RA 26-210

RACING AND GAMING COMMISSION[491]

Regulatory Analysis

Notice of Intended Action to be published: 491—Chapter 13
"Sports Wagering"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 99F.1, 99F.4, 99F.4B, 99F.7A, and 99F.9

State or federal law(s) implemented by the rulemaking: Iowa Code chapter 99F

Public Hearing

Public hearings at which persons may present their views orally or in writing will be held as follows:

August 25, 2026 9 a.m.	6200 Park Avenue, Suite 100 Des Moines, Iowa
August 25, 2026 2 p.m.	6200 Park Avenue, Suite 100 Des Moines, Iowa

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis, which must be received by the Iowa Racing and Gaming Commission (Commission) no later than 4:30 p.m. on the date of the public hearings. Comments should be directed to:

Barb Blake
Iowa Racing and Gaming Commission
6200 Park Avenue, Suite 100
Des Moines, Iowa 50321
Email: barb.blake@iowa.gov

Purpose and Summary

In accordance with Executive Order 10, the Commission is reviewing all of its rules prior to the agency review date of December 31, 2026.

Chapter 13 of the Commission's rules establishes guidelines and licensing requirements for sports wagering and mobile sports wagering. This proposed rulemaking consolidates, reduces, or eliminates some rule language in accordance with Executive Order 10. In addition, this proposed rulemaking includes some new or expanded provisions related to allowable wagers, the addition of individual taxpayer identification numbers as a substitute for Social Security numbers under appropriate circumstances, account funding and withdrawal, and procedures for market exits when a licensee ends the licensee's Iowa operations.

All references to the rule subparts of 491—Chapter 5 are to those as published herein as **RA 26-206**, IAB 8/5/26.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

The costs of compliance will be borne by licensees or prospective licensees. These classes of persons are already bearing the costs of compliance with this chapter.

- **Classes of persons that will benefit from the proposed rulemaking:**

Existing operators will benefit from the addition of proposed subrule 13.5(8), addressing market exits, because the proposed subrule provides a clear roadmap for licensees who may elect to end their Iowa operations.

In addition, bettors may benefit from some of the proposed rules, particularly those relating to account funding and withdrawals. For example, proposed paragraph 13.5(4)"h" provides that a sports wagering operator must not charge any fees to a player for the registration, operation, or maintenance of wagering accounts, including processing deposits or withdrawals and any investigations the operator may conduct.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

If any operators are currently assessing fees or costs based on investigations into account activity, proposed paragraph 13.5(4)"h" would eliminate their ability to continue doing so with respect to Iowa accounts.

- **Qualitative description of impact:**

The addition of individual taxpayer identification numbers as an allowable substitute for Social Security numbers will have a positive qualitative impact because it matches a practice several other states with authorized sports wagering are already following.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

This proposed rulemaking is not anticipated to increase implementation and enforcement costs for the Commission.

- **Anticipated effect on State revenues:**

This proposed rulemaking is not anticipated to affect State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

This proposed rulemaking is required under Executive Order 10.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

Not applicable.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

Not applicable.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.

- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This proposed rulemaking is not anticipated to have a substantial impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 491—Chapter 13 and adopt the following **new** chapter in lieu thereof:

CHAPTER 13
SPORTS WAGERING

491—13.1(99F) Definitions. As used in these rules, unless the context otherwise requires, the following definitions apply:

"Administrator" means the administrator of the racing and gaming commission or the administrator's designee.

"Designated sports wagering area" means an area, as designated by a licensee and approved by the commission, in which sports wagering is conducted.

"Facility" means an entity licensed by the commission to conduct pari-mutuel wagering, gaming or sports wagering operations in Iowa.

491—13.2(99F) Conduct of all sports wagering.

13.2(1) *Commission policy.* It is the policy of the commission to require that all industry participants conduct sports wagering in a manner suitable to protect the public health, safety, morals, good order, and general welfare of the state. Responsibility for selecting, implementing, and maintaining suitable methods of operation rests with the facility, vendor, and advance deposit sports wagering operator. Willful or persistent use or toleration of methods of operation deemed unsuitable in the sole discretion of the commission constitute grounds for disciplinary action, up to and including revocation.

