

PROPOSED AMENDMENTS TO REGULATION 5A

PURPOSE: In accordance with NRS 463.145, NRS 463.150, and NRS 463.750, to remove provisions limiting interactive gaming to the game of poker and to make related amendments including without limitation: 1) create definitions of “non-peer-to-peer game” and “peer-to-peer game;” 2) remove definition of “poker;” 3) clarify that a licensed operator of interactive gaming must continue to meet the applicable qualifications necessary for licensing set forth in NRS 463.750; 4) delete requirements regarding persons who may access interactive gaming system; 5) amend internal control standards including requirements related to personal information; 6) amend requirements related to the adoption of rules for all games offered on an interactive gaming system; 7) amend authorized player registration requirements; 8) amend requirements related to interactive gaming accounts; 9) amend provisions related to self-exclusion including the creation of a statewide list of individuals who have self-excluded from participating in interactive gaming; 10) amend provisions related to compensation received by an operator for conducting a game; 11) amend provisions related to the use of celebrity players; 12) create provisions for the adoption and use of a Commission seal; 13) amend provisions related to what operators must display on their website; 14) amend provisions related to gross revenue computation; 15) amend provisions related to the maintenance of records; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

REGULATION 5A

OPERATION OF INTERACTIVE GAMING

(Draft Date: April 22, 2021)

New
~~{Deleted}~~

5A.010 [No Change]

5A.020 Definitions. As used in this regulation:

1. [No Change]

2. [No Change]

3. [No Change]

4. [No Change]

5. [No Change]

6. “Inter-operator ~~[poker]~~ network” means a pool of authorized players from two or more operators collected together to play ~~[the]~~ games ~~[of poker]~~ on one interactive gaming system.

7. “Non-peer-to-peer game” means interactive gaming where authorized players compete against the operator of interactive gaming rather than against one another.

8. “Operate interactive gaming” means to operate, carry on, conduct, maintain or expose for play in or from the State of Nevada interactive gaming on an interactive gaming system.

8. 9. “Operator of interactive gaming” or “operator” means a person who operates interactive gaming. An operator of interactive gaming who is granted a license by the Commission is a licensee.

~~[9. “Poker” means the traditional game of poker, and any derivative of the game of poker as approved by the Chair and published on the Board’s website, wherein two or more players play against each other and wager on the value of their hands. For purposes of interactive gaming, poker is not a banking game.]~~

10. “Peer-to-peer game” means interactive gaming where authorized players compete against each other rather than against the operator of interactive gaming.

11. “Wagering communication” means the transmission of a wager between a point of origin and a point of reception through communications technologies as defined by NRS 463.016425(2).

5A.030 License Required; Applications.

1. A person may act as an operator of interactive gaming only if that person holds a license specifically permitting the person to act as an operator of interactive gaming.

2. Applications for an operator of interactive gaming license shall be made, processed, and determined in the same manner as applications for nonrestricted gaming licenses, using such forms as the Chair may require or approve.

3. A licensed operator of interactive gaming shall continue to meet the applicable qualifications necessary for licensing set forth in NRS 463.750.

5A.040 [No Change]

5A.050 [No Change]

5A.060 Interactive Gaming Systems.

~~{1.}~~ An operator shall not operate an ~~{new}~~ interactive gaming system ~~{in this state}~~ unless the interactive gaming system has been approved by the Commission.

~~{2. Operators shall provide the Board, prior to commencing operations of their interactive gaming system, with a list of all persons who may access the main computer or data communications components of their interactive gaming system and any changes to that list shall be provided to the Board within ten (10) days.}~~

5A.070 Internal Controls for Operators of Interactive Gaming.

Each operator shall establish, maintain, implement and comply with standards that the Chair shall adopt and publish pursuant to the provisions of Regulation 6.090. Such minimum standards shall include internal controls for:

1. [No Change]
2. [No Change]
3. [No Change]
4. [No Change]
5. [No Change]
6. Reasonably ensuring that interactive gaming is engaged in ~~between~~ by human individuals only;
7. [No Change]
8. [No Change]
9. [No Change]
10. Protecting an authorized player's personal ~~ly identifiable~~ information, including, but not limited to:
 - (a) The designation and identification of one or more senior company officials having primary responsibility for the design, implementation and ongoing evaluation of such procedures and controls;
 - (b) The procedures to be used to determine the nature and scope of all personal ~~ly identifiable~~ information collected, the locations in which such information is stored or may be accessed from, and the devices or media on which such information may be recorded for purposes of storage or transfer;
 - (c) The policies to be utilized to protect personal ~~ly identifiable~~ information from unauthorized access by employees, business partners, and persons unaffiliated with the company;
 - (d) Notification to authorized player of privacy policies;

(e) Procedures to be used in the event the operator determines that a breach of data security has occurred, including required notification to the Board's enforcement division; ~~{and}~~

(f) Provision for compliance with all local, state and federal laws concerning privacy and security of personal ~~{ly identifiable}~~ information ~~{.};~~ and

(g) Provision for a data loss prevention system designed to ensure that personal information is not stolen or otherwise transferred without authorization.

