races is pari-mutuel;

(b) Any sporting event or other event where the majority of contestants or athletes in the sporting event are under the age of 18 years;

(c) A fantasy sports contest;

(d) The injury of a participant in an event; and

(e) Any wagering category not authorized by law or commission rules

adopted in compliance with law.

(7) A licensee or sports wagering services provider may only accept sports bets on events and wager types for which:

(a) The event can be effectively supervised by a sports governing body or other oversight body;

(b) There are integrity safeguards in place;

(c) The outcome can be documented and verified;

(d) The outcome can be generated by a reliable and independent process;

(e) The outcome is not affected by any wager placed;

(f) The event and acceptance of the wager type are conducted in conformity with all applicable laws; and

(g) Wagering on the event and acceptance of the wager type are consistent with the public policy of this state.

(8) If it is determined that a licensee or sports wagering services provider has offered an unauthorized or prohibited event category, event, or wager type, the licensee or sports wagering services provider must immediately cancel and refund all sports bets associated with the unauthorized or prohibited event category, event, or wager type. The licensee or sports wagering services provider must notify the commission promptly after canceling and refunding the sports bets.

(9) A licensee or sports wagering services provider must not knowingly accept a sports bet on an event or wager type whose outcome has already been determined and is publicly known.

(10) The commission may use any information it considers appropriate, including, but not limited to, information received from a sports governing body, to determine whether to authorize or prohibit wagering on a particular event or a particular wager type.

(11) Prior to offering exchange wagering a licensee or sports wagering services provider must obtain approval from the commission. The rake taken on such wagers shall be subject to the wagering taxes pursuant to SDCL 42-7B-28 and 42-7B-28.1 as are paid on sports wagering net receipts.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-15.

20:18:35:04. Prohibiting wagers for good cause. A sports governing body may request sports wagering information or may request the commission to restrict, limit, or exclude sports wagering on a particular event or a particular wager type.

(1) The request must be submitted in the form and manner prescribed by the commission and must include all of the following:

(a) The identity of the sports governing body and contact information for at least one specific individual who will be the primary point of contact for questions related to the request;

(b) A description of the sports wagering information, event, or wager type that is the subject of the request;

(c) Information explaining why granting the request is necessary to protect the

integrity of the event or public confidence in the integrity of the event that is the subject of the request. This may include information regarding any credible threat to the integrity of the event that is beyond the control of the sports governing body to preemptively remedy or mitigate; and

(d) Any other information required by the commission.

(2) To ensure proper consideration, the request should be sent to the commission at least ten days before the particular event. At any time, however, a sports governing body should report information to the commission if it involves allegations of match-fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.

(3) On receipt of a complete request from a sports governing body under subdivision (1), the commission shall notify all licensees in writing. All licensees must be given an opportunity to respond to the request. The notification must include the date by which written responses must be submitted to the commission.

(4) The commission shall promptly review the request, any responses, and any other available information and shall decide on the request before the start of the event, if feasible, or as expeditiously as possible. In making its determination, the commission may consult with independent integrity monitoring providers and any other jurisdictions it considers appropriate. The commission may grant the request, in its sole discretion, if it determines that granting the request is necessary to protect the integrity of the event or public confidence in the integrity of the event, that is, the subject of the request. The commission shall notify, in writing, the sports governing body and all licensees of its decision.

(5) On request of a sports governing body or licensee, the commission may

reconsider its decision if there is a material change in the circumstances related to the original request.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35:05. Patron protection information. A licensee or sports wagering services provider must provide a patron protection information page that must be readily accessible to each patron. The patron protection page must contain, at a minimum, all of the following:

(1) Information about potential risks associated with excessive wagering, and a direct link to the South Dakota Council on Problem Gambling and one other organization based in the United States dedicated to helping people with potential gambling problems.

(2) Notification that underage gambling is a criminal offense and that anyone who facilitates an individual under the age of 21 to place a sports bet has committed a criminal offense and must be prohibited from sports wagering.

(3) A list of the available patron protection measures that can be invoked by the patron, such as self-imposed limits and information on how to invoke those measures.

(4) Mechanisms in place for patrons to detect unauthorized use of their wagering account, such as the patron reviewing financial statements against known deposits.

(5) Method for filing a dispute with the licensee or sports wagering services provider pursuant to § 20:18:12.01:07, including providing information explaining how disputes can be filed and how disputes are resolved.

(6) Method for filing with the commission an unresolved dispute after all reasonable means to resolve the dispute with the licensee or sports wagering services provider have been exhausted in the manner prescribed by the commission.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35:06. Wagering rules. A licensee or sports wagering services provider must adopt comprehensive wagering rules, which must be approved by the commission.

(1) The wagering rules, together with any other information the commission considers appropriate, must be conspicuously displayed on the licensee's or its sports wagering services provider's digital platform or mobile application, included in the terms and conditions of wagering accounts, and copies must be made readily available to individuals and patrons.

(2) The wagering rules must address the following items regarding sports bets, at a minimum:

(a) Types of sports bets accepted;

(b) Minimum and maximum sports bets;

(c) Description of the process for handling incorrectly posted events, odds, sports bets, or results;

(d) Method for calculation and payment of winning sports bets;

(e) Effect of schedule changes;

(f) Method of notifying patrons of odds or proposition changes;

- (g) Acceptance of sports bets at other than posted terms;
- (h) Procedures related to pending winning sports bets;
- (i) Method of contacting the licensee or sports wagering services provider for questions and disputes pursuant to § 20:18:12.01:07;
- (j) Description of prohibited persons, restricted patrons, involuntary excluded persons, and events and wager types on which sports bets may not be accepted under SDCL chapter 42-7B and these rules;
- (k) Methods of funding a wager;
- (l) Maximum payouts; however, such limits must only be established through limiting the amount of a sports bet and cannot be applied to reduce the amount paid to a patron as a result of a winning sports bet;
- (m) A policy by which the licensee or sports wagering services provider can cancel sports bets for obvious errors pursuant to the licensee's or sports wagering services provider's internal controls, which must include a definition and procedures for obvious errors;
- (n) Parlay wager related rules;
- (o) Rules and procedures for wagering communications;
- (p) What is to occur when an event or any component of an event on which sports bets are accepted is canceled, including the handling of sports bets with multiple selections, such as parlays, where one or more of these selections is canceled; and
- (q) Any other wagering rule related information the commission determines

necessary.

(3) Amendments to the wagering rules must be approved by the commission. Failure by a licensee to act in accordance with the wagering rules may result in disciplinary action.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-15.

20:18:35:07. Acceptance of wagers. Available wagers must be displayed to the public and the gaming establishment's closed-circuit television system. The display must include the odds and a brief description of the event and wagering proposition.

(1) Sports bets may only be made by patrons using the following:

(a) Cash or sports wagering vouchers;

(b) Cash equivalent;

(c) Credit card or debit card;

(d) Bonus or promotional credit;

(e) Value gaming chips;

(f) Funds within a wagering account; and

(g) Any other means approved by the commission.

(2) The maximum amount which may be accepted by a licensee or sports wagering services provider from a patron on any single sports bet shall be limited to the value set forth in SDCL 42-7B-14.

(3) A licensee or sports wagering services provider may refuse any sports bet at any

time for what the licensee considers good and sufficient reason. A written report of such action shall be sent to the commission within 48 hours of the action.

(4) A licensee or sports wagering services provider may not accept a sports bet on an event unless a wagering proposition is posted on the sports wagering system.

(5) A licensee or sports wagering services provider may not set lines or odds or offer wagering propositions designed for the purposes of ensuring that a patron will win a sports bet or a series of sports bets unless the lines, odds, or wagering propositions are offered in connection with a bonus or promotional offer conducted in accordance with the rules in § 20:18:35:11.

(6) A licensee or sports wagering services provider may, in their discretion, cancel an accepted sports bet for an obvious error. An obvious error must be defined in the licensee's or sports wagering services provider's internal controls.

