

PUBLIC PROTECTION CABINET
Kentucky Horse Racing Commission
(Amended at ARRS Committee)

809 KAR 10:001. *Definitions* ~~[General provisions]~~.

RELATES TO: KRS ~~138.552~~, Chapter 230, 31 C.F.R. 1010.100(ww)

STATUTORY AUTHORITY: KRS 230.260(16), 230.210

NECESSITY, FUNCTION, AND CONFORMITY: KRS 230.260(16) requires the commission to promulgate administrative regulations to establish standards for the conduct of sports wagering. This administrative regulation establishes definitions ~~for~~~~of various~~ terms used throughout the commission's sports wagering administrative regulations.

Section 1. Definitions.

(1) "Abnormal wagering activity" means wagering activity exhibited by one (1) or more patrons and considered by a licensee to be an indicator of suspicious or illegal wagering activity.

(2) "Account holder" means an individual for whom the licensee has opened a sports wagering account.

(3) "Act" means ~~KRS 138.552 and Chapter 230~~~~2023 Ky. Acts Ch. 147, of the Kentucky Revised Statutes, the Kentucky Sports Wagering Act of 2023~~.

(4) "Adjusted gross revenue" is defined by KRS 138.552(1)(a).

(5) "Affiliate" means a person that, owns, controls, manages, or is operationally interdependent with a licensee.

(6) "Amateur youth sporting event" is defined by KRS 230.210(3).

(7) "Applicant" means a person ~~who~~~~that~~ applies with the racing commission to be an authorized licensee.

(8) "Cancelled wager" means a sports wager that was valid at the time it was made but has since been invalidated in accordance with KAR TITLE 809~~in a manner acceptable by the commission~~ due to an event or action that prevents its completion.

(9) "Card" means the list of sporting events and types of wager from which a patron can make selections for a given pool.

(10) "Cash" means U.S. currency.

(11) "Cash equivalent" means an asset convertible to cash for use in connection with authorized sports wagering, including~~as follows~~:

(a) Traveler's checks;

(b) Foreign currency and coin;

(c) Certified checks, cashier's checks, and money orders;

(d) Personal checks and drafts;

(e) Digital, crypto, and virtual currencies;

(f) Online and mobile payment systems that support online money transfers; and

(g) Electronic devices with "prepaid access", as defined by 31 C.F.R. Section 1010.100(ww).

(12) "Confidential information" means:

(a) The amount of money credited to, debited from, withdrawn from, or present in any particular sports wagering account;

(b) The amount of money wagered by a particular patron on any event or series of events;

(c) The unique sports wagering account ID or username and authentication credentials that identify the particular account holder;

(d) The identities of particular sporting events or types of wagers on which the patron is wagering or has wagered; and

