

DEPARTMENT OF REVENUE

Division of Gaming

SPORTS BETTING REGULATIONS

1 CCR 207-2

BASIS AND PURPOSE FOR RULE 1

The purpose of Rule 1 is to provide definitions of various terms used throughout the sports betting Rules of the Colorado Limited Gaming Control Commission so that the Rules can be uniformly applied and understood. The definitions in 44-30-103, C.R.S., and 44-30-1501, C.R.S., shall also apply throughout this document. The statutory basis for Rule 1 is found in sections 44-30-102, C.R.S., 44-30-104, C.R.S., 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., and 44-30-302, C.R.S.

RULE 1 GENERAL RULES AND REGULATIONS *Effective 4/14/20*

1.4 Definitions.

(6) "CARD" IS THE LIST OF SPORTS EVENTS FROM WHICH A PATRON CAN MAKE SELECTIONS FOR A GIVEN POOL.

(67) "Event number" means a set of alpha and/or numeric characters that corresponds to a sports event or an event ancillary to a sports event.

(78) "Exchange wagers" means a form of wagering in which two or more persons place identically opposing wagers in a given market, allowing patrons to wager on both winning and non-winning outcomes in the same event.

(89) "Free bet" means a bet made by patrons using non-cashable vouchers, coupons, electronic credits or electronic promotions provided by Sports Betting Operations.

(910) "Independent Integrity Monitoring Provider" means an independent individual or entity approved by the Director or Director's designee to receive reports of unusual betting activity from a Sports Betting Operation for the purpose of assisting in identifying suspicious betting activity.

(1011) "Internet Sports Betting Operator" means a person contracted by a Master License that is licensed to operate an internet Sports Betting Operation in which customers place bets within the State of Colorado on authorized sports events through a customer's personal computer, mobile or interactive device and accepted through an online gaming system approved by the Division. An Internet Sports Betting Operator may provide only one individually branded website, which may have an accompanying mobile application that must bear the same unique brand as the website for an internet Sports Betting Operation.

(1112) "Master License" means a person, that holds a retail gaming license as described in section 44-30-501 (1)(c), issued a sports betting license by the Commission pursuant to section 44-30-1505 (1)(a), that authorizes the licensee to either conduct sports betting and internet sports betting itself or contract with a Sports Betting Operator, an internet Sports Betting Operator, or both, to conduct sports betting.

(1213) "Net sports betting proceeds" means the total amount of all bets placed by players in a Sports Betting Operation or internet Sports Betting Operation, excluding free bets, less all payments to players and less all excise taxes paid pursuant to federal law. Payments to players include all payments of cash premiums, merchandise, or any other thing of value.

~~(13)~~14 "Online Sports Betting Operation" means a Sports Betting Operation in which wagers on sports events are made through personal computers, or mobile or interactive devices, and accepted through an online gaming system approved by the Division.

(15) "POOL" MEANS A BETTING OR PROMOTIONAL OFFERING WHERE PATRONS MAY MAKE SELECTIONS OF OUTCOMES ON A SET NUMBER OF SPORTS EVENTS ON A CARD IN ORDER TO ENTER FOR A CHANCE TO WIN ALL OR A PORTION OF THE PRIZE POOL.

(16) "PRIZE POOL" MEANS THE PRIZING AVAILABLE FOR AN INDIVIDUAL POOL.

~~(14)~~17 "Prohibited sports betting participant" means any person who is prohibited pursuant to 44-30-1506, C.R.S., any individual whose participation may undermine the integrity of the betting or the sports event, or any person who is prohibited for other good cause, including, but not limited to: any individual placing a wager as an agent or proxy; any person who is an athlete, coach, referee, player, in, or on, any sports event overseen by that person's sports governing body based on publicly available information; a person who holds a position of authority or influence sufficient to exert influence over the participants in a sporting contest, including, but not limited to, coaches, managers, handlers, or athletic trainers; a person with access to certain types of exclusive information on any sports event overseen by that person's sports governing body based on publicly available information, or a person identified by any lists provided by the sports governing body to the Division.

~~(15)~~18 "Proposition (Prop) bet" means a bet specifically naming an individual participant, or if a team sport, a specific position on a team, thus constituting a bet upon the actions of that individual or position, regarding the occurrence or non-occurrence of a certain outcome during an event that does not directly reflect the event's final outcome. *Amended temp. 4/30/20, Amended perm. 8/14/20*

(19) "RAKE" MEANS THE FEE THAT IS DEDUCTED BY A SPORTS BETTING OPERATION FROM ENTRY FEES PAID BY PATRONS WHO PARTICIPATE IN A POOL.

