RA 26-211

RACING AND GAMING COMMISSION[491]

Regulatory Analysis

Notice of Intended Action to be published: 491—Chapter 14
"Fantasy Sports Contests"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 99E.3 through 99E.5, 99E.8, and 99E.9

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

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 14 of the Commission's rules establish guidelines and licensing requirements for internet fantasy sports contest operators. This proposed rulemaking consolidates, reduces, or eliminates some rule language in accordance with Executive Order 10 and otherwise repromulgates the chapter. This proposed rulemaking also adds individual taxpayer identification numbers (ITINs) as an allowable substitute for social security numbers under appropriate circumstances.

All references to 491—Chapters 4 through 6 and rule subparts therein are to those as published herein as **RA 26-205**, **RA 26-206**, and **RA 26-207**, respectively, 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:**

There are few substantive changes in the proposed rulemaking. However, one substantive change is the express recognition of an ITIN as an acceptable substitute for a Social Security number under certain circumstances. This change will benefit operators who may have questioned whether they could register an account without a Social Security number and will benefit persons wishing to create an account who do not have a Social Security number but do have an ITIN.

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:**

This proposed rulemaking is not expected to have a quantitative impact.

- **Qualitative description of impact:**

Proposed paragraph 14.6(5)"d" will positively impact fantasy sports operators because it revises potentially outdated language focused solely on physical storage media and instead recognizes that many operators utilize virtual storage. This change will have a positive qualitative impact because it avoids implying that physical storage media is required in all circumstances.

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 14 and adopt the following **new** chapter in lieu thereof:

CHAPTER 14
FANTASY SPORTS CONTESTS

491—14.1(99E) 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.

"Entry fee" means cash or cash equivalent that is required to be paid by an internet fantasy sports contest player to an internet fantasy sports contest service provider in order to participate in a fantasy sports contest.

"Fantasy sports contest service provider" means a person, including a licensee under Iowa Code chapter 99D, 99E or 99F, who conducts an internet fantasy sports contest as authorized by this chapter.

"Highly experienced player" means a person who has entered more than 1,000 contests conducted by a single fantasy sports contest service provider or has won more than three fantasy sports contest prizes of $1,000 or more from a single fantasy sports contest service provider. A fantasy sports contest provider may declare other players a "highly experienced player" so long as the provider's criteria for declaration would include players previously declared a "highly experienced player" by the provider.

"Internal controls" means the fantasy sports contest service provider's system of internal controls.

"Net revenue" means an amount equal to the total entry and administrative fees collected from all participants entering fantasy sports contests less winnings paid to participants in the contest, multiplied by the location percentage.

"Player" or *"customer"* means a person who is at least 21 years of age and participates in an internet fantasy sports contest operated by an internet fantasy sports contest service provider.

"Prize" means anything of value, including cash or a cash equivalent, contest credits, merchandise or entry to another contest in which a prize may be awarded.

"Script" means a list of commands that a fantasy sports-related computer program can execute and is created by fantasy sports players, or by third parties for the use of all players, to automate processes on a fantasy sports contest internet platform.

491—14.2(99E) Application for fantasy sports contest service provider license and licensing. A fantasy sports contest service provider must be licensed by the commission to offer an internet fantasy sports contest under Iowa Code chapter 99E. Any individuals who are required to be occupationally licensed must comply with the license requirements of Iowa Code section 99E.5 and rules 491—6.2(99D,99E,99F,252J) through 491—6.12(99D,99F,272D). Occupational licensees are also subject to 491—Chapter 4 and 7—Chapter 2506.

14.2(1) *Licensing standards.* Standards considered when determining the qualifications of an applicant include but are not limited to financial stability; business ability and experience; good character and reputation of the applicant as well as all directors, officers, partners, and employees; and integrity of financial backers. The commission will not grant a license to an applicant if any of the conditions set forth in Iowa Code section 99E.4(5) are met.

14.2(2) *Application procedure.* Application for an internet fantasy sports contest service provider license is made to the commission on the form prescribed and published by the commission. 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.

b. The identity and date of birth of each member of the board of directors or other governing body of the applicant.

c. 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.

d. For ownership interests of less than 5 percent, the administrator may request a list of these interests. At a minimum, the list should include names, percentages owned, addresses, social security numbers, and dates of birth. The administrator may request the same information required of those individuals in subrule 14.2(1).

e. A list of employees who may be conducting business directly or indirectly on behalf of the applicant in the state of Iowa.

f. A bond or irrevocable letter of credit on behalf of the applicant or other satisfactory evidence, as determined by the commission, of a safe and reliable means of fulfilling the applicant's obligations to customers and the state of Iowa in an amount determined by the commission.

