

PROPOSED AMENDMENTS TO
NEVADA GAMING COMMISSION REGULATIONS
5.230, 5.2305, 5.231, 5.232, 5.240, 5.242, AND 5A.220

As Recommended By The Nevada Gaming Control Board

Draft Dated: 03/07/2024

PURPOSE STATEMENT: To amend the Nevada Gaming Commission (“Commission” or “NGC”) Regulations to incorporate changes authorized in Sections 9.1 and 9.3 of Senate Bill 14 from the 82nd Session of the Nevada Legislature (2023); To amend NGC Regulation 5.231 to add new subsection defining what portions of the premises of a registered hosting center agents and members of the Nevada Gaming Control Board (“Board”) and Commission are to be granted access; To amend NGC Regulation 5.231 to add new subsection allowing a waiver of the requirements of new subsection 1; To amend NGC Regulation 5.231 to add a new subsection that states that it is an unsuitable method of operation for a registered hosting center to deny agents or members of the Board or Commission access to the premises or to inspect any aspect of its operation, or to fail to disclose any aspect of its operation to agents or members of the Board or Commission; To amend NGC Regulation 5.240(10) to add a new paragraph defining what portions of the premises of a service provider agents or members of the Board or Commission are to be granted access; To amend NGC Regulation 5.240(10) to add a new paragraph allowing a waiver of the requirements of the new paragraph (a); To amend NGC Regulation 5.240(10) to add a new paragraph stating that it is an unsuitable method of operation for a registered hosting center to deny agents or members of the Board or Commission access to the premises or to inspect any aspect of its operation, or to fail to disclose any aspect of its operation to agents or members of the Board or Commission; To amend NGC Regulation 5.240 by repealing subsection 16 as it is no longer necessary or relevant; To amend NGC Regulation 5.242 to add new subsection permitting a waiver of the requirements of subsection 2 and to renumber the following subsections accordingly; To amend NGC Regulation 5.242 to add provision to the attestation that the gaming licensee utilizing a cloud service provider must provide; To amend NGC Regulations 5.230(1) and (5), 5.232, and 5.242(9) to clarify that the requirements apply to entities and individuals; To make non-substantive amendments to various regulations to standardize and/or correct cross references; And to take such additional actions as may be necessary and proper to effectuate this stated purpose.

EFFECTIVE DATE: All changes shall become effective upon adoption by the Commission.

EXPLANATION: Matter in *blue italics* is new language; and matter between ~~red brackets with single strikethrough~~ is material to be omitted.

REGULATION 5
OPERATION OF GAMING ESTABLISHMENTS

5.230 Hosting center; registration required.

1. Before associated equipment, cashless wagering systems, games, gaming devices, race book operations, or sports pool operations, in whole or in part, can be housed at a hosting center, the hosting center, including any ~~person~~ *individual or entity* having significant control over the operations of the hosting center, as determined by the Board Chair, that may include without limitation, controlling shareholders, officers, directors, or other principals, must register with the Board pursuant to this section and ~~Regulation~~ *section 4.200 of these regulations*. A registration required by this subsection is not effective until the Board Chair, or the Chair's designee, notifies the applicant for registration in writing that the applicant is registered with the Board.

[Subsections 2 through 4 – No Changes]

5. Notwithstanding ~~Regulation~~ *section 4.200 of these regulations* and except as otherwise provided herein, a hosting center registration shall not expire or be subject to renewal. However, any ~~person~~ *individual or entity* registered as a person having significant control over the operations of such registered hosting center shall be subject to the provisions of subsection 5 of ~~Regulation~~ *section 4.200 of these regulations*. The failure of a person having significant control over the operations of a registered hosting center to renew their registration in accordance with subsection 5 of ~~Regulation~~ *section 4.200 of these regulations* shall result in the expiration of both their registration and the hosting center registration.

[Subsection 6 – No Changes]

5.2305 Location of Hosting center; suitability of jurisdiction.

[Subsections 1 through 3 – No Changes]

4. A person whose application for registration of a hosting center located and operated outside the State of Nevada is not approved by the Board Chair or the Chair's designee may appeal the decision using the administrative appeal process found in ~~[section]~~ *sections* 4.185 through 4.195 of these regulations.