(7) A licensee or sports wagering services provider must cancel a sports bet made by a prohibited person or by a restricted patron in violation of their restrictions, confiscate the funds and deliver the funds to the commission. A licensee or sports wagering services provider must cancel a wager under this subdivision when the licensee or sports wagering services provider becomes aware that the individual who made the sports bet is a prohibited person or a restricted patron in violation of their restrictions.

(8) Except as otherwise provided in this chapter, a licensee or sports wagering services provider may not unilaterally cancel an accepted sports bet without prior written approval of the commission.

(9) A licensee or sports wagering services provider shall refund all accepted sports bets in full as soon as reasonably possible if a single event or market is cancelled for any reason.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-4(46), 42-7B-11(13).

20:18:35:08. Prohibited persons. A licensee and a sports wagering services provider must make reasonable efforts to prevent a prohibited person from placing a sports bet.

(1) If a licensee or sports wagering services provider detects or is notified of an individual suspected of being a prohibited person who had engaged or is engaging in prohibited sports wagering, the licensee or sports wagering services provider, or both, must use reasonable measures to verify whether the individual is prohibited or not.

(2) If the licensee or sports wagering services provider cannot establish by reasonable measures that the individual is prohibited, the individual is presumed to not be a prohibited person for the purposes of this rule.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-83.

20:18:35:09. Layoff wagers. A licensee or sports wagering services provider may not place or accept a layoff wager unless the commission determines that layoff wagers may be placed and accepted under SDCL chapter 42-7B. If layoff wagers are permitted, the licensee or sports wagering services provider placing a layoff wager must disclose its identity to the licensee or sports wagering services provider accepting the layoff wager. A licensee or sports wagering

services provider may decline to accept a layoff wager in its sole discretion. Layoff wagers must be placed and accepted in accordance with any other procedures or conditions prescribed by the commission.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35:10. Tournaments/contests/pools. A licensee or sports wagering services provider may conduct a sports wagering tournament, contest, or pool subject to all of the following:

(1) No sports wagering tournament, contest, or pool shall be conducted unless the licensee or sports wagering services provider, before the first time a tournament, contest, or pool type is offered, files written notice with the commission of its intent to offer that tournament, contest, or pool type and obtains approval from the commission. The licensee or sports wagering services provider may file a master list with the commission to satisfy this requirement;

- (a) The request must provide a detailed description of the tournament, contest, or pool type and must include the rules of the tournament, contest, or pool, the requirements for entry, the entry fees, the rake, and potential payouts. The request must also indicate whether or not the proposed type involves a shared liquidity pool available to patrons in South Dakota and other jurisdictions with the prize pool being comprised of entry fees collected from patrons in multiple jurisdictions;

(b) Once a sports wagering operator or sports wagering vendor receives approval to offer a tournament, contest, or pool type, the sports wagering operator or sports wagering vendor shall not be required to seek additional approvals from the commission for each subsequent type that is substantially similar but must submit notification to the commission with the details required in § 1(a);

(2) Each licensee or sports wagering services provider must maintain a record of each tournament, contest or pool it offers, which must address, at a minimum, all of the following:

(a) Name or identification of the tournament, contest, or pool;

(b) The date and time the tournament, contest, or pool occurred or will occur (if known);

(c) Events and wager types;

(d) Rules concerning tournament, contest, or pool play and participation;

(e) For each registered patron:

(i) Unique patron ID and username (if different);

(ii) Amount of entry fee collected, including any bonus or promotional credits, and the date collected;

(iii) Patron scorings/rankings; and

(iv) Amount of winnings paid, including any bonus or promotional credits, and the date paid;

(f) Total amount of entry fees collected, including any bonus or promotional credits;

- (g) Total amount of winnings paid to patrons, including any bonus or promotional credits;
- (h) Total rake, commission, or fees collected;
- (i) Funding source amount or amounts comprising the prize pool (for example, buy-ins, re-buys, or add-ons);
- (j) Prize structure on payout;
- (k) Methodology for determining winner or winners; and
- (l) The current status of the tournament, contest, or pool (in progress, complete, interrupted, canceled, etc.);

(3) Fees collected, less cash prizes paid, are subject to the wagering taxes pursuant to SDCL 42-7B-28 and 42-7B-28.1. In determining sports wagering net receipts, to the extent that cash prizes paid out exceed fees collected, the licensee or advance deposit sports wagering operator shall be deemed to have paid the fees for the participants.

(4) The licensee or sports wagering services provider shall be responsible for the rake. The licensee's or sports wagering services provider rake's collected from patrons that enter a tournament, contest, or pool while located in the state of South Dakota less any rake adjustment, if applicable, shall be subject to the wagering taxes pursuant to SDCL 42-7B-28 and 42-7B-28.1 as are paid on sports wagering net receipts.

- (a) At no time shall the calculation resulting from a rake or rake adjustment be negative.
- (b) For a tournament, contest, or pool which utilizes shared liquidity available to patrons in South Dakota and other jurisdictions, the rake rate must be the same for all jurisdictions participating.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-28, 42-7B-28.1.

20:18:35:11. Bonus or promotional wagering. A licensee or sports wagering services provider may conduct sports wagering bonus or promotional offers subject to all of the following:

(1) A licensee or sports wagering services provider must maintain a record of all bonus or promotional offers related to sports wagering to facilitate the commission's tracking of bonus or promotional activity, which must address, at a minimum, all of the following:

- (a) Unique ID for each bonus or promotional offer;
- (b) The date and time the bonus or promotional offer was or is scheduled to be available;
- (c) The terms of the bonus or promotional offer; and
- (d) The date and time the bonus or promotional offer was or is scheduled to be decommissioned.

(2) All bonus or promotional offers must be stated in clear and unambiguous terms and must be accessible by the patron after the offer is accepted and before completion. Offer terms and the record of all offers must include all of the following at a minimum:

- (a) The date and time presented;
- (b) The date and time the offer is active and expires;
- (c) Patron eligibility, including any limitations on participation;

- (d) Any restriction on withdrawals of funds;
- (e) Wagering requirements and limitations on events or wager types;
- (f) How the patron is notified when they have received an award;
- (g) The order in which funds are used for wagers;
- (h) Eligible events or wager types; and
- (i) Rules regarding cancellation.

(3) A licensee or sports wagering services provider must provide a clear and conspicuous method for a patron to cancel his or her participation in a bonus or promotional offer that utilizes restricted wagering credits that cannot be cashed out until a wagering requirement or other restrictions associated with the credits is met.

- (a) Upon request for cancellation, the licensee or sports wagering services provider shall inform the patron of the amount of unrestricted funds that will be returned upon cancellation and the value of restricted wagering credits that will be removed from the wagering account.
- (b) If a patron elects to proceed with cancellation, unrestricted funds remaining in a patron's wagering account must be returned according to the terms of a bonus or promotional offer.

(4) Once a patron has met the terms of a bonus or promotional offer, a licensee or sports wagering services provider must not limit winnings earned while participating in the offer.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35:12. Taxation requirements. Each licensee or sports wagering services provider shall, at all times, comply with Internal Revenue Service (IRS) requirements for reporting and withholding proceeds from sports bets by patrons and shall send to patrons subject to IRS reporting or withholding a Form W2-G summarizing the information for tax purposes following a winning wager being deposited into an account. Upon written request, the licensee or sports wagering services provider shall provide patrons with summarized tax information on sports wagering activities.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35:13. Bank secrecy act compliance. A licensee or sports wagering services provider must comply with all provisions of the Bank Secrecy Act of 1970, 31 U.S.C. § 5311 to § 5332, applicable to the licensee's or sports wagering services provider's sports wagering operation.

(1) A licensee or sports wagering services provider must, with regard to its sports wagering operation, maintain records related to its compliance with the Bank Secrecy Act of 1970, 31 U.S.C. § 5311 to § 5332, including all currency transaction reports, suspicious activity reports, and any supporting documentation, for a minimum of five years. The licensee or sports wagering services provider must provide the records to the commission and any appropriate law enforcement agencies on request consistent with the authorization prescribed in the Bank

Secrecy Act of 1970, 31 U.S.C. § 5311 to § 5332, and applicable regulations.

