

Title 03 COMPTROLLER OF THE TREASURY

Subtitle 11 ONLINE FANTASY COMPETITIONS

Chapter 01 FANTASY SPORTS COMPETITION REGULATIONS

Authority: Criminal Law Article, §12-114, Annotated Code of Maryland

.01 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

- (1) "Agency" means the Office of the Comptroller.
- (2) "Beginner player" means any fantasy sports player who:
 - (a) Has entered fewer than 51 fantasy sports competitions offered by a single fantasy sports operator; and
 - (b) Does not meet the definition of highly experienced player.
- (3) "Entry fee" means cash or cash equivalents that are required to be paid by a fantasy sports player to a fantasy sports operator in order to participate in a fantasy sports competition.
- (4) "Fantasy competition" has the meaning stated in Criminal Law Article, §12-114 (a), Annotated Code of Maryland.
- (5) "Fantasy sports competition" is a fantasy competition in which:
 - (a) A prize is awarded;
 - (b) One or more players are subject to and must pay an entry fee; and
 - (c) The fantasy sports operator offering the competition receives compensation in connection with the competition regardless of the outcome.
- (6) "Fantasy sports competition platform" means any website, program, application, or other portal providing access to a fantasy sports competition.
- (7) "Fantasy sports contractor" means any person or corporate entity who:
 - (a) Works under an independent contract with a fantasy sports operator; and
 - (b) Has regular access to:
 - (i) Nonpublic portions of a fantasy sports operator's office;
 - (ii) Information on a fantasy sports operator's computer network that is not publicly available; or
 - (iii) A fantasy sports operator's proprietary information that may affect gameplay.
- (8) "Fantasy sports operator."
 - (a) "Fantasy sports operator" means any person that offers services in connection with fantasy sports competitions to individuals who include residents of Maryland by means of:
 - (i) The internet;
 - (ii) A smart phone application; or
 - (iii) Any other electronic, digital media or communication technology.
 - (b) "Fantasy sports operator" does not include an individual who:
 - (i) Organizes a fantasy sports competition in which the individual also participates;
 - (ii) Receives no compensation for organizing the fantasy sports competition; and
 - (iii) Is not affiliated with any fantasy sports operator as defined under paragraph (a) of this subsection.
- (9) "Fantasy sports player" means an individual who participates in a fantasy sports competition offered by a fantasy sports operator.
- (10) "Highly experienced player" means any fantasy sports player who has:
 - (a) Entered more than 1,000 fantasy sports competitions offered by a single Fantasy Sports operator; or
 - (b) Won more than three fantasy sports competition prizes valued at \$1,000 or more.
- (11) "Immediate family" means a spouse, domestic partner, child or parent.
- (12) "Minor" means any individual younger than 18 years old.
- (13) "Player funds" means funds deposited by a fantasy sports player into an account to facilitate entry into fantasy sports competitions.
- (14) "Prize" means anything of monetary value, including but not limited to:
 - (a) Money;
 - (b) Competition credits;
 - (c) Merchandise; or
 - (d) Admission to another competition in which a prize may be awarded.
- (15) "Scripts" means commands that a computer program can execute to automate processes on a fantasy sports competition platform created by:
 - (a) A fantasy sports player; or
 - (b) A third party for use by a fantasy sports player.
- (16) "Segregated account" means a financial account that segregates funds owned by a fantasy sport player from the operational funds of a fantasy sports operator.

.02 Prohibition on Fantasy Sports Competition Play by Minors.

- A. A minor is prohibited from participating in a fantasy sports competition.
- B. No person may allow a minor to participate in a fantasy sports competition.

.03 Restrictions on Fantasy Sports Competition Play by Individuals Associated with Operators.

A. Except as provided in §B of this regulation,

(1) An employee, principal, officer, director or contractor of a fantasy sports operator, or a member of that individual's immediate family, is prohibited from participating in a fantasy sports competition offered by any fantasy sports operator.

(2) A person may not allow an employee, principal, officer, director or contractor of a fantasy sports operator, or a member of that individual's immediate family, to participate in a fantasy sports competition offered by any fantasy sports operator.