“Personal ~~{ly identifiable}~~ information” ~~{means any information about an individual maintained by an operator including (1) any information that can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information}~~ has the meaning set forth in NRS 603A.040.

↪ The Chair may determine additional areas that require internal controls having minimum standards. The Chair shall adopt and publish any such additional internal controls and their minimum standards pursuant to the provisions of Regulation 6.090.

5A.080 [No Change]

5A.090 [No Change]

5A.100 ~~{House}~~ Game Rules. Each operator shall adopt, and adhere to written, comprehensive ~~{house}~~ rules ~~{governing wagering transactions by and between authorized players}~~ for each game offered on an interactive gaming system that are available for review at all times by authorized players through a conspicuously

displayed link. Such ~~{house}~~ rules shall include, but not be limited to, specifying the following:

1. Clear and concise explanation of all fees;
2. The rules of play of a game;
3. Any monetary wagering limits; and
4. Any time limits pertaining to the play of a game.

~~{Prior to adopting or amending such house rules, an operator shall submit such rules to the Chair for the Chair's approval.}~~

5A.110 Registration of Authorized Player.

1. [No Change]
2. An operator may register an individual as an authorized player only if the individual provides the operator with the following information:
 - (a) The identity of the individual *including an electronic copy of the individual's government issued picture identification;*
 - (b) The individual's date of birth showing that the individual is 21 years of age or older;
 - (c) The physical address where the individual resides;
 - (d) The last four digits of the social security number for the individual, if a United States resident, *or the last four digits of the passport number for the individual, if not a United States resident;*
 - (e) That the individual had not previously self-excluded ~~{with the operator}~~ and otherwise remains on the ~~{operator's self-exclusion list}~~ *Board's state-wide list of individuals who have self-excluded from participating in interactive gaming;* and
 - (f) That the individual is not on the list of excluded persons established pursuant to NRS 463.151 and Regulation 28.

3. [No Change]
4. [No Change]
5. [No Change]
6. [No Change]
7. [No Change]

5A.120 Interactive Gaming Accounts. In addition to the requirements established pursuant to Regulation 5.225, an operator shall comply with the following for interactive gaming accounts:

1. [No Change]
2. An operator shall ensure the following:
 - (a) That an individual registered as an authorized player holds only one interactive gaming account with the operator; and
 - (b) That no authorized player shall occupy more than one position at a peer-to-peer game at any given time.
3. Notwithstanding subsection 9 of Regulation 5.225, an operator shall neither extend credit to an authorized player for use in interactive gaming ~~{player}~~ nor allow the deposit of funds into an interactive gaming account for use in interactive gaming that are derived from the extension of credit by affiliates or agents of the operator. For purposes of this subsection, credit shall not be deemed to have been extended where, although funds have been deposited into an interactive gaming account, the operator is awaiting actual receipt of such funds in the ordinary course of business.
4. An operator shall ensure that an authorized player has the ability, through the authorized player's interactive gaming account, to select responsible gambling options that include without limitation:
 - (a) Loss limits establishing the net loss of an authorized player's personally deposited funds that can occur ~~{within a specified period of time}~~ on a daily, weekly, or monthly basis;

(b) Deposit limits establishing the amount of total deposits an authorized player can make to his or her interactive gaming account ~~[within a specified period of time]~~ on a daily, weekly, or monthly basis;

~~(c) Tournament limits establishing the total dollar amount of tournament entries a patron can purchase within a specified period of time;~~

~~—(d) Buy in limit]~~ Spend limits establishing the ~~[total]~~ maximum amount of funds held on deposit in their wagering account an authorized player can ~~[allocate for the play of poker within a specified period of time, exclusive of tournament entries purchased]~~ put at risk on a daily, weekly, or monthly basis;

~~[(e)]~~ (d) Play time limits establishing the total amount of time available for play ~~[during a specified period of time]~~ each day in hourly increments; and

~~[(f)]~~ (e) Time based exclusion from gambling settings.