(2) A licensee or sports wagering services provider must provide a written notice to the commission as soon as the licensee or sports wagering services provider becomes aware of a compliance review that is conducted by the Internal Revenue Service under the Bank Secrecy Act of 1970, 31 U.S.C. § 5311 to § 5332, and involves or impacts the licensee's or sports wagering services provider's sports wagering operation. The licensee or sports wagering services provider must provide a copy of the compliance review report or the equivalent to the commission within ten days after the receipt of the report by the licensee or sports wagering services provider.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

Reference: Bank Secrecy Act of 1970, 31 U.S.C. § 5311 to § 5332. Copies can be obtained from the South Dakota Commission on Gaming free of charge, 87 Sherman Street, Deadwood, South Dakota, 57732, telephone: 605-578-3074.

20:18:35:14. Integrity monitoring/suspicious behavior. A licensee or sports wagering services provider must have internal controls in place to identify and report unusual wagering activity to the commission. As part of these internal controls, a licensee may contract with an independent integrity monitoring provider.

(1) A licensee or sports wagering services provider receiving a report of suspicious

wagering activity must be permitted to suspend wagering on events or wager types related to the report but may only cancel sports bets related to the report after receiving approval from the commission.

(2) The commission may require a licensee or sports wagering services provider to provide any hardware or software necessary to the commission or to an independent gaming laboratory approved by the commission for evaluation of its sports wagering offering or to conduct further monitoring of data provided by its sports wagering system.

(3) A licensee or sports wagering services provider must maintain records of all event integrity monitoring services and activities, including all reports of unusual or suspicious wagering activity and any supporting documentation, for a minimum of five years and must provide such records to the commission on request.

(4) If the commission receives information regarding the integrity of events on which sports bets are made, the commission may, to the extent allowed or provided for in SDCL chapter 42-7B and this chapter, share such information with a licensee, sports wagering services provider, independent integrity monitoring provider, sports governing body, sports team, law enforcement entity, regulatory agency, or other person the commission considers appropriate.

(5) An independent integrity monitoring provider must register as a vendor with the commission before providing event integrity monitoring services to a licensee or sports wagering services provider under SDCL chapter 42-7B and this chapter.

(6) A licensee or sports wagering services provider must maintain the confidentiality of information provided by a sports governing body to the licensee or sports wagering services provider related to unusual wagering activity, suspicious wagering activity, or the integrity of an

event, unless disclosure is required by the commission, any applicable law, or a lawful order of a court of competent jurisdiction.

(7) A licensee or sports wagering services provider must employ personnel responsible for ensuring the operation and integrity of sports wagering and reviewing all reports of suspicious behavior. Unless otherwise directed by the commission, a licensee or sports wagering services provider must promptly notify the commission upon detecting or becoming aware of any of the following:

- (a) Any person participating in sports wagering who is engaging in or attempting to engage in, or who is reasonably suspected of, cheating, theft, embezzlement, collusion, use of funds derived from illegal activity, money laundering, or any other illegal activities;
- (b) Any person who is reasonably suspected of misrepresenting their identity or using false identification to establish or attempt to establish a wagering account;
- (c) Suspected criminal activity related to any aspect of sports wagering;
- (d) Any criminal or disciplinary proceedings commenced against the licensee or sports wagering services provider in connection with its sports wagering operations; or
- (e) Any sports bets that violate any applicable state or federal law.

(8) A sports wagering services provider must promptly notify any affected licensees on behalf of which it accepts sports bets of any issues impacting the integrity of sports wagering.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-43

20:18:35:15. Commission access to information. Licensees and sports wagering services providers must detail the controls that are in place to assure that all information the commission requires to be maintained under SDCL chapter 42-7B or this chapter is appropriately segregated and controlled to prevent unauthorized access. Licensees and sports wagering services providers must provide the commission with access to all such information and the equipment and facilities on which or within which the information is maintained as considered necessary by the commission and in a manner approved by the commission. All information necessary for the commission to conduct any investigation shall be provided to the commission immediately upon request.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(1)(4).

20:18:35:16. Anti-money laundering (AML) monitoring. The licensee or sports wagering services provider shall develop and implement AML procedures and policies that adequately address the risks posed by sports wagering for the potential of money laundering and terrorist financing. Additional requirements for AML procedures and policies may be specified by the commission.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-43.

20:18:35:17. Reserve requirement. A licensee or sports wagering services provider must submit a plan to maintain a reserve in the amount necessary to ensure the security of funds held in wagering accounts for sports wagering and the ability to cover the outstanding sports wagering liability. All plans will require commission approval.

(1) The reserve must be in the form of:

(a) Cash or cash equivalents maintained in a U.S. bank account segregated from the licensee's or sports wagering services provider's operational funds;

(b) An irrevocable letter of credit;

(c) A bond;

(d) Payment processor reserves and receivables;

(e) Any other form acceptable to the commission; or

(f) Any combination of the allowable forms described in subdivisions (a) to (e).

(2) The reserve must be not less than the greater of \$25,000 or the sum of the following amounts:

(a) The daily ending cashable balance of all patrons' wagering accounts;

(b) Pending withdrawals;

(c) Amounts accepted by the licensee or sports wagering services provider on

sports bets whose outcomes have not been determined; and

(d) Amounts owed but unpaid on winning sports bets through the period established by the licensee or sports wagering services provider for honoring winning sports bets.

(3) Funds held in wagering accounts may not be automatically transferred by a licensee or sports wagering services provider. A licensee or sports wagering services provider may not require a patron to transfer funds from his or her wagering account in order to circumvent this rule.

(4) Amounts available to patrons for play that are not redeemable for cash may be excluded from the reserve computation.

(5) A licensee or sports wagering services provider must have access to all wagering accounts and transaction data to ensure the amount of its reserve is sufficient. Unless otherwise directed by the commission, a licensee or sports wagering services provider must file a monthly attestation with the commission, in the form and manner prescribed by the commission, that funds have been safeguarded under this rule.

(6) The commission may audit a licensee's or sports wagering services provider's reserve at any time and may direct a licensee or sports wagering services provider to take any action necessary to ensure the purposes of this rule are achieved, including but not limited to requiring the licensee or sports wagering services provider to modify the form of its reserve or increase the amount of its reserve.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35:18. Reports of sports wagering operations. The sports wagering operator must be able to prepare reports supporting sports wagering revenue, wagering liability, winnings, and any other reports considered necessary by the commission or as required by the internal controls. The reporting must be done on a form and in the manner prescribed by the commission. Additional reporting requirements may be specified by the commission. Any information provided under this section is confidential and proprietary and is exempt from disclosure.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-76.

20:18:35:19. Retention of records. All records required by this chapter must be maintained for three years. Redeemed sports wagering tickets and sports wagering vouchers as described in chapter 20:18:35 shall be retained for a period of 90 days from date of redemption. Redeemed sports wagering tickets and sports wagering vouchers may be destroyed after 90 days if the record of the transaction is retrievable from the sports wagering system reports.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(1)(4), 42-7B-76.

20:18:35:20. Internal control procedures audit. On an annual basis, licensees or sports wagering services providers shall have their internal control procedures audited by the commission or an independent entity approved by the Commission.

(1) In reviewing the internal control procedures of the licensee or sports wagering services provider, the audit shall consider the operational aspects of SDCL chapter 42-7B and chapter 20:18:35, including those adopted in Appendix A of GLI-33, in addition to the following

- (a) Any changes to the internal control procedures and operating environment since the previous review;
- (b) The effectiveness of the licensee's and sports wagering services provider's internal control procedures to ensure compliance with all commission requirements.
- (c) The licensee's and sports wagering services provider's compliance with its internal control procedures.
- (d) Other matters required by the commission to measure compliance with SDCL 42-7B and these rules.