13.2(2) *Activities prohibited.* A facility, vendor, or advance deposit sports wagering operator is expressly prohibited from the following activities:

a. Failing to conduct advertising and public relations activities in accordance with decency, dignity, good taste, and honesty.

b. Failing to comply with or make provision for compliance with all federal, state, and local laws and rules pertaining to the operation of a facility or advance deposit sports wagering operation, including but not limited to payment of license fees, withholding payroll taxes, and violations of alcoholic beverage laws or regulations.

c. Permitting cheating, failing to discover cheating that should have been discovered with reasonable inquiry, or failing to take action to prevent cheating.

d. Failing to conduct sports wagering operations in accordance with proper standards of custom, decorum, and decency; or permitting any type of conduct that reflects negatively on the state or commission or acts as a detriment to the sports wagering industry.

e. Performing any type of sports wagering activity, at any time, that is contrary to the representation made to the commission, commission representatives, or the public.

f. Denying a commissioner or commission representative, upon proper and lawful demand, information, documents, or access to inspect any portion of the sports wagering operation.

13.2(3) *Wagers.* Wagers may only be made by persons 21 years of age or older and on activities authorized pursuant to Iowa Code chapter 99F that are approved by the commission. A licensee cannot offer, accept, or settle wagers exceeding league-specific or event-specific wagering limits the commission may designate.

13.2(4) *Public notice.*

a. The public must have access to the sports wagering rules, available wagers, odds or payouts, the payout period, and the source of the information used to determine the outcome of a sports wager. All licensees and advance deposit sports wagering operators must require participants to follow the rules of play. The sports wagering rules must be:

(1) Displayed in the licensee's sports wagering area.

(2) Posted on the internet site or mobile application used to conduct advance deposit sports wagering.

(3) Included in any terms and conditions disclosure statements of the advance deposit sports wagering system.

b. During account registration and each time the user logs in, advance deposit sports wagering operators must display the following information on any interface that accepts wagers:

(1) Account sharing is prohibited.

(2) Persons under the age of 21 are prohibited from wagering.

(3) Any other disclosures required by the administrator.

13.2(5) *Bond.* A licensee must post a bond or irrevocable letter of credit, at an amount determined by the commission, to the state of Iowa to guarantee that the licensee and any vendor or advance deposit sports wagering operator licensed in conjunction with the licensee faithfully makes the payments, keeps its books and records and makes reports, and conducts its gambling games and sports wagering in conformity with Iowa Code chapter 99F and the rules adopted by the commission.

13.2(6) *Reserve.* A reserve in the form of cash or cash equivalents segregated from operational funds, an irrevocable letter of credit, payment processor reserves and receivables, a bond, or a combination thereof must be maintained in the amount necessary to cover the outstanding vendor sports wagering liability and advance deposit sports wagering liability. An accounting of this reserve must be available for inspection by the commission upon request.

a. The method of reserve must be submitted to and approved by the administrator prior to implementation.

b. Reserve calculation includes patron accounts, future wagers liability, unpaid wagers, and pending withdrawals.

c. If, at any time, the licensee's total reserve is less than the amount required by the reserve calculation, the licensee must notify the commission of this deficiency within 72 hours.

d. On a form provided by the commission, the controller or an employee of higher authority must file a monthly attestation to the commission that the reserve funds have been maintained pursuant to this subrule. The attestation is due to the commission no later than 15 days after the end of each month.

13.2(7) *Internal controls.* Licensees and advance deposit sports wagering operators must submit a description of internal controls to the administrator at least 30 days before sports wagering operations are to commence unless otherwise approved by the administrator. All internal controls must be approved by the administrator prior to commencement of sports operations. After approval, the operator must submit to the administrator any changes to the internal controls at least 15 days before the changes are to become effective unless otherwise directed by the administrator. It is each licensee's and advance deposit sports wagering operator's affirmative responsibility and continuing duty to follow and comply with, and ensure their employees follow and comply with, all internal controls. Internal control submissions must include controls and reasonable methods that indicate how the licensee will:

a. Prohibit wagering by the categories of persons set forth in Iowa Code section 99F.7A(4).

b. Identify and suspend accounts opened by or on behalf of persons under the age of 21.

c. Promptly report to the commission, in a format approved by the administrator, when required by Iowa Code section 99F.12(2)*"b."* Integrity-monitoring procedures must also provide for the sharing of information with other licensees, other governing authorities, and accredited sports governing entities by participating in an integrity-monitoring association or group or by another method approved by the administrator.

d. Provide written notification to the commission for any incident where there is a violation involving criminal activity, Iowa Code chapter 99F, a commission rule or order, or an internal control within 72 hours of detection. The licensee or advance deposit sports wagering operator must provide a written report detailing the violation as required by and in a format approved by the administrator.

e. Segregate incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of the employee's duties.

f. Maintain and enforce user access controls for all sensitive and secure, physical and virtual, areas and systems within a sports wagering operation.

g. Recognize and work to reduce or treat problem gambling by:

(1) Identifying problem gamblers.