5. [No Change]

5A.125 [No Change]

5A.130 Self-Exclusion.

1. The Board shall establish and maintain a state-wide list of individuals who have self-excluded from participating in interactive gaming and the date each individual self-excluded. The Board shall update the state-wide list of individuals who have self-excluded each day and provide operators with access to the list.

2. Operators must have and put into effect policies and procedures for self-exclusion and take all reasonable steps to immediately refuse service or to otherwise prevent an individual who has self-excluded

from participating in interactive gaming. These policies and procedures include without limitation the following:

(a) The maintenance of a register of those individuals who have self-excluded that includes the name~~[,]~~ *and, if available,* address ~~[and account details]~~ of self-excluded individuals;

(b) The closing of ~~[the]~~ *any* interactive gaming account held by ~~[the]~~ *an* individual who has self-excluded;

(c) Employee training to ensure enforcement of these policies and procedures; and

(d) Provisions precluding an individual who has self-excluded from being allowed to again engage in interactive gaming until ~~[a reasonable amount of time of]~~ *the individual removes themselves from self-exclusion, which must* not *be* less than 30 days ~~[has passed since]~~ *after* the individual self-excluded.

~~[2.]~~ **3.** Operators must take all reasonable steps to prevent any marketing material from being sent to an individual who has self-excluded.

4. Operators shall provide access to an online self-exclusion form whereby individuals can exclude themselves from participating in interactive gaming. Upon an individual completing the online self-exclusion form, the operator shall immediately submit the form directly to the Board and exclude the individual from participating in interactive gaming.

5. Operators shall provide access to an online form whereby individuals who have self-excluded can remove themselves from self-exclusion, including removal from the Board's state-wide list of individuals who have self-excluded, but in no case may an individual remove themselves from self-exclusion less than 30 days after self-exclusion.

6. On a daily basis, operators shall access the Board's state-wide list of individuals who have self-excluded and update their internal registers of individuals who have self-excluded.

5A.135 Compensation. Any compensation received by an operator for conducting any game in which the operator is not party to a wager shall be no more than 10% of all sums wagered in each ~~hand~~ game.

5A.140 Acceptance of Wagers.

1. Operators may accept or facilitate a wager on any type of interactive gaming as that term is defined pursuant to NRS 463.016425.

2. Operators shall not accept or facilitate a wager:

(a) ~~On any game other than the game of poker and its derivatives as approved by the Chair and published on the Board's website;~~

~~(b)~~ On any game which the operator knows or reasonably should know is not ~~between~~ made by an individual~~s~~;

~~(e)~~ (b) On any game which the operator knows or reasonably should know is made by a person on the ~~self-exclusion list~~ Board's state-wide list of individuals who have self-excluded;

~~(d)~~ (c) From a person who the operator knows or reasonably should know is placing the wager in violation of state or federal law;

(e) Using an inter-operator ~~poker~~ network except as otherwise allowed by the Commission; or

(f) From any officer, director, owner or key employee of such an operator or its affiliates; or

(g) Except as provided in subsection ~~2~~ 3, from stakes players, proposition players or skills.

~~2~~ 3. Operators may use a celebrity player for marketing purposes to attract authorized players if the operator clearly identifies the celebrity player to the authorized players ~~and does not profit beyond the rake~~. For purposes of this subsection, a “celebrity player” is an authorized player under agreement with the operator whereby the celebrity player

is paid a fixed sum by the operator to engage in interactive gaming and whom may or may not use their own funds to engage in interactive gaming.

5A.145 [No Change]

5A.148 Commission Seal.

1. The Commission hereby adopts a seal to be used to identify a license to operate interactive gaming and the original of which shall be kept in the care and custody of the Chair of the Commission.

2. The design of the Commission seal is as follows: the Commission seal must incorporate the Seal of the State of Nevada whereby the Seal of the State of Nevada is at the center of a gold seven-point star and, in the foreground across the top two stars, is blue ribboning within which is the word “NEVADA” in gold lettering. In blue lettering immediately encircling the upper portion of the Seal of the State of Nevada, are the words “NEVADA GAMING COMMISSION” and in blue lettering immediately encircling the lower portion of the Seal of the State of Nevada are the words “NEVADA GAMING CONTROL BOARD.” In blue lettering immediately below the star, is the word “LICENSEE”.