(2) Licensees or sports wagering services providers are responsible for forwarding the results of this audit to the commission.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-17, 42-7B-76.

Reference: GLI-33 Standards for Event Wagering Systems, v1.1, May 14, 2019.

Copies may be obtained without charge from Gaming Laboratories International, LLC, at 600 Airport Road, Lakewood, New Jersey, 08701. (732) 942-3999, and online at Gaminglabs.com/gli-standards.

20:18:35:21. Annual financial audit. A financial audit of the sports wagering operations of the licensee shall be conducted by certified public accountants authorized to practice in the state of South Dakota and provided to the commission within 180 days of the licensee's fiscal year and meet the following conditions:

(1) Inclusion of an audited balance sheet and audited profits-and-losses statement including a breakdown of expenditures and subsidiaries of advance deposit sports wagering activities;

(2) Inclusion of a supplement schedule indicating financial activities on a calendar-year basis if the licensee'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 licensee and the auditing firm; and

(5) Inclusion of a supplemental schedule for South Dakota operations. A supplemental schedule shall include a breakdown of sports wagering activities by each South Dakota casino in which there is an agreement. The supplemental schedule provided to satisfy

this requirement may be unaudited; however, the top financial officer of the company shall provide a statement attesting to the accuracy of the information provided to the commission.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-17, 42-7B-76.

20:18:35:22. Self-exclusion plan. A licensee or sports wagering services provider conducting wagering on sports events must develop a self-exclusion plan or voluntary exclusion plan to prevent any person who informs the licensee of that person's desire to participate in a self-exclusion or voluntary exclusion program from participating in wagering on sports events. This plan must be submitted to the executive secretary for review and approval.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35:23. Provider error – Reimbursement. A sports wagering services provider shall be responsible to reimburse an operator or route operator for bets paid by the operator or route operator as a result of the error or omission of the services provider.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

CHAPTER 20:18:35.01

SPORTS WAGERING TESTING, APPROVAL, AND CHANGES

20:18:35.01:01. Technical standards. A licensee shall use a sports wagering system to offer, conduct, or operate sports wagering in accordance with applicable laws and these rules. Only a licensee or its sports wagering services provider may process, accept, offer, or solicit sports bets. If a licensee does not utilize a sports wagering services provider and, instead, develops its own sports wagering system, the licensee is considered both a licensee and a sports wagering services provider for the purposes of this part.

(1) All equipment and systems integral to the conduct of sports wagering and advance deposit sports wagering must meet the specifications set forth in these rules or other technical specifications as prescribed by the commission. Failure to comply with the approved specifications, internal controls, or technical specifications may result in disciplinary action by the commission.

(2) Licensees and sports wagering services providers must comply with, and the commission adopts and incorporates by reference, the Gaming Laboratories International, LLC Standard GLI-33: Standards for Event Wagering Systems, v1.1, and its Appendices. The GLI-33 standards are intended to supplement rather than supplant other technical standards and requirements under these rules.

(3) Before conducting sports wagering, and as otherwise required by the commission, the sports wagering services provider must submit the sports wagering system used in conjunction with the sports wagering operation to an independent testing laboratory approved by the commission for certification testing.

(4) If the sports wagering system meets or exceeds the technical standard adopted in subdivision (2), the independent testing laboratory approved by the commission shall certify the sports wagering system. Licensees and sports wagering services providers are prohibited from offering sports wagering in South Dakota without such certification. The sports wagering services provider is responsible for all costs associated with testing and obtaining such certifications.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-17.

Reference: GLI-33 Standards for Event Wagering Systems, v1.1, May 14, 2019.

Copies may be obtained without charge from Gaming Laboratories International, LLC, at 600 Airport Road, Lakewood, New Jersey, 08701. (732) 942-3999, and online at Gaminglabs.com/gli-standards.

20:18:35.01:02. Certification testing. Prior to conducting sports wagering, and annually thereafter, all equipment and systems integral to the conduct of sports wagering and advance deposit sports wagering shall be submitted to a commission-designated independent testing laboratory for evaluation. Certification and executive secretary approval must be received prior to the use of any equipment or system to conduct sports wagering.

(1) The licensee must provide internal controls that protect the integrity of all hardware, networks, applications, databases, and data to the executive secretary for approval prior to completion of the system testing period and final approval of the system.

(2) The licensees and sports wagering services provider shall submit change control processes to the executive secretary for approval which detail evaluation procedures for identifying the criticality of updates and changes to equipment and systems and determining of submission of updates and changes to an independent testing laboratory for review and certification. These processes must be:

- (a) Developed in accordance with the Gaming Laboratories International, LLC Guide GLI-CMP Change Management Program Guide, v1.0; and
- (b) Certified prior to its deployment and audited at an annual interval by the independent gaming laboratory.

(3) At least once annually, each product operating under the certified change control processes must be fully certified to the specifications set forth in these rules or other technical specifications as prescribed by the commission and accompanied by formal certification documentation from the independent gaming laboratory. The licensee and sports wagering services provider, where separate, shall be allowed to seek approval for extension beyond the annual approval if hardship can be demonstrated. Granting of a hardship waiver is the sole discretion of the commission.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-17.

Reference: GLI-CMP Change Management Program Guide, v1.0, May 6, 2020.

Copies may be obtained without charge from Gaming Laboratories International, LLC, at 600 Airport Road, Lakewood, New Jersey, 08701. (732) 942-3999, and online at

Gaminglabs.com/gli-standards.

20:18:35.01:03. Location of servers. Unless otherwise approved by the commission in writing, a sports wagering services provider must locate the primary server other equipment responsible for the acceptance of patron wagers in a secure location pursuant to SDCL 42-7B-79. The secure location selected must have adequate security, including 24-hour surveillance, and be licensed and approved by the executive secretary or executive secretary's designee.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-17, 42-7B-79.

20:18:35.01:04. Internet or cloud-based hosting. The executive secretary may approve the use of internet or cloud-based hosting of duplicate data or data not related to transactional wagering data upon written request by a sports wagering operation.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35.01:05. Integrity and security assessment. System integrity and security risk assessment shall be performed annually on all sports wagering systems by an independent information technology security professional approved by the executive secretary.

(1) The system integrity and security risk assessment shall be conducted no later than

90 days after commencing operations and annually thereafter.

(2) The scope of the sports wagering system integrity and security assessment is subject to the approval of the commission and must include, at a minimum, all of the following:

- (a) A vulnerability assessment of digital platforms, mobile applications, internal, external, and wireless networks with the intent of identifying vulnerabilities of all devices, the sports wagering systems, and applications transferring, storing, and/or processing personal identifying information (PII) and/or other sensitive information connected to or present on the networks;
- (b) A penetration test of all digital platforms, mobile applications, internal, external, and wireless networks to confirm if identified vulnerabilities of all devices, the sports wagering systems, and applications are susceptible to compromise;
- (c) A review of the firewall rules to verify the operating condition of the firewall and the effectiveness of its security configuration and rule sets and must be performed on all the perimeter firewalls and the internal firewalls;
- (d) A technical security control assessment against the provisions adopted in Appendix B of GLI-33 and chapter 20:18:35.01 with generally accepted professional standards and as approved by the commission;
- (e) An evaluation of information security services, cloud services, payment services (financial institutions, payment processors, etc.), location

services, and any other services which may be offered directly by the licensee or involve the use of third parties; and

(f) At the discretion of the executive secretary, any additional assessments or specific testing criteria which may be required.

(3) The full independent information technology security professional's report on the assessment shall be submitted to the executive secretary no later than 30 days after the assessment is conducted and must include all the following:

(a) Scope of review;

(b) Name and company affiliation of the individual or individuals who conducted the assessment;

(c) Date of assessment;

(d) Findings;

(e) Recommended corrective action, if applicable; and

(f) Licensee's or sports wagering services provider's response to the findings and recommended corrective action.

