

Chapter 4 - Pari-mutuel Wagering

PMRMR-004-007 Definitions

- A. **Advanced Deposit Account Wagering System (ADW)** - A system whereby wagers are debited and payouts credited to an advance deposit account held by an association or SPMO on behalf of a person.
- B. **Association** – A racetrack licensed by the Commission to offer live races and pari-mutuel wagering.
- C. **Authorized Pari-mutuel Wagering Entity (APmWE)** – a licensed racetrack association or a licensed secondary pari-mutuel organization (SPMO).
- D. **Common Pool Wagering** – The inclusion of wagers placed at guest association locations and secondary pari-mutuel organizations into a common pari-mutuel pool for the purpose of display of wagering information and calculation of payoffs on winning wagers.
- E. **Guest Association** – A licensed association (racetrack) also licensed or approved to offer simulcasting and pari-mutuel wagering races and pari-mutuel wagering on races conducted at other racetracks.
- F. **Host Association** – a licensed association where live racing is conducted and on which pari-mutuel wagering is conducted by other guest associations or secondary pari-mutuel organizations.
- G. **Independent Real Time Monitoring System** - a system operated for the purpose of immediate and continuous analysis of wagering and other pari-mutuel systems data in order to detect suspect wagering transactions or other activity indicating a possible problem relating to the integrity of the pari-mutuel system.
- H. **National License Compact** – a legal governmental entity formed by member states for the purpose of issuing a racing license recognized by member states, and which license may also be recognized by non-member jurisdictions.
- I. **Pari-Mutuel Cash Voucher** – a document printed by a pari-mutuel system device on which a stored cash value is represented and the value of which is recorded in and redeemed through the pari-mutuel system.

- J. **Pari-Mutuel Ticket** – a document printed by a pari-mutuel system device on which is represented a pari-mutuel wager or wagers that have been authorized and accepted for purposes of participation in a pari-mutuel pool.
- K. **Pari-Mutuel System** is the hardware, software and communications equipment used to record wagers, calculate payouts for winning wagers, and transmit wagering transaction and pari-mutuel pool data for display to patrons and to communication with other pari-mutuel systems linked to facilitate common pool wagering.
- L. **Pari-Mutuel Wagering** is a form of wagering on the outcome of an event in which all wagers are pooled and held by an association for distribution of the total amount, less the deductions authorized by law, to holders of tickets on the winning contestants.
- M. **Remote Site** – a guest association or SPMO.
- N. **Secondary Pari-Mutuel Organization (SPMO)** - an entity other than a licensed association (racetrack) that offers and accepts pari-mutuel wagers. This may include an off track wagering system or an account wagering system.
- O. **Simulcast** - Live video and audio communication of a race and pari-mutuel information for the for the purpose of pari-mutuel wagering at locations other than a licensed association where the race is run.
- P. **Totalisator System Standards** – Minimum standards for approval and operation of a pari-mutuel wagering system.
- Q. **Wagering Security Database** – A central file maintained by the Association of Racing Commissioners International of wagering transaction detail in a standard electronic format for all pari-mutuel wagering systems that is used to verify that each wagering transaction is properly authorized and that wagering transactions and pari-mutuel system functions and reports have not been corrupted; and, to facilitate oversight and investigation of wagering transactions and pari-mutuel pools by the Commission and other properly authorized regulatory authorities.
- R. **Wagering Transaction Protocol (WTP)** – a pari-mutuel wagering system protocol that facilitates transmission of wagering transaction detail to a host association totalisator system that is in control of and responsible for validating and authorizing issuance of a pari-mutuel tickets and other transaction records reflecting the placing and cashing of a pari-mutuel wager.

PMRMR-004-010 General Provisions

- A. Pari-mutuel wagering utilizes a totalisator system to pool wagers. The totalisator system may be located on property of an association (racetrack facility) licensed by the Commission; or, may subject to compliance with applicable law and these rules, reside in whole or in part at locations other than licensed associations in this or other jurisdictions.
- B. Wagering on individual races, subject to approval and compliance with applicable law and rules, may be accepted by separate totalisator systems in this or other jurisdictions, and combined via communication between totalisator systems.
- C. The Commission may, without specific reference in these rules, utilize a designee for the purposes of licensing, certification, verification, inspection, testing, and investigation. A Commission designee may be another Commission or equivalent regulatory authority, a multi-jurisdictional group of regulatory authorities, an association of regulatory authorities, or auditing, consulting, security, investigation, legal services, or other qualified entities or persons.
- D. The Commission may enter into multi-jurisdiction agreements with other regulatory authorities to facilitate certification of compliance with requirements by, and licensing of, totalisator companies, entities providing services for simulcasting and common pool wagering, secondary pari-mutuel organizations, and advance deposit account wagering systems. Such agreements shall, at a minimum, ensure certification and licensing requirements comparable to this jurisdiction.

PMRMR-004-014 Association Requirements

The Commission adopts these rules for totalisator companies to ensure all totalisator operations are adequate to maintain the integrity of pari-mutuel wagering. Each association shall conduct wagering in accordance with applicable laws and these rules. Such wagering shall employ a pari-mutuel system approved by the Commission. Minimum standards for approval of a pari-mutuel system shall include certification of the totalisator system facilities, systems, and operations as to current and ongoing compliance with Totalisator System Standards and testing prior to and during operation as may be required by the Commission.

A. Totalisator Standards - Facilities and Equipment

(1) Facility Requirements.

- (a) **On-site Totalisator Room.** An authorized pari-mutuel wagering entity (APmWE) shall provide a totalisator room to house the main computing and

communications equipment and the operator's terminal at the APmWE's facility. The room must include:

- (A) air conditioning with humidity control to maintain a stable environment that meets the specifications of the computer equipment manufacturer;
 - (B) a master power switch that allows all or part of the equipment housed in the room to be turned off in an emergency;
 - (C) a smoke/fire alarm system that sounds locally and is tied into the APmWE's master alarm system;
 - (D) fire extinguishers to deal with minor electrical fires;
 - (E) an internal communication system connecting the totalisator operator with:
 - (i) the stewards or racing judges (for racetrack's only);
 - (ii) the mutuel manager;
 - (iii) each betting line; and
 - (iv) the Commission's office on site if any;
 - (F) a private outside line for communication with supervisors, programmers, or totalisator personnel at other sites; and
 - (G) Fire resistant, locking storage cabinets to hold removable data storage devices and documents necessary for operating the system.
- (b) **Totalisator Room at a Central Processing Location.** An APmWE may contract with a totalisator service that uses a central processing location off the APmWE's grounds. The APmWE shall:
- (A) provide an on-site totalisator room that satisfies the requirements in subsection (a) of this section;
 - (B) ensure the totalisator central processing location satisfies the requirements of section 5100.23; and
 - (C) ensure the totalisator central processing location has a communications system connecting the central processing location operator with:
 - (D) the totalisator operator at the APmWE's facility; and

- (E) a private outside line for the communication with supervisors, programmers, or totalisator personnel at other sites.
- (c) **Totalisator Room Security.** The totalisator room housing the computer processing unit (CPU) that processes wagers made at an APmWE's facility must be secured at all Wagering Devices. Annually on a date established by the Commission, the APmWE shall submit to the Commission for approval a security plan for the totalisator room housing the CPU that processes wagers made at the APmWE's facility. The security plan must include:
- (A) a security system covering the totalisator room and any other related service room, electrical room, or equipment room that consists of locking closed doors and detecting unauthorized entry; and
 - (B) a system of controlled entry to the totalisator room and other related rooms, using:
 - (i) locking devices on all doors or entry points;
 - (ii) control over distribution of keys or codes necessary to unlock the doors;
 - (iii) a sign-in log for visitors escorted by authorized personnel, and
 - (iv) a system that identifies and records each person entering and leaving the room.
- (2) **Hardware Requirements.**
- (a) **Cash/Sell System.** An APmWE shall use a cash/sell totalisator system. The system must comply with these Rules regardless of the location of the central processing unit for the system.
- (A) A totalisator system must be a multi-computer or multi-processor system with varying degrees of independence in the transaction processing and system control functions distributed among the computers. At least one computer shall be independent, sharing no loads or processing functions with the master computer. The computers must be configured so that if one computer actively tracking events fails, another computer will immediately take over all functions of the failed computer.
 - (B) The schematic chart, required pursuant to paragraph (b) of this section must be submitted to the Commission at least two weeks before the scheduled date for system installation and testing.