- (e) Unless otherwise authorized by the patron, the name, address, and other information in possession of the licensee that would identify the patron to anyone other than the racing commission or the licensee.
- (13) "Communications technology" means the methods used and the components employed to facilitate the transmission of information, such as electronic communications, and transmission and reception systems based on wire, cable, radio, microwave, light, optics, or computer data networks or any similar electronic agent, such as the internet and intranets.
- (14) "Critical employee" means any employee whose duties directly impact the integrity of sports wagering in the Commonwealth, including:
- (a) An individual who has the capability of affecting the outcome of sports wagering through deployment of code to production for any critical components of a sports wagering system;
 - (b) An individual who can deploy code to production and directly supervises individuals who have the capability of affecting the outcome of sports wagering in Kentucky through deployment of code to production for other than read-only or the equivalent access to any critical components of a sports wagering system;
 - (c) An individual who directly manages a licensee or who directly supervises an individual who directly manages a licensee; or
 - (d) An individual **in a decision-making or managerial role**, who has the capability to directly affect the outcome of a sports wager or a payout to a patron.
- (15) "Data source" means a supplier that sells league or event data, participant, or team statistics necessary to enable sports wagering.
- (16) "Department" means Department of Revenue.
- (17) "Electronic sports", "e-sports", "~~and~~ competitive video game events", ~~and for~~ "electronic sporting events" means leagues, competitive circuits, tournaments, or similar competitions ~~in which~~ individuals or teams play video games, typically for spectators, either in-person or online, for the purpose of prizes, money, or entertainment.
- (18) "Electronic sporting event operator" means a person or entity ~~that~~ sanctions, ~~manages~~ ~~regulates~~, or organizes an electronic sporting event.
- (19) "Geofence" is defined by KRS 230.210(7).
- (20) "GLI-CMP Guide" means the Gaming Laboratories International, GLI-CMP: Change Management Program Guide, Version 1.0, Published May 6, 2020.
- (21) "GLI-33 Standards" means the Gaming Laboratories International, GLI-33: Standards for Event Wagering Systems, Version. 1.1, and its appendices, Revised May 14, 2019.
- (22) "Integrity monitoring" means the monitoring of sports wagering to identify abnormal or suspicious wagering activities from a match-fixing and sporting corruption standpoint.
- (23) "Internal controls," "minimum internal control standards," or "control standards" means a system of internal procedures, as well as administrative and accounting controls related to the integrity of sports wagering. This type of system ~~includes~~ ~~shall include~~ wagering rules and ~~is~~ ~~shall be~~ required by the racing commission as a condition to sports wagering, pursuant to the license conditions issued by the racing commission pursuant to KRS 230.290(3).
- (24) "Layoff wager" means a wager placed by a licensee with another licensee for the purpose of offsetting sports wagers.
- (25) "Licensed premises" is defined ~~by~~ ~~in~~ KRS 230.210(16).
- (26) "Licensed facility for sports wagering" is defined ~~by~~ ~~in~~ KRS 230.210(15).
- (27) "Licensee" means the holder of a sports wagering operator's license, ~~or a~~ service provider license, **or an occupational license** as applicable.
- ~~{(28)} {"License holder" means any person who holds a sports wagering operator's license, a service provider license, or an occupational license.}~~

~~(28)~~ ~~(29)~~ "Mobile sports wagering" means the conduct of sports wagering through or by means of Web sites ~~or~~ mobile applications ~~, or other off-site technology approved by the commission~~.

~~(29)~~ ~~(30)~~ "Multi-factor authentication" means a type of authentication ~~that~~~~which~~ uses two (2) or more of the following to verify a person's identity:

- (a) Information known only to the person (~~for example~~~~e.g.~~, a password, pattern, or answers to challenge questions);
- (b) An item possessed by a person (~~for example~~~~e.g.~~, an electronic token, physical token, or an identification card); or
- (c) A person's biometric data (~~for example~~~~e.g.~~, fingerprints, facial recognition, or voice recognition).

~~(30)~~ ~~(31)~~ "Operator licensee" or "sports wagering operator" or means a Kentucky racing association licensed to conduct sports wagering pursuant to KRS 230.805.

~~(31)~~ ~~(32)~~ "Person" is defined by KRS 230.210~~(19)~~.

~~(32)~~ ~~(33)~~ "Personal identifying information" means any sensitive information that could potentially be used to identify a particular patron, such as a legal name, date of birth, place of birth, social security number (or equivalent government identification number), driver's license number, passport number, residential address, phone number, email address, debit instrument number, credit card number, or bank account number.

~~(33)~~ ~~(34)~~ "Patron" means a person who wagers on sporting events.

~~(34)~~ ~~(35)~~ "Pool" means an offering ~~in which~~~~where~~ patrons ~~can~~~~may~~ make selections of outcomes on a set number of sporting events and types of ~~wagers~~~~wager~~ on a card in order to enter for a chance to win all or a portion of the prize pool.

~~(35)~~ ~~(36)~~ "Prize pool" means the prizing available for an individual tournament, contest, or pool.