Where approved by the executive secretary, it is acceptable to leverage the results of prior assessments within the past year conducted by the same independent information technology security professional against standards such as ISO/IEC 27001, ISO/IEC 27017, ISO/IEC 27018, the NIST Cybersecurity Framework (CSF), the Payment Card Industry Data Security Standards (PCI-DSS), or equivalent. Such leveraging shall be noted in the testing organization's report. This leveraging does not include components unique to the state, which will require fresh assessments.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-43.

20:18:35.01:06. Network security in gaming establishments. If a guest network is offered that provides internet access for patrons, hotel guests, or vendors, the guest network shall be physically or logically segregated from the network used to serve the sports wagering system. Network traffic on guest network shall be non-routable to the sports wagering system network.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-43.

20:18:35.01:07. Technical security controls. In addition to the technical security controls set out in Appendix B of GLI-33, additional technical security controls may be adopted by the commission.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-43.

20:18:35.01:08. Information security management system (ISMS). Each licensee or sports wagering services provider shall implement, maintain, regularly review and revise, and comply with a comprehensive information security management system (ISMS), the purpose of

which shall be to take reasonable steps to protect the confidentiality, integrity, and availability of personal identifying information (PII) of individuals who place a wager with the licensee or sports wagering services provider, and shall contain administrative, technical, and physical safeguards appropriate to the size, complexity, nature, and scope of the operations and the sensitivity of the personal information owned, licensed, maintained, handled, or otherwise in possession of the licensee or sports wagering services provider. Additional ISMS specifications may be adopted by the commission.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-43.

20:18:35.01:09. Test accounts. A licensee or sports wagering services provider may establish test accounts to be used to test the various components and operation of a sports wagering system pursuant to internal controls adopted by the licensee or sports wagering services provider, which, at a minimum, must address all of the following:

(1) The procedures for issuing funds used for testing, including the identification of who may issue the funds and the maximum amount of funds that may be issued;

(2) The procedures for assigning each test account for use by only one individual. However, a sport wagering operator may establish a specific scenario or instance of a test account that may be shared by multiple users if each user's activities are separately logged;

(3) The maintenance of a record for all test accounts, to include when they are active, to whom they are issued, and the employer of the individual to whom they are issued;

(4) The procedures for auditing testing activity by the licensee or sports wagering services provider to ensure the accountability of funds used for testing and proper adjustments to sports wagering revenue; and

(5) The procedures for authorizing and auditing out-of-state test activity.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

CHAPTER 20:18:35.02
SPORTS WAGERING AREA

20:18:35.02:01. Designated sports wagering area. A floor plan identifying the designated sports wagering area, including the location of any sports wagering kiosks and sports wagering windows, shall be filed with the executive secretary for review and approval at least ten days prior to accepting any sports bets. Modification to a previously approved plan must be submitted for approval at least ten days prior to implementation.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-4(42), 42-7B-79.

20:18:35.02:02. Sports wagering transactions. Thirty days prior to offering sports wagering, a sports wagering operation shall submit a plan to the commission that meets the requirements of chapter 20:18:35.02 and shall be approved by the executive secretary. Sports wagering transactions shall be conducted from:

(1) A sports wagering window located in the sports wagering area or other window locations as approved by the executive secretary;

(2) Sports wagering kiosks in locations as approved by the executive secretary;

(3) A designated window in the cashier's cage for the redemption of winning sports wagering tickets; or

(4) A digital platform or mobile application approved by the executive secretary pursuant to § 20:18:36:03.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-15.

20:18:35.02:03. Sports wagering kiosks. A licensee may utilize sports wagering kiosks located in a gaming establishment for wagering transactions in conjunction with a sports wagering system in a location approved by the executive secretary.

(1) All aspects of a sports wagering kiosk, including the computer and any related hardware, software, or related devices, shall be tested by a commission-designated independent testing laboratory and approved by the commission prior to use by a licensee.

(2) Sports wagering kiosks shall be subject to the approvals and other requirements of the commission.

(3) All sports wagering kiosks shall have a sign permanently affixed to the device notifying the public that patrons must be 21 years of age to gamble.

(4) On a daily basis, a licensee's accounting department shall remove the drop boxes in the sports wagering kiosks (the "sports wagering kiosk drop"). The sports wagering kiosk drop shall be monitored and recorded by surveillance. The licensee shall submit the sports wagering kiosk drop schedule to the executive secretary or executive secretary's designee.

(5) The licensee's accounting department shall reconcile the sports wagering kiosks on a daily basis pursuant to internal controls. Any variance of \$500 or more shall be documented by the accounting department and reported in writing to the commission's audit department within five business days after drop and count of sports wagering kiosks. The report shall

indicate the cause of the variance and shall contain any documentation required to support the stated explanation.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35.02:04. Wrong ticket claims. After placing a sports bet at a sports wagering window, a claim by a person that a wrong sports wagering ticket has been delivered to them must be made before leaving the window. No other claims will be considered. A cashier may not cancel a wager for which the cashier wrote the ticket and must instead call a supervisor to cancel the wager.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35.02:05. Winning wagers and vouchers. Winnings from sports wager tickets shall remain valid for the patron to redeem for 180 days after the conclusion of the final event in the sports wager. If the sports wagering system issues and redeems a sports wagering voucher, the following requirements shall apply:

(1) Sports wagering vouchers issued by a sports wagering system shall contain the following information:

(a) The value of the voucher in U.S. dollars;

- (b) The name of the licensee or gaming establishment issuing the voucher;
- (c) The time of day the voucher was issued in a 24-hour format showing hours and minutes;
- (d) The date the voucher was issued showing day, month, and year;
- (e) The expiration date of the voucher, which is 90 days from the date of issue;
- (f) A number identifying the sports wagering kiosk or cashier that generated the voucher;
- (g) A unique validation number or bar code;
- (h) A description of any restrictions on the redemption of the voucher; and
- (i) Security features that limit the ability to counterfeit.

(2) The sports wagering system shall be capable of recording the following information for each sports wagering voucher:

- (a) The value of the voucher;
- (b) The date, time, and location of issuance;
- (c) A unique validation number;
- (d) The expiration date of the voucher; and
- (e) The date, time, and location of redemption, if applicable.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

20:18:35.02:06. Surrender of tickets and vouchers required. Payment of any printed winning sports wagering tickets or sports wagering vouchers shall be made only upon presentation and surrender of the sports wagering ticket or sports wagering voucher. A patron may redeem a winning sports wagering ticket or sports wagering voucher by mail according to the licensee's internal controls. No claim may be allowed for any lost or destroyed winning sports wagering tickets or sports wagering vouchers.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

CHAPTER 20:18:36
ADVANCE DEPOSIT WAGERING (ADW)

20:18:36:01. Definitions. Terms used in this chapter mean:

(1) “Account” or “wagering account,” an account for advance deposit wagering with a specific identifiable record of deposits, wagers, and withdrawals established by an account holder and managed by an ADW licensee;

(2) “Account application,” the form or forms and other required submissions received from an applicant with the intent of opening an account;

(3) “Account holder,” a natural person who successfully completed an application and for whom an ADW licensee has opened an account;

(4) “Advance deposit wagering licensee” or “ADW licensee,” a licensed operator, route operator, or sports wagering services provider who manages wagering accounts in which an eligible individual may deposit money into an account and use the balance to pay for bets placed on the premises of a licensed gaming establishment as approved by the commission in the city of Deadwood

(5) “Confidential account information,” includes:

(a) The amount of money credited to, debited from, withdrawn from, or present in any particular account holder’s account;

(b) The amount wagered by a particular account holder on any event or game or series of events or games;

(c) The unique patron ID or username and authentication credentials of a particular account holder;

- (d) The identities of the particular events or games on which the account holder is wagering or has wagered; and
- (e) Unless otherwise authorized by the account holder the disclosure of the name, address, and other information in the possession of an ADW licensee that identifies the account holder to anyone other than a representative of the commission;
- (6) “Credits,” all positive inflows of money to an account;
- (7) “Debits,” all negative outflows of money from an account;
- (8) “Deposit,” a payment of money by an account holder to the account holder's account;
- (9) “Location detection process” means a process to reasonably detect the location of an account holder when said account holder is attempting to access the system and place an advance deposit wager;
- (10) “Natural person,” any person at least 21 years of age, but does not include any corporation, partnership, limited liability company, trust, or estate;
- (11) “Principal residence address,” that place where the natural person submitting an application for an account resides at least 50 percent of the time during the calendar year;
- (12) “Proper identification,” a form of identification accepted in the normal course of business establishing the identity of a person;
- (13) “Secure personal identification code” or “PIN,” an alpha-numeric character code chosen by an account holder as a means of verification that a wager or account

transaction is authorized by the account holder;

(14) “Suspended account,” a wagering account that has been temporarily disabled from engaging in wagering activity;

(15) “Withdrawal,” a payment of money from an account to the account holder when properly requested by the account holder;

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-4(2), 42-7B-11(13).