- (b) **Schematic Chart.** The totalisator company must provide to the Commission an overview of the equipment in the totalisator system.
 - (A) The overview must be a detailed schematic chart showing the interconnections of each piece of hardware.
 - (B) The chart must indicate, where appropriate, the part of the database each terminal can access as well as the amount and degree of access each terminal has to the application and operating system programs. User assignments must be determined by access, and the schematic chart must also reflect the usual and potential user types assigned to each terminal.
 - (C) If the totalisator company desires to change any component in the hardware layout, the company must revise the schematic chart and submit it to the Commission, within seven days.
- (c) **Peripherals.** A totalisator system must include the following peripherals:
 - (A) a log printer for each computer if the system is unable to reproduce the logs upon request;
 - (B) a master control terminal(s) that allows the operator to execute routine maintenance and operational functions based on individual operator identification/authentication;
 - (C) user terminals that allow restricted system access the stewards or racing judges to allow the order of finish to be input;
 - (D) wagering information screen displays that meet the requirements of PMRMR-xxx-xxx G. (Pari-Mutuel Wagering - Wagering Information);
 - (E) data storage devices to record necessary system data; and
 - (F) backup devices capable of recording complete system information on removable media for storage and restoration.
- (d) **Stop wagering devices.** The totalisator company shall install two separate devices that activate the stop wagering function of the totalisator system in a manner consistent with stop wagering procedures approved by the Commission.

- (A) The primary device must be located in or near the stewards or racing judges, in a location approved by the Commission, to issue the stop wagering command during normal operations and activate the "off bell."
 - (B) The secondary "back up" device must be installed in the totalisator room to allow the totalisator operator to issue the stop wagering command if a totalisator malfunction or human error prevents the totalisator system from activating the stop wagering function at the appropriate time.
 - (C) The totalisator company shall ensure that stop wagering occurs.
 - (D) The totalisator company, for good reason, may request from the Commission additional or alternative stop wagering devices.
- (e) **Tote Board.** The tote board must:
- (A) update the odds on each betting interest in the win pool at intervals of not more than 60 seconds, or at intervals expressly directed by the Commission, and
 - (B) allow the stewards or racing judges or a designee of the stewards or racing judges to post the order of finish, the official sign, inquiry sign, objection sign, or dead heat sign.
- (f) **Uninterruptible Power Supply (UPS).** The computer system must be supported by an uninterruptible power supply (UPS) to allow for system shutdown if a power failure occurs.
- (A) In a system shutdown, all wagering data in the computer at the time of the failure must remain intact and all race and end-of-day reports must be produced.
 - (B) The UPS must be able to supply even power to the totalisator system, within accepted limits, when a power surge or drop occurs.
 - (C) The alarm associated with the UPS must be readily recognizable by the totalisator operator from inside the totalisator room.
- (g) **Wagering Devices.** A local area network of wagering devices, also known as a cash/sell teller terminal, is not required to be intelligent, but must have an

individual identity within the network.

- (A) The programming of intelligent local area and remote wagering devices must be limited to communication with the main computer, maintenance routines, and dynamic terminal configuration routines.
 - (B) A program related to the production or verification of the wager identification number printed on a mutuel ticket or assigned by the main computer may not reside in a wagering device.
 - (C) A wagering device may not access the wagering database except to conduct the wagering or cashing functions necessary for a teller to serve the public.
 - (D) A wagering device may not be located in the totalisator room or in its immediate vicinity.
- (h) **Maintenance.** A totalisator company shall provide sufficient preventative maintenance to a totalisator system to ensure the system hardware will provide a high degree of reliability. Maintenance must include, but is not limited to, physical cleaning of system components and peripherals and testing the UPS for battery life and power stability.
- (i) **Common Pooling.**
- (A) An APmWE shall use a totalisator system that operates in either a Tote-to-Tote network or a wagering device-to-Tote network. The totalisator system must, without regard to the location of the CPU:
 - (i) meet the requirements of this chapter;
 - (ii) Comply with the Rules;
 - (iii) use the current version of Inter-Tote Systems Protocol (ITSP) recognized by ARCI/NAPRA or the standard proscribed by the Commission; and
 - (iv) use the standard track codes recognized by ARCI/NAPRA.
 - (B) An APmWE may common pool if all equipment used is of an approved type and in an approved location.
 - (C) The host racetrack for which a common pool is created must also provide a totalisator system that:
 - (i) directs each totalisator system involved with the common pool regarding the pools offered, live and scratched betting interest, common pool totals, network odds and probable payout, start and

stop wagering commands, official orders of finish, deduction and payout calculations; and

- (ii) produces reports showing the amount wagered on each betting interest and pool from each site, in accordance with the current Inter-Tote Systems Protocol or other inter-tote communication standard proscribed by the Commission .

(D) A totalisator company must file with the Commission the disaster recovery plan for the current operating year that will ensure that the APmWE it provides services to may continue to conduct pari-mutuel wagering within a reasonable period of time in the event of a disaster at the CPU's location.

(E) The totalisator company utilizing ITSP shall follow a method of progressive scanning for those wagers including Pick N with 4 or more interests and superfecta or other method approved by the Commission.

(j) **Emergency Procedures.**

(A) The totalisator system must be supported by an uninterruptible power supply (UPS) as described in subsection (f) of this section.

(B) A totalisator company must have emergency procedures to address a totalisator system failure. The procedures will apply whether the system is operating as a stand-alone wagering site for separate pool wagering or as a satellite in a common pool network.

(C) If a hardware problem occurs, the tote operator may make an emergency fix to the totalisator system. No later than 24 hours after the fix has been made to the totalisator system, the totalisator company shall file a written report with the Commission that states:

- (i) the situation that caused the need for the fix; and
- (ii) the corrective changes the tote operator made

(k) **Remote Access.** The totalisator company shall use a remote access server that records keystrokes for all users accessing the tote system.

(l) **Independent Monitoring System** The totalisator company shall utilize an independent real time transaction monitoring system approved by the Commission. This system is to provide information in a read only format.

- (A) At a minimum the system shall verify all transactions performed by the totalisator.
- (B) Access to the independent monitoring system shall be provided to the Commission and the APmWE for monitoring activity.
- (C) In the case where the system detects a discrepancy in the totalisator operation and or with the independent monitoring system the system shall automatically notify the APmWE's mutuel manager or duly appointed representative. The mutuel manager is to determine the cause of the error and to make any necessary repairs or adjustments pursuant to the rules.
- (D) Notification of discrepancies identified pursuant to paragraph (4) of this section shall be made to the Commission no later than 24 hours after each occurrence.

(3) Software Requirements.

(a) General requirements.

- (A) The totalisator system program must be able to:
 - (i) sell, calculate, and cash according to the pool profile, current Rules, and number of races;
 - (ii) produce the required reports and logs and other reports and logs the Commission may prescribe;
 - (iii) accept and store advanced wagers;
 - (iv) network with the remote wagering sites;
 - (v) offer simultaneous wagering cards;
 - (vi) allow access to program functions and identification of each user based on the user ID's/passwords provided from the operating system or program login, in the case of administrative terminals, or by physical connection to the computer system, in the case of wagering devices;
 - (vii) automatically maintain all carry-over data required for the next performance on a rotating basis, including system date and time, without operator intervention;
 - (viii) be subject to modification only by authorized individuals holding specific user ID's that allow gateways to the operating system;
 - (ix) document changes to programs, including who made the change and when the change was made (this log is to be made available to the Commission upon request);

- (x) provide software or hardware restrictions that eliminate the capability of printing duplicate tickets;
 - (xi) provide software or hardware restrictions that prevent invalid claims on unclaimed funds;
 - (xii) be able to detect abnormal system operation and the cause, such as a validation problem, communication difficulty, and computer downtime, and immediately notify the totalisator operator;
 - (xiii) generate within twenty-four hours data usable across two major revisions, and within all minor revisions or retrieve archived data reports as requested by the Commission;
 - (xiv) contain a utility program that backs up the totalisator system and schedules these backups at regular intervals; and
 - (xv) Provide a utility/application that writes requested pari-mutuel wagering data on media readable by the Commission. The totalisator company must also provide documentation about the structure of the data.
 - (xvi) have the ability to close remote sites before the post time if the Commission so may determine.
- (B) The operating system must be separated from the application program. The operating system must be based on identified individual users and maintain auditable records of those users.
- (C) The totalisator company must upon request make available to the Commission an inventory of all programs included in the system.
- (D) A totalisator system must be able to produce a copy of all data necessary to re-create the wagering activity of any race performance that the Commission requests.
- (E) The totalisator company shall utilize a system that maintains an audio recording of all telephone wagering transactions and an independent record of all other paperless transactions for a period of at least 120 days.
- (b) **Documentation.** Software documentation, using computer software industry accepted methods, must be available to the Commission upon request and must provide at a minimum:
- (A) Documentation of modules/sections within the source code, detailing the function of the module/section, the definition of all variables used within the module/section, the source of all variables passed to the module, and the method of passing variables (i.e., passed by reference

or by value).

