

REGULATION 14

MANUFACTURERS, DISTRIBUTORS, OPERATORS OF INTER-CASINO LINKED SYSTEMS, GAMING DEVICES, NEW GAMES, INTER- CASINO LINKED SYSTEMS, ON-LINE SLOT METERING SYSTEMS, CASHLESS WAGERING SYSTEMS, MOBILE GAMING SYSTEMS, INTERACTIVE GAMING SYSTEMS AND ASSOCIATED EQUIPMENT; INDEPENDENT TESTING LABORATORIES

PROPOSED AMENDMENTS TO REGULATION 14

PURPOSE: In accordance with NRS 463.145, NRS 463.150, and S.B. 9 passed during the 2015 Legislative Session, to amend regulation 14 to add, delete, and/or amend definitions including, but not limited to, “distribution or distribute,” “game of chance,” “game of skill,” “gaming session,” “hybrid game,” “identifier,” “skill”; “control program,” “manufacture,” and “modification”; to create a policy statement for the commission; to amend the provisions pertaining to themes that are prohibited in association with gaming devices or slot machines; to amend the minimum standards for gaming devices; to establish standards for the use of identifiers; to establish standards regarding the use of certain technology for gaming devices and games; to establish standards for approval of inter-casino linked system of games of skill or hybrid games; to require manufacturers, distributors, and manufacturers and distributors of associated equipment to notify the board in writing if an approved gaming device or associated equipment no longer complies with the regulations of the commission; to amend the information an application for approval to modify an inter-casino linked system must contain; and to take such additional action as may be necessary and proper to effectuate these stated purposes.

(Draft Date: August 21, 2015)

[Deleted]/**Added** Language

14.010 Definitions. As used in this regulation, unless the context otherwise requires:

1. “Assume **R**esponsibility” means to acquire complete control over, or ownership of, a gaming device, cashless wagering system, mobile gaming system or interactive gaming system.

2. “Cashless wagering system” means the collective hardware, software, communications technology, and other associated equipment used to facilitate wagering on any game or gaming device including mobile gaming systems and interactive gaming systems with other than chips, tokens or legal tender of the United States. The term does not include any race and sports computerized bookmaking system that accepts

pari-mutuel wagers, or any other race and sports book systems that do not accept wagering instruments, wagering credits or process electronic money transfers. This type of associated equipment is further defined in NRS 463.014.

3. "Chairman" means the chairman of the state gaming control board or his designee.

4. "Control Program" means any software, source language or executable code which affects the result of a wager by determining win or loss. The term includes, but is not limited to, software, source language or executable code associated with the:

- (a) Random number generation process;
- (b) Mapping of random numbers to game elements ~~displayed as part of~~ to determine game outcome;
- (c) Evaluation of the randomly selected game elements to determine win or loss;
- (d) Payment of winning wagers;
- (e) Game recall;
- (f) Game accounting including the reporting of meter and log information to on-line slot metering system;
- (g) Monetary transactions conducted with associated equipment;
- (h) Software verification and authentication functions which are specifically designed and intended for use in a gaming device;
- (i) Monitoring and generation of game tilts or error conditions; and
- (j) Game operating systems which are specifically designed and intended for use in a gaming device.

→ The term does not include software used for artistic attributes of a game including graphics, sound and animation providing entertainment unless such elements are material to game play because they are necessary for the player to understand the game or game outcome.

5. "Distribution" or "distribute" means the sale, offering for sale, lease, offering for lease, licensing or other offer of any gaming device, cashless wagering system, mobile gaming system or interactive gaming system for use or play in Nevada ~~or from a location within Nevada.~~

6. "Distributor" means a person who operates, carries on, conducts or maintains any form of distribution.

7. "Distributor of associated equipment" is any person that sells, offers to sell, leases, offers to lease, licenses, markets, offers, or otherwise offers associated equipment in Nevada for use by licensees.