~~(36)~~ ~~(37)~~ "Prohibited patron" means:

- (a) Any "underage person", as defined by subsection (63) of this section;
- (b) Any individual wagering while not in the authorized geographic boundaries within the Commonwealth of Kentucky;
- (c) Any individual wagering on behalf of another;
- (d) Any restricted patron wagering in violation of their restrictions;
- (e) Any voluntarily or involuntarily excluded person; or
- (f) Any individual wagering in violation of Commonwealth, local, or federal law.

~~(37)~~ ~~(38)~~ "Race and sports book" means the area designated by the licensee ~~and approved by the commission~~ that is utilized as the primary location for displaying sporting events and offering sports wagering on the licensed premises.

~~(38)~~ ~~(39)~~ "Racing commission" is defined by KRS 230.210~~(22)~~.

~~(39)~~ ~~(40)~~ "Rake" means the fee that is deducted by a licensee from entry fees paid by patrons who participate in a tournament, contest, or pool.

~~(40)~~ ~~(41)~~ "Rake adjustment" means an adjustment made by a licensee to account for any shortfall in connection with a tournament, contest, or pool.

~~(41)~~ ~~(42)~~ "Restricted patron" means any patron restricted by KRS 230.820 or 230.823 ~~and close family members of the persons included in KRS 230.823, who are defined as parents, children, grandparents, and siblings~~.

~~(42)~~ ~~(43)~~ "Self-exclusion list" means a list of individuals who voluntarily excluded themselves from establishing or maintaining a sports wagering account with a licensee.

~~(43)~~ ~~(44)~~ "Sensitive information" means personal identifying information, transactional wagering data, authentication credentials, and other data ~~to~~~~that~~ ~~shall~~ be handled in a secure manner such as PINs and passwords ~~and~~ and secure seeds and keys used in encryption.

~~(44)~~ ~~(45)~~ "Service provider" is defined by KRS 230.210.

~~(45)~~ ~~(46)~~ "Shared liquidity pool" means a tournament, contest, or pool offering in Kentucky and at least one ~~(1)~~ other jurisdiction where patrons ~~can~~~~may~~ make selections of outcomes on a set number of sporting events and types of wager on a card in order to enter for a chance to win all or a portion of the prize pool.

~~(46)~~ ~~(47)~~ "Sporting event" is defined by KRS 230.210~~(26)~~.

~~(47)~~ ~~(48)~~ "Sports governing body" is defined by KRS 230.210~~(27)~~.

~~(48)~~ ~~(49)~~ "Sports wagering" is defined by KRS 230.210~~(28)~~.

~~(49)~~ ~~(50)~~ "Sports wagering account" or "account" means an account established by an account holder for use in sports wagering with a specific identifiable record of deposits, wagers, and withdrawals.

~~(50)~~ ~~(51)~~ "Sports wagering device" is defined by KRS 230.210~~(29)~~.

~~(51)~~ ~~(52)~~ "Sports wagering kiosk" means a sports wagering device within a licensed facility for sports wagering that, at a minimum, ~~can~~~~may~~ be used for the submission of wagers placed by a patron directly and ~~can~~~~may~~ be used for redemption of applicable awards or prizes.

~~(52)~~ ~~(53)~~ "Sports wagering service provider" or "service provider" is defined by KRS 230.210~~(30)~~.

~~(53)~~ ~~(54)~~ "Sports wagering system" means the hardware, software, firmware, communications technology, ~~and~~ other equipment, as well as procedures implemented in order to allow patron participation in sports wagering, and, if supported, the corresponding equipment related to the display of the wager outcomes, and other similar information necessary to facilitate patron participation.

~~(54)~~ ~~(55)~~ "Sports wagering ticket" or "ticket" means a printed record, or digital representation thereof, issued by a sports wagering system that contains information pertaining to a sports wager.

~~(55)~~ ~~(56)~~ "Sports wagering voucher" or "voucher" means a printed record, or digital representation thereof, issued by a sports wagering system that ~~can~~~~may~~ be used to fund a sports wager or ~~can~~~~may~~ be redeemable for cash.

