

**CHAPTER 1404. SPORTS WAGERING SUPPLIER—
TEMPORARY REGULATIONS**

Sec.

- 1404.1. Sports wagering supplier license requirements.
- 1404.2. Sports wagering supplier application and standards.
- 1404.3. Sports wagering supplier entity term and renewal.
- 1404.4. Sports wagering supplier abbreviated license process.
- 1404.5. Sports wagering supplier conditional license process.
- 1404.6. Sports wagering supplier licensee responsibilities.
- 1404.7. Sports wagering supplier change of control.

Source

The temporary provisions of this Chapter 1404 adopted July 27, 2018, effective July 28, 2018, expire July 28, 2020, 48 Pa.B. 4493, unless otherwise noted.

§ 1404.1. Sports wagering supplier license requirements.

(a) A person seeking to sell, lease, offer or otherwise provide, distribute or service sports wagering devices or associated equipment to a sports wagering certificate petitioner or holder or sports wagering operator applicant or licensee in this Commonwealth or provide integrity monitoring services to a sports wagering certificate petitioner or holder or sports wagering operator applicant or licensee shall apply to the Board for a sports wagering supplier license.

(b) In accordance with sections 1317 and 1317.1 of the act (relating to supplier licenses; and manufacturer licenses), an applicant for or the holder of a sports wagering supplier license or any of the sports wagering supplier applicant's or licensee's affiliates, intermediaries, subsidiaries or holding companies may not apply for or hold a slot machine license or a sports wagering manufacturer license.

§ 1404.2. Sports wagering supplier application and standards.

(a) An applicant for a sports wagering supplier license shall submit all of the following:

(1) An original and one copy of the Enterprise Entity Application and Disclosure Information Form for the sports wagering supplier applicant and each of the sports wagering supplier applicant's principal affiliates.

(2) The nonrefundable application fee posted on the Board's web site.

(3) A diversity plan as set forth in section 1325(b) of the act (relating to license or permit issuance) and Chapter 481a (relating to diversity).

(4) An application from every principal under Chapter 433a (relating to principal licenses) and § 1406.2 (relating to sports wagering gaming principals) as specified by the Enterprise Entity Application and Disclosure Information Form and other persons as determined by the Board.

(5) An affirmation that neither the sports wagering supplier license applicant nor any of its affiliates, intermediaries, subsidiaries or holding companies

is an applicant for or holder of a slot machine license and that the sports wagering supplier license applicant has neither applied for nor holds a sports wagering manufacturer license.

(6) A sworn or affirmed statement that the sports wagering supplier license applicant has developed and implemented internal safeguards and policies to prevent a violation of section 1513 of the act (relating to political influence) and a copy of the safeguards and policies.

(b) In addition to the materials required under subsection (a), an applicant for a sports wagering supplier license shall comply with the general application requirements in Chapters 421a and 423a (relating to general provisions; and applications; statement of conditions; wagering restrictions).

(c) In determining whether a sports wagering supplier license applicant is suitable to be licensed as a sports wagering supplier under this section, the Board will consider all of the following:

(1) The financial fitness, good character, honesty, integrity and responsibility of the sports wagering supplier license applicant.

(2) If all principals of the sport wagering supplier license applicant are eligible and suitable under the standards of section 1311.1 of the act (relating to licensing of principals).

(3) The integrity of all financial backers.

(4) The suitability of the sport wagering supplier license applicant and the principals of the applicant based on the satisfactory results of all of the following:

(i) The background investigation of the principals.

(ii) A current tax clearance review performed by the Department.

(iii) A current Unemployment Compensation Tax clearance review and a Workers Compensation Tax clearance review performed by the Department of Labor and Industry.

§ 1404.3. Sports wagering supplier entity term and renewal.

(a) A sports wagering supplier license and the renewal thereof is valid for 5 years from the date of approval of the application by the Board.

(b) A renewal application for a sports wagering supplier license shall be filed at least 6 months prior to the expiration of the current license.

(c) A sports wagering supplier license for which a completed renewal application and fee has been received by the Board will continue in effect until acted upon by the Board.

§ 1404.4. Sports wagering supplier abbreviated license process.

(a) The Board may use an abbreviated licensing process if the sports wagering supplier license applicant holds a license issued by the Board to supply slot machines, table games, table game devices, interactive gaming devices, video gaming terminal or associated equipment and all of the following apply:

(1) The supplier license was issued by the Board within a 36-month period immediately preceding the date the entity files a sports wagering supplier license application to sell, lease, offer or otherwise provide, distribute or service sports wagering devices or associated equipment to a sports wagering certificate petitioner or holder or sports wagering operator applicant or licensee in this Commonwealth or provide risk management services, integrity services or odds to a sports wagering certificate petitioner or holder or sports wagering operator applicant or licensee.

(2) The licensee applying for the sports wagering supplier license affirms there has been no material change in circumstances relating to the license.

(3) The Board determines, in its sole discretion, that there has been no material change in circumstances relating to the licensee applying for the sports wagering supplier license that necessitates that the abbreviated process not be used.

(b) This section may not be construed to waive any fees associated with obtaining sports wagering supplier license through the application process in this Commonwealth.

§ 1404.5. Sports wagering supplier conditional license process.