8. "Equipment associated with interactive gaming" means associated equipment as defined within NRS 463.0136.

9. "Game of chance" means a game in which randomness determines all outcomes of the game as determined over a period of continuous play.

10. "Game of skill" means a game in which the skill of the player, rather than chance, is the dominant factor in affecting the outcome of the game as determined over a period of continuous play.

11. "Game outcome" is the final result of the wager.

~~40.~~ 12. "Game variation" means a change or alteration in a game or gambling game that affects the manner or mode of play of an approved game. This includes, but is not limited to, the addition or removal of wagering opportunities or a change in the

theoretical hold percentage of the game. The term game or gambling game is defined in NRS 463.0152.

13. "Gaming session" means the period of time commencing when a player initiates a game or series of games on a gaming device by committing a wager and ending at the time of a final game outcome for that game or series of games.

14. "Hybrid game" means a game in which a combination of the skill of the player and chance affects the outcome of the game as determined over a period of continuous play.

15. "Identifier" means any specific and verifiable fact concerning a player or group of players which is based upon objective criteria relating to the player or group of players, including, without limitation:

- (a) The frequency, value or extent of predefined commercial activity;
- (b) The subscription to or enrollment in particular services;
- (c) The use of a particular technology concurrent with the play of a gaming device;
- (d) The skill of the player;
- (e) The skill of the player relative to the skill of any other player participating in the same game;
- (f) The degree of skill required by the game; or
- (g) Any combination of (a) to (f), inclusive.

~~44.~~ 16. "Independent contractor" means any person who:

- (a) Is not an employee of a licensed manufacturer; and
- (b) Pursuant to an agreement with a licensed manufacturer:
 - (1) Designs, develops, programs, produces or composes a control program on behalf of the licensed manufacturer; or
 - (2) Designs, develops, produces or composes software, source language or executable code intended to be compiled into a control program by the licensed manufacturer.

→ As used in this regulation "licensed manufacturer" includes any affiliate that is owned or controlled by or under common control with the licensee.

~~42.~~ 17. "Independent testing laboratory" means a private laboratory that is registered by the commission to inspect and certify games, gaming devices, associated equipment, cashless wagering systems, inter-casino linked systems, mobile gaming systems or interactive gaming systems, and any components thereof and modifications thereto, and to perform such other services as the board and commission may request.

~~43.~~ 18. "Inter-casino linked system" means:

- (a) A network of electronically interfaced similar games which are located at two or more licensed gaming establishments that are linked to:
 - (1) Conduct gaming activities, contests or tournaments; or
 - (2) Facilitate participation in a common progressive prize system,
- and the collective hardware, software, communications technology and other associated equipment used in such system to link and monitor games or devices located at two or more licensed gaming establishments, including any associated equipment used to operate a multi-jurisdictional progressive prize system.
- (b) Systems that solely record a patron's wagering activity among affiliated properties are not inter-casino linked systems.

(c) The term "multi-jurisdictional progressive prize system" means the collection of hardware, software, communications technology and other associated equipment used to link and monitor progressive slot machines or other games among licensed gaming establishments in this state participating in an inter-casino linked system and one or more lawfully operated gaming locations in other jurisdictions that participate in a similar system for the purpose of participation in a common progressive prize system.

44. 19. "Inter-casino linked system modification" means a change or alteration to an inter-casino linked system made by an operator who has been previously approved by the commission to operate that system. With regard to inter-casino linked systems that link progressive payout schedules, the term includes, but is not limited to:

- (a) A change in a system name or theme; or
- (b) A change in gaming device denomination.

45. 20. "Interactive gaming system" is a gaming device and means the collective hardware, software, communications technology, and proprietary hardware and software specifically designed or modified for, and intended for use in, the conduct of interactive gaming. The core components of an interactive gaming system, including servers and databases running the games on the interactive gaming system and storing game and interactive gaming account information, must be located in the State of Nevada except as otherwise permitted by the chairman or his designee.