(2) Complying with the process established by the commission pursuant to Iowa Code section 99F.4(22) and 491—subrule 5.6(11).

(3) Cooperating with the Iowa gambling treatment program in creating and establishing controls.

(4) Including information on the availability of the gambling treatment program in a substantial number of the licensee's advertisements and printed materials.

h. Setoff winnings of customers who have a valid lien established under Iowa Code chapter 99F.

13.2(8) *Revenue reporting.* Reports generated from the sports wagering system must be made available as determined by the commission. The reporting system should be capable of issuing reports by wagering day, wagering month, and wagering year. Wagering data cannot be purged unless approved by the commission. The reporting system should provide for a mechanism to export the data for the purposes of data analysis and auditing or verification. The reporting system must be able to provide, at a minimum, the following sports wagering information:

a. The date and time each event started and ended.

b. Total amount of wagers collected.

c. Total amount of winnings paid to players.

d. Total amount of wagers canceled, voided, and expired.

e. Commission or fees collected.

f. Total value of promotional play or free play used to purchase or execute a sports wager.

g. Event status.

h. Total amount held by the operator for the player accounts.

i. Total amount of wagers placed on future events.

j. Total amount of winnings owed but unpaid by the operator on winning wagers.

k. The date, time, stake amount, win amount and individual associated with each event where winnings are required to be reported on Internal Revenue Service form W-2G, as recorded by the reporting system.

13.2(9) *Unclaimed winnings and abandoned accounts.* Unclaimed winnings and abandoned accounts are subject to the following requirements:

a. Abandoned player accounts under this rule are subject to Iowa Code chapter 556.

b. Player accounts are considered abandoned if no activity by the account holder has occurred for three years. Player activity includes making a wager, making an account deposit, or withdrawing funds.

c. A licensee or advance deposit sports wagering operator cannot charge an administration fee or maintenance fee for any inactive player account derived from state of Iowa residents at any time for any reason.

13.2(10) *Annual audit.* If a vendor is conducting sports wagering for a casino licensee, an audit of the sports wagering operations for the vendor or parent company of the vendor must be conducted by certified public accountants authorized to practice in the state of Iowa, be provided to the commission within 90 days after the vendor's fiscal year ends, and meet the following conditions:

a. Inclusion of an internal control letter, audited balance sheet, and audited profit-and-loss statement including a breakdown of expenditures and subsidiaries of sports wagering activities.

b. Inclusion of a supplemental schedule indicating financial activities on a calendar-year basis if the vendor's fiscal year does not correspond to the calendar year.

c. Inclusion of a supplement schedule for all Iowa locations in which the vendor operates.

d. Report of any material errors, irregularities that may be discovered during the audit, or notice of any audit adjustments.

e. Availability, upon request, of an engagement letter for the audit between the vendor or parent company of the vendor and the auditing firm.

13.2(11) *Revenue reports.* Licensees and advance deposit sports wagering operators must provide additional reports, as determined necessary by the administrator, that detail the revenue submission required by 491—paragraph 5.6(9)*"c."* Reports should be provided in a format approved by the administrator. The administrator will provide written notice to any licensee if additional reports are necessary. In addition, the administrator will provide adequate time to any licensee if a report needs to be created to satisfy this subrule.

13.2(12) *Ticket payouts.* A method must be available for players to collect at any time during the facility's hours of operation winnings from wagers made in person at a facility. Winnings required to be reported on Internal Revenue Service Form W-2G are exempt from this subrule.

13.2(13) *Records.* Licensees must provide all information requested by the commission within seven days or less as ordered or requested by the commission. The licensees must ensure all books and records and the retention of all books and records comply with 491—subrule 5.6(13). All records pertaining to wagers must be available to allow for player complaint resolution. All records pertaining to the accounts of persons who registered or have account activity in Iowa must be available to allow for audits and investigations.

491—13.3(99F) Approval of sports wagers.

13.3(1) *Approval.* Prior to offering a sports wager, a facility or advance deposit sports wagering operator must request that the administrator investigate and approve the sports wager for compliance with commission rules and any other standards as required by the commission. The administrator may require the facility or advance deposit sports wagering operator, at the facility's or advance deposit sports wagering operator's own expense, to provide additional information as necessary to make a determination. Prior to approval, the administrator may require a trial period of any sports wager offering. Once a sports wager is approved by the administrator, unless it is subsequently disapproved for any reason deemed appropriate by the administrator, the sports wager is available for all operators under the conditions approved and subject to subrule 13.3(2). The commission may maintain and periodically update an approved wager listing.