B. Exception. An individual associated with a fantasy sports operator may participate in a fantasy sports competition under the following conditions:

(1) The individual must use a clearly marked test account for testing purposes including evaluating a fantasy sports competition platform;

(2) The individual must fully disclose affiliation with a fantasy sports operator to each fantasy sports player in the fantasy sports competition; and

(3) The individual associated with a fantasy sports operator using a test account is not eligible to win a prize. If the individual associated with a fantasy sports operator using a test account wins a fantasy sports competition, the prize shall be awarded to the participant who would have won if the individual associated with a fantasy sports operator had not participated.

.04 Prohibition on Fantasy Sports Competition Play by Athletes and Others.

A. An athlete, sports agent, team employee, referee, or league official, or a member of that individual's immediate family, is prohibited from entering fantasy sports competitions based on underlying sporting events in which the individual is a participant.

B. An athlete, sports agent, team employee, referee, or league official, or a member of that individual's immediate family, may not enter fantasy sports competitions based on underlying sporting events in which the individual is a participant through another person as a proxy.

C. No person may allow an athlete, sports agent, team employee, referee, or league official, or a member of that individual's immediate family to enter a fantasy sports competition based on an underlying sporting event in which the individual is a participant or in which the individual is a participant through another person as a proxy.

.05 Self Exclusion.

A. An individual may request exclusion from entering a fantasy sports competition.

B. If an individual requests exclusion, a fantasy sports operator shall take reasonable measures to prevent that individual from entering a fantasy sports competition.

.06 Limits on Deposits.

A. Except as provided in §B of this regulation,

(1) A fantasy sports player is prohibited from depositing more than \$1,000 in a single calendar month with a fantasy sports operator.

(2) No person may allow a fantasy sports player to deposit more than \$1,000 in a single calendar month with a fantasy sports operator.

B. Exception. A fantasy sports player may request a fantasy sports operator to temporarily or permanently increase a deposit limit above \$1,000 per calendar month under the following conditions:

(1) The fantasy sports operator must have established and prominently published procedures for considering a request from a fantasy sports player to increase the deposit level. Procedures shall include evaluation of information, including evidence of income or assets, sufficient to confirm the financial ability of a fantasy sports player to afford losses which may result from fantasy sports competition play at the deposit level requested by the fantasy sports player;

(2) When a temporary or permanent deposit level increase is approved, the fantasy sports player must undergo an annual evaluation by the fantasy sports operator of information sufficient to confirm the continued financial ability of a fantasy sports player to afford losses which may result from fantasy sports competition play at the increased deposit level; and

(3) It is at the discretion of a fantasy sports player to provide income or asset information to a fantasy sports operator.

.07 Prohibition on Extensions of Credit.

A. A fantasy sports player is prohibited from being extended credit from a fantasy sports operator for purposes of participating in a fantasy sports competition.

B. No fantasy sports operator may extend credit to a fantasy sports player for purposes of participating in a fantasy sports competition.

.08 Prohibition on Fantasy Sports Competitions Based on Amateur Sports.

A. A fantasy sports player may not participate in a fantasy sports competition that includes:

- (1) Amateur;
- (2) College;

- (3) High school; or
- (4) Student sporting events.

B. No person may allow a fantasy sports player to participate in a fantasy sports competition that includes:

- (1) Amateur;
- (2) College;
- (3) High school; or
- (4) Student sporting events.

.09 Ensuring Skill Based Outcomes in Fantasy Sports Competitions.

A. Fantasy Sports Scripts.

(1) A fantasy sports player may not participate, and no person may allow participation, in fantasy sports competition provided by a fantasy sports operator that permits the use of unauthorized scripts on a fantasy sports competition platform or does not use commercially reasonable efforts to monitor for and prevent use of such scripts.

(2) A fantasy sports player may not participate, and no person may allow participation, in a fantasy sports competition if the fantasy sports operator does not prohibit an individual or corporation from using unauthorized scripts in a fantasy sports competition by:

- (a) Terminating such individual or corporate account; and
- (b) Banning that individual or corporation from further play.

(3) A fantasy sports player may not participate, and no person may allow participation, in a fantasy sports competition provided by a fantasy sports operator that does not prohibit scripts that provide a fantasy sports player with a competitive advantage over another fantasy sports player. For the purpose of §A of this regulation, scripts will be treated as offering a competitive advantage if potential uses include:

- (a) Facilitating changes in many line ups at one time;
- (b) Facilitating use of commercial products designed and distributed by third parties to identify advantageous game strategies; or
- (c) Gathering information about the performance of others for the purpose of identifying or entering competitions against fantasy sports players who are less likely to be successful.