46. 21. "Manufacture" means:

(a) To manufacture, produce, program, design, control the design of, ~~maintain a copyright over~~ or make modifications to a gaming device, associated equipment, cashless wagering system, mobile gaming system or interactive gaming system, ~~including proprietary software or hardware~~ for use or play in Nevada;

(b) To direct, control or assume responsibility for the methods and processes used to design, develop, program, assemble, produce, fabricate, compose and combine the components and other tangible objects of any gaming device, associated equipment, cashless wagering system, mobile gaming system or interactive gaming system, ~~including proprietary software or hardware~~ for use or play in Nevada; or

(c) To assemble, or control the assembly of, a gaming device, associated equipment, cashless wagering system, mobile gaming system or interactive gaming system, ~~including proprietary software or hardware~~ for use or play in Nevada.

47. 22. "Manufacturer" means a person who operates, carries on, conducts or maintains any form of manufacture.

48. 23. "Manufacturer of associated equipment" is any person that manufactures, assembles, or produces any associated equipment, including inter-casino linked systems, for use in Nevada by licensees.

49. 24. "Manufacturer of ~~E~~quipment ~~A~~ssociated with ~~I~~nteractive ~~G~~aming" means any person that manufactures, assembles, or produces any equipment associated with interactive gaming.

20. 25. "Mobile gaming system" or "system" means a system that allows for the conduct of games through mobile communications devices operated solely within a licensed gaming establishment by the use of communications technology that allows a patron to bet or wager, and corresponding information related to the display of the game, gaming outcomes or other similar information.

21. ~~26.~~ “Mobile gaming system modification” means any change or alteration to a mobile gaming system made by a manufacturer from its approved configuration.

22. ~~27.~~ “Modification” means a change or alteration in a gaming device previously approved by the commission for use or play in Nevada that affects the manner or mode of play of the device. The term includes a change to control ~~or graphics~~ programs and, except as provided in paragraphs (c) and (d) of this subsection, in the theoretical hold percentage. The term does not include:

(a) Replacement of one component with another, pre-approved component;
(b) The rebuilding of a previously approved device with pre-approved components;
(c) A change in the theoretical hold percentage of a mechanical or electro-mechanical device, provided that the device as changed meets the standards of Regulation 14.040(1); ~~or~~

(d) A change in the theoretical hold percentage of an electronic device which is the result of a top award jackpot or bonus jackpot payment which is paid directly by an attendant and which is not accounted for by the device; or

(e) A change to software used for artistic attributes of a game, including graphics, sound and animation providing entertainment unless such elements are material to game play because they are necessary for the player to understand the game or game outcome.

23. ~~28.~~ “On-line slot metering system” means the collective hardware, software and other associated equipment used to monitor, accumulate, and record meter information from gaming devices within a licensed establishment.

24. ~~29.~~ “Operator” means, except as otherwise provided, any person or entity holding a license to operate:

(a) An inter-casino linked system or mobile gaming system in Nevada;
(b) A slot machine route that operates an inter-casino linked system for slot machines only;
(c) A nonrestricted gaming operation that operates an inter-casino linked system of affiliates; or

(d) An inter-casino linked system under the preceding paragraphs (a) or (b) of this section which system also is linked to or otherwise incorporates a multi-jurisdictional progressive prize system.

25. ~~30.~~ “Private residence” means a noncommercial structure used by a natural person as a place of abode and which is not used for a commercial purpose.

26. ~~31.~~ “Proprietary hardware and software” means hardware or software specifically designed for use in a gaming device including a mobile gaming system and interactive gaming system.

27. ~~32.~~ “Randomness” is the observed unpredictability and absence of pattern in a set of elements or events that have definite probabilities of occurrence.

33. “Rules of play” means those features of a game necessary for a reasonable person to understand how a game is played including, but not limited to, the following:

(a) Help screens;
(b) Award cards; and
(c) Pay-line information.