13.3(2) *Sports wager submissions.* Prior to conducting a sports wager approved pursuant to subrule 13.3(1), a licensee or advance deposit sports wagering operator must submit proposals for the wager, including but not limited to wagering rules, payout information, source of the information used to determine the outcome of the sports wager, and any restrictive features of the wager. The sports wager submission, or requests for modification to an approved wager, must be submitted in writing and approved by the administrator prior to implementation.

13.3(3) *Sports promotional contests, tournaments, or promotional activities.* Sports promotional contests, tournaments, or promotional activities may be permitted by the licensee, vendor, or advance deposit sports wagering operator providing the following:

a. Rules are available to participants for review prior to registering. Rules must include, at a minimum: all conditions registered players must meet to qualify to enter or advance through the event, available prizes or awards, fees, and distribution of prizes or awards based on specific outcomes.

b. Rules are followed. Changes to rules cannot be made after participants have registered.

c. Results are made available for the registered players to review at the same location at which or in the same manner in which players registered. Results include, at a minimum: name of the event, date of the event, total number of entries, amount of entry fees, total prize pool, and amount paid for each winning category.

d. Fees collected, less cash prizes paid, are subject to the wagering taxes pursuant to Iowa Code section 99F.11(4). In determining sports wagering net receipts, to the extent that cash prizes paid out exceed fees collected, the licensee or advance deposit sports wagering operator will be deemed to have paid the fees for the participants.

e. Rules include terms and conditions. All emails or digital advertisements promoting contests, tournaments, and promotional activities must include a link or other easily obtainable source that includes rules or terms and conditions.

f. There is compliance with all other federal, state, and local laws and rules outside of the commission's jurisdiction.

491—13.4(99F) Designated sports wagering area. A floor plan identifying the designated sports wagering area, including the location of any device used to assist in the placement, resolution or collection of any sports wager, must be filed with the administrator for review and approval. Modification to a previously approved plan must be submitted for approval at least ten days prior to implementation. Designated wagering areas must contain conspicuous signage that denotes that an individual must be at least 21 years of age to wager on sports. Exceptions to this rule must be approved in writing by the administrator. The sports wagering area is subject to compliance with 491—subrule 5.6(7).

491—13.5(99F) Advance deposit sports wagering.

13.5(1) *Authorization to conduct advance deposit sports wagering.* A licensee or advance deposit sports wagering operator must receive specific authorization from the commission to conduct advance deposit sports wagering prior to conducting advance deposit sports wagering. The granting of an advance deposit sports wagering license or approval of any agreements between a licensee and an advance deposit sports wagering operator to conduct advance deposit sports wagering does not constitute authorization. Any entity authorized to conduct advance deposit sports wagering is expected to comply with all requirements of this chapter, except for rule 491—13.4(99F), and all other applicable federal, state, local, and commission requirements.

13.5(2) *Account registration.* A person must have an established account in order to place advance deposit sports wagers. The process for establishing an account is subject to the administrator's approval. An account may be established through on-site registration under procedures approved by the administrator or through remote registration. To establish an account, an application for an account must be signed or otherwise authorized in a manner approved by the administrator and include the applicant's full legal name, principal residential address, date of birth, last four digits of the social security number or individual taxpayer identification number, and any other information required by the administrator. The account registration process must also include:

a. Age verification to prevent persons under the legal age for sports wagering from establishing an account.

b. An applicant verification process that includes an exact match of the following:

(1) Date of birth, including month, date and year of birth.

(2) The last four digits of the social security number or individual taxpayer identification number.

(3) Last name.

c. An applicant verification process that permits a flexible match by allowing the following:

(1) First name may include nicknames and abbreviations.

(2) Address may include abbreviations.

d. Authentication of identification by:

(1) Answering knowledge-based questions based on the applicant's public or private data; or

(2) Verifying that device ID and phone number match the applicant's publicly known data; or

(3) Comparing of valid government-issued ID to applicant's picture taken at time of account registration; or

(4) Another method as approved by the administrator.

e. Verification that the player applicant is not on the statewide self-exclusion list set forth in Iowa Code section 99F.4(22) prior to establishing an account.

f. Availability and acceptance of a set of terms and conditions that is also readily accessible to the player before and after registration and noticed when updated. Notices must include, at a minimum, the following:

(1) Explanation of rules in which any unrecoverable malfunctions of hardware/software are addressed, including but not limited to if the unrecoverable malfunction, wagering event cancellation, or other catastrophic malfunction results in the voiding of any wagers.