14.2(3) *Fees.*

a. Investigative fee. The department of public safety may request payment of the investigative fee in advance as a condition to beginning the investigation. The administrator may withhold final action with respect to any application until all investigative fees have been paid in full.

b. Initial license fee. A payment in the amount of the initial license fee under Iowa Code section 99E.5(1) must be directed or made payable to Iowa Racing and Gaming Commission.

c. Annual license fee. After the initial licensing period, the annual license fee is set forth in Iowa Code section 99E.5(3). The administrator will set the time period for determining a licensee's adjusted gross revenue. Licenses must be renewed annually in a manner established by the commission.

14.2(4) *Reporting of changes.* Any and all changes in the applicant's legal structure, directors, officers, or the respective ownership interests must be promptly filed with the administrator.

14.2(5) *Ineligibility.* 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.

14.2(6) *Disclosure.* The administrator may request disclosure of the full nature and extent of all beneficial interests, including the names of individuals and entities, the nature of their relationships, and the exact nature of their beneficial interest.

14.2(7) *Public disclosure.* Disclosure is made for the benefit of the public, and all documents pertaining to the ownership filed with the administrator will be available for public inspection.

14.2(8) *Supplementary information.* Each applicant must promptly furnish the administrator with all additional information pertaining to the application or the applicant that the administrator may require. 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.

14.2(9) *Requirements placed upon applicants and licensees.* For purposes of this chapter, the requirements placed upon an applicant become a requirement to the licensee once a license has

been granted. Every license is granted upon the condition that the license holder accepts, observes, and enforces the rules and regulations of the commission. It is the affirmative responsibility and continuing duty of each officer, director, and employee of any license holder to comply with the requirements of the application and conditions of license and to observe and enforce the rules. Holding a license is a privilege. The burden of proving qualifications for the privilege to receive any license is on the licensee at all times. A licensee must accept all risks of adverse public notice or public opinion, embarrassment, criticism, or financial loss that may result from action with respect to a license. Licensees further covenant and agree to hold harmless and indemnify the Iowa racing and gaming commission from any claim arising from any action of the commission in connection with that license.

491—14.3(99E) Temporary license certificates. A temporary license certificate may be issued at the discretion of the administrator and is valid for a maximum of 120 calendar days from the date of issue. Failure to obtain a permanent license within the designated time may result in revocation of license eligibility, fine, or suspension.

491—14.4(99E) Withdrawal of application. A written notice of withdrawal of application may be filed by an applicant at any time prior to final action. No application can 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.

491—14.5(99E) Taxes.

14.5(1) The licensee must pay a tax rate pursuant to Iowa Code section 99E.6 on adjusted revenue from fantasy sports contests. Charges and fees returned to participants due to a participant withdrawing the participant's entry from a fantasy sports contest cannot be considered when calculating the adjusted revenue. Contests resulting in negative adjusted revenue will be considered promotional in nature and cannot be used to offset taxes owed pursuant to Iowa Code section 99E.6.

14.5(2) Voided and canceled transactions are not considered receipts for the purpose of this calculation.

14.5(3) Any offering used to directly participate in a contest is considered a receipt for the purpose of this calculation.

14.5(4) Any other fee collected to participate in a fantasy sports contest is subject to the wagering tax pursuant to Iowa Code section 99E.6.

14.5(5) All moneys collected for and owed to the state of Iowa under Iowa Code chapter 99E for the payment of fantasy sports contests must be accounted for and itemized on a monthly basis, in a format approved by the commission, by noon on Wednesday following a gaming week's end as defined by 491—subparagraph 5.6(9)*"b"*(1) in which the completed gaming week includes the last day of the month. All fantasy sports contest fees owed must be received in the treasurer's office by 11 a.m. on the Thursday after accounting and itemization is due in the commission office.

14.5(6) Fantasy sports operators must provide additional reports, as determined necessary by the administrator, that detail the taxes collected in accordance with this rule. Reports must be provided to the commission in a format approved by the administrator. The administrator will provide written notice to any licensee if additional reports are determined necessary. In addition, the administrator will provide adequate time to any licensee if a report needs to be created to satisfy this requirement.

491—14.6(99E) Account registration. A person must have an established account to participate in fantasy sports contests. To establish an account, an application for an account must be 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 applicant's social security number or individual taxpayer identification number, and any other information required by the commission. The account registration process must also include:

14.6(1) Age verification to prevent persons under the legal age from participating in fantasy sports contests and establishing an account.