→ The term does not include those inherent features of a game that a reasonable person should know or understand prior to initiating the game.

34. “Skill” means the knowledge, dexterity or any other ability or expertise of a natural person.

~~28.~~ 35. “Theme” means a concept, subject matter and methodology of design.

14.015 Policy. Gaming devices and associated equipment that incorporate innovative, alternative and advanced technology are beneficial to and in the best interests of the State of Nevada and it is the policy of the commission to encourage the development and deployment of such technologies by manufacturers, distributors and gaming establishments to the extent consistent with the declared policy of this state as set forth in NRS 463.0129 and section 1 of Chapter 108 of the 2015 Statutes of Nevada.

14.025 Certain themes prohibited in association with gaming devices or slot machines.

1. A gaming device or gaming device modification submitted for approval by a manufacturer or made available for play by a licensee must not use a theme that:

(a) Is derived from or based on a product that is currently and primarily intended or marketed for use by persons under 21 years of age, or

(b) Depicts a subject or material that:

(1) Is obscene;

(2) Offensively portrays persons based on race, religion, national origin, gender, or sexual preference; or

(3) Is otherwise contrary to the public policy of the state or would constitute an unsuitable method of operation this state as set forth in NRS 463.0129.

2. ~~In addition to any other factors deemed relevant, the following factors may be considered in determining whether a gaming device theme is prohibited by subsection 1:~~

~~—(a) The subject matter of a television program or cartoon and the rating given to it by the National Association of Broadcasters, the National Cable Television Association, the National Cable Association or comparable rating entity;~~

~~—(b) The subject matter of a book or magazine and the categorization given to it by the Library of Congress;~~

~~—(c) The subject matter of a board game and the age recommendation given to the board game by the manufacturer of the game;~~

~~—(d) The subject matter of a movie or animated feature and the rating given to it by the Motion Picture Association of America or comparable rating entity;~~

~~—(e) The subject matter of a video or computer game and the rating given to it by the Entertainment Software Rating Board or a comparable rating entity;~~

~~—(f) The age distribution of the audience for a television program, movie or animated feature;~~

~~—(g) The age distribution of the users of other products using the same theme;~~

~~—(h) The advertising or marketing campaign for the product from which the theme is derived or on which it is based;~~

~~—(i) The year in which the product from which the theme is derived, or on which it is based, first received intellectual property protection; or~~

~~—(j) Whether the theme is attractive to adults because of its nostalgic appeal.~~

~~—3. A gaming device theme will ordinarily be presumed to be currently and primarily intended or marketed for use by persons under 21 years of age if it is derived from or based on:~~

~~—(a) A television program or cartoon, other than a game show, that first received intellectual property protection less than 21 years prior to the date of submission of the gaming device, that is rated TV-Y, TV-Y7, or TV-G by the National Association of Broadcasters, the National Cable Television Association, the National Cable Association or comparable rating entity;~~

~~—(b) A board game that contains a recommendation that the game is suitable only for players under 21 years of age;~~

~~—(c) A book or magazine categorized by the Library of Congress only as juvenile literature or children's literature that first received intellectual property protection less than 21 years prior to the date of submission of the gaming device;~~

~~—(d) A movie or animated feature that first received intellectual property protection less than 21 years prior to the date of submission of the gaming device that is rated G by the Motion Picture Association of America, or comparable rating entity; or~~

~~—(e) A video or computer game that first received intellectual property protection less than 21 years prior to the date of submission of the gaming device that is rated EC by the Entertainment Software Rating Board, or comparable rating entity.~~

~~—4. A manufacturer, licensee or other person holding the intellectual property rights to a theme for a gaming device may, concurrently with or independent of an application for approval of or modification to a gaming device, file a request with the board chairman, in such manner and using such forms as the chairman may prescribe, for a determination as to whether subsection 1 prohibits use of the theme in connection with a gaming device.~~