5.231 Hosting center; access to premises.

1. The *portion of the* premises ~~[on which]~~ *of* a registered hosting center ~~[is located]~~ *on which equipment is located that hosts certain parts of associated equipment, a game, gaming device, cashless wagering system, race book or sports pool operation, or interactive gaming system* is subject to the power and authority of the Board and Commission pursuant to NRS 463.140, as though the premises is where gaming is conducted and as if the hosting center is a gaming licensee. ~~[The Chair may waive this requirement for portions of the hosting center premises if the hosting center can demonstrate to the Chair's satisfaction that:~~

- ~~(a) Such portions do not host certain parts of any game, gaming device, cashless-wagering system or race book or sports pool operation; and~~
- ~~(b) Access to such portions of the premises causes undue hardship on the hosting center or its tenants.]~~

2. *A hosting center may apply to the Board Chair for a waiver or modification of the requirements of subsection 1. If satisfied that the requested waiver or modification is consistent with the public policy set forth in NRS 463.0129, the Board Chair may, in the Chair's sole and absolute discretion, grant the requested waiver subject to any conditions, limitations, or alternative requirements as the Chair may deem necessary or appropriate. Such application shall be considered part of, or an addendum to, the hosting center's application for registration, and the Board Chair may impose an investigation fee pursuant to paragraph (d) of subsection 3 of section 4.200 of these regulations to cover any costs associated with processing the application for waiver or modification.*

3. It shall be an unsuitable method of operation for any registered hosting center to deny a member or agent of the Board or Commission, upon proper and lawful demand:

(a) Access to the premises or equipment as described in subsection 1 or as waived of modified pursuant to subsection 2;

(b) The ability to inspect any aspect of its operation conducted pursuant to its registration as a hosting center; or

(c) To fail to disclose any aspect of its operation conducted pursuant to its registration as a hosting center to a member or agent of the Board or Commission.

5.232 Hosting center; determination of suitability.

1. The Commission may, upon recommendation of the Board, require ~~{a person}~~ *an individual* or entity owning, operating, or having a significant involvement with a hosting center to file an application for finding of suitability to be associated with licensed gaming, including race book or sports book operations.

2. The Commission shall give written notice to ~~{a person}~~ *the individual* or entity of its decision to require the filing of an application for a finding of suitability under subsection 1. Unless otherwise stated by the Commission in its written notice, ~~{a person}~~ *an individual* or entity that has been ordered to file an application for a finding of suitability may continue to own, operate, or otherwise be involved with a registered hosting center unless and until the Commission finds the person unsuitable.

3. If the Commission finds ~~{any person}~~ *an individual* or entity to be unsuitable under this section:

(a) The registration of such ~~{person}~~ *individual* or entity is thereupon cancelled; and

(b) All registered hosting centers and gaming licensees shall, upon written notification from the Board, terminate any existing relationship, direct or indirect, with such person.

4. Failure of a gaming licensee to terminate any association or agreement, direct or indirect, with ~~{a person}~~ *an individual* or entity found unsuitable under this section upon receiving written notice of the determination of unsuitability constitutes an unsuitable method of operation.

5. Failure of a registered hosting center to terminate any association or agreement with ~~{a person}~~ *an individual* or entity found unsuitable under this section upon receiving written notice of the determination of unsuitability shall constitute grounds for the revocation of the hosting center's registration.

6. The Commission retains jurisdiction to determine the suitability of ~~{a person}~~ *an individual* or entity described in ~~{paragraph}~~ *subsection* 1 regardless of whether or not that ~~{person}~~ *individual* or entity has severed any relationship with a registered hosting center or gaming licensee.

7. Failure on the part of ~~{a person}~~ *an individual* or entity described in ~~{paragraph}~~ *subsection* 1 to submit an application for a finding of suitability within 30 days of being demanded to do so by the Commission shall constitute grounds for a finding of unsuitability of that person or entity.

5.240 Service Providers.

[Subsection 1 – No Changes]

2. Definitions.

(a) “Chair” means the Chair of the Nevada Gaming Control Board or the Chair’s designee.