14.6(2) Customer verification.

a. A customer verification process must include an exact match of the following:

(1) The customer's date of birth, including month, date and year of birth.

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

(3) The customer's last name.

b. A customer verification process must permit a flexible match by allowing the following:

(1) The customer's first name, which may include nicknames and abbreviations.

(2) The customer's address, which may include abbreviations.

c. A customer verification process must authenticate identification by the following:

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

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

(3) Comparing a valid government-issued ID to a photo of the customer taken at the time of account registration; or

(4) Another method as approved by the administrator.

14.6(3) Verification that the customer is not on the statewide self-exclusion list set forth in Iowa Code section 99F.4(22) prior to establishing an account.

14.6(4) Availability and acceptance of terms and conditions that are also readily accessible to the customer before and after registration and noticed when updated. Notices must include, at a minimum, the following:

a. Explanation of rules in which any unrecoverable malfunctions of hardware/software are addressed including but not limited to if the unrecoverable malfunction, fantasy sports event cancellation, or any other catastrophic malfunction results in the voiding of any contests.

b. Procedures addressing interruptions caused by the suspension of data flow from the network server during a contest.

c. Specifications advising customers to keep their account credentials secure.

d. Statement that no underage individuals are permitted to participate in contests.

14.6(5) Availability and acceptance of a privacy policy that is also readily accessible to the customer before and after registration and noticed when updated that includes, at a minimum, the following:

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

b. Statement that any information obtained during customer registration or account establishment must be done in compliance with the privacy policy.

c. Requirement that any information about customer accounts which 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.

d. Requirement that all customer 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.

491—14.7(99E) Fantasy sports contest service provider requirements.

14.7(1) *Internal controls.* Licensees must submit a description of internal controls to the administrator at least 30 days before fantasy sports contest operations are to commence unless otherwise approved by the administrator. All internal controls must be approved by the administrator prior to commencement of contest operations. The fantasy sports contest service provider must submit to the administrator any changes to the internal controls previously approved at least 15 days before the changes are to become effective unless otherwise directed by the administrator. It is each licensee

and licensee employee's affirmative responsibility and continuing duty to follow and comply with all internal controls. Internal control submissions must include controls and reasonable methods that comply with and provide for:

a. Prevention of employees of the internet fantasy sports contest service provider and relatives living in the same household of such employees from competing in any internet fantasy sports contest on the service provider's digital platform in which the service provider offers a prize to the public.

b. Verification that any fantasy sports contest player is 21 years of age or older.

c. Restriction of entries from coaches, officials, athletes, contestants, or other individuals who participate in a game or contest that is the subject of an Internet fantasy sports contest in which the outcome is determined, in whole or in part, by the accumulated statistical results of a team of individuals in the game or contest in which they participate.

d. 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 resolved by the licensee.

e. Measures used to determine the true identity, date of birth, and address of each player seeking to open an account.

f. Standards and procedures used to monitor fantasy sports contests to detect the use of unauthorized scripts and restrict players found to have used such scripts from further fantasy sports contests.

g. Prevention of unauthorized withdrawals from a registered player's account by the service provider or others.

h. How the service provider will accept wagers within the permitted boundary.

i. How the service provider will segregate fantasy sports contest player funds from operational funds.

j. Protection of a fantasy sports contestant's personal and private information.

14.7(2) *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 contests 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.

14.7(3) *Reporting.* The licensee must provide prompt notification of any facts that the licensee has reasonable grounds to believe indicate a violation of law or commission rule committed by licensees, the licensee's key persons, or the licensee's employees, including without limitation the performance of licensed activities different from those permitted under the licensee's license. The licensee is also required to provide a detailed written report within seven business days, or a time frame otherwise approved by the administrator, from the discovery of any of the circumstances set forth in Iowa Code section 99E.8(2)*"b."*

14.7(4) *Technical and testing requirements.*

a. Initial testing. All equipment and systems integral to the conduct of fantasy sports contests 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 a fantasy sports contest. The commission may designate more than one independent testing laboratory.

b. Change control. The fantasy sports contest service providers must submit change control processes that detail evaluation procedures for all updates and changes to equipment and systems to the administrator for approval. These processes must include details for identifying criticality of updates and determining the submission of updates to an independent testing laboratory for review and certification.

c. Annual testing.

(1) A system integrity and security risk assessment must be performed annually on the fantasy sports contest system.