20:18:36:02. Authorization to conduct advance deposit wagering. An ADW licensee shall receive specific authorization from the commission to conduct advance deposit wagering prior to conducting advance deposit wagering. Any entity authorized to conduct advance deposit wagering is expected to comply with all requirements of chapter 20:18:36 and all other applicable federal, state, local, and commission requirements.

(1) The ADW licensee shall submit internal controls, approved by the executive secretary, that include the following for operating advance deposit sports wagering:

(a) Specific procedures and technology partners to fulfill the requirements set forth in this chapter;

(b) Commercially available and demonstrable standards to confirm that an individual attempting to create a wagering account is not a prohibited person;

(c) A process to close out inactive accounts;

- (d) A method for verifying location detection procedures to establish account holders' geographic locations;
- (e) Detailed procedures for making adjustments to a wagering account, providing a method for an account holder to close out an account, and detail how an account holder will be refunded after the closure of an account;
- (f) Detailed procedures for maintaining the security of personal identifying information (PII) of account holders;
- (g) Method for securely issuing, modifying, and resetting an account holder's authentication credential, when applicable;
- (h) Methods of account holder notification when changes are made to any account used for financial transactions or to registration information or when financial transactions are made unless other notification preferences are established by the account holder;
- (i) Methods of account holder notification including any authentication credential modification via electronic or regular mail, text message, or other manner approved by the executive secretary. Such methods shall include at a minimum:
 - (i) Proof of identity, if in person;
 - (ii) The correct response to two or more challenge questions;
 - (iii) Strong authentication; or
 - (iv) Multi-factor authentication;

- (j) Processes to ensure funds in an ADW licensee’s account to be held in trust for the player in a special purpose segregated account. In addition, the gaming licensee shall have procedures that are reasonably designed to:
- (i) Make clear that the funds in the segregated account do not belong to the ADW licensee and are not available to creditors other than the account holder whose funds are being held; and
 - (ii) Prevent comingling of funds in a segregated account with other funds including, without limitation, funds of the ADW licensee.

(2) The approval of any agreements between a licensed operator and a sports wagering services provider to conduct advance deposit sports wagering does not constitute the authorization. If a sports wagering services provider has an agreement with more than one licensed operator, the sports wagering services provider operating advanced deposit sports wagering shall submit an agreement to the executive secretary that indicates the manner in which wagering accounts, activity and net receipts shall be accounted and maintained separately.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-4(2), 42-7B-11(13).

20:18:36:03. Location detection requirements. All wagers placed using advance deposit wagering must be initiated and received or otherwise made by an account holder located in the permitted boundary pursuant to SDCL 42-7B-79.

- (1) The ADW licensee must utilize location detection procedures to reasonably detect

and dynamically monitor the location of an account holder attempting to place any advance deposit wager and to monitor and block unauthorized attempts to place a wager when an individual or account holder is not within the permitted boundary.

(2) An account holder outside the permitted boundary shall be rejected, and the account holder shall be notified. The confidence radius shall be entirely located within the permitted boundary.

(3) The commission shall approve technical specifications for location detection procedures and any specific requirements related to location detection.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-79.

20:18:36:04. Account requirements. A patron must have an established wagering account in order to place wagers using advance deposit wagering. An account may be established through registration procedures developed pursuant to SDCL 42-7B-78 approved by the executive secretary. Where a single account is used for sports wagering and other gaming activities, wagering on sporting events must be identified, recorded, accounted for, and reported separately and distinctly from other gaming activities.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-78.

20:18:36:05. Establishing an account. To establish a wagering account, an application for an account shall be signed or otherwise authorized in a manner approved by the commission.

(1) An ADW licensee must collect the following personal identifying information (PII) about the applicant:

- (a) Full legal name;
- (b) Date of birth;
- (c) Principal residential address. A post office box is not acceptable;
- (d) Social Security number, or the last four digits of the Social Security number, or an equivalent identification number for a noncitizen account holder, such as a passport or taxpayer identification number; and
- (e) Any proper identification or other information required by the executive secretary used to verify his or her identity and to prove the account holder is at least 21 years of age.

(2) During the registration process, the account holder shall:

- (a) Be denied the ability to register for an account if they submit a birth date which indicates that they are under the age of 21;
- (b) Be informed on the account application which information fields are “required”, which are not, and what will be the consequences of not filling in the required fields;
- (c) Agree to the terms and conditions and privacy policies of the ADW licensee;
- (d) Acknowledge that they are prohibited from allowing any unauthorized

person to access or use their account;

(e) Consent to the monitoring and recording of the use of their account by the ADW licensee and the commission; and

(f) Affirm that the PII the account holder is providing to open the account is accurate.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-77.

20:18:36:06. Account application verification. Each wagering account application submitted is subject to electronic verification of the name, date of birth, the last four digits of the Social Security number, or an equivalent identification number for a noncitizen patron, such as a passport or taxpayer identification number, by either a national, independent, individual reference service company approved by the commission or other technology approved by the commission which meets or exceeds the reliability, security, accuracy, privacy, and timeliness provided by individual reference service companies. If there is a discrepancy between the application submitted and the information provided by the electronic verification described above or if no information on the applicant for an account is available from such electronic verification, another individual reference service may be accessed or other technology meeting the requirements described above may be used to verify the information provided. If these measures prove unsatisfactory, then the applicant for an account shall be contacted by the ADW licensee and given instructions as to how to resolve the matter.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-77.

20:18:36:07. Account eligibility. Only a natural person who is 21 years of age or older and not a prohibited person may create an account, deposit funds, or participate in advance deposit wagering. The ADW licensee must deny the ability to create an account, deposit funds, or participate in advance deposit wagering to any individual who is under 21 years of age or is a prohibited person. This section shall not be construed to prevent a restricted patron from creating an account and depositing funds to such an account even if they are prohibited from placing certain wagers.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-77.

20:18:36:08. ADW licensee may close or refuse to open accounts. The ADW licensee may close or refuse to open a wagering account for what the ADW licensee considers good and sufficient reason. The ADW licensee shall order an account closed if information used to open an account was false or misleading or if the account has been used in violation of the provisions of this chapter or of any state or federal law. The ADW licensee must inform the commission of its refusal to open or its closing of an account within seven calendar days of its action.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-77.

20:18:36:09. Terms and conditions and privacy policies for accounts. All terms and conditions and privacy policies for wagering accounts must be included in the internal controls of the ADW licensee and be readily accessible to the account holder before and after registration and noticed when materially updated (i.e. beyond any grammatical or other minor changes)

(1) All terms and conditions for accounts must address all aspects of the advance deposit wagering operation, including, but not limited to all of the following:

- (a) Statement that no underage individuals are permitted to participate in wagering;
- (b) Specifications advising account holders to keep their authentication credentials secure;
- (c) All processes for dealing with lost authentication credentials, forced password changes, password strength, and other related items as required by the commission;
- (d) Explanation of conditions under which an account is declared inactive and actions undertaken on the account once this declaration is made;
- (e) Actions that will be taken on the account holder's pending wagers placed prior to any exclusion or suspension, including the return of all wagers, or settling all wagers, as appropriate;
- (f) Information about timeframes and limits regarding deposits to and/or

withdrawals from the account; and

(g) Statements indicating that the ADW licensee has the right to:

(i) Refuse to establish an account for what it deems good and sufficient reason;

(ii) Refuse deposits to and/or withdrawals from accounts for what it deems good and sufficient reason; and

(iii) Unless there is a pending investigation or account holder dispute, suspend or close any account at any time pursuant to the terms and conditions between the licensee and the account holder.