3. The size of the Commission seal must not be more than 2 ¾ inches in diameter.

4. The Board shall provide each licensed operator with an electronic copy of the Commission seal.

5A.150 Information Displayed on Website.

1. Operators must provide for the prominent display of the following information on a page which, by virtue of the construction of the

website, authorized players must access before beginning a gambling session:

~~[1.]~~ **(a)** The full name of the operator and address from which it carries on business;

~~[2.]~~ **(b)** A statement that the operator is licensed and regulated by the Board and Commission *including an electronic copy of the Commission’s seal adopted pursuant to section 5A.148 of this Regulation to identify that the operator is licensed in Nevada;*

~~[3.]~~ **(c)** The operator’s license number;

~~[4.]~~ **(d)** A statement that persons under the age of 21 are not permitted to engage in interactive gaming; and

~~[5.]~~ **(e)** A statement that persons located in a jurisdiction where interactive gaming is not legal are not permitted to engage in interactive gaming~~;~~ ~~and~~.

~~[6.]~~ **2. At all times during a gambling session, operators must provide authorized players with access to** ~~[Active]~~ links to the following:

(a) Information explaining how disputes are resolved;

(b) A problem gambling website that is designed to offer information pertaining to responsible gaming;

(c) The Board’s website; and

(d) ~~[A website]~~ An online self-exclusion form that allows for an authorized player to choose to be excluded from engaging in interactive gaming~~;~~ ~~and~~

~~—(e) A link to the house rules adopted by the operator].~~

5A.155 [No Change]

5A.160 [No Change]

5A.170 Gross Revenue License Fees, Attribution, Liability and Computations for Interactive Gaming.

1. [No Change]
2. For a nonrestricted licensee granted an operator of interactive gaming license pursuant to the provisions of NRS 463.750~~[(4)]~~(3), gross revenue received from the operation of interactive gaming shall be attributed to the nonrestricted licensee and counted as part of the gross revenue of the nonrestricted licensee for the purpose of computing the license fee.
3. For an affiliate of a nonrestricted licensee granted an operator of interactive gaming license pursuant to the provisions of NRS 463.750~~[(5)]~~(4), gross revenue received from the operation of interactive gaming by the affiliate is subject to the same licensee fee provisions of NRS 463.370 as the games and gaming devices of the affiliated nonrestricted licensee and shall be attributed to the affiliated nonrestricted licensee and counted as part of the gross revenue of the affiliated nonrestricted licensee for the purpose of computing the license fee, unless federal law otherwise provides for a similar fee or tax. The operator, if receiving all or a share of the revenue from interactive gaming, is liable to the affiliated nonrestricted licensee for the operator's proportionate share of the license fees paid by the affiliated nonrestricted licensee pursuant to NRS 463.370.
4. For each ~~[game in which the operator is not a party to the wager]~~ peer-to-peer game, gross revenue equals all money received by the operator as compensation for conducting the game~~[, or for conducting any contest or tournament in conjunction with interactive gaming]~~.
5. For each non-peer-to-peer game, gross revenue equals all wagers accepted by the operator from authorized players, plus any additional commissions and fees paid by a patron, less payouts paid by the operator to the authorized players.

6. For contests or tournaments, gross revenue equals all cash received by the operator as entry fees for a contest or tournament less all cash and the cost of any noncash prizes paid out to participants in the contest or tournament. The cash and the cost of noncash prizes paid out to contest or tournament participants must not be deducted from gross revenue in an amount that exceeds the cash received for the right to participate in the contest or tournament. An operator shall calculate and report gross revenue on an independent, contest-by-contest or tournament-by-tournament, basis and only upon the conclusion of the contest or tournament. For purposes of this subsection, “entry fees” include all cash received for the right or privilege to participate, in any way, in a contest or tournament.

7. The nonrestricted licensee holding an operator of interactive gaming license or the nonrestricted licensee affiliated with an operator of interactive gaming licensee is responsible for reporting all gross revenue derived through interactive gaming.

5A.180 [No Change]

5A.190 Records. In addition to any other record required to be maintained pursuant to this regulation or Regulation 5.225, each operator shall maintain, or cause to be maintained, complete and accurate records of all matters related to their interactive gaming activity, including without limitation the following:

1. [No Change]
2. [No Change]
3. [No Change]
4. [No Change]
5. [No Change]

6. [No Change]

7. [No Change]

↳ [No Change]

5A.200 [No Change]

5A.210 [No Change]

5A. 220 [No Change]

5A.230 [No Change]