(b) “Cloud computing services”:

(1) Consist of the following as defined by the National Institute of Standards and Technology in NIST SP 800-145 and as further explained in NIST SP 500-292:

- (I) Software as a Service;
- (II) Platform as a Service; or
- (III) Infrastructure as a Service.

(2) The services described in subparagraph (1) do not include the performance of any service, action, transaction, or operation that would otherwise require a

gaming license or registration pursuant to Chapter 463 of NRS or these regulations, other than a registration as a cloud computing service provider.

(c) “Cloud computing service provider”:

(1) Means a person who, on behalf of a licensee, provides cloud computing services by acquiring and maintaining the computing infrastructure and software necessary to provide cloud computing services for associated equipment, cashless wagering systems, games, gaming devices, race book operations, or sports pool operations, in whole or in part, and otherwise in accordance with paragraph (4) of section 5.225 and section 5.242 *of these regulations*.

(2) The services described in subparagraph (1) do not include the performance of any service, action, transaction, or operation that would otherwise require a gaming license or other registration pursuant to Chapter 463 of NRS or these regulations.

(d) “Information technology service provider” means a person who, on behalf of a licensee, provides management, support, security, or disaster recovery services for games, gaming devices, or associated equipment.

(e) “Service provider” means a person who:

(1) Is a cash access and wagering instrument service provider as defined in NRS 463.01395;

(2) Is an information technology service provider; or

(3) Is a cloud computing service provider.

[Subsection 3 through 5 – No Changes]

6. Service providers, including any person having significant control over the operations of the service provider, as determined by the Chair, that may include without limitation, controlling shareholders, officers, directors, or other principals, must register with the Board and shall be subject to the provisions of this section and ~~[Regulation]~~ *section 4.200 of these regulations*.

[Subsections 7 through 9 – No Changes]

10. *Access to premises*.

(a) The premises *of a service provider* on which ~~the~~ *the* service provider conducts its operations *described in this section* is subject to the power and authority of the Board and Commission pursuant to NRS 463.140, in accordance with this section and section 5.242 *of these regulations*.

(b) *A service provider may apply to the Board Chair for a waiver or modification of the requirements in paragraph (a) of this subsection. If satisfied that the requested waiver or modification is consistent with the public policy set forth in NRS 463.0129, the Board Chair may, in the Chair's sole and absolute discretion, grant the requested waiver subject to any conditions, limitations, or alternative requirements as the Chair may deem necessary or appropriate. Such application shall be considered part of, or an addendum to, the service provider's application for registration, and the Board may impose an investigation fee pursuant to paragraph (d) of subsection 3 of section 4.200 of these regulations to cover any costs associated with processing the application for waiver or modification.*

(c) *It shall be an unsuitable method of operation for any registered service provider to deny a member or agent of the Board or Commission, upon proper and lawful demand:*

(1) *Access to the premises or equipment as described in paragraphs (a) or as waived or modified pursuant to paragraph (b);*

(2) *The ability to inspect any aspect of its operation conducted pursuant to its registration as a service provider; or*

(3) *Fail to disclose any aspect of its operation conducted pursuant to its registration as a service provider to a member or agent of the Board or Commission.*

[Subsections 11 through 15 – No Changes]

~~[16. All service provider licenses issued by the Commission prior to July 1, 2019 shall remain valid until such licenses expire on December 31, 2019. Any service provider, as defined pursuant to this section, holding a service provider license issued by the Commission as of December 31, 2019, shall be deemed registered as a service provider with the Board as follows:-~~

~~(a) Until March 2, 2020 if the service provider license was initially issued prior to January 1, 2015; or~~

~~(b) For five years following the date of the initial issuance of the service provider license if the service provider license was initially issued on or after January 1, 2015.]~~

5.242 Cloud computing services.

1. Before a cloud computing service provider may provide any cloud computing services to a licensee:

(a) The cloud computing service provider must be registered with the Board as a cloud computing service provider or exempt from such registration in accordance with ~~[Regulation]~~ *section 5.240 of these regulations*; and

(b) The cloud computing services offered by the cloud computing service provider must be approved by the Board Chair or the Chair's designee in writing pursuant to this section.