(2) All privacy policies for accounts must address all aspects of the personal identifying information (PII) protection, including, but not limited to all of the following:

(a) The personal identifying information (PII) required to be collected;

(b) The purpose and legal basis for PII collection;

(c) The period in which the PII is stored, or, if no period can be possibly set, the criteria used to set this;

(d) The conditions under which PII may be disclosed;

(e) An affirmation that measures are in place to prevent the unauthorized or unnecessary disclosure of the PII; and

(f) Any other privacy requirements specified by the commission.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-77, 42-7B-78.

20:18:36:10. Account information. An ADW licensee must maintain an electronic account holder file, which must, at a minimum, include the following for each wagering account, as applicable:

(1) Unique account ID and username (if different);

(2) The information indicated in § 20:18:36:05 to register an account holder and create the account;

(3) Encrypted PII, including the government identification number (full or partial social security number, taxpayer identification number, passport number, or equivalent), authentication credential (password, secure personal identification code/PIN, etc.), and personal financial information (debit instrument numbers, credit card numbers, bank account numbers, etc.);

(4) The date and method of identity verification, including, where applicable, the document number of the government issued identification credential examined, and its date of expiration, if applicable. If a government issued identification credential is not required for registration, the electronic record that details the process used to confirm the account holder's identity must be recorded;

(5) The date of account holder agreement to the terms and conditions and privacy policies;

(6) Account details and current balance, including any incentive credits. All restricted wagering credits and unrestricted funds that have a possible expiration shall be maintained separately;

- (7) Previous accounts, if any, and reason for deactivation;
- (8) The date and method from which the account was registered;
- (9) The date and time of account is accessed by any person, including IP Address or cashless device number as applicable; and
- (10) The current status of the account (e.g., active, inactive, closed, suspended, excluded, etc.).

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:11. Authentication credentials. The applicant for a wagering account shall supply the ADW licensee with an authentication credential, such as a username (or similar) and a password, a secure personal identification code/PIN or a secure alternative means to assure that only the account holder has access to the account. Allowable authentication credentials are subject to the discretion of the commission as necessary. The requirement does not prohibit the option for more than one method of authentication being available for an account holder to access their account. An account holder has the right to change this authentication credential at any time.

(1) If the system does not recognize the authentication credentials when entered, an explanatory message shall be displayed to the account holder which prompts the account holder to try again. The error message shall be the same regardless of which authentication credential is incorrect.

(2) Where an account holder has forgotten their authentication credentials, a multi-factor authentication process shall be employed for the retrieval or reset of their forgotten authentication credentials.

(3) The system shall support a mechanism that allows for an account to be locked in the event that suspicious activity is detected, such as three consecutive failed access attempts in a 30-minute period. A multi-factor authentication process must be employed for the account to be unlocked.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:12. Account balance. Current wagering account balance information, including any restricted wagering credits and unrestricted funds, and transaction options shall be available on demand after confirmation of account holder identity. The account balance shall be presented in terms of currency to the account holder. All restricted wagering credits and unrestricted funds that have a possible expiration shall be indicated separately.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:13. Accounts nontransferable. No wagering account may be transferred between individuals or other legal entities. Transfer of funds between two accounts is also not

permitted unless it is between separate wagering accounts for sports wagering and other gaming activities as long as the account holder for both accounts is a single individual.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-77, 42-7B-78.

20:18:36:14. Financial transactions. A licensee shall provide a fee-free method for account holders to deposit or withdraw funds from their wagering accounts. The account holder shall be provided with confirmation/denial of every financial transaction initiated, including:

- (1) The type of transaction (deposit/withdrawal);
- (2) The transaction value; and
- (3) For denied transactions, a descriptive message as to why the transaction did not complete as initiated.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:15. ADW licensee may refuse financial transactions. The ADW licensee may refuse financial transactions on a wagering account for what the ADW licensee considers good and sufficient reason.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:16. Account credits and deposits. After the initial establishment of a wagering account, an account may be funded using approved methods which shall produce a sufficient audit trail for verification of the source of the wagers.

(1) Approved methods for funding accounts include:

(a) Cash or voucher deposits;

(b) Check, money order, or negotiable order of withdrawal;

(c) Charges made to an account holder's credit card or debit card;

(d) Bonus or promotional credit;

(e) Electronic funds transfer (EFT) from a monetary account controlled by an account holder;

(f) Credit for winnings from wagers placed with funds in the account;

(g) Adjustments made by the licensee with documented notification to the account holder;

(h) Wire transfer; or

(i) Any other means approved by the commission.

(2) For credit cards or debit cards and EFTs, the account holder is liable for any charges imposed by the transmitting or receiving entity with such charges to be deducted from the account.

(3) Any funds deposited pursuant to this subdivision are available for wagering use in accordance with the financial institution funds availability schedule;

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:17. Failed EFT transactions. Where financial transactions are conducted through EFT, the licensee shall have security measures and controls to prevent EFT fraud. A failed EFT attempt is not considered fraudulent if the account holder has successfully performed an EFT on a previous occasion with no outstanding chargebacks. Otherwise, the ADW licensee shall do all of the following:

(1) Temporarily block the account holder's account for investigation of fraud after five consecutive failed EFT attempts within a 10-minute period. If there is no evidence of fraud, the block may be vacated; and

(2) Suspend the account holder's account after 5 additional consecutive failed EFT attempts within a 10-minute period.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:18. Withdrawals from an account. An account holder must be allowed to withdraw the funds maintained in his or her wagering account, whether the account is open or closed, except as otherwise provided in these rules, or any other applicable state or federal laws.

(1) For withdrawals not paid directly to an account holder, payments from an account

are to be paid directly to an account with a financial institution in the name of the account holder or made payable to the account holder and forwarded to the account holder's principal address using a secure delivery service or through another method that is not prohibited by state or federal law;

(2) A system must employ a mechanism that can detect and prevent any withdrawal activity initiated by an account holder that would result in a negative balance of the account.

(3) An ADW licensee shall not allow an account to be overdrawn unless caused by payment processing issues outside the control of the licensee.

(4) An ADW licensee must honor the account holder's request to withdraw funds within five business days after the request unless the conditions set forth in subdivision (5) are met.

(5) The ADW licensee may decline to honor an account holder's request to withdraw funds only if the ADW licensee believes in good faith that the account holder engaged in either fraudulent conduct or other conduct that would put the ADW licensee in violation of SDCL chapter 42-7B and these rules. In such cases, the ADW licensee must do all of the following:

- (a) Provide notice to the account holder of the nature of the investigation of the account; and
 - (b) Conduct its investigation in a reasonable and expedient fashion, providing the account holder additional written notice of the status of the investigation every tenth business day starting from the day the original notice was provided to the account holder.
- (6) For purposes of this rule, a request for withdrawal is considered honored if it is

processed by the ADW licensee notwithstanding a delay by a payment processor, credit card issuer, or the custodian of a financial account.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:19. Modification of account information. An ADW licensee shall allow the account holder to update authentication credentials, registration information and the account used for financial transactions. A multi-factor authentication process shall be employed for these purposes.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:20. Balance adjustments. A licensee must have in place security or authorization procedures to ensure that only authorized adjustments can be made to wagering accounts and that changes are auditable, indicating who, what, when, and the value before the adjustment, including the reason for the adjustment. All adjustments to an account balance for amounts of \$500 or less must be periodically reviewed by supervisory personnel as set forth in the ADW licensee's internal controls. All other adjustments required a supervisor's approval before being entered.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:21. Responsible gaming limits. An ADW licensee shall allow the account holder to set the following responsible gaming limits set forth below. Any decrease to these limits shall be effective immediately or at the point in time (e.g., next login, next day) that was clearly indicated to the player. Any increase to these limits shall become effective only after the time period of the previous limit (e.g., day, week, month) has expired and the player reaffirms the requested increase.