(20) "RAKE ADJUSTMENT" MEANS AN ADJUSTMENT MADE BY THE SPORTS BETTING OPERATION TO ACCOUNT FOR ANY SHORTFALL IN CONNECTION WITH A POOL.

~~(16)~~21 "Self-service betting device (kiosk)" means an automated device used by patrons to make wagers on sporting events; the kiosk may also be used to obtain betting information, process sports betting vouchers and betting tickets, and any other automated functions approved by the Commission. All self-service betting devices must be located in an approved designated sports betting wagering area.

(22) "SHARED LIQUIDITY POOL" MEANS A BETTING OR PROMOTIONAL OFFERING IN COLORADO AND AT LEAST ONE OTHER JURISDICTION WHERE PATRONS MAY MAKE SELECTIONS OF OUTCOMES ON A SET NUMBER OF SPORTS EVENTS ON A CARD IN ORDER TO ENTER FOR A CHANCE TO WIN ALL OR A PORTION OF THE PRIZE POOL.

~~(17)~~23 "Sport Betting Operator" means a person that is licensed to operate a Sports Betting Operation in which customers place bets in person at a designated physical location. A Sports Betting Operator may take authorized sports bets within the designated sports betting wagering area during such times as the Master license that they have contracted with operates.

~~(18)~~24 "Sports Betting Operation" means a licensed wagering operation in which bets are placed on sports events through any system or method of betting, including single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game betting, in-play bets, proposition bets other than those relating to collegiate sports events, or straight bets.

- (1925) "Sports betting system" means all equipment and software used in conjunction with the Sports Betting Operation, including but not limited to, the following: (1) sports betting interactive components, including all hardware, software and associated equipment that comprise the sports betting platform for the purpose of authorizing sports betting and online and mobile sports betting, (2) self-service sports betting devices, (3) ticket/voucher redemption devices, and (4) any other device, service or system that the Commission determines to be related to the Sports Betting Operation.
- (2026) "Sports betting wagering area" means an area(s), as designated by a licensee and approved by the Division, in which sports betting is conducted by a master license or Sports Betting Operator.
- (2427) "Sports event" means any individual or team sport, athletic contest, or athletic event not prohibited by the Director, including all professional electronic sports and competitive video game events that are not sponsored by high schools, and do not include high school teams, and do not include a majority of participants that are under the age of 18 years.
- (2228) "Sports governing body" means an organization that performs a regulatory or sanctioning function over the conduct of a sports event.
- (2329) "Sports bet" means the business of accepting approved bets by a licensee on any sports event by any approved system or method of betting.
- (2430) "Sports betting manager" means a key employee of a Master licensee or a qualified employee of a Sports Betting Operator or Internet Sports Betting Operator, responsible for the operations of sports betting and final approval of all odds established on any wager made pursuant to this chapter.
- (2531) "Sports betting system" means all equipment and software used in conjunction with the operation of a Sports Betting Operation.
- (2632) "Sports betting ticket" means a printed record issued or an electronic record maintained by the sports betting system that evidences a sports wager.
- (2733) "Sports betting voucher" means a printed record issued by a sports betting system that may be used to fund a sports wager.
- (2834) "Suspicious betting activity" means unusual betting activity that cannot be explained and is indicative of match fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.
- (2935) "Unusual betting activity" means abnormal betting activity exhibited by patrons and deemed by the Sports Betting Operation as a potential indicator of suspicious activity. Abnormal betting activity may include the size of a patron's wager or increased betting volume on a particular event or wager type.
- (3036) "Voided wager" means a wager voided by a Sports Betting Operation with supervisor approval, pursuant to the Sports Betting Operation's internal controls for betting a specific event.

BASIS AND PURPOSE FOR RULE 6

The purpose of Rule 6 is to specify the rights, responsibilities, and duties of licensees; specify certain duties of licensees related to permitting access to the Division of information, records, and premises controlled by the licensee, require licensees to maintain sufficient financial reserves, require that certain

information be publicly posted, direct the licensee to prohibit certain conduct, and establish procedures for patron disputes, dissolution of corporations, transfers of interests and terminations of licensee employment or licensure. The statutory basis for Rule 6 is found in sections 44-30-201, C.R.S., 44-30-202, C.R.S., 44-30-203, C.R.S., 44-30-204, C.R.S., 44-30-302, C.R.S., 44-30-510, C.R.S., 44-30-528, C.R.S., 44-30-833, C.R.S. and part 15 of article 30 of title 44, C.R.S.

