

OUTH DAKOTA COMMISSION ON GAMING

Notice of Public Hearing to Adopt Rules

A public hearing will be held at the City Hall, 102 Sherman Street, Deadwood, South Dakota, on Tuesday, June 23, 2026, at 9:00 a.m., MT, to consider the adoption and amendment of proposed rules numbered:

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| 20:04:33:01. Definitions. | 20:04:34:11. Integrity and security assessment -- Scope. |
| 20:04:33:06 Take-out rates for non-merged pools. <u>Repealed.</u> | 20:04:34:12. Integrity and security assessment -- Report. |
| 20:04:33:25. Application for multi-jurisdictional totalizator hub license. | 20:04:34:13. Information security management system (ISMS). |
| 20:04:33:81 Patron protection information. | 20:04:35:01. Definitions. |
| 20:04:33:82 Internal controls -- Third party involvement. | 20:04:35:02. Authorization to conduct advance deposit wagering. |
| 20:04:33:83. Wagering rules. | 20:04:35:03. Advance deposit wagering -- Associated agreements. |
| 20:04:33:84. Setting -- Display of available wagers. | 20:04:35:04. Account requirements. |
| 20:04:33:85 Allowable bets. | 20:04:35:05. Establishing an account. |
| 20:04:33:86 Refusing bets. | 20:04:35:06. Account application verification. |
| 20:04:33:87 Prohibited persons. | 20:04:35:07. Account eligibility. |
| 20:04:33:88. Bonus or promotional wagering. | 20:04:35:08. Licensee may close or refuse to open accounts. |
| 20:04:33:89. Taxation requirements. | 20:04:35:09. Terms and conditions and privacy policies for accounts. |
| 20:04:33:90. Bank secrecy act compliance. | 20:04:35:10. Account information. |
| 20:04:33:91. Commission access to information. | 20:04:35:11. Authentication credentials. |
| 20:04:33:92. Anti-money laundering monitoring. | 20:04:35:12. Authentication credentials -- Reset or locked accounts. |
| 20:04:33:93. Reports of online pari-mutuel wagering operations. | 20:04:35:13. Account balance. |
| 20:04:33:94. Retention of records. | 20:04:35:14. Accounts nontransferable. |
| 20:04:33:95. Internal control procedures audit. | 20:04:35:15. Financial transactions. |
| 20:04:33:96. Annual financial audit. | 20:04:35:16. Licensee may refuse financial transactions. |
| 20:04:33:97. Self-exclusion plan. | 20:04:35:17. Account credits and deposits. |
| 20:04:33:98. Online wagering system. | 20:04:35:18. Failed electronic funds transfer transactions. |
| 20:04:33:99. Licensee's duty to report criminal or disciplinary proceeding-- Commission may share information. | 20:04:35:19. Withdrawals from an account. |
| 20:04:33:100. Certain persons prohibited from betting. | 20:04:35:20. Withdrawals from one account -- Overdraws. |
| 20:04:33:101. Location detection requirements. | 20:04:35:21. Declining to withdraw from an account. |
| 20:04:33:102. Location of wager. | 20:04:35:22. Modification of account information. |
| 20:04:33:103. System errors. | 20:04:35:23. Balance adjustments. |
| 20:04:33:104. Bond. | 20:04:35:24. Responsible gaming limits. |
| 20:04:33:105. Confidentiality. | 20:04:35:25. A multi-jurisdictional totalizator hub licensee may suspend or close accounts. |
| 20:04:33:106. Manner of wagers approved by commission. | 20:04:35:26. Suspension and restoration of accounts. |
| 20:04:34:01. Integrity monitoring -- Suspicious behavior. | 20:04:35:27. Suspension of Account -- Effect. |
| 20:04:34:02. Integrity monitoring -- Suspension of wagering. | 20:04:35:28. Restoration of accounts. |
| 20:04:34:03. Integrity monitoring -- Evaluation. | 20:04:35:29. Account closure. |
| 20:04:34:04. Integrity monitoring -- Maintaining records. | 20:04:35:30. Inactive accounts. |
| 20:04:34:05. Integrity monitoring -- Sharing of information. | 20:04:35:31. Deceased account holder. |
| 20:04:34:06. Integrity monitoring -- Registration of independent integrity provider. | 20:04:35:32. Account security -- Account holder responsibility. |
| 20:04:34:07. Integrity monitoring -- Personnel and notification. | 20:04:35:33. Account statements. |
| 20:04:34:08. Technical Standards. | 20:04:35:34. Account holder's principal residence address. |
| 20:04:34:09. Integrity and security assessment. | 20:04:35:35. Wager information confidential -- Disciplinary action for violations. |
| 20:04:34:10. Certification testing. | 20:04:35:36. Securing payment methods. |
| | 20:04:35:37. Advance deposit wagering--Account requirements. |

The aforementioned rules will implement online and mobile application parimutuel wagering through advance deposits with multi-jurisdictional totalizator hubs. The rules establish standards in all respects for the operation of hubs within the context of advance deposit wagering, online, and mobile applications. The rules implement security standards, account standards, and clarify the means and methods for applications to be submitted and examinations to occur of wagering systems. The rules are meant to holistically address the licensure of multi-jurisdictional totalizator hubs within the context of online and mobile application wagering on horse and greyhound racing. The reason for adopting the proposed rules is the South Dakota Legislature passed house bill 1058 which requires licensure for online parimutuel wagering pools for horse and dog races. Such legislation clarified that online betting platforms or electronic applications may offer online parimutuel wagering on horse or dog races if they are licensed as a multi-jurisdictional totalizator hub in the state of South Dakota. Part of this enactment, South Dakota did not have a structure for the operation online or mobile electronic applications within the context of parimutuel wagering on horse or dog races. Entities had operated illegally in this space and the rules are meant to implement and develop standards for the licensure and operation of online parimutuel wagering pools. The rules also clarify the interaction and requirements for totalizator hubs licensed and participating in online and mobile electronic application parimutuel wagering pools.

Persons interested in presenting amendments, data, opinions, and arguments for or against the proposed rules may appear in-person at the hearing, or mail or e-mail them to South Dakota Commission on Gaming, 120 Industrial Drive, Suite 1, Spearfish, South Dakota, 57783 and mark.heltzel@state.sd.us. The deadline to submit any such written comments for consideration by the South Dakota Commission on Gaming is seventy-two hours before the date of the public hearing. After the written comment period, the South Dakota Commission on Gaming will consider all written and oral comments it receives on the proposed rules. The South Dakota Commission on Gaming may modify or amend a proposed rule at that time to include or exclude matters that are described in this notice. For Persons with Disabilities: This hearing will be located at a physically accessible place. Please contact South Dakota Commission on Gaming at least 48 hours before the public hearing if you have special needs for which special arrangements can be made by calling 605-578-3074. The text of the above-proposed rules are available on the South Dakota Administrative Rules website at: <http://rules.sd.gov/>. Copies of the proposed rules may be obtained without charge from:

South Dakota Commission on Gaming
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