~~(a) The request for determination must be accompanied by a nonrefundable fee of \$500 per theme for each separate theme. A request for withdrawal may be made at any time prior to final action by the commission by filing a written request to withdraw with the board.~~

~~(a) (b) The requesting party shall articulate the reasons that the theme is not prohibited by subsection 1 along with any additional information it deems relevant to the determination. Information submitted pursuant to this section is confidential and subject to the provisions of NRS 463.120 and NRS 463.3407;~~

~~(b) 3. Within ~~40~~ 30 days of the submission of the request for determination pursuant to subsection 2, the chairman or his designee of the board shall administratively approve, approve with modification or condition, or deny the request for determination. appoint a hearing examiner to consider such request. The hearing examiner may, at his discretion, or at the request of the party submitting the request for determination, conduct such investigative hearings as may be necessary to make a recommendation to the board. The hearing examiner shall make a recommendation to the board within 30 days of appointment from the chairman, unless administratively extended by the chairman for good cause. The board shall consider the recommendation of the hearing examiner at the next regularly scheduled board meeting occurring more than 10 working days after receipt of the recommendation. Unless the board requires further investigation, the board shall sustain, modify or reverse the recommendation of the hearing examiner.~~

~~(c) The commission shall consider the recommendation of the board at the next regularly scheduled commission meeting occurring more than 10 working days after receipt of the recommendation by the board. Unless the commission requires further investigation, the commission shall sustain, modify or reverse the recommendation of the board upon a majority vote of the members.~~

4. A written request for withdrawal of the request for determination may be made by the requesting party at any time prior to the chairman's final action on such request. A request for withdrawal is effective upon delivery to the chairman and is without prejudice.

~~5. The commission or the board may restrict the time, place and manner in which an approved gaming device may be displayed.~~ The requesting party may appeal to the commission the administrative decision of the chairman or his designee. The appeal shall be made and processed pursuant to regulation 4.195, except such an appeal may be taken without first submitting the matter to the board for review of such administrative decision in accordance with regulation 4.190.

~~6. This section does not apply to any themes that were used in connection with gaming devices that were approved for play prior to the effective date of this section January 27, 2000.~~

14.040 Minimum standards for gaming devices.

1. All gaming devices submitted for approval must:

~~4-~~ a. Must theoretically pay out a mathematically demonstrable percentage of all amounts wagered, which must not be less than 75 percent for each wager available for play on the device.

~~(a) Gaming devices that may be affected by player skill must meet this standard when using a method of play that will provide the greatest return to the player over a period of continuous play.~~

~~(b) The chairman may waive the 75 percent standard if the manufacturer can show to the chairman's satisfaction that this requirement inhibits design of the device or is inappropriate under the circumstances, the device theoretically pays out at least 75 percent of all wagers made when all wagers are played equally, and the device otherwise meets the standards of subsections 2 through 6. A waiver will be effective when the manufacturer receives written notification from the chairman that this standard will be waived pursuant to this paragraph. A waiver of this standard pursuant to this paragraph is not an approval of the device.~~

(b) Determine game outcome solely by the application of:

(1) Chance;

(2) The skill of the player; or

(3) A combination of the skill of the player and chance.

(c) Display in an accurate and non-misleading manner:

(1) The rules of play;

(2) The amount required to wager on the game or series of games in a gaming session;

(3) The amount to be paid on winning wagers;

(4) Any rake-off percentage or any fee charged to play the game or series of games in a gaming session;

- (5) Any monetary wagering limits for games representative of live gambling games;
- (6) The total amount wagered by the player;
- (7) The game outcome; and
- (8) Such additional information sufficient for the player to reasonably understand the game outcome.
- (d) Satisfy the technical standards adopted pursuant to Regulation 14.050.