2. Equipment and software utilized by the cloud computing service provider for any cloud computing services provided to a licensee must be located ~~[on the premises of]~~:

(a) ~~[A]~~ *On the premises of a* licensed gaming establishment;

(b) ~~[A]~~ *On the premises of a* hosting center registered with the Board pursuant to section 5.230 *of these regulations*; or

(c) On the business premises of the cloud computing service provider if:

(1) The business premises is controlled by the cloud computing service provider and the cloud computing service provider is the sole occupant of the space;

(2) The transactions conducted pursuant to the cloud computing services are lawful in the jurisdiction in which the business premises is located and do not violate the laws of the respective country, territory, or other recognized regional or tribal government thereof; and

(3) For business premises that house equipment and software utilized by the cloud computing service provider located outside the State of Nevada, the cloud

computing service provider has established the business premises meet the factors set forth in paragraph (a) of subsection 2 of section 5.2305 *of these regulations* to the Board Chair, or the Chair's designee's, satisfaction, and the Board Chair, or the Chair's designee, has determined that the criteria set forth in paragraph (b) of subsection 2 of section 5.2305 *of these regulations* have been met regarding the business premises.

3. *A cloud computing service provider may apply to the Board Chair for a waiver or modification of the requirements of subsection 2.*

(a) If satisfied that the requested waiver or modification is consistent with the public policy set forth in NRS 463.0129, the Board Chair may, in the Chair's sole and absolute discretion, grant the requested waiver or modification subject to any conditions, limitations, or alternative requirements as the Chair may deem necessary or appropriate.

(b) If the waiver allows for the use of one or more hosting centers that are not registered with the Board pursuant to section 5.230 of these regulations, any such hosting center shall:

(1) Be deemed the business premises of the cloud computing service provider for purpose of these regulations; and

(2) With the exception of the requirement to register with the Board, comply with the standards and requirements set forth in sections 5.231 through 5.235 of these regulations unless specifically waived or modified by the Board Chair pursuant to this subsection.

(c) Such application shall be considered part of, or an addendum to, the cloud computing service provider's application for registration, and the Board may impose an investigation fee pursuant to paragraph (d) of subsection 3 of section 4.200 of these regulations to cover any costs associated with processing the application for waiver or modification.

4. A cloud computing service provider registered with the Board:

(a) Must comply with all applicable standards of the International Organization for Standardization, including, without limit, ISO/IEC 27001, 27002, and 27017, or the equivalent;

(b) Must be the sole operator and administrator of the equipment utilized in the cloud computing services provided pursuant to this section, and the equipment used to provide the applicable cloud computing services must be under the exclusive operation and control of the cloud computing service provider; and

(c) Shall not have access to the software, applications, or data contained or transacted on any associated equipment, cashless wagering system, game, gaming device, race book operation, or sports pool operation of the gaming licensee for which it is providing its services, except when the service provider is a licensed manufacturer or registered manufacturer of associated equipment providing cloud computing services for gaming products manufactured by the licensed manufacturer or registered manufacturer of associated equipment, as permitted in subsections 3 and 5 of section 5.240 *of these regulations*, to the extent such access is necessary to perform those services.

~~[4.]~~ 5. An application for an approval required by paragraph (b) of subsection 1 shall be made, processed, and determined using such forms as the Chair may require or approve and must be accompanied and supplemented by such documents and information as may be specified or required by the Board. The application shall include the following:

(a) A description of the scope and nature of the specific services provided to licensees.

(b) A statement on compliance of the cloud computing services provided by the cloud computing service provider with all applicable standards of the International Organization for Standardization, including but not limited to ISO/IEC 27001, 27002, and 27017, or the equivalent.

(c) If the equipment and software used by the cloud computing service provider is located:

(1) On the premises of a licensed gaming establishment, the name of the licensed gaming establishment.

(2) On the premises of a hosting center registered with the Board pursuant to section 5.230 *of these regulations*, the name of the registered hosting center.