- (B) Complete documentation of all program functions as seen by the end user of the program.
 - (C) Complete inventory of all programs contained on the system, their purpose, the date and time of their last modification, and the size, in bytes, of each file.
 - (D) Clarification of differences between major and minor revisions of the totalisator software. This clarification must include a complete history of all revisions, the intended reasons for and differences between major and minor revisions, the date of implementation, and a listing of the current revision number.
 - (E) Any change in software requiring the assignment of either a new major or minor revision number.
- (c) **Backup.** The totalisator system must be backed-up to removable media. Before beginning operations in this state, the totalisator company shall submit a backup procedure plan to the Commission for approval and should include at a minimum:
- (A) Full system backups made at weekly intervals. Full system backups must include all files contained on the totalisator system.
 - (B) Incremental system backups made at daily intervals. Incremental system backups must include all files that were changed since either the last full system or incremental backup.
 - (C) Backups stored at an off-site storage area in a disaster-resistant environment.
- (d) **Changes to Totalisator Software.**
- (A) All changes to the software on the central site computers, peripherals, or firmware changes downloaded to terminals may be subject to the approval of the Commission and the jurisdiction's taxing and finance authority, if appropriate.
 - (B) The totalisator company is responsible to notify the Commission and the jurisdiction's taxing and finance authority, if appropriate, at least thirty days prior to any major revisions except as provided under

subparagraph (4) of this paragraph.

- (C) A major revision to the software may not be initialized or operated during wagering until tested and approved by the Commission and the jurisdiction's taxing and finance authority, if appropriate. The daily computer log must show:
 - (i) when a change was loaded into the totalisator system;
 - (ii) the time the work commenced and the time the work was completed; and
 - (iii) when the old software was removed from the system.

- (D) If a software problem occurs, the programmers may make an emergency fix to the totalisator software. No later than 24 hours after the fix has been made to the software, the totalisator company shall file a written report with the Commission that states:
 - (i) the situation that caused the need for the fix;
 - (ii) the corrective changes the programmers made; and
 - (iii) the new revision number.

B. Totalisator System Standards - Operational Requirements

(1) General Management Requirements.

(a) Programming.

- (A) A totalisator company shall develop and maintain written procedure manuals that outline structured programming methods used by the programmers. The manuals must give the programmers sufficient information to understand the programming methodologies, base operating systems, and maintenance procedures.

- (B) The totalisator company shall develop and maintain a written Systems Development Life Cycle (SDLC) that requires sign-offs at pertinent checkpoints. The SDLC must address the following or the equivalent as acceptable to the Commission:
 - (i) a procedure for accepting written requests for systems design or major program changes from users and a method for handling and recording these requests;
 - (ii) the feasibility study stage;
 - (iii) the general systems design stage;
 - (iv) detailed systems specification;
 - (v) program testing;

- (vi) system testing;
- (vii) conversion; and
- (viii) systems acceptance by the totalisator company.

(C) A totalisator company must develop and follow procedures to manage all program changes without regard to the complexity of the modification. The procedures must at a minimum:

- (i) establish controls to prevent unauthorized and potentially inaccurate program changes from being incorporated into the production environment;
- (ii) regulate both scheduled and emergency changes to ensure the integrity of the computer system;
- (iii) permit revisions of computer programs only after receiving a written or electronic request from a user, submitted on a sequentially numbered change request form, which is maintained.
- (iv) require program changes to be developed, tested, and compiled only in a test environment that is not connected to an on-line totalisator network;
- (v) require all program changes to be thoroughly tested, reviewed and approved by a totalisator company supervisor before being placed into operation; and
- (vi) maintain a written or electronic log to be made available to the Commission upon request when programmers have physical access to the totalisator room or electronic access to the operation environment.

(D) Before a totalisator company may place a major programming revision into production or transfer any data affected by the revision from the test environment to the production environment, the totalisator company must follow the procedures for Changes to Totalisator Software found in Section PMRMR-004-014 A. (3)(d).

- (b) **Totalisator Operations.** A totalisator company shall maintain a written operations manual for each totalisator system. The manual must clarify the authority, duties, responsibilities, and lines of communication for totalisator operators and network managers. The manual must contain sufficient detail to ensure totalisator personnel understand their job duties. The operations manual must include complete documentation for operation of the totalisator system and its software, including at a minimum:

- (A) the duties described in PMRMR-004-014 B. (2) (Personnel Requirements);
- (B) clearly defined restrictions for totalisator room access;
- (C) general block diagrams of program options (menu tree) available to totalisator operators;
- (D) a glossary of terms used in reports, including formulas for calculating the displayed results;
- (E) the relationship, if any, between information contained in reports;
- (F) start-up and shutdown procedures;
- (G) general operating procedures;
- (H) restart and recovery procedures; and
- (I) emergency procedures, including a list of individuals to notify if a system requires an emergency revision.

(2) Personnel Requirements.

(a) General Requirements.

- (A) A totalisator company must provide necessary personnel to perform the duties described in the Rules. The totalisator company shall employ a sufficient number of personnel to ensure an adequate segregation of duties between the personnel performing the network manager, programmer, totalisator operator, and technician duties. The totalisator company may use job titles different from those in the Rules.
- (B) All totalisator personnel assigned to work on totalisator operations in the jurisdiction must be licensed by the Commission.
- (C) The totalisator company shall have procedures and documentation that show the verification of totalisator position applicants' experience and education as indicated on their job applications. The totalisator company must prescribe and

maintain job descriptions containing the experience, education, and organization training requirements for each of the following totalisator positions:

- (i) network manager;
 - (ii) programmer / software engineer;
 - (iii) systems analyst;
 - (iv) totalisator operator; and
 - (v) technicians.
- (D) The totalisator company must certify in writing annually that its personnel are properly trained to program, manage, operate, and maintain the totalisator system. The totalisator company must provide ongoing training to its personnel and document the training.
- (E) The totalisator company is responsible for the actions of its personnel relating to the operations and use of the totalisator system. The totalisator company shall designate an individual to act as a point of contact for communications between the Commission and the totalisator company.
- (F) A totalisator company employee may not hold a position of programmer and totalisator operator simultaneously unless approved by the Commission.
- (G) A totalisator company employee is prohibited from wagering while on duty.
- (H) The totalisator company shall have a policy of mandatory time away from the job for each totalisator personnel within each calendar year.
- (b) **Network Manager.** A network manager shall:

- (A) coordinate the totalisator company's totalisator systems operating in the jurisdiction or at a specific site in the jurisdiction;
- (B) ensure each totalisator operator follows proper procedures when operating the totalisator system;
- (C) determine the on-site and off-site storage locations for the back-up media;

- (D) provide information and prepare any report requested by the APmWE, the Commission, or the jurisdiction's taxing and finance authority, if appropriate; and
 - (E) ensure a current list of personnel is maintained, all totalisator operators are qualified, and the appropriate pari-mutuel information is maintained within the operating system and application programs.
- (c) **Totalisator operator.** A totalisator operator shall:
- (A) maintain the communication links to the locations to and from which the APmWE is simulcasting and ensure data is transmitted accurately;
 - (B) consult with the mutuel manager and the Commission or duly appointed representative, if available, when a problem occurs in determining a pool or calculation and suggest alternatives for continued operation, including possible temporary restrictions on or suspension of the communication links;
 - (C) perform necessary daily performance testing, system initialization, monitoring of wagering operations, and system shutdown;
 - (D) execute established procedures to shutdown system software and hardware in emergency situations including loss of communication between computers or peripheral devices, power surges or failures, operating with a partial system, and restarting the system during a performance;
 - (E) perform necessary system maintenance;
 - (F) perform daily back-ups as outlined in PMRMR-004-014 A. (3)(c) (Software Requirements);
 - (G) ensure information is entered in the tote maintenance log detailing all repairs or modifications to the totalisator system;
 - (H) provide to the Commission an incident report within seventy-two hours of the incident detailing each unusual occurrence during totalisator system operations including a description of the probable cause of the occurrence and the corrective action

taken;

- (I) maintain a copy of the incident report or enter information about each unusual occurrence in the system incident log; and
- (J) consult with the Commission or duly appointed representative regarding any other operational issues encountered.

(d) **Technicians.** Technicians shall:

- (A) service and maintain the totalisator;
- (B) perform maintenance on wagering devices and the tote board; and
- (C) record in the Totalisator Maintenance Log all maintenance and repair activities performed.

(3) **Totalisator Network.**

Common pools must be merged and calculated at the site the totalisator company designates as the network-computing center. In a Tote-to-Tote network or at remote sites, the totalisator company providing totalisator services for the APmWE must use the Inter-Tote System Protocol endorsed by the Association of Racing Commissions International or another inter-tote communication protocol prescribed by the Commission.

(4) **Data Transmission Protocols.**

An APmWE using a wagering device-to-Tote network may use whatever communications protocol it wishes.

A remote site is considered part of a Tote-to-Tote network and is subject to the requirements of PMRMR-004-014 A. (2) (Hardware Requirements).