~~2. Must use a random selection process to determine the game outcome of each play of a game. The random selection process must meet 95 percent confidence limits using a standard chi-squared test for goodness of fit.~~

~~(a) Each possible permutation or combination of game elements which produce winning or losing game outcomes must be available for random selection at the initiation of each play.~~

~~(b) For gaming devices that are representative of live gambling games, the mathematical probability of a symbol or other element appearing in a game outcome must be equal to the mathematical probability of that symbol or element occurring in the live gambling game. For other gaming devices, the mathematical probability of a symbol appearing in a position in any game outcome must be constant.~~

~~(c) The selection process must not produce detectable patterns of game elements or detectable dependency upon any previous game outcome, the amount wagered, or upon the style or method of play~~ Once a game is initiated by a player on a gaming device, the rules of play for that game, including the probability and award of a game outcome, cannot be changed. In the event the game or rules of play for the game, including probability and award of a game outcome, change between games during a gaming session, notice of the change must be prominently displayed to the player.

~~3. Must display an accurate representation of the game outcome. After selection of the game outcome, the gaming device must not make a variable secondary decision which affects the result shown to the player.~~

~~—4. Gaming devices connected to a common payoff schedule shall:~~

~~(a) All be of the same denomination and have equivalent odds of winning the common payoff schedule/common award~~ based as applicable on either or both of the combined influence of the attributes of chance and skill; or

~~(b) If of different denominations, equalize the expected value of winning the payoff schedule/common award on the various denominations by setting the odds of winning the payoff schedule in proportion to the amount wagered~~ based as applicable on either or both the combined influence of the attributes of chance and skill, or by requiring the same wager to win the payoff schedule/award regardless of the device's denomination. The method of equalizing the expected value of winning the payoff schedule/award shall be conspicuously displayed on each device connected to the common payoff schedule/common award. For the purposes of this requirement, equivalent is defined as within a 5% percent tolerance for expected value and no more than a 1% percent tolerance on return to player or payback.

4. All possible game outcomes must be available upon the initiation of each play of a game on a gaming device.

5. Must display:

(a) ~~The rules of play;~~

(b) ~~The amounts to be paid on winning wagers;~~

(c) ~~Any rake-off percentage or any fee charged to play a game; and~~

(d) ~~Any monetary wagering limits for games representative of live gambling games~~

For gaming devices that are representative of live gambling games, the mathematical probability of a symbol or other element appearing in a game outcome must be equal to the mathematical probability of that symbol or element occurring in the live gambling game.

6. ~~Must not automatically alter pay tables or any function of the device based on internal computation of the hold percentage.~~

7. ~~Must meet the technical standards adopted pursuant to section 14.050.~~

8. ~~Except for devices granted a waiver pursuant to subsections 1(b), or 9, each gaming device exposed for play in the State of Nevada by any gaming licensee, including an operator of a slot machine route, must meet the standards and requirements set forth within subsection 1, as though the gaming device had been submitted for approval subsequent to September 28, 1989.~~

Gaming devices that offer games of skill or hybrid games must indicate prominently on the gaming device that the outcome of the game is affected by player skill.

7. Gaming devices must not alter any function of the device based on the actual hold percentage.

8. Gaming devices may use an identifier to determine which games are presented to or available for selection by a player.

9. For gaming devices manufactured and distributed before September 28, 1989, ~~The chairman of the board or his designee may waive the requirements of subsection 7~~ subsection 1(d) of section 14.040 for a licensee exposing a gaming device to the public for play, if the licensee can demonstrate to the chairman's satisfaction that:

(a) After the waiver the aggregate theoretical payout for all amounts wagered on all gaming devices exposed for play by the licensee at a single establishment meets the 75 percent standard of subsection 1 (a) of section 14.040, and

(b) The licensee is unable to bring the device into compliance with the requirements of subsection 1 (a) of section 14.040, because of excessive cost or the unavailability of parts.

14.100 Final approval of new gaming devices and new inter-casino linked systems.

1. After completing its evaluation of the new gaming device or the operation of a new inter-casino linked system, the board shall recommend to the commission whether the application for approval of the new gaming device or operation of a new inter-casino linked system should be granted.