~~(56)~~ ~~(57)~~ "Sufficient clarity" means the capacity of a surveillance system to record images:

(a) At a minimum of twenty (20) frames per second or equivalent recording speed, or other recording speed approved by the commission to clearly identify the intended activity, person, object, or location;~~;~~ and

(b) At a resolution determined by the racing commission to clearly identify the intended activity, person, object, or location.

~~(57)~~ ~~(58)~~ "Surveillance operation ~~room~~~~room(s)~~" means the secured ~~area~~~~area(s)~~ where surveillance takes place or where active surveillance equipment is located.

~~(58)~~ ~~(59)~~ "Surveillance system" means a system of video cameras, monitors, recorders, video printers, switches, selectors, and other equipment used for surveillance.

~~(59)~~ ~~(60)~~ "Suspicious or illegal wagering activity" means abnormal wagering activity that cannot be explained and is indicative of any prohibited activity or conduct that ~~could~~~~may~~ corrupt the outcome of an event, including ~~the following~~:

(a) Match-fixing;

(b) The manipulation of an event;

(c) Misuse of inside information;

(d) A potential breach of a sports governing body's or equivalent's internal rules or code of conduct pertaining to sports wagering; or

(e) Any other conduct that corrupts the outcome of an event.

~~(60)~~ ~~(61)~~ "Supplier" means a person who provides services, goods, software, or other components necessary for the creation of sports wagering markets and determination of sports wager outcomes, to any licensee involved in the acceptance of sports wagers, such

as: providers of data feeds and odds services, internet platform providers, risk management providers, and integrity monitoring providers.

~~(61)~~ ~~((62))~~ "Ticket writer station" means a sports wagering device that at a minimum will be used by a ticket writer for the execution or formalization of wagers placed on behalf of a patron.

~~(62)~~ ~~((63))~~ "Type of wager" means the form of a wager offered by a licensee, such as single game bets, teaser bets, parlays, over-under bets, money line bets, pools, in-game wagering, in-play bets, proposition bets, and straight bets.

~~(63)~~ ~~((64))~~ "Underage person" means any person under eighteen (18) years of age.

~~(64)~~ ~~((65))~~ "Void wager" or "voided wager" means a sports wager that was not valid at the time it was placed or a sports wager that was valid at the time it was placed but has since become invalid as established/defined in 809 KAR 10:002, Section 8.

~~(65)~~ ~~((66))~~ "Voluntarily excluded person" means any individual whose name is included, at their own request, on a self-exclusion list.

~~(66)~~ ~~((67))~~ "Wager" or "sports wager" means a sum of money or representation of value that is risked on a sporting event/an occurrence for which the outcome is uncertain.

~~(67)~~ ~~((68))~~ "Wagering window/windows" means ateller window/windows dedicated to the receipt and processing of sports wagers and pari-mutuel wagers on horse racing in the race and sports book location of a licensed facility for sports wagering.

~~(68)~~ ~~((69))~~ "Web site or mobile application" means a Web site or application on a mobile phone or other device through which an individual is able to place a sports wager.

~~(69)~~ ~~((70))~~ "Winnings" means the total cash value of all property or sums, such as the currency or instruments of monetary value paid to a patron by a licensee as a direct result of a winning sports wager.

Section 2. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) "Gaming Laboratories International, GLI-33: Standards for Event Wagering Systems, Version 1.1, and its appendices, May 14, 2019 Revision Date", KHRC 10-001-1, 06/2023; and

(b) "Gaming Laboratories International, GLI-CMP: Change Management Program Guide, Version 1.0, Published May 6, 2020", KHRC 10-001-02, 06/2023.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Horse Racing Commission, 4063 Iron Works Parkway, Building B, Lexington, Kentucky 40511, Monday through Friday, 8 a.m. to 4:30 p.m.

~~((3))~~ This material may also be obtained at the commission's Web site at <http://khrc.ky.gov>.

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