If the failure to compile pools or payout winning prices is isolated to a remote site, the stopping of wagering or the manual cashing and accounting of tickets need only occur at the affected site. The relevant information must be transmitted between the CPU and the remote site through the established communication links or facsimile machine and must be verified.

C. **Reporting and Log Requirements**

(1) **General Requirements.**

- (a) A totalisator system must be able to produce hard copy reports and logs necessary to audit pari-mutuel activity and to recreate any given day of

wagering in its entirety.

- (b) A totalisator company shall retain the information needed to produce these reports and logs on storage devices for at least three years after the end of the calendar year, unless otherwise released by the Commission.
- (c) A totalisator company shall provide a report or log requested by the Commission no later than 48 hours, unless required otherwise, after the totalisator company receives the request. A printed report must have consecutively numbered pages. Each page of the report must be headed with:
 - (A) the name of the race track;
 - (B) the date and time (in hours, minutes, and seconds) the report was produced;
 - (C) the performance number if applicable;
 - (D) the wagering site to which the report refers; and
 - (E) the version of software in use.

(2) **Pre-Race Reports.** Unless otherwise exempted by the Commission, before starting wagering each day, the totalisator operator shall print at a minimum all of the following reports:

- (a) **System Initialization Report** showing:
 - (A) the date and time the system was initialized;
 - (B) the identity of the totalisator operator initializing the system; and
 - (C) the software version in use;
- (b) **Configuration Parameter Report** showing:
 - (A) the pools that may be offered as well as those are currently operational in the totalisator system;
 - (B) the display cycle frequency, pools, any minimum pool required, minimum wagers, and means of display of any approximate

- odds or will-pays produced;
- (C) the minimum and maximum value of wagers for every pool that a wagering device may accept;
 - (D) which wagering devices are activated, including a listing of all terminal operational that session / day;
 - (E) which remote sites may input into the totalisator system;
 - (F) the split percentages and payout parameters for each multi-leg pool offered;
 - (G) verification of all operational locking devices;
 - (H) the amount of delay between locking switch activation and actual stop betting or canceling;
 - (I) the canceling parameters for regular and supervisory wagering devices;
 - (J) configurations placed on each wagering device;
 - (K) the method of breakage and rounding used in calculating the payout;
 - (L) takeout percentages for each host site and for the live races including takeout percentages for each association, state and other statutory takeouts used in price calculations; and
 - (M) Federal tax withholding rates and parameters;
- (c) **Race Information Report** showing for each live race and simulcast performance to be offered:
- (A) the pools to be opened, indicating totals starting at zero and totals starting with money from advance wagering;
 - (B) pool summaries of all advance wagering;
 - (C) money added due to overages;

- (D) underpayments or money added due to carry-overs, miss pools or any other reason; and
 - (E) the betting interest for each race, showing entries and scratches.
- (d) an **Odds Report** showing the opening line of odds for the Win pool; and
 - (e) a **Wagering Device Report** listing the teller's identity assigned to each wagering device for that session / day if applicable.
- (3) **Race-by-Race Reports.** For each race offered, the totalisator system must be capable of printing the following reports and have them available for review by the mutuel manager, and/or the Commission:
- (a) a **Scratch Report** showing the time each late scratch was entered into the totalisator system and the amount of money to be refunded in each pool;
 - (b) a **Betting Report**, produced immediately on activation of the stop betting command and final merge of wagering information from all sites showing:
 - (A) the amount wagered and to be refunded for each betting interest or combination in each pool offered, and the net amount for each pool to be used for calculating the payout; and
 - (B) the final dollar odds for the Win pool;
 - (C) Time of stop betting and time of each pool transmission
 - (c) **Calculating Price Report**, produced before each race is declared official, showing for each pool:
 - (A) the winning betting interests or combinations;
 - (B) the winning monies;
 - (C) the minimum payout prices;
 - (D) the breakage;
 - (E) the amount paid to the public;
 - (F) the total amount wagered;

- (G) the total amount refunded;
 - (H) the amount added to the pool;
 - (I) the actual pool total
 - (J) the takeout in total dollars;
- (d) **Probable Payout Report** showing the payouts for multiple and exotic pools, subject to scratches, cancellations and dead heats;
- (e) **Scan Report** for multi-leg pools of four or more legs, showing:
- (A) the total wagered in the pool;
 - (B) the amounts of any carryover;
 - (C) the winners of completed legs;
 - (D) the amount of possible winning, based on paying the winner of completed legs combined with every betting interest entered in subsequent legs; and
 - (E) late scratches in each leg;
- (f) **Race Summary Report**, produced before and after the race results are official, showing as the sum for all pools paid out in that race:
- (A) the amount wagered;
 - (B) the amount refunded;
 - (C) the net amount to be used for calculating the payout;
 - (D) any money added to the pool;
 - (E) the actual pool total;
 - (F) the total commissions;
 - (G) the breakage;
 - (H) the amount paid to the public;

- (I) the carryover balances;
- (J) the liabilities (due to/due from); and
- (K) the Daily Summary Report showing the cumulative totals, for each pool and for all pools combined, of the items listed under the Race Summary Report.

(4) **End-of-Day Reports.** For each race offered, the totalisator system must be capable of printing the following reports and have them available for review by the mutuel manager, and/or the Commission:

- (a) the **Balance Report** showing for every wagering device operated on that day including:
 - (A) the teller's name or identification number, if applicable;
 - (B) the total value and number of tickets sold, canceled, and cashed, separating the outs from the current day's tickets;
 - (C) the total amount of money drawn from the money room, including the beginning draws;
 - (D) the total amount of money returned to the money room; and
 - (E) a listing of adjustments made to each wagering device balance after each wagering device has been individually balanced;
- (b) the **Wagering Summary Report** showing:
 - (A) by wagering site, the amount wagered, refunded, and added for every pool and for each race;
 - (B) the time of day each race's pools closed;
 - (C) the commissions deducted, breakage calculated, and amount paid out for every pool in each race;
 - (D) the total value of outstanding tickets before the pools were opened for the performance, the value of tickets cashed during the performance, the value of tickets to be added to the outstanding ticket total, and the new outstanding ticket total; and

- (E) the total value of outstanding vouchers before the pools were opened for the performance, the value of vouchers cashed during the performance, the value of vouchers to be added to the outstanding voucher total, and the new outstanding voucher total;
- (c) the **System Balance Report** comparing the pool and paid-out totals obtained by processing the transaction files with the pool and paid-out totals obtained from the actual calculations;
- (d) the **Money Room Balance Report** showing cash added and subtracted from the beginning day's balance resulting from the day's wagering and cashing transactions;
- (e) the **IRS Report** showing the winner's social security number, the ticket number, amount won, and taxes withheld for each transaction requiring a Form W2-G.

(5) Special Reports.

- (a) A totalisator company shall produce any special report requested by the Commission no later than 72 hours, unless otherwise directed, after receiving the request:
 - (A) an **Odds Progression Report** showing each successive line of odds for the Win pool and the time it was displayed to the public;
 - (B) a **Ticket and Transaction History Report** showing the appropriate portion of the ticket history log for the requested ticket identification numbers;
 - (C) a **Terminal History Report** showing the portion of the terminal log requested;
 - (D) an **Outstanding Ticket Report** showing the following information for uncashed winning tickets retained in the totalisator system:
 - (i) the ticket identification number;
 - (ii) the wagers on the ticket;
 - (iii) the date and performance for which the ticket is outstanding;
 - (iv) the value of the winning wagers; and

- (v) the wagering device location and number;
- (E) an **Outstanding Tickets Cashed Report**, for a performance, race, or pool, showing each outstanding ticket cashed that day, in the form of the Outstanding Ticket Report, including the identity of the wagering device that cashed the ticket and an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read;
- (F) a **Manually Cashed Tickets Report**, for a performance, race, or pool, showing every ticket cashed that day in the form of the Ticket History Report, the identity of the wagering device that cashed the ticket, and an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read as well as a subtotal for each wagering device;
- (G) a **Canceled Tickets Report**, for a performance or race, showing each ticket canceled that day in the form of the Ticket History Report, the identity of the wagering device that cashed the ticket, and an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read as well as a subtotal for each wagering device;
- (H) a **Network Balance Report** summarizing the activity and liabilities for each site within a Tote-to-Tote network;
- (I) a **Teller Inquiry Report** showing the time of each cash balance inquiry made by each teller; and
- (J) a **Wagering Report** required for multi-leg pools over four legs, showing the amount bet on every combination of the pool and total amount bet.
- (K) an **Account History Report** showing all activity for each account.
- (L) **Inter-Track Wagering Report** for a card showing the separate or consolidated report for wagers made at participating tracks, including all money wagered on each runner or combination of runners in each pool for each race. Separate or consolidated reports for the host track and each satellite track and the combined totals are required and any additional reports, as determined by the Commission; and

- (M) **Ticket History Report and Terminal History Report**, in the case of a wagering device to totalisator network failure, for specific location(s) and time period(s) in order to determine what wagers have been recorded in the totalisator from the remote site, including any advance bets.
- (N) **Pool Transmission Report** listing time of each pool transmission.