(4) Authorized scripts shall either be incorporated as a game feature or be prominently published and thereby made available to all fantasy sports players.

B. Beginner Games and Identification of Highly Experienced Players.

(1) Fantasy sports players may only participate, and persons may only allow participation, in fantasy sports competitions that are provided by fantasy sports operators that offer some fantasy sports competitions that are limited to beginner players and exclude highly experienced players.

(2) Fantasy sports players may only participate, and persons may only allow participation, in fantasy sports competitions that are provided by a fantasy sports operator that clearly and conspicuously identifies a highly experienced player in a fantasy sports competition by attaching a symbol to the username of a highly experienced player, or by other easily visible means, on a fantasy sports competition platform.

C. Fantasy Sports Competition Entries.

(1) A fantasy sports player may only participate, and persons may only allow participation, in fantasy sports competitions that are provided by a fantasy sports operator that discloses the number of entries a fantasy sports player may submit to each fantasy sports competition.

(2) A fantasy sports player is prohibited from using, and no person may allow a fantasy sports player to use, a fantasy sports operator that does not take reasonable steps to prevent fantasy sports players from submitting more than the allowable number of entries.

D. Limit on Number of Accounts.

(1) A fantasy sports player may not establish, or be permitted to establish, more than one username with a fantasy sports operator.

(2) A fantasy sports player may not establish, or be permitted to establish, more than one account with a fantasy sports operator.

.10 Financial Account Protections.

A. A fantasy sports player may not be permitted to participate in a fantasy sports competition provided by a fantasy sports operator unless the fantasy sports operator creates segregated accounts separating player funds from operational funds and maintains a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, a bond, or a combination thereof in an amount sufficient to pay all prizes offered to winning fantasy sports players.

B. A fantasy sports player may not be permitted to participate in a fantasy sports competition provided by a fantasy sports operator unless the fantasy sports operator complies with all applicable state and federal requirements for data security.

.11 Notification.

A. A fantasy sports player may not be permitted to participate in a fantasy sports competition unless the fantasy sports operator offering services in connection with a fantasy sports competition in Maryland has notified the agency prior to offering any fantasy sports competition that the fantasy sports operator is qualified to do business in the State;

B. The notification to the Agency shall include:

(1) The name and principal address of the fantasy sports operator; if a corporation, the state of incorporation and the full name and address of each officer, director, trustee and principal salaried executive staff officer; if a foreign corporation, evidence of qualification to conduct business in the State; if a partnership or joint venture, the name and address of each officer;

(2) The name and address of the fantasy sports operator's resident agent in the State; and

(3) The place where and the date when the fantasy sports operator was legally established and the form of its organization.

C. Information provided by the fantasy sports operator shall be available for public review.

D. In the event that information provided by the fantasy sports operator is no longer accurate due to a change in circumstances, a fantasy sports operator shall provide the agency with the corrected information within 10 business days.

.12 Financial Auditing.

A. A fantasy sports player may not be permitted to participate in a fantasy sports competition provided by a fantasy sports operator unless the fantasy sports operator contracts annually with a Certified Public Accountant to perform a financial audit that:

(1) Complies with generally accepted accounting principles; and

(2) Is submitted to the agency.

B. The financial audit does not preclude any State or federal agency from conducting an audit of a fantasy sports operator.

C. The same Certified Public Accountant may not perform more than two consecutive financial audits for a fantasy sports operator.

.13 Tax Laws and Disclosures.

A. A fantasy sports operator shall comply with all applicable tax laws and regulations.

B. A fantasy sports operator shall disclose potential tax liabilities to fantasy sports players before the fantasy sports competition begins and again at the time of award of any prize in excess of \$600.

.14 Advertising.

A. Fantasy sports operator advertisements may not depict:

(1) Minors, except professional athletes who may be minors;

(2) Students;

(3) Schools or colleges; or

(4) School or college settings.

B. Incidental depiction of nonfeatured minors will not be a violation of §A of this regulation.