(2) Procedures to deal with interruptions caused by the suspension of data flow from the network server during an event.

(3) Specifications advising players to keep their account credentials secure.

(4) Statement that no underage individuals are permitted to participate in wagering.

(5) Explanation of conditions under which an account is declared inactive and actions undertaken on the account once this declaration is made.

g. Availability and acceptance of a privacy policy that is also readily accessible to the player before and after registration and noticed when updated and that includes, at a minimum, the following:

(1) Statement of information that is collected, the purpose for information collection, and the conditions under which information may be disclosed.

(2) Statement that any information obtained in respect to player registration or account establishment must be done in compliance with the privacy policy.

(3) Requirement that any information about player accounts that is not subject to disclosure pursuant to the privacy policy must be kept confidential, except where the release of that information is required by law.

(4) Requirement that all player information must be securely removed from all storage media and devices, including hard disks, solid state memory, and virtual storage before the device or storage media is removed from use or properly disposed of by the licensee. If erasure is not possible, a storage device must be destroyed.

h. If an advance deposit sports wagering operator has an agreement with more than one licensee, the advance deposit sports wagering operator must submit an agreement to the administrator that indicates the manner in which customer net receipts will be assigned with its licensee partners. The agreement must include all partnering licensees and their respective qualified sponsoring organizations, and the net receipts allocated using one of the following methods:

(1) Make available an option for new remotely registered customers to select the licensee at which net receipts are assigned.

(2) Allocate new remotely registered customer net receipts to the licensee that is located nearest to the customer's principal residential address.

(3) Distribute all customer receipts evenly between all licensees for which an agreement exists.

(4) An alternative allocation agreement that complies with local, state and federal law. The agreement must be made available for public inspection.

13.5(3) *Operation of an account.* The advance deposit sports wagering operator or a licensee must submit controls, approved by the commission, that include the following for operating an account:

a. Specific procedures and technology partners to fulfill the requirements set forth in subrule 13.5(2).

b. Location detection procedures to reasonably detect and dynamically monitor the location of a player attempting to place any wager or perform other account activities as identified by the advance deposit sports wagering operator or licensee, related to an Iowa authorized account. Account activity-based location detection controls must be informed by industry best practices and any commission guidelines for the detection of fraud or other unauthorized or illegal activity. The advance deposit sports wagering operator or licensee must utilize and monitor geolocation activity to detect potential fraudulent and suspicious activity, which must be reported in accordance with paragraph 13.2(7)*"d."*

A player outside the permitted boundary attempting to make a wager must be rejected and the player notified. The confidence radius must be entirely located within the permitted boundary.

c. Specific controls set forth in subrule 13.2(7).

d. Limitation of one active account, per individually branded website, at a time unless otherwise authorized by the commission.

e. Authentication for login using a multifactor authentication process or other secure alternative means as authorized by the commission. After successful login, multifactor authentication will need to be performed at least every 14 days for each unique device. Processes for retrieving lost usernames and passwords must be available, secure, and clearly disclosed to the player. Players must be allowed to change their passwords.

f. Immediate notification to the player when changes are made to any account used for financial transactions or to registration information or when financial transactions are made unless other notification preferences are established by the player.

g. Process to immediately notify a player following an unusual login attempt. In the event that the unusual login attempt constitutes suspicious activity or if other suspicious activity is detected, an account must be locked and the player notified of the lock. A multifactor authentication process must be employed for the account to be unlocked.

h. Process for players to easily impose limitations or notifications for wagering parameters, including but not limited to deposits and wagers. Self-imposed limitations must be applied automatically, take effect immediately, and be implemented as indicated by the player. No changes can be made reducing the severity of the self-imposed limitations for at least 24 hours.

i. Process for players to easily self-exclude from wagering for a specified period of time and indefinitely. Self-exclusions must be applied automatically, take effect immediately, and be implemented as indicated by the player. No changes can be made to reduce the severity of the self-exclusion limitations for at least 24 hours. In the event of indefinite self-exclusion, the advance deposit sports wagering operator or licensee must ensure that the player is paid in full for the player's account balance within a reasonable time provided that the advance deposit sports wagering operator or licensee acknowledges that the funds have cleared. Players must be easily and obviously directed via a link to exclude themselves pursuant to Iowa Code section 99F.4(22). This control does not supersede the requirements set forth in Iowa Code section 99F.4(22).

j. Process to review and deactivate accounts of newly enrolled participants of the statewide self-exclusion program set forth in Iowa Code section 99F.4(22). The operator must ensure that players are paid in full for their account balance within a reasonable time provided that the operator acknowledges that the funds have cleared.

k. Provide for an easy and obvious method for a player to make a complaint and to enable the player to notify the commission if such complaint has not been or cannot be addressed by the advance deposit sports wagering operator or licensee.

l. Procedures allowing for a player to close an account and to access the player's account history.