(b) The totalisator system must be able to produce a special report that filters data by:

- (A) performance;
- (B) race;
- (C) pool;
- (D) betting interest;
- (E) wagering device;
- (F) sites; or
- (G) any combination of the indicia in this section;

(6) **Logs**

- (a) **On-Line Logs.** The totalisator operator shall provide a printed copy of a daily log to the Commission on request. The totalisator system must produce at a minimum the following logs:
 - (A) Teller/Machine History Log showing for every wagering device operated during a performance:
 - (i) each time the wagering device was opened and closed;
 - (ii) for each wagering transaction, the wagers made, tickets issued, and total value of the transaction;
 - (iii) for each cashing, canceling, or refunding transaction, the identification numbers of the tickets processed, the wagers paid out, and the value of the wagers paid out;
 - (iv) for each cashing transaction, an indication as to whether the ticket was cashed using a manual keyboard entry or an automatic machine read;

- (v) the amount of each cash draw and return;
 - (vi) any special function, including Teller Balance, accessed through the wagering device; and
 - (vii) the times of day each of the transactions listed in this subdivision were made;
- (B) a **Ticket History Log** showing for every ticket issued:
- (i) the identification number of each cashed/canceled ticket;
 - (ii) the wagering device location and number;
 - (iii) the wagers and their values;
 - (iv) the cashing/canceling machine location and number;
 - (v) the amount paid out;
 - (vi) the time of day each transaction occurred; and
 - (vii) an indication as to whether each transaction was manual or automatic;
- (C) a **User Terminal Log** showing the time of day of each entry for:
- (i) each terminal other than a wagering device operating during a day:
 - (I) each log-on/log-off and the operator's ID code;
 - (II) each command or transaction entered;
 - (III) each Stop Betting, Order of Finish, Official, and Sales Open command and the device that issued it;
 - (IV) each occurrence of loss/restoration of communication between computers or sites; and
 - (V) each occurrence of discrepancy between computers or sites when comparing databases;
 - (ii) each wagering device operated during a performance:
 - (I) each log-on/log-off and the teller's ID code, if applicable; and
 - (II) each instance of loss/restoration of communication and the wagering device;
- (D) a **System Error Log** showing the date and time of each error;
- (E) **System Journal Log**, including date and time of each entry, including remote access, showing for every day the system is operated for wagering, maintenance or other purpose:
- (i) System shutdown commands, the device from which they were issued, and the user ID of the individual issuing the commands;

- (ii) The individual user ID used and the originating device for every attempt, successful or unsuccessful, to access the operating system;
 - (iii) The individual user ID used and the originating device for every attempt, successful or unsuccessful, to access the application programs;
 - (iv) All commands that affect the operating environments issued from the operating system command line;
 - (v) All commands issued from within the application program in an attempt to access the operating system;
 - (vi) A listing of every operational or operating terminal during computer operation.
- (F) an Account History Log showing for every account;
- (i) the identification number of the account;
 - (ii) each time the account was accessed, the location and time of each access point;
 - (iii) for each wagering transaction, the amount, time, betting interest selected and type of wagers made, the wagering device used to make the wager, and total value of the transaction;
 - (iv) for each cashing, canceling, or refunding transaction, the identification numbers of the tickets processed, the wagers paid out, the location and time and the value of the wagers paid out;
 - (v) for each withdraw and deposit the amount, the location and time;
- (b) **Off-line Log.** In addition to the computer generated reports and logs, the totalisator personnel must maintain at a minimum the following logs for review by the Commission or duly appointed representative:
- (A) The totalisator operator must maintain a **system incident log** and make it available on request for review by the Commission. The system incident log must include a description of each incident involving the totalisator system, including system failures, their causes, and corrective actions taken.
 - (B) **Totalisator Room Access Log** of all authorized persons entering and leaving the totalisator central computer room. This includes entries of date, time, and user ID of each person

entering and leaving the room.

- (C) **Totalisator Maintenance Log** of all maintenance work completed on wagering devices and the main totalisator computers or printers showing:
- (i) The name of person performing the work.
 - (ii) The date and time of day when the maintenance was performed; and
 - (iii) The type of maintenance job(s) performed.

PMRMR-040-019 Totalisator Company Requirements & Vendor Requirements

A. Totalisator Company

A totalisator company, irrespective of whether the actual facility is located in this jurisdiction or operates from a location or locations outside of this jurisdiction, shall be licensed by the Commission. As a condition of licensing and annual license renewal the license application shall include with an application

- (1) a list of personnel assigned to work in this jurisdiction
- (2) disclosure of all officers, directors, partners, and share holders with a five percent of greater share of ownership or beneficial interest
- (3) a list of all personnel and their current National License Compact License number, or their current license number issued by the Commission, other than those identified in (1) and (2) above who have responsibility for or access to systems and facilities employed in the operation of a totalisator system pursuant to a contract with an association or secondary pari-mutuel organization licensed by the Commission,
- (4) certification of compliance with totalisator standards at the facility (s) from which totalisator system will be provided for the licensed association,
- (5) **a Type II SAS 70 report**, or other independent report in a form acceptable to the commission, completed within the preceding 12 months, to assure adequate financial controls are in place and compliance with totalisator standards,
- (6) agreement to facility inspections and verification by the Commission,

- (7) agreement to testing of hardware and software as may be directed by the Commission.

B. Other Vendors of Simulcast and Totalisator Systems Services

Entities providing uplink, downlink, and other means of communication or encryption of simulcasting and/or wagering information for associations or totalisator companies licensed by the Commission, irrespective of whether they provide, operate, service or otherwise have access to facilities and equipment located in this jurisdiction, must be licensed by the Commission. The license application shall include:

- (1) a copy of the contract(s) to provide services to an association or totalisator company
- (2) a list of personnel assigned to work in this jurisdiction, and a list of all personnel directly involved in providing such service who are not in this jurisdiction
- (3) list of all officers, directors, partners, and share holders with a five percent or greater share of ownership or beneficial interest
- (4) All persons employed by such entities pursuant to (2) and (3) above, who are not licensed by the Commission shall hold a current pari-mutuel vendor employee license issued by the National License Compact

PMRMR-004-024 Pari-Mutuel Wagering

The following requirements are applicable to associations (racetrack facilities) licensed by the Commission that offer pari-mutuel wagering and the totalisator systems they employ. These requirements are (in jurisdictions where legal) also, without specific reference, applicable to secondary pari-mutuel organizations as defined, licensed, and regulated herein PMRMR-004-039, and to such organizations licensed or approved by other regulatory authority as a condition of Commission approval of any agreement or contract for simulcasting and/or common pool wagering.

A. Pari-Mutuel Tickets

- (1) A pari-mutuel ticket is evidence of a contribution to the pari-mutuel pool operated by the association and is evidence of the obligation of the association to pay to the holder thereof such portion of the distributable amount of the pari-mutuel pool as is represented by such valid pari-mutuel ticket. The association shall cash all valid winning tickets when such are presented for payment during the course of the meeting where sold, and for a specified

period after the last day of the meeting.

- (2) To be deemed a valid pari-mutuel ticket, such ticket shall have been issued by a pari-mutuel ticket machine operated by the association and recorded as a ticket entitled to a share of the pari-mutuel pool, and contain imprinted information as to:
 - (a) the name of the association operating the meeting.
 - (b) a unique identifying number or code.
 - (c) identification of the terminal at which the ticket was issued.
 - (d) a designation of the performance for which the wagering transaction was issued.
 - (e) the contest number for which the pool is conducted.
 - (f) the type or types of wagers represented.
 - (g) the number or numbers representing the betting interests for which the wager is recorded.
 - (h) the amount or amounts of the contributions to the pari-mutuel pool or pools for which the ticket is evidence.
- (3) No pari-mutuel ticket recorded or reported as previously paid, cancelled, or non-existent shall be deemed a valid pari-mutuel ticket by the association. The association may withhold payment and refuse to cash any pari-mutuel ticket deemed not valid, except as provided in D. of this rule (Claims for Payments from Pari-Mutuel Pool).

B. Pari-Mutuel Ticket Sales

- (1) Pari-mutuel tickets shall not be sold by anyone other than an association licensed to conduct pari-mutuel wagering.
- (2) No pari-mutuel ticket may be sold on a contest for which wagering has already been closed and no association shall be responsible for ticket sales entered into but not completed by issuance of a ticket before the totalisator is closed for wagering on such contest.
- (3) Claims pertaining to a mistake on an issued ticket, or a mistake involving failure to issue a ticket, must be made by the bettor prior to leaving the seller's window.