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

2. The system integrity and security risk assessment must be completed no later than March 31 of each year. Results must include a remediation plan to address any risks identified during the system integrity and security risk assessment.

3. Results from the system integrity and security risk assessment must be submitted to the administrator no later than April 30 each year.

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

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

d. Limit on number of websites and platforms. A fantasy sports contest service provider is authorized to conduct no more than two websites or platforms maintained and operated by the service provider.

14.7(5) *Operating requirements.* A fantasy sports contest service provider must ensure the following:

a. Players winning fantasy sports contests will have winning funds deposited into their player account or be paid by other means approved by the administrator within 48 hours from the end of the contest. Players must have a fee-free method to deposit or withdraw funds from their player account. If funds are unable to be placed in a player's account, the fantasy sports contest service provider must mail the funds to the player's address on file within ten days.

b. Player withdrawal of funds maintained in the player account must be completed within five business days of the request unless the licensed fantasy sports contest service provider believes, in good faith, that the player engaged in fraud or other illegal activity pursuant to Iowa Code chapter 99D, 99E or 99F.

c. Procedures allow for a player to close an account and to access the player's history, including all fantasy sports contests in which the player participated.

d. Employees of the licensee are prohibited from participation in any fantasy sports contest offered by the licensee in which a cash prize is offered to the public. This includes prohibiting relatives living in the same household as such employees from competing in any fantasy sports contests offered by any licensee.

e. The sharing of confidential information that could affect fantasy sports contest play with third parties until the information is made publicly available is prohibited.

f. Players are allowed to voluntarily self-exclude in compliance with Iowa Code section 99F.4(22), and a fantasy sports contest service provider must follow all resolutions associated with the process.

g. Procedures allow for 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.

h. During account registration and each time the customer logs in, fantasy sports contest service providers must display the following information on any interface that accepts fantasy sports contest entries:

(1) Account sharing is prohibited.

(2) Persons under the age of 21 are prohibited from entering fantasy sports contests.

(3) Any other disclosures required by the administrator.

491—14.8(99E) Contest rules.

14.8(1) Prior to conducting a new type of fantasy sports contest, a fantasy sports contest service provider must submit proposed contest rules to the administrator. The contest submission must be in writing and approved by the administrator prior to implementation. The administrator will approve, deny, or request further information within three business days of submission. If the administrator takes no action within that period, the fantasy sports contest service provider may offer the requested contest unless the administrator issues a subsequent disapproval. Once a contest is approved, the contest is available for all fantasy sports contest service providers unless the contest format is subsequently disapproved by the administrator for any reason the commission deems appropriate. Fantasy sports contest service providers may offer minor variations of an approved contest type without seeking administrator approval. Minor variations include:

a. Offering the contest format for any sport, league, association or organization previously approved by the administrator for any fantasy sports contest type;

b. The size of the contest and number of entries permitted;

c. Nonmaterial changes to entry fee and prize structure;

d. The number of athletes that a contestant selects to fill a roster when completing an entry;

e. The positions that must be filled when completing an entry;

f. Adjustments to the scoring system; and

g. Adjustments to a salary cap.

14.8(2) Licensees must comply with and ensure the following:

a. Advertisements for contests and prizes offered by a licensee must not target prohibited participants, underage persons, or self-excluded persons.

b. The values of all prizes and awards offered to winning players must be established and made known to the players in advance of the contest.

c. Introductory procedures for players are prominently displayed on the main page of the licensee's platform to explain contest play and how to identify a highly experienced player.

d. Identification of all highly experienced players in every fantasy sports contest by a symbol attached to the players' usernames, or by other easily visible means, on all platforms supported by the licensee.

e. Contests are not offered based on the performance of participants in high school or youth sports events.

f. Representations or implications about average winnings from contests must not be unfair or misleading.

g. Prohibition of the use of unauthorized third-party scripts or unauthorized scripting programs for any contest and ensure that measures are in place to deter, detect, and prevent cheating to the extent reasonably possible. "Cheating" includes collusion and the use of cheating devices, including the use of software programs that submit entry fees or adjust the athletes selected by a player.

h. Prominent display of information about the maximum number of entries that may be submitted for that contest for all advertised fantasy sports contests.

i. Disclosure of the number of entries that a player may submit to each fantasy sports contest and provide reasonable steps to prevent players from submitting more than the allowable number.

j. Opportunity for players to file a patron dispute.

k. Conspicuously disclose the source of the data utilized in any results.