13.5(4) *Account funds.* The following requirements apply to the maintenance of funds associated with a player account:

a. Positive player identification, including any personal identification number (PIN) entry or other approved secure methods, must be completed before the withdrawal of any moneys held by the advance deposit sports wagering operator or licensee can be made.

b. Payments from an account are to be paid directly to an account with a financial institution in the name of the player or made payable to the player and forwarded to the player's address or through another method that is not prohibited by state or federal law.

c. A licensee must not have access to funds in a player's account, except to debit the account for a wager made by the player, to remit funds to the player at the player's request, or as otherwise authorized by the commission.

d. An advance deposit sports wagering operator or licensee must have in place security or authorization procedures to ensure that only authorized adjustments can be made to player accounts and that changes are auditable.

e. It must not be possible to transfer funds between two player accounts.

f. An advance deposit sports wagering operator or licensee must provide a transaction log or account statement history at no cost to players upon request. Information provided must include sufficient information to allow players to reconcile the statement or log against their own financial records.

g. Players must be allowed to request the withdrawal of funds. An advance deposit sports wagering operator must complete a player request within five business days. A request for withdrawal is considered complete if it is processed by the advance deposit sports wagering operator notwithstanding a delay by a payment processor, card issuer, or the custodian of a financial account. The advance deposit sports wagering operator or licensee may decline the request to withdraw funds only if they believe in good faith that the patron engaged in either fraudulent conduct or other unlawful conduct that would put the advance deposit sports wagering operator in violation of the law or applicable administrative rules. In such cases, the advance deposit sports wagering operator must:

(1) Notify the patron of the investigation of the patron's sports wagering account.

(2) Report the investigation of potentially fraudulent or unlawful activity to the commission in accordance with paragraph 13.2(7)*"d."*

h. An advance deposit sports wagering operator or licensee must not charge any fees for the registration, operation, or maintenance of wagering accounts, including but not limited to processing deposits or withdrawals, or investigations into account activity.

i. If the method of reserve utilized to comply with subrule 13.2(6) is not in the form of cash or cash equivalents segregated from operational funds, an advance deposit sports wagering operator or licensee must segregate player account funds from operational funds.

13.5(5) *Annual audit.* An audit of the advance deposit sports wagering operations for the advance deposit sports wagering operator or licensee or parent company of the advance deposit sports wagering operator or licensee must be conducted by certified public accountants authorized to practice in the state of Iowa, be provided to the commission within 90 days after the licensee's fiscal year ends, and meet the following conditions:

a. Inclusion of an internal control letter, audited balance sheet, and audited profit-and-loss statement, including a breakdown of expenditures and subsidiaries of advance deposit sports wagering activities.

b. Inclusion of a supplemental schedule indicating financial activities on a calendar-year basis if the advance deposit sports wagering operator's or licensee's fiscal year does not correspond to the calendar year.

c. Report of any material errors, irregularities that may be discovered during the audit, or notice of any audit adjustments.

d. Availability, upon request, of an engagement letter for the audit between the advance deposit sports wagering operator or licensee or parent company of the advance deposit sports wagering operator or licensee and the auditing firm.

e. Inclusion of a supplemental schedule for Iowa operations that includes a breakdown of advance deposit sports wagering activities by each Iowa casino in which there is an agreement. The supplemental schedule provided to satisfy this requirement may be unaudited; however, the top financial officer of the company must provide a statement attesting to the accuracy of the information provided to the commission.

13.5(6) *Wagers.* An advance deposit sports wagering operator must display a player's wagers in a readily accessible manner.

13.5(7) *Expiration or termination of an Iowa Code section 99F.7A operating agreement.* In the event an advance deposit sports wagering operating agreement between a licensee under Iowa Code section 99F.7A and another entity expires, terminates, or is no longer valid, notice of termination must

be given to the commission and all customers affiliated with the licensee. A customer must be given an opportunity to close an account. If the advance deposit sports wagering operator has an operating agreement with other licensees in the state of Iowa, the customer must have the option to select another partner licensee to which their net receipts will be assigned, or the customer's net receipts may be assigned to any remaining partner licensees in accordance with an agreement submitted to the administrator pursuant to paragraph 13.5(2)*"h."*

13.5(8) *Ending operations.* If a licensee intends to end operations in Iowa, the following requirements apply:

a. The licensee must notify the commission that it intends to end operations and identify a target exit date.

b. The licensee must submit a shutdown plan that includes procedures the licensee will follow as it ends operation in Iowa. The plan must include but is not limited to:

(1) Dates for ending new account registration, ending wagering, and ending withdrawals.