(1) A deposit limit, which shall be offered on a daily, weekly and monthly basis and shall specify the maximum amount of money an account holder may deposit into his or her wagering account during a particular period of time; and

(2) A wager limit, which shall be offered on a daily, weekly and monthly basis and shall specify the maximum amount of wagering account funds that may be put at risk during a particular period of time.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:22. ADW licensee may suspend or close accounts. The ADW licensee may suspend or close any wagering account at any time provided that when an account is closed, the ADW licensee within five business days returns to the account holder all monies then on deposit

pursuant to the ADW licensee's internal controls.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:23. Suspension and restoration of accounts. The ADW licensee must employ a mechanism that places a wagering account in a suspended mode.

- (1) The suspended mode shall be activated under the following conditions:
 - (a) When a self-exclusion request is made by the account holder for a specified period of time, which must not be less than 72 hours, or indefinitely;
 - (b) When required by the commission;
 - (c) Upon a determination that an account holder is a prohibited person; or
 - (d) When initiated by an ADW licensee that has evidence that indicates illegal activity, a negative account balance, or a violation of the account terms and conditions has taken place on an account holder's account;
- (2) When an account is in a suspended mode, the ADW licensee must do all of the following:
 - (a) Prevent the account holder from wagering;
 - (b) Prevent the account holder from depositing funds unless the account is suspended due to having a negative account balance but only to the extent the account balance is brought back to zero dollars;

(c) Prevent the account holder from withdrawing funds from his or her account, provided that the ADW licensee acknowledges that the funds have cleared, and that the reason(s) for suspension would not prohibit a withdraw;

(d) Prevent the account holder from making changes to his or her account;

(e) Prevent the removal of the account from the system; and

(f) Prominently display to the account holder that the account is in a suspended mode, the restrictions placed on the account, and any further course of action needed to remove the suspended mode.

(3) A suspended account may be restored for any of the following reasons:

(a) Upon expiration of the time period established by the account holder;

(b) If authorized by the commission;

(c) When the account holder is no longer a prohibited person; or

(d) When the ADW licensee has lifted the suspended status.

(4) Each ADW licensee shall, on a monthly basis, provide the commission with a list of suspended accounts, including the reasons why the account is in suspended mode.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:24. Account closure. An account holder must be provided with a conspicuous and readily accessible method for an account holder to close his or her wagering account through

the account management or similar page or through the customer support team. Any balance remaining in an account holder's account closed by an account holder must be refunded pursuant to the ADW licensee's internal controls.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:25. Inactive accounts. The ADW licensee may close any wagering account in which there has been no activity for at least three years.

(1) Activity includes making a wager, making an account deposit, or withdrawing funds.

(2) Procedures shall be in place to:

(a) Allow access to a player's inactive account only after performing additional identity verifications;

(b) Protect inactive accounts that contain funds from unauthorized access, changes or removal; and

(c) Deal with unclaimed funds from inactive accounts, including returning any remaining funds to the player where possible.

(3) No ADW licensee may charge an administration fee or maintenance fee for any inactive account.

(4) The ADW licensee shall treat these accounts as unclaimed property and comply with the provision of SDCL chapter 43-41.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:26. Deceased account holder. In the event an account holder is deceased, funds accrued in the wagering account shall be released to the decedent's legal representative upon receipt of a certified copy of a valid death certificate, tax releases or waivers, probate court authorizations, or other documents required by applicable laws.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:27. Account security -- Account holder responsibility. A wagering account is for the personal use of the individual account holder only. The account holder is responsible for maintaining the confidentiality of their authentication credentials. Except where the ADW licensee or its employees or agents act without good faith or fail to exercise ordinary care, the ADW licensee is not responsible for any loss from an account holder's account arising from the use by any other person or persons. The account holder must immediately notify the ADW licensee of a breach of the account's security.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-43, 42-7B-77.

20:18:36:28. Account statements. The ADW licensee shall provide to each account holder an annual statement of an individual's wagering account activity. The ADW licensee shall also provide an account holder a statement of the individual's wagering account activity upon the demand of the account holder. In addition, an account holder has the right at no cost to request a statement at any time detailing account activity for the past year. Information provided shall include sufficient information to allow account holders to reconcile the statement or log against their own financial records. Unless written notice to the contrary is received by the ADW licensee within 30 days of the date that any statement is sent to an account holder, the statement is presumed to be correct.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:29. Account holder's principal residence address. The principal residence address provided by the account holder at the time of wagering account application is deemed to be the proper address for all mailings including checks, statements of account, account withdrawals, notices, or other correspondence unless the account holder has provided the ADW licensee with a change of principal residence address. The mailing of checks or other correspondence to the address given by the account holder is at the sole risk of the account holder.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-77, 42-7B-78.

20:18:36:30. Wager information confidential -- Disciplinary action for violations.

Any information about accounts which is not subject to disclosure pursuant to the privacy policies must be kept confidential, except where the release of that information is required by law. No employee or agent of the ADW licensee may divulge any confidential information related to the placing of any wager or any confidential account information related to the operation of the ADW licensee, except as provided by chapter 20:18:36, article 20:18, pursuant to a court order, state or federal law, or the commission. A violation of this section is grounds for disciplinary action.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13), 42-7B-77.

20:18:36:31. Securing payment methods. Procedures shall be in place to ensure all financial transactions are conducted in accordance with federal regulations and the commission's rules. To protect payment methods against fraudulent uses, the following controls shall apply:

(1) Collection of sensitive information directly related to financial transactions shall be limited to only the information strictly needed for such transaction;

(2) Adequate measures shall be taken in order to protect any type of payment used in the system from a fraudulent use;

(3) The ADW licensee shall verify that the payment processors ensure the protection of the account holder's data, including any sensitive information given by the account holder or transaction related data;

(4) There shall be an established procedure for assuring that match of ownership between the payment type holder and the wagering account holder; and

(5) The ADW licensee shall generate all transactional records of wagering accounts. The data recorded shall allow the ADW licensee to trace a single financial transaction of an account holder from another transaction.

(6) All financial transactions shall be reconciled with financial institutions and payment processors daily or as otherwise specified by the commission.

(7) Additional requirements for payment processors may be specified by the commission.

Source:

General Authority: SDCL 42-7B-7.

Law Implemented: SDCL 42-7B-11(13).

APPENDIX A

DEFINITIONS OF SELECTED GAMING TECHNOLOGY

Sports wagering manager. A key employee of a licensed operator or a qualified employee of a sports wagering provider, responsible for the operations of sports wagering and final approval of all odds established on any wager made;

Section 1300 – Internal Audits

1300. Internal audits must be performed by gaming licensee accounting personnel.

(1) Controls must be established and procedures must be implemented to perform the following procedures:

(a) At least weekly, reconcile wagering account liability (deposits – adjustments – withdrawals = total account balance) to the system record;

(b) At least weekly, review manual adjustments to or from wagering accounts to ensure such adjustments were authorized;

(c) At least monthly, review exceptions reports;

(d) At least monthly, review documentation related to access to inactive and closed accounts; and

(e) At least annually, review the cashless wagering system to determine that the configuration parameters are accurate and have not been altered without authorizations.

(2) The performance of internal audit procedures, the exceptions noted, and the follow-up of all internal audit exceptions must be documented and maintained.

(3) All accounting reports will be approved by the commission and kept for a

minimum of three years in accordance to commission regulations.