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TO: ALL LICENSED MANUFACTURERS AND INTERESTED PERSONS

SUBJECT: CLARIFICATION OF TECHNICAL STANDARD 2.040(1)(a)(3)

In an attempt to correct any misunderstanding of the requirements set forth in Technical Standard 2.040(1)(a)(3) this industry notice contains a clarification of the standard.

Technical Standard 2.040(1)(a)(3) states:

(3) For gaming devices which are considered slot machines and which contain paytables with a difference in theoretical payback percentage which exceeds 4 percent between wager categories, maintain and display coin in meters and the associated theoretical payback percentage, for each wager category with a different theoretical payback percentage, and calculate a weighted average theoretical payback percentage for that payable.

A "wager category" is made up of all possible wagers that have the same expected theoretical payback. Gaming device submissions received after February 1, 2004, have been required to comply with this Technical Standard 2.040.

The intent of this standard is to require that gaming devices provide sufficient information to allow for the adjustment of the theoretical hold percentages for accurate comparison to actual hold percentages. Sufficient information must also be communicated to the On-Line Slot Monitoring System (OSMS) to allow the OSMS to comply with Technical Standard 3.140(2)(Note 4):

Note 4: The system shall compute accurate theoretical hold percentages for each gaming device which is considered a slot machine and which contains paytables with a difference in theoretical payback percentage which exceeds 4 percent between wager categories.

Example:

The theoretical percentages of game A are 83.89% (1 coin), 83.89% (2 coin), and 88.07% (3 coin).

The 1 coin and the 2 coin wagers have the same theoretical payback and are therefore considered part of the same wagering category of 83.89%. The 3 coin wager is a separate category of 88.07% which creates a difference greater than 4% between the categories.

The following wagers are made:

Four 3 coin wagers are made.
One 1 coin wager is made.
One 2 coin wager is made.

Now the weighted average theoretical payback should be $((1+2)/15)(83.89\%) + (12/15)(88.07\%) = 87.23\%$. The gaming device should display the following information:

Category 83.89%	Coin in: 3
Category 88.07%	Coin in: 12
Weighted Paytable Theoretical Payback:	87.23%

The information provided to an OSMS must allow the system to calculate the weighted theoretical hold percentage of the payable. This can be accomplished by providing the system with the wagering category theoretical paybacks and coin in information, or by providing the calculated weighted payable theoretical payback, or by providing the calculated weighted payable theoretical hold.

All gaming device submissions to the Electronic Services Division which do not comply with this standard will be rejected or disapproved. If you have any questions regarding this Technical Standard please contact Travis Foley, Lab Manager of the Electronic Services Division, at (702) 486-2043.

Sincerely,

Dennis K. Neilander
Chairman

DN/TF:je

c: Bobby L. Siller, Board Member
Mark A. Clayton, Board Member
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