- (4) Cancellation or exchange of tickets issued shall not be permitted after a patron has left a seller's window except in accordance with written policies established by the association and approved by the Commission.
- (5) Payment on winning pari-mutuel wagers shall be made on the basis of the order of finish as purposely posted and declared "official." Any subsequent change in the order of finish or award of purse money as may result from a subsequent ruling by the stewards or Commission shall in no way affect the pari-mutuel payout. If an error in the posted order of finish or payout figures is discovered, the official order of finish or payout prices may be corrected and an announcement concerning the change shall be made to the public.
- (6) The association shall not satisfy claims on lost, mutilated, or altered pari-mutuel tickets without authorization of the Commission.
- (7) The association shall have no obligation to enter a wager into a betting pool if unable to do so due to equipment failure.

C. Advance Performance Wagering

No association shall permit wagering to begin more than one hour before scheduled post time of the first contest of a performance unless it has first obtained the authorization of the Commission. This shall not preclude earlier common pool wagers in accordance with a contract with the host association that has been approved by the Commission.

D. Claims for Payment from Pari-Mutuel Pool

At a designated location, a written, verified claim for payment from a pari-mutuel pool shall be accepted by the association in any case where the association has withheld payment or has refused to cash a pari-mutuel wager. The claim shall be made on such form as approved by the Commission, and the claimant shall make such claim under penalty of perjury. The original of such claim shall be forwarded to the Commission within 48 hours.

- (1) In the case of a claim made for payment of a mutilated pari-mutuel ticket which does not contain the total imprinted elements required in A. of this rule (Pari-mutuel Tickets), the association shall make a recommendation to accompany the claim forwarded to the Commission as to whether or not the mutilated ticket has sufficient elements to be positively identified as a winning ticket.
- (2) In the case of a claim made for payment on a pari-mutuel wager, the Commission shall adjudicate the claim and may order payment thereon from the pari-mutuel pool or by the association, or may deny the claim, or may make such other order as it may deem proper.

E. Payment for Errors

If an error occurs in the payment amounts for pari-mutuel wagers which are cashed or entitled to be cashed; and as a result of such error the pari-mutuel pool involved in the error is not correctly distributed among winning ticket holders, the following shall apply:

- (1) Verification is required to show that the amount of the commission, the amount in breakage, and the amount in payouts is equal to the total gross pool. If the amount of the pool is more than the amount used to calculate the payout, the underpayment shall be added to the corresponding pool of the next contest. If underpayments are discovered after the close of the meeting, the underpayment shall be held in an interest-bearing account approved by the Commission until being added, together with accrued interest, to the corresponding pool of the next meet.
- (2) Any claim not filed with the association within 30 days, inclusive of the date on which the underpayment was publicly announced, shall be deemed waived; and the association shall have no further liability therefore.
- (3) In the event the error results in an overpayment to winning wagers, the association shall be responsible for such payment

F. Betting Explanation

A summary explanation of pari-mutuel wagering and each type of betting pool offered shall be published in the program for every wagering performance. The rules of racing relative to each type of pari-mutuel pool offered must be prominently displayed on association grounds and available upon request through association representatives.

G. Display of Betting Information

- (1) Approximate odds for Win pool betting shall be posted on display devices within view of the wagering public and updated at intervals of not more than 90 seconds.
- (2) The probable payout or amounts wagered, in total and on each betting interest, for other pools may be displayed to the wagering public at intervals and in a manner approved by the Commission.
- (3) Official results and payouts must be displayed upon each contest being declared official.

H. Cancelled Contests

If a contest is cancelled or declared "no contest", refunds shall be granted on valid wagers in accordance with these rules.

I. Refunds

- (1) Notwithstanding other provisions of these rules, refunds of the entire pool shall be made on:
 - (a) Win pools, Exacta pools, and first-half Double pools offered in contests in which the number of betting interests has been reduced to fewer than two (2).
 - (b) Place pools, Quinella pools, Trifecta pools, first-half Quinella Double pools, first-half Twin Quinella pools, first-half Twin Trifecta pools, and first-half Tri-Superfecta pools offered in contests in which the number of betting interests has been reduced to fewer than three (3).
 - (c) Show pools, Superfecta pools, and first-half Twin Superfecta pools offered in contests in which the number of betting interests has been reduced to fewer than four (4).
- (2) Authorized refunds shall be paid upon presentation and surrender of the affected pari-mutuel ticket.

J. Coupled Entries and Mutuel Fields

- (1) Contestants coupled in wagering as a coupled entry or mutuel field shall be considered part of a single betting interest for the purpose of price calculations and distribution of pools. Should any contestant in a coupled entry or mutuel field be officially withdrawn or scratched, the remaining contestants in that coupled entry or mutuel field shall remain valid betting interests and no refunds will be granted. If all contestants within a coupled entry or mutuel field are scratched, then tickets on such betting interests shall be refunded, notwithstanding other provisions of these rules.
- (2) For the purpose of price calculations only, coupled entries and mutuel fields shall be calculated as a single finisher, using the finishing position of the leading contestant in that coupled entry or mutuel field to determine order of placing. This rule shall apply to all circumstances, including situations involving a dead heat, except as otherwise provided by these rules.

K. Pools Dependent Upon Betting Interests

Unless the Commission otherwise provides, at the time the pools are opened for wagering, the association:

- (1) Shall offer win wagering on all contests with three (3) or more betting interests.
- (2) Shall offer place wagering on all contests with four (4) or more betting interests.
- (3) Shall offer show wagering on all contests with five (5) or more betting interests.
- (4) May offer quinella wagering on all contests with three (3) or more betting interests.
- (5) May offer quinella double wagering on all contests with three (3) or more betting interests.
- (6) May offer exacta wagering on all contests with two (2) or more betting interests.
- (7) May offer trifecta wagering on all contests with three (3) or more betting interests.
- (8) May offer superfecta wagering on all contests with four (4) or more betting interests.
- (9) May offer twin quinella wagering on all contests with three (3) or more betting interests.
- (10) May offer show quinella wagering on all contests with three (3) or more betting interests.
- (11) Shall not offer twin trifecta, tri-superfecta or twin trifecta wagering on any contests with six or less betting interests.

L. Prior Approval Required For Betting Pools

- (1) An association that desires to offer new forms of wagering must apply in writing to the Commission and receive written approval prior to implementing

the new betting pool.

- (2) The association may suspend previously-approved forms of wagering with the prior approval of the Commission. Any carryover shall be held until the suspended form of wagering is reinstated. An association may request approval of a form of wagering or separate wagering pool for specific performances.

M. Closing of Wagering in a Contest

- (1) A Commission representative shall close wagering for each contest after which time no pari-mutuel tickets shall be sold for that contest
- (2) The association shall maintain, in good order, a system approved by the Commission for closing wagering.

N. Complaints Pertaining to Pari-Mutuel Operations

- (1) When a patron makes a complaint regarding the pari-mutuel department to an association, the association shall immediately issue a complaint report, setting out:
 - (a) the name of the complainant;
 - (b) the nature of the complaint;
 - (c) the name of the persons, if any, against whom the complaint was made;
 - (d) the date of the complaint;
 - (e) the action taken or proposed to be taken, if any, by the association.
- (2) The association shall submit every complaint report to the Commission within 48 hours after the complaint was made.

O. Licensees – Duty to Report

All licensees shall report any known irregularities or wrong doings by any person involving pari-mutuel wagering immediately to the Commission and cooperate in subsequent investigations.

P. Unrestricted Access

The association shall permit the Commission unrestricted access at all times to its facilities and equipment and to all books, ledgers, accounts, documents and records of the association that relate to pari-mutuel wagering.

Q. Emergency Situations

In the event of an emergency in connection with the pari-mutuel department not covered in these rules, the pari-mutuel manager representing the association shall report the problem to the stewards and the association and the stewards shall render a full report to the Commission within 48 hours.

PMRMR-004-029 Stored Value Instruments and Systems

A. Pari-Mutuel Cash Vouchers

- (1) Pari-mutuel cash vouchers may be offered by an association or SPMO that issues pari-mutuel wagering tickets. These vouchers shall be dispensed through the totalisator system. The stored value on a voucher may be redeemed in the same manner as a value of a winning pari-mutuel ticket for wagers placed at a pari-mutuel window or a self-service terminal, and may be redeemed for their cash value at any time.
- (2) An association or SPMO may, with the prior approval of the Commission, issue special pari-mutuel cash vouchers as incentives or promotional prizes, and may restrict the use of those vouchers to the purchase of pari-mutuel wagers.
- (3) The tote system transaction record for all pari-mutuel vouchers shall: include the voucher identification number in subsequent:
 - (a) Include the voucher identification number in subsequent pari-mutuel transactions;
 - (b) Pari-mutuel wagers made from a voucher shall identify the voucher by identification number.