2. In considering whether a new gaming device or operation of a new inter-casino linked system will be given final approval, the board and commission shall consider whether:

(a) Approval of the new gaming device or operation of a new inter-casino linked system is consistent with the public policy of this state.

(b) The terms of any agreement or written specifications permitted or required of an operator by any other state or tribal government and affecting a multi-jurisdictional progressive prize system:

(1) Comply with the provisions of these regulations; and

(2) Include procedures satisfactory to the commission for:

(A) Ensuring compliance with the requirements of subsection 4~~3~~³; of regulation section 14.040(4);

(B) Resolution of patron disputes under procedural and substantive requirements equal to or greater than the standards applied by the board;

(C) Surveillance and security of gaming devices connected to such system;

(D) Record-keeping and record-retention;

(E) Control of access to any internal mechanism of gaming devices connected to such system;

(F) Prior administrative approval of the chairman for any adjustments to progressive meters;

(G) Access by the board to audit compliance with the requirements of this subparagraph; and

(H) Any special procedures necessary for a multi-jurisdictional progressive prize system with lawfully operated gaming locations participating outside the United States, including without limitation matters of currency conversion and the availability of English translations of all relevant and material documentation and information.

3. Commission approval of a gaming device or inter-casino linked system does not constitute certification of the device's or inter-casino linked system's safety. Commission approval of a multi-jurisdictional progressive prize system shall include approval of any agreement or written specifications permitted or required by any other state or tribal government and affecting such system. The chairman will complete any written acknowledgement necessary to document the commission's approval of any such agreement or written specifications. The prior administrative approval of the chairman is required of any modification to such agreement or written specifications.

4. A manufacturer or distributor who becomes aware that a gaming device or associated equipment approved by the commission or the board no longer complies with the regulations of the commission or the technical standards adopted pursuant to regulation 14.050 shall notify the board in writing within 3 business days.

14.110 Approval to modify gaming devices or inter-casino linked systems; applications and procedures.

1. Modifications to gaming devices may only be made by licensed manufacturers who have received prior written approval of the chairman. Inter-casino linked system modifications may only be made by operators of such systems who have received prior written approval of the chairman.

The chairman, in his sole and absolute discretion, may refer an inter-casino linked system modification to the full board and commission for consideration of approval. In an emergency when a modification is necessary to prevent cheating or malfunction, the chairman may, in his sole and absolute discretion, orally approve a modification to be made by a manufacturer or operator. Within 15 days of the emergency modification, the manufacturer or operator making such modification shall submit a written request for approval of the modification that shall contain the information required by subsection 3 and such other information as required by the chairman.

2. A manufacturer shall not modify a gaming device unless the device, as modified, meets the standards of section 14.040. An operator shall not modify an inter-casino linked system unless the system, as modified, meets the standards of section 14.045. The chairman may, in his sole and absolute discretion, waive all or some of the standards of section 14.040 or section 14.045, respectively, if the modification is necessary to prevent cheating or malfunction. ~~The chairman may, in his sole and absolute discretion, waive the standards of subsections 1 and 6 of section 14.040 if the gaming device was originally approved by the commission prior to the effective date of this regulation.~~ A waiver shall be effective when the manufacturer or operator receives a written notification from the chairman that all or some of the standards will be waived pursuant to this subsection. A waiver of all or some of the standards pursuant to this subsection is not an approval of the modification.