RULE 6 RIGHTS AND DUTIES OF LICENSEES *Effective 4/14/20*

6.20 POOLS, SHARED LIQUIDITY POOLS, Contests and Weekly Picks EVENTS.

Contests and weekly picks are those events that are offered for promotional or other purpose that do not involve activity that can be characterized as gambling and/or sports betting in violation of Colorado laws and regulations. Contests and weekly picks offered by Sports Betting Operations must be approved by the Division prior to offer. Requests shall be made pursuant to the following provisions:

- (1) The request must be made to the Division on a form designated by the Division at least three (3) business days prior to the date of offer.
- (2) The request must identify any agent and/or proxy acting on behalf of any sports betting participant and the name of that individual.

The request must provide a detailed description of the contest or weekly pick, and must include the rules of the contest, requirements for entry, and winning pay out(s).

- (1) POOL, SHARED LIQUIDITY POOL, CONTEST OR WEEKLY PICK EVENT, MEANS A BETTING OR PROMOTIONAL OFFERING WHERE PATRONS MAY MAKE SELECTIONS OF OUTCOMES ON A SET NUMBER OF SPORTS EVENTS ON A CARD IN ORDER TO ENTER FOR A CHANCE TO WIN ALL OR A PORTION OF THE PRIZE POOL.
- (2) PRIOR TO OFFERING A POOL, CONTEST OR WEEKLY PICK EVENT THAT WILL BE MADE AVAILABLE TO PATRONS IN COLORADO, OR A SHARED LIQUIDITY POOL AVAILABLE TO PATRONS IN COLORADO AND OTHER JURISDICTIONS, WITH THE PRIZE POOL BEING COMPRISED OF ENTRY FEES COLLECTED FROM PATRONS IN MULTIPLE JURISDICTIONS, A SPORTS BETTING OPERATION MUST OBTAIN APPROVAL FROM THE DIRECTOR. THE REQUEST MUST PROVIDE A DETAILED DESCRIPTION OF THE POOL, SHARED LIQUIDITY POOL, CONTEST OR WEEKLY PICK EVENT, AND MUST INCLUDE THE RULES, REQUIREMENTS FOR ENTRY, THE RAKE AND WINNING PAY OUT(S). ONCE A SPORTS BETTING OPERATION RECEIVES APPROVAL TO OFFER A POOL, SHARED LIQUIDITY POOL, CONTEST OR WEEKLY PICK EVENT THE SPORTS BETTING OPERATION SHALL NOT BE REQUIRED TO SEEK ADDITIONAL APPROVALS FROM THE DIRECTOR FOR EACH SUBSEQUENT OFFERING THAT IS SUBSTANTIALLY SIMILAR.
- (3) THE SPORTS BETTING OPERATION SHALL BE RESPONSIBLE FOR ESTABLISHING THE RAKE. THE SPORTS BETTING OPERATION'S RAKE COLLECTED FROM PATRONS THAT ENTER A POOL, SHARED LIQUIDITY POOL, CONTEST OR WEEKLY PICK WHILE LOCATED IN THE STATE OF COLORADO, LESS ANY RAKE ADJUSTMENT, IF APPLICABLE, SHALL BE CONSIDERED NET SPORTS BETTING PROCEEDS AND ARE SUBJECT TO ALL TAXES AND TAX REQUIREMENTS OUTLINED IN PART 15 OF THE COLORADO LIMITED GAMING ACT.
- (4) AT NO TIME SHALL THE CALCULATION RESULTING FROM A RAKE ADJUSTMENT BE NEGATIVE.
- (5) THE RAKE RATE MUST BE THE SAME FOR ALL JURISDICTIONS PARTICIPATING IN A SHARED LIQUIDITY POOL AVAILABLE TO PATRONS IN COLORADO AND OTHER JURISDICTIONS.
- (6) AGENTS OR PROXIES SHALL NOT BE ALLOWED IN A BETTING OFFERING. A POOL, SHARED LIQUIDITY POOL, CONTEST OR WEEKLY PICK EVENT THAT IS OFFERED FOR PROMOTIONAL OR OTHER PURPOSES THAT DO NOT INVOLVE ACTIVITY THAT CAN BE CHARACTERIZED AS GAMBLING AND/OR SPORTS BETTING IN VIOLATION OF COLORADO LAWS AND REGULATIONS MUST IDENTIFY ANY AGENT AND/OR PROXY ACTING ON BEHALF OF ANY PARTICIPANT AND THE NAME OF THAT INDIVIDUAL.