B. Other Stored Value Instruments and Systems

- (1) An Association, SPMO, or Advanced Deposit Account Wagering System may not, without the prior approval of the Commission, utilize any form of stored

value instrument or system other than a pari-mutuel voucher for the purpose of making or cashing pari-mutuel wagers

- (2) Any request for approval of a stored value instrument or system shall include a detailed description of the standards utilized:
 - (a) to identify the specific stored value instrument or account in the pari-mutuel system wagering transaction record;
 - (b) to verify the identity and business address of the person(s) obtaining, holding, and using the stored value instrument or system;
 - (c) to record and maintain records of deposits, credits, debits, transaction numbers, and account balances involving the stored value instruments or accounts
- (3) A stored value instrument or system must prevent wagering transactions in the event such transactions would create a negative balance in an account, and may not operate so as to automatically facilitate a transfer of funds into a stored value instrument or account without the direct authorization of each such deposit transfer by the person holding the instrument or account
- (4) Any request for approval of a stored value instrument or system shall include an affirmation of the ready availability when requested by the Commission, all records and reports relating to all transactions, account records, and customer identification and verification in hard copy or standard electronic format approved by the Commission certification of secure retention of all records for a period of not less than three years or such longer period specified by the Commission.

PMRMR-004-034 Simulcasting

A. Host Association – Contract Subject to Commission Approval

- (1) A host association licensed by the Commission may, subject to Commission approval of a contract, simulcast its races for the purpose of pari-mutuel wagering to another licensed association or licensed secondary pari-mutuel organization.
- (2) Unless otherwise permitted by the Commission, every simulcast will contain in its video content a digital display of actual time of day, the name of the host facility from where it emanates, the number of the contest being displayed, and

the minutes to post.

- (3) The host association may, as a condition of contract approval or at such other time as deemed necessary by the Commission, be required to provide and maintain security controls including encryption over its uplink and communications systems.

B. Guest Associations and Secondary Pari-mutuel Organizations – Contract Subject to Commission Approval

- (1) Guest Associations and Secondary Pari-mutuel Organizations (in jurisdictions where legal) licensed by the Commission, subject to contract approval by the Commission, may receive simulcast races for the purpose of pari-mutuel wagering from one or more host associations.
- (2) Guest Associations and SPMOs shall submit a plan, subject to approval of the Commission, for testing the transmission, encryption and decoding, and data communication to assure proper system function prior to the commencement of each simulcast program or race from a host association.

PMRMR-004-039 Common Pool Wagering

Host associations may enter into common pool wagering agreements with guest associations and SPMOs subject to applicable Federal and State statutory requirements and the approval of the Commission

A. Intra-State Common Pool Wagering

(While some Rules in this section will be State specific, the Committee may develop proposed Rules for this section to safeguard the over-all integrity of inter-jurisdictional mutuel pools)

B. Inter-State Common Pool Wagering

(1) Contract Subject to Commission Approval

An association (racetrack) or secondary pari-mutuel organization (SPMO) licensed by the Commission may, subject to contract approval by the Commission, participate in Common Pool Wagering by accepting wagers placed in other jurisdictions or by offering wagers on races run in other jurisdictions. Contract approval requirements include but may not be limited to the following:

(a) Licensing requirement

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A contract to participate in interstate common pool wagering shall include certification that the association or SPMO in the other jurisdiction is licensed or otherwise authorized or approved by the pari-mutuel authority in that jurisdiction.

(b)Pari-mutuel Systems Requirement

A contract to participate in interstate common pool wagering shall:

- (A) include certification that the association or SPMO in the other jurisdiction utilizes a pari-mutuel wagering system fully compliant with requirements for totalisator systems used by licensed associations in this jurisdiction,
- (B) specify the regulatory authority responsible granting a license to the association or secondary pari-mutuel organization serving as host for purposes of aggregation of common pools wagering,
- (C) specify the name and location of licensed association or secondary pari-mutuel organization that is the host for the common pools, and the individuals and contact information for matters relating to the contract and common pool wagering
- (D) specify the name of the totalisator company, location of the totalisator facility utilized to receive wagers and aggregate pools for the purpose of common pools and the individuals and contact information for matters relating to the contract and common pool wagering.

(c)Access to Reports and Wagering Information Requirement

A contract to participate in interstate common pool wagering shall include certification that the association or SPMO in the other jurisdiction will provide full and prompt access to, and cooperation in providing, all reports and information that may be requested by the Commission, including wagering transaction data in either a hard copy report or a standard electronic data format acceptable to the Commission. Such requirement shall be applicable to all wagering on races run in this jurisdiction, and all wagering pools which accept wagers placed from this jurisdiction.

(d)Advance Deposit Account Wagering Systems Requirement

A contract to participate in interstate common pool wagering with an association or SPMO that operates in another jurisdiction shall certify access will provide full and prompt access to all reports and information, including to customer account identity, verification, and wagering records.

Such requirement shall be applicable to all wagering on races run in this jurisdiction, and all wagering pools which accept wagers placed from this jurisdiction.

(e) Breakage

The contract shall include provisions specifying the distribution of breakage consistent with the requirement for wagers placed in this jurisdiction.

(f) Net Pool Pricing

If takeout rates are not the same for all jurisdictions, the contract shall specify net pool pricing. (PMRMR-004-105 A. (2) (b)).

- (A) Individual wagering transactions are deemed to be made at the point of sale in the state where placed unless otherwise specified by statute or court ruling
- (B) Any surcharges or withholdings in addition to the takeout shall only be applied in the jurisdiction otherwise imposing such surcharges or withholdings.
- (C) In determining whether to approve an interstate common pool which does not include the host track or which includes contests from more than one association, the Commission shall consider and may approve use of a bet type which is not utilized at the host track, application of a takeout rate not in effect at the host track, or other factors which are presented to the Commission.
- (D) The content and format of the visual display of racing and wagering information at facilities in other jurisdictions where wagering is permitted in the interstate common pool need not be identical to the similar information permitted or required to be displayed under these rules.

(2) Guest State Participation in Interstate Common Pools

- (a) The Commission may approve a takeout from the pari-mutuel pools identical to that of other jurisdictions participating in a merged pool.
- (b) Rules established in the state of the host association designated for a pari-mutuel pool shall apply.

(c) If, for any reason, it becomes impossible to successfully merge the corresponding pools into the interstate common pool, the association or secondary pari-mutuel organization shall:

(A) compute payouts in accordance with payout prices that would have been in effect if prices for the pool of bets were calculated without regard to wagers placed elsewhere; or,

(B) with permission of the Commission, pay winning tickets at the payout prices at the host track; or,

(C) declare such accepted bets void and make refunds in accordance with the applicable rules.

(3) Host State Participation in Interstate Common Pools

(a) Rules of racing established for races held in this state shall also apply to interstate common pools unless the Commission shall have specifically otherwise determined.

(b) Any contract for interstate common pools shall contain a provision whereby if, for any reason, it becomes impossible to successfully accept wagers placed or merge corresponding pools into the interstate common pool formed by the association

(c) Any contract for interstate common pools shall contain a provision whereby if, for any reason, the Commission's or the association's representative determines that accepting wagers or attempting to effect transfer of pool data from the guest state may endanger the integrity of the pool or the timely processing of payouts for the association's wagering pool, the association shall have no liability for guest's wagers or corresponding pools not being accepted into the host pool.

C. International Common Pool Wagering

(Proposed Rules for this section yet to be developed)

PMRMR-004-044 Secondary Pari-mutuel Organizations (SPMOs)

A. SPMOs Licensed in this Jurisdiction

- (1) A Secondary Pari-mutuel Organization must be licensed by the Commission if the SPMO has facilities, equipment, systems, or personnel are located in this jurisdiction (applicable to jurisdictions where legal) for the purpose of accepting pari-mutuel wagers.
- (2) A Secondary Pari-mutuel Organization is responsible for compliance with all rules relating to associations licensed by the Commission as they apply to pari-mutuel wagering.
- (3) As a condition of licensing and annual license renewal the license application shall include:
 - (a) a list of personnel assigned to work in this jurisdiction
 - (b) disclosure of all officers, directors, partners, and share holders with a five percent of greater share of ownership or beneficial interest
 - (c) certification of compliance with totalisator standards and licensing requirements equivalent to those required for totalisator companies employed by associations licensed in this jurisdiction by the Commission,
 - (d) a **Type II SAS 70 report**, or other independent report in a form acceptable to the commission, completed within the preceding 12 months, to assure adequate financial controls are in place in the SPMO,
 - (e) an agreement to inspections and monitoring by the Commission all facilities used for accepting , recording, or processing pari-mutuel wagers accepted in this jurisdiction
 - (f) certify use of a pari-mutuel system meeting all requirements for pari-mutuel systems employed by licensed racing associations in this jurisdiction

B. SPMOs Licensed in Other Jurisdictions

An SPMO operating outside this jurisdiction must as a condition of Commission approval of a contract to permit pari-mutuel wagers to be accepted on races run by an association in this jurisdiction:

- (1) be licensed, authorized, or otherwise approved by another recognized pari-mutuel Commission or equivalent regulatory authority,

- (2) certify compliance with licensing requirements essentially equivalent to those required for licensing in this jurisdiction,
- (3) disclose all systems and facilities, including by not limited to advance deposit account wagering systems, whereby wagers are accepted by other than the issuing of pari-mutuel tickets at a public facility licensed by a pari-mutuel regulatory authority,
- (4) certify use of a pari-mutuel system meeting all requirements for pari-mutuel systems employed by licensed associations in this jurisdiction

PMRMR-004-049 Advance Deposit Account Wagering (ADW)

A. ADW Licensed in this Jurisdiction

An entity that operates an ADW and is not otherwise involved in pari-mutuel wagering may be licensed as both an SPMO and an ADW in a consolidated licensing procedure as prescribed by the Commission.