491—14.9(99E) Segregation account requirements and financial reserves.

14.9(1) *Segregation.* Fantasy sports contest service providers must segregate all fantasy sports contest player funds from operational funds.

14.9(2) *Financial reserves.* For the protection of the funds of players held in paid fantasy sports accounts, the fantasy sports contest service provider must maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, payment processor reserves and receivables, a bond, or a combination thereof in the amount of the deposits in internet fantasy sports contest player accounts.

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

b. The amount of the reserve must be equal to, at a minimum, the sum of all registered players' funds held in player accounts originating in Iowa.

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. Each licensee must continuously monitor and maintain a record of all player deposits and the licensee's cash reserves to ensure compliance with the cash reserves requirement.

e. The licensee must provide the commission with documentation, including the amount of deposits in players' accounts and the amount in cash reserves as of the last day of each month. The information is due by the fifteenth day of the month for the preceding month.

491—14.10(99E) Annual audit. An audit of the fantasy sports contest operations for the licensee or parent company of the licensee must be conducted by certified public accountants authorized to practice in the state of Iowa, be provided to the commission within 180 days after the licensee's fiscal year ends, and meet the following conditions:

14.10(1) Inclusion of an internal control letter, audited balance sheet, and audited profit-and-loss statement including a breakdown of expenditures and subsidiaries of fantasy sports contest activities.

14.10(2) Inclusion of a supplemental schedule indicating financial activities on a calendar-year basis if the licensee's fiscal year does not correspond to the calendar year.

14.10(3) Report of any material errors, irregularities that may be discovered during the audit, or notice of any audit adjustments.

14.10(4) Availability, upon request, of an engagement letter for the audit between the licensee or parent company of the licensee and the auditing firm.

491—14.11(99E) Abandoned accounts.

14.11(1) Abandoned player accounts under this rule are subject to Iowa Code chapter 556. Player accounts are considered abandoned if no activity by the account holder has occurred for three years. Player activity includes entering a contest, making an account deposit, or withdrawing funds.

14.11(2) An internet fantasy sports contest service provider 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.

491—14.12(99E) Problem gambling.

14.12(1) The licensee must adopt and implement:

a. Policies and procedures designed to identify compulsive play.

b. Policies and procedures designed to comply with the process established by the commission pursuant to Iowa Code section 99F.4(22).

c. Policies and procedures designed to cooperate with the Iowa gambling treatment program in creating and establishing controls.

d. Policies and procedures designed to make information available to customers concerning assistance for compulsive play in Iowa, including websites or toll-free numbers directing customers to reputable resources containing further information, which must be free of charge.

e. A process for players to easily impose limitations or notifications for deposits and monetary participation in a contest. 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.

f. A process for players to easily self-exclude 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 licensee must ensure that the player is paid in full for the player's account balance within a reasonable time provided that

the 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).

g. A 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 licensee must ensure that the player is paid in full for the player's account balance provided that the licensee acknowledges that the funds have cleared.

14.12(2) The licensee must also include on the internet site or mobile application the statewide telephone number of the Iowa department of health and human services to provide problem gambling information and extensive responsible gaming features in addition to those described in Iowa Code section 99F.4(22).

14.12(3) Money forfeited by a voluntarily excluded person pursuant to Iowa Code section 99F.4(22) must be withheld by the licensee and remitted to the general fund of the state by the licensee.

491—14.13(99E) Licensing of internet fantasy sports contest service providers.

14.13(1) *Operation.* The internet fantasy sports contest service provider must submit the following for commission approval:

a. Internal controls for the operation of the account.

b. A detailed description and certification of systems and procedures used by the internet fantasy sports contest service provider to validate the identity, age and location of licensee account holders and to validate the legality of wagers accepted.

c. Certification of secure retention of all records related to internet fantasy sports contests and accounts for a period of not less than three years or such longer period as specified by the commission.

d. Certification of prompt commission access to all records relating to account holder identity, age and location in hard-copy or standard electronic format acceptable to the commission.

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

14.13(2) *Recordkeeping.*

a. Record storage required. Internet fantasy sports contest service providers 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 any of its customers who are applicants or licensees under Iowa Code chapter 99E.

(3) Financial records of all transactions with players and all other licensees under these regulations.

b. Record retention. The records listed in paragraph 14.13(2)*"a"* must be retained as required by 491—subrule 5.6(13).

14.13(3) *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 any combination of the above. The commission has the discretion to suspend fantasy sports contest operations of its licensees by written order if necessary.

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