(3) On the business premises of the cloud computing service provider, the location of those premises and a written statement, signed under penalty of perjury, that the premises comply with the requirements set forth in paragraph (c) of subsection 2.

(d) A statement subscribed by the applicant that:

(1) The information being provided to the Board is accurate and complete; and

(2) The applicant agrees to cooperate with requests, inquiries, or investigations of the Board and Commission.

~~{5.}~~ 6. The Commission may require a cloud computing service provider, or any person associated with the cloud computing service provider who is registered with the Board pursuant to subsection 6 of section 5.240 *of these regulations*, submit an application for finding of suitability, and that a failure to submit such an application within 30 days of the notice to file such an application may constitute grounds for a finding of unsuitability by the Commission.

~~{6.}~~ 7. Each cloud computing service provider shall inform the Board in writing within 30 days of any material changes in the information provided in accordance with subsection 4. Failure to comply with the reporting requirement of this subsection constitutes an unsuitable method of operation.

~~{7.}~~ 8. The use of a registered cloud computing service provider by a licensee shall in no way alter the nature or classification of a transaction, nor shall such use relieve a licensee of any obligation or liability the licensee has under the Gaming Control Act or the regulations adopted thereunder. Any such transaction shall be considered as if the licensee conducted it without the use of a cloud *computing* service provider.

~~{8. The}~~ 9. *Except as otherwise provided in subsection 3, the* Board Chair, or the Chair's designee, in his or her sole and absolute discretion may, upon receipt of ~~{a-~~

~~written request~~ *an application for waiver or modification*, waive or modify any requirement of this section, including, without limitation, ~~if~~ *the disclosure to the Board of certain information that would hinder operations or pose a hardship due to contractual obligations, if the Board Chair, or the Chair's designee, is satisfied that the requested waiver or modification is consistent with the public policy set forth in NRS 463.0129. Such waiver or modification shall be subject to any condition, limitation, or alternative requirement the Chair, or the Chair's designee, may deem necessary or appropriate. Such application shall be considered part of, or an addendum to, the cloud computing service provider's application for registration, and the Board may impose an investigation fee pursuant to paragraph (d) of subsection 3 of section 4.200 of these regulations to cover any costs associated with processing the application for waiver or modification.*

~~9.~~ 10. Any person ~~or entity~~ whose request for approval of a cloud computing service under this section is not approved by the Board Chair or the Chair's designee may appeal the decision using the administrative appeal process found under ~~Regulations~~ *sections 4.185 through 4.195 of these regulations*, inclusive.

~~10.~~ 11. A state gaming licensee shall report in writing to the Board the use of any approved cloud computing service at least 30 days prior to the commencement of such services. The report required by this subsection must include the name of the registered cloud computing service provider, ~~and~~ a description of the operations of the state gaming licensee that will use such services, *and an attestation that the transactions that will be processed using the cloud computing service provider will comply with the law in the jurisdiction(s) in which such services are provided.* Any change to or termination of the use of the cloud computing services reported pursuant to this subsection must be reported by the gaming licensee to the Board within 30 days of such change or termination of service.

REGULATION 5A
OPERATION OF INTERACTIVE GAMING

5A.220 Interactive Gaming Service Providers.

[Subsections 1 through 4 – No Changes]

5. License fees.

(a) Before the Commission issues an initial license or renews a license for an interactive gaming service provider, the interactive gaming service provider shall pay a license fee of \$1,000.

(b) All interactive gaming service provider licenses shall be issued for the calendar year beginning on January 1 and expiring on December 31. If the operation is continuing, the fee prescribed by ~~[subsection]~~ *paragraph* (a) shall be due on or before December 31 of the ensuing calendar year. Regardless of the date of application or issuance of the license, the fee charged and collected under this section is the full annual fee.

6. Any employee of an interactive gaming service provider whose duties include the operational or supervisory control of the interactive gaming system or the games that are part of the interactive gaming system are subject to the provisions of NRS 463.335 and 463.337 and ~~[Regulations]~~ *sections* 5.100 through 5.109 *of these regulations* to the same extent as gaming employees.

[Subsections 7 through 8 – No Changes]