- (1) An association or SPMO licensed by the Commission may apply for a license to operate an advanced deposit account wagering system (ADW) (applicable to jurisdictions where legal) whereby wagers are debited and payouts are credited to an account held by the association or SPMO on behalf of a person who has applied for such account and been accepted pursuant to these rules.
- (2) A provider of advanced deposit account wagering facilities or systems for a ADW must be licensed by the Commission if account facilities, equipment or personnel are located in this jurisdiction pursuant to a contract with a licensed association or SPMO. (applicable to jurisdictions where legal)
- (3) The ADW license application shall include:
 - (a) a copy of the contract(s) to provide services to an association or SPMO licensed by the Commission
 - (b) a list of personnel assigned to work in this jurisdiction, and a list of all employees involved in accepting pari-mutuel wagers placed in this jurisdiction, and employees with access to facilities where such wagers are placed, or systems and records relating to account wagering are operated and secured, who are not located in this jurisdiction

- (c) list of all officers, directors, partners, and share holders with a five percent or greater share of ownership or beneficial interest
 - (d) full disclosure of all fees and other financial considerations relating to the contract with the association or SPMO
 - (e) certify to the host Commission prompt access to reports, logs, wagering transaction detail, and customer account detail, in printed form or standard electronic format approved by the commission
 - (f) provide a detailed description and certification of systems and procedures used to validate the identity, age, and jurisdiction of legal residence of account holders and to validate the legality of wagers accepted
 - (g) include certification of prompt Commission access to all records relating to customer identify, age, and residency in hard copy or standard electronic format acceptable to the commission,
 - (h) certify prompt Commission access to customer account detail in hard copy or an electronic format acceptable to the Commission for
 - (A) persons who place wagers on races conducted in this jurisdiction, customers are identified as legal residents of this jurisdiction, who place wagers on races ran in this jurisdiction and races available for wagering by persons in this jurisdiction,
 - (B) persons the Commission has reason to investigate based on possible placing of wagers for persons other than the account holder, wagers that may be related to the investigation of any race or wagering pattern, or relevant to any other investigation as may be determined by the Commission
 - (i) include certification of secure retention of all records related to wagering and customers accounts for a period of not less than three years or such longer period specified by the Commission,
 - (j) include, as an attachment, a certified copy of rules governing the acceptance and management of accounts, and a certified copy of any changes in such rules at least thirty days prior to the effective date
- (4) All persons employed by ADWs pursuant to (3) (b) above, not licensed by the Commission, shall hold a current pari-mutuel employee or vendor

employee license issued by the National License Compact. The ADW shall provide and maintain with the Commission a current list of such employees and including their current National License number.

- (5) Must utilize and communicate pari-mutuel wagers to a pari-mutuel system meeting all requirements for pari-mutuel systems employed by licensed racing associations in this jurisdiction
- (6) An ADW must operate and communicate with the totalisator system in such a way as not to provide or facilitate a wagering advantage based on access to information and processing of wagers by ADW account holders relative to persons who wager at race tracks or public off track wagering facilities. The ADW shall have in place an independent real time monitoring system and use approved by the Commission, and use other procedures as needed, to insure compliance with this requirement.
- (7) Advanced Deposit Account Wagering Rules
 - (a) Notification. The association shall notify the patron, at the time of opening the account, of any rules the association has made concerning deposits, withdrawals, average daily balance, user fees, interest payments and any other aspect of the operation of the account. The association shall notify the patron whenever the rules governing the account are changed, such notification occurring before the new rules are applied to the account and including the opportunity for the patron to close or cash-in the account. The patron shall be deemed to have accepted the rules of account operation upon opening or not closing the account. The association shall request authorization from the Commission before a system of account wagering is offered.
 - (b) Refusals. The association may reserve the right at any time to refuse to open an account, to accept a wager, or to accept a deposit.
 - (c) Patron Information. Each short-term or long-term account holder shall provide such personal information as the association and the Commission require, including an address to which communications are to be delivered. The association shall provide, for each short-term or long-term account holder, a confidential account number and password to be used by the patron to confirm validity of every account transaction.
 - (d) Deposits. Deposits may be made in cash or by check, whereby the proceeds of the check may first need banker's clearance. Holding

periods will be determined by the association and advised to the account holder. A receipt for the deposit must be issued to the account holder, but does not need to reflect the current account balance.

- (e) Sufficient Account Balance. Each account holder shall be deemed to be aware of the status of that account at all times. Wagers will not be accepted which would exceed the available balance of that account. Any account not updated when a transaction is completed shall be inoperable until the transaction is posted and the account balance updated.
- (f) Account Credits. When an account is entitled to a payout or refund, said monies will be credited to the respective accounts, thus increasing the credit balance. It is the responsibility of the account holder to verify proper credits and, if in doubt, notify the association within the agreed upon time-frame for consideration. Unresolved disputes may be forwarded to the Commission by the association or the account holder. No claim will be considered by the Commission unless submitted in writing and accompanied by supporting evidence.
- (g) Account Operation.
 - (A) The association must maintain complete records of every deposit, withdrawal, wager and winning payout for each short- and long-term account. Voucher accounts shall be recorded in a manner similar to a ticket. These records shall be made available to the Commission upon request.
 - (B) For wagers made for an account by telephone, the association shall make a voice recording of the entire transaction and shall not accept any such wager if the voice recording system is inoperable.
 - (C) Any account wagering system must provide for the account holder's review and finalization of a wager before it is accepted by the association. Neither the account holder nor the association shall change a wager after the account holder has reviewed and finalized the wager. In the case of a wager made by telephone, the voice recording of the transaction shall be deemed to be the actual wager, regardless of what was recorded by the pari-mutuel system.
- (h) Account Closure. The association may close any account when the holder thereof attempts to operate with an insufficient balance or when the account is dormant for a period approved by the Commission. In

either case, the association shall refund the remaining balance of the account.

B. ADWs in Other Jurisdictions

As a condition of approval of any simulcasting and/or common pool wagering contract between an association or SPMO in this jurisdiction, and an association or SPMO in another jurisdiction , any agreement subject to Commission approval, shall include

- (1) disclosure of all ADWs wagering on any races run in this jurisdiction, and all ADWs wagering on races run in other jurisdictions that would be available for wagering in this jurisdiction, pursuant to the contract
- (2) certification of ADW licensing , authorization, or approval by the recognized pari-mutuel authority in the other jurisdiction
- (3) certification of compliance with rules for operation of an ADW comparable to those stated in section (7) (A) above
- (4) full disclosure of all fees, market share revenue, and other financial considerations relating to the contract
- (5) certify to the host Commission prompt access to reports, logs, wagering transaction detail, and customer account detail, in printed form or standard electronic format approved by the commission
- (6) provide a detailed description and certification of systems and procedures used to validate the identity, age, and jurisdiction of legal residence of account holders and to validate the legality of wagers accepted
- (7) include certification of prompt Commission access to all records of relating to customer identify, age, and residency in hard copy or standard electronic format acceptable to the commission,
- (8) certify prompt Commission access to customer account detail in hard copy or an electronic format acceptable to the Commission for
 - (a) persons who place wagers on races conducted in this jurisdiction, customers are identified as legal residents of this jurisdiction, who place wagers on races ran in this jurisdiction and races available for wagering by persons in this jurisdiction,

- (b) persons the Commission has reason to investigate based on possible placing of wagers for persons other than the account holder, based on wagers placed that may be related to the investigation of any race or wagering pattern, or relevant to any other investigation as may be determined by the
- (9) include certification of secure retention of all records related to wagering and customers accounts for a period of not less than three years or such longer period specified by the Commission,
- (10) include, as an attachment, a certified copy of rules governing the acceptance and management of accounts, and provide a certified copy of any changes in such rules at least thirty days prior to the effective date