(2) Details for communication with patrons regarding the shutdown, including type of message, frequency of communication, and content of communication.

(3) Details for management of patron funds, including accounts under investigation with frozen funds and dormant or abandoned accounts with a remaining balance.

(4) A method to ensure accessibility of archived data from the system for reports, complaints, or other commission requests after Iowa operations have ended.

(5) Contacts for any inquiries after Iowa operations have ended.

c. All required reports, including monthly revenue reports, must continue to be submitted until all wagers have settled.

d. A final audit of sports wagering operations that includes figures and findings through the end of Iowa operations and that meets the requirements of subrules 13.2(10) and 13.5(5) is due to the commission within 90 days after Iowa operations have ended.

491—13.6(99F) Testing.

13.6(1) *Initial testing.* All equipment and systems integral to the conduct of sports wagering and advance deposit sports wagering must be tested and certified for compliance with commission rules and the standards required by a commission-designated independent testing laboratory. Certification and commission approval must be received prior to the use of any equipment or system to conduct sports wagering. The commission may designate more than one independent testing laboratory.

13.6(2) *Change control.* Licensees and advance deposit sports wagering operators must submit change control processes that detail evaluation procedures for all updates and changes to equipment and systems to the administrator for approval at least 30 days prior to operation. These processes must include, at a minimum, descriptions of the following areas of licensee operations:

a. Process to classify all changes according to organizational risk.

b. Process to designate whether changes must be submitted to an independent testing laboratory for review and certification.

c. Process for emergency change determination and implementation.

d. Process to log or note changes. Must include the details logged for each change, including but not limited to the following areas:

(1) Date and time of change or proposed date and time of change.

(2) Basic description of changes to be implemented.

(3) Change classification of change or changes, determined in accordance with the process established by paragraph 13.6(2)*"a."* If emergency designation is separate from other change classifications, this must also be included in the log or note.

(4) Identification of whether a change was submitted to an independent testing laboratory, and the certification report number of any testing.

e. Process to maintain logs or notify the commission of changes.

13.6(3) *Annual testing.*

a. A system integrity and security risk assessment must be performed annually on the advance deposit sports wagering system.

(1) The testing organization must be independent of the licensee and be qualified by the administrator.

(2) The system integrity and security risk assessment must be completed no later than March 31 of each year.

(3) Results from the system integrity and security risk assessment must be submitted to the administrator no later than April 30 of each year. Results must include a remediation plan to address any risks identified during the system integrity and security risk assessment.

(4) The system integrity and security risk assessment must be conducted in accordance with current and accepted industry standard review requirements for system integrity and security risk assessments.

(5) The system integrity and security risk assessment must include a review of licensee controls. Review of controls must include but not be limited to a comparison of licensee controls to industry standard and best practice controls and an audit of the licensee processes for compliance with those controls.

b. A geolocation system and integrity test must be performed annually on the advance deposit sports wagering system.

(1) The testing organization must be independent of the licensee and the licensed geolocation vendor and be qualified by the administrator.

(2) The geolocation system and integrity test must be completed and the results submitted no later than March 31 of each year.

(3) Geolocation system and integrity testing must review existing licensee procedures for detecting and reporting fraudulent activity associated with any account activity detected by the geolocation system.

c. At the discretion of the administrator, additional assessments or specific testing criteria may be required.

491—13.7(99F) Licensing.

13.7(1) *Application and payment of fee.* The commission will, upon compliance with Iowa Code section 99F.6, issue a license to conduct sports wagering to a facility.

13.7(2) *Application procedure for a facility.* Application for a license for a facility to conduct sports wagering is made to the commission. In addition to the application, the following must be completed and presented when the application is filed:

a. Name of the entity to be licensed by the commission to conduct sports wagering operations in Iowa.

b. Disclosure of agreements with entities to manage or operate sports wagering with or on behalf of the facility.

c. Disclosure of operating agreements for up to two, or three if authorized by the commission, individually branded internet sites to conduct advance deposit wagering for the facility.

d. Compliance with Iowa Code section 99F.6(4)*"a"*(2) and *"a"*(3) requirements for qualified sponsoring organizations or horse racing purses.

e. A bond or irrevocable letter of credit on behalf of the facility in an amount to be determined by the commission.

f. A bank check, cashier's check, or wire transfer made payable to Iowa Racing and Gaming Commission in the amount of the applicable initial or renewal license fee.