(a) The Board may issue conditional authorization to a person applying for a sports wagering supplier license until January 28, 2020.

(1) Conditional authorization issued under this subpart will remain in effect until the earlier of the date occurring 12 months after the issuance of the authorization or the date upon which the Board makes a final determination on the person's application.

(i) The effectiveness of a conditional authorization may be extended by the Board not more than once, upon a showing of good cause.

(ii) Conditional authorization will allow an applicant for a sports wagering supplier license to engage in all of the functions of a licensed sports wagering supplier for the duration of the conditional authorization.

(2) A conditional authorization may not be issued unless all of the following apply:

(i) The sports wagering supplier license applicant has submitted a complete application for a sports wagering supplier license to the Board.

(ii) The sports wagering supplier applicant agrees to pay or has paid the fee prescribed by the Board prior to the issuance of conditional authorization.

(iii) The Bureau does not have an objection to the issuance of a conditional authorization to the sports wagering supplier license applicant.

(b) An applicant for sports wagering supplier license that has received a conditional sports wagering supplier license shall provide to the Board in the manner and the form as the Board will prescribe, on the 20th day following the end of each calendar quarter thereafter, a summary of the quarterly sales made to all sports wagering certificate petitioners and holders and sports wagering operator

applicants and licensees in this Commonwealth, as well as all contracts or invoices concerning these sales upon request by the Board.

(c) Nothing in this section may be construed to waive fees associated with obtaining a license through the application process in this Commonwealth.

§ 1404.6. Sports wagering supplier licensee responsibilities.

(a) A holder of a sports wagering supplier license has a continuing duty to do all of the following:

(1) Comply with the general requirements in Chapters 421a and 423a (relating to general provisions; and applications; statement of conditions; wagering restrictions).

(2) For publicly traded sports wagering supplier licensees, provide notification of all SEC filings or, if the sports wagering supplier licensee is publicly traded on a foreign exchange, a copy of all filings submitted to the securities regulator that has jurisdiction over the foreign publicly traded corporation. The notification or copies of the filings shall be submitted to the Bureau of Licensing within 30 days after the date of filing with the SEC or securities regulator that has jurisdiction over the foreign publicly traded corporation.

(b) An employee of a licensed sports wagering supplier who is a gaming or nongaming employee as defined in §§ 401a.3 and 1401.2 (relating to definitions) shall obtain a permit under §§ 435a.3 and 1406.4 (relating to occupation permit; and sports wagering gaming employees) or registration under §§ 435a.5 and 1406.5 (relating to nongaming employee registration; and sports wagering nongaming employees).

§ 1404.7. Sports wagering supplier change of control.

(a) For purposes of this section, a change of control of a sports wagering supplier licensee will be deemed to have occurred when a person or group of persons acquires:

(1) More than 20% of a sports wagering supplier licensee's securities, assets or other ownership interests.

(2) More than 20% of the securities or other ownership interests of a corporation or other form of business entity that owns directly or indirectly at least 20% of the voting or other securities or other ownership interests of the sports wagering supplier licensee.

(3) Any other interest in a sports wagering supplier licensee which allows the acquirer to control a sports wagering supplier licensee.

(b) A sports wagering supplier licensee shall notify the Bureau and the Bureau of Licensing by filing a Notification of Proposed Transfer of Interest Form immediately upon becoming aware of any proposed or contemplated change of control of the sports wagering supplier licensee.

(c) Prior to acquiring a controlling interest in a sports wagering supplier licensee, the acquirer shall file a petition in accordance with § 493a.4 (relating to

petitions generally) requesting Board approval of the acquisition. The petition must include all of the following:

- (1) A copy of all documents governing the acquisition.
- (2) Completed applications for the acquiring company, as required under this chapter and principals as required under Chapter 433a (relating to principal licenses) and § 1406.2 (relating to sports wagering gaming principals).
- (3) An affirmation that neither the acquirer nor any of its affiliates, intermediaries, subsidiaries or holding companies is a slot machine licensee or sports wagering certificate petitioner or holder and that the acquirer has neither applied for nor holds a sports wagering manufacturer license.
- (d) A person or group of persons seeking to acquire a controlling interest in a sports wagering supplier licensee shall promptly provide any additional information requested by the Board and Board staff and cooperate with the Bureau in any investigations related to the petition filed under subsection (c).
- (e) A person or group of persons may not acquire a controlling interest in a sports wagering supplier licensee until the petition, required under subsection (c), has been approved. A person or group of persons seeking to acquire a controlling interest in a sports wagering supplier licensee and the sports wagering supplier licensee may enter into a sales agreement that is contingent on Board approval of the petition.
- (f) The requirements of this section do not apply to the acquisition of a controlling interest in a sports wagering supplier licensee when all of the following conditions are met:
 - (1) The acquirer is an existing licensed slot machine, table game, interactive gaming or video gaming terminal supplier.
 - (2) The existing licensed sports wagering supplier has provided the Bureau and the Bureau of Licensing notification and a copy of all documents governing the acquisition at least 60 days prior to the acquisition.
 - (3) After reviewing the documentation, the Bureau and the Bureau of Licensing determine that the filing of a petition is not required.

[Next page is 1405-1.]

1404-6

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