3. Applications for approval to modify a gaming device or an inter-casino linked system shall be made by a manufacturer and processed in such manner and using such forms as the chairman may prescribe. Each application shall include, in addition to such other items or information as the chairman may require:

(a) A complete, comprehensive, and technically accurate description and explanation of the modification in both technical and lay language signed under penalty of perjury;

(b) Unless the standards of section 14.040 or section 14.045 have been waived pursuant to subsection 2, a statement under penalty of perjury that to the best of the manufacturer's knowledge, the gaming device, as modified, meets the standards of section 14.040 or, in the case of an inter-casino linked system, a statement under penalty of perjury that to the best of the operator's knowledge the inter-casino linked system, as modified, meets the standards of section 14.045;

(c) In the case of a gaming device:

(1) A copy of all executable software, including data and graphic information, and a copy of all source code for programs that cannot be reasonably demonstrated to have any use other than in a gaming device, submitted on electronically readable, unalterable media;

(2) A copy of all graphical images displayed on the gaming device including, but not limited to, reel strips, rules, instructions and paytables;

(d) In the case of a modification to the control program of a gaming device that includes software, source language or executable code designed or developed by an independent contractor:

(1) The name of the independent contractor; and

(2) A general subject matter description of such software, source language or executable code compiled into the control program as part of the submission to the board;

(e) In the case of an inter-casino linked system:

(1) An operator's manual;

(2) An internal control system;

(3) A hold harmless agreement;

(4) A graphical representation of the system theme and all related signage; and

(5) Information sufficient to calculate a theoretical payoff schedule amount including, but not limited to, the base and reset amounts, the total contribution percentage and a breakdown of that percentage including contribution rates to all progressive payoff schedules and all reset funds, the odds of winning the progressive payoff schedule and the amount of the wager required to win the progressive payoff schedule; and

(f) All materials relating to the results of the registered independent testing laboratory's inspection and certification process that are required under section 14.400.

14.260 Approval of associated equipment; applications and procedures.

1. Unless otherwise waived pursuant to subsection 2, a manufacturer or distributor of associated equipment shall not distribute associated equipment unless it has been approved by the chairman. Applications for approval of associated equipment shall be made and processed in such manner and using such forms as the chairman may prescribe. Each application must include, in addition to such other items or information as the chairman may require:

(a) The name, permanent address, social security number, and driver's license number of the manufacturer or distributor of associated equipment unless the manufacturer or distributor is currently licensed by the commission. If the manufacturer or distributor of associated equipment is a corporation, the names, permanent addresses, social security numbers, and driver's license numbers of the directors and Officer must be included. If the manufacturer or distributor of associated equipment is a partnership, the names, permanent addresses, social security numbers, and driver's license numbers of the partners and their partnership interest must be included. If social security numbers or driver's license numbers are not available, the manufacturer's or distributor's birth date may be substituted;

(b) A complete, comprehensive and technically accurate description and explanation in both technical and lay language of the associated equipment or a modification to previously approved associated equipment and its intended usage, signed under penalty of perjury;

(c) Detailed operating procedures for the associated equipment;

(d) The standards under which such tests were performed, including Technical Standards 2 and 3 if applicable, and the results of such testing that confirms the associated equipment is functioning as represented, signed under penalty of perjury; and

(e) All materials relating to the results of the registered independent testing laboratory's inspection and certification process that are required under section 14.400.

2. Except as provided in subsection 3, upon written request from the manufacturer or distributor of associated equipment, or as the chairman otherwise deems reasonable, he may, in his sole and absolute discretion, waive the approval requirement for associated equipment upon such terms and conditions that he may approve or require or refer the associated equipment to the full board and commission for consideration of approval.

3. Except as otherwise provided in subsection 4, the chairman shall not grant an approval pursuant to subsection 1 or waive such approval requirement pursuant to subsection 2 with respect to any associated equipment that, when installed, will allow a patron to use a debit instrument for purposes of making electronic funds transfers from an independent financial institution to a game or gaming device through a cashless wagering system until such time as the appropriate regulations for such transfers are adopted.

4. The chairman may grant approvals pursuant to subsection 1 or waive such approval requirements pursuant to subsection 2 with respect to the use of a prepaid access instrument in conjunction with an approved cashless wagering system.

5. A manufacturer or distributor of associated equipment who becomes aware that associated equipment approved by the board no longer complies with the regulations of the commission or the technical standards adopted pursuant to regulation 14.050 shall notify the board in writing within 3 business days.