13.7(3) *Application procedure for an advance deposit sports wagering operator.* Application for a license for an advance deposit sports wagering operator with an agreement with a facility is made to the commission for approval by the administrator. In addition to the application, the following must be completed and presented when the application is filed:

a. Disclosure of ownership interest, directors, or officers of applicant.

(1) An applicant or licensee must notify the administrator of the identity of each director, corporate officer, owner, partner, joint venture participant, trustee, or any other person who has any beneficial interest of 5 percent or more, direct or indirect, in the business entity. For any of the above, as required by the administrator, the applicant or licensee must submit background information on forms supplied by the division of criminal investigation and any other information the administrator may require.

For purposes of this rule, the term "beneficial interest" includes all direct and indirect forms of ownership or control, voting power, or investment power held through any contract, lien, lease, partnership, stockholding, syndication, joint venture, understanding, relationship (including family relationship), present or reversionary right, title or interest, or otherwise.

(2) For ownership interests of less than 5 percent, the administrator may request a list of these interests. The list must include names, percentages owned, addresses, social security numbers, and dates of birth. The administrator may request the same information required of those individuals in subparagraph 13.7(3)*"a"*(1).

b. Investigative fees.

(1) Advance payment. The department of public safety may request payment of the investigative fee in advance as a condition to beginning investigation.

(2) Payment required. The administrator may withhold final action with respect to any application until all investigative fees have been paid in full.

c. A copy of each of the following:

(1) List of employees of the aforementioned who may have contact with persons within the state of Iowa.

(2) Agreement with facility to operate or manage the advance deposit sports wagering operation.

d. Any and all changes in the applicant's legal structure, directors, officers, or the respective ownership interests must be promptly filed with the administrator.

e. The administrator may deny, suspend, or revoke the license of an applicant or licensee in which a director, corporate officer, or holder of a beneficial interest includes or involves any person or entity which would be, or is, ineligible in any respect, such as through want of character, moral fitness, financial responsibility, or professional qualifications, or due to failure to meet other criteria employed by the administrator, to participate in gaming regardless of the percentage of ownership interest involved. The administrator may order the ineligible person or entity to terminate all relationships with the licensee or applicant, including divestiture of any ownership interest or beneficial interest at acquisition cost.

f. Disclosure of the full nature and extent of all beneficial interests may be requested by the administrator and must include the names of individuals and entities, the nature of their relationships, and the exact nature of their beneficial interest.

g. Public disclosure is made for the benefit of the public, and documents pertaining to the ownership filed with the administrator will be available for public inspection in accordance with 7—Chapter 2505.

13.7(4) *Supplementary information.* Each applicant must promptly furnish the administrator with all additional information pertaining to the application or the applicant that the administrator may request. Failure to supply the requested information within five days after the request has been received by the applicant constitutes grounds for delaying consideration of the application.

13.7(5) *Temporary license certificates.* A temporary license certificate may be issued at the discretion of the administrator for up to 120 calendar days. Failure to obtain a permanent license within the designated time may result in revocation of license eligibility, fine, or suspension.

13.7(6) *Withdrawal of application.* A written notice of withdrawal of application may be filed by an applicant at any time prior to final action. An application cannot be withdrawn unless the administrator determines the withdrawal to be in the public interest. No fee or other payment relating to any application will become refundable if the application is withdrawn.

13.7(7) *Recordkeeping.*

a. Record storage required. Licensees and advance deposit sports wagering operators must maintain adequate records of business operations that are available to the administrator upon request. These records must include:

(1) All correspondence with the administrator and other governmental agencies on the local, state, and federal level.

(2) All correspondence between the licensee and advance deposit sports wagering operators and any of their customers who are applicants or licensees under Iowa Code chapter 99F.

(3) A personnel file on each employee of the licensee and advance deposit sports wagering operator, including sales representatives.

(4) Financial records of all transactions with facilities and all other licensees and advance deposit sports wagering operators under these rules.

b. Record retention. Records other than those listed in subrule 13.2(8) must be retained as required by 491—subrule 5.6(13).

13.7(8) *Violation of laws or regulations.* Violation of any provision of any laws of the state or of the United States of America or of any rules of the commission may constitute an unsuitable method of operation, subjecting the licensee to limiting, conditioning, restricting, revoking or suspending the license, or fining the licensee or advance deposit sports wagering operator, or any combination of the above. The commission has the discretion to suspend mobile gaming operations of its licensees by written order if necessary.

These rules are intended to implement Iowa Code chapters 99D and 99F.