

112-107-1. Electronic gaming machine requirements. (a) Each electronic gaming machine (EGM) approved for use in a gaming facility shall meet the requirements of article 110.

(b) Unless a facility manager's electronic gaming monitoring system is configured to automatically record all of the information required by this article, the facility manager shall be required to house the following entry authorization logs in each EGM:

(1) A machine entry authorization log that documents each time an EGM or any device connected to the EGM that could affect the operation of the EGM is opened. The log shall contain, at a minimum, the following:

- (A) The date and time of opening;
- (B) the purpose for opening the EGM or device;
- (C) the signature and the license or permit number of the person opening and entering the EGM or device; and
- (D) if a device, the asset number corresponding to the EGM in which the device is housed; and

(2) a progressive entry authorization log that documents each time a progressive controller not housed within the cabinet of the EGM is opened. The log shall contain, at a minimum, the following:

- (A) The date and time of opening;
- (B) the purpose for accessing the progressive controller; and

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(C) the signature and the license or permit number of the person accessing the progressive controller. Each log shall be maintained in the progressive controller unit and have recorded on the log a sequence number and the gaming supplier's serial number of the progressive controller.

(c) Each EGM shall be equipped with a lock controlling access to the card cage door securing the microprocessor, and the lock's key shall be different from any other key securing access to the EGM's components, including its belly door or main door, bill validator, and electronic gaming cash storage box. Access to the key securing the microprocessor shall be limited to a supervisor in the security department. The department's director of security shall establish a sign-out and sign-in procedure for the key, which shall include notification to commission staff before release of the key.

(Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8750 and 74-8772; effective P-_____.)

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112-107-2. Testing and approval. (a) Each EGM prototype and the associated equipment operated in this state shall be approved in accordance with the act, this article, and article 110.

(b) One of the following EGM testing procedures may be required by the executive director:

(1) An abbreviated testing and approval process in accordance with K.A.R. 112-107-3(g); or

(2) testing and approval in accordance with K.A.R. 112-107-3(i). (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8750 and 74-8772; effective P-_____.)

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112-107-3. Submission for testing and approval. (a) Each EGM prototype and the associated equipment subject to testing and approval under this regulation shall be evaluated by the commission for the following:

(1) Overall operational integrity and compliance with the act, this article, and the technical standards adopted by the commission under article 110;

(2) compatibility and compliance with the central computer system; and

(3) compatibility with any protocol specifications approved by the Kansas lottery commission, including the ability to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval, and activation and disabling of EGMs.

(b) EGMs and associated equipment that shall be submitted for testing and commission approval include the following:

(1) Bill validators and printers;

(2) electronic gaming monitoring systems, to the extent that the systems interface with EGMs and related systems;

(3) EGM management systems that interface with EGMs and related systems;

(4) player tracking systems that interface with EGMs and related systems;

(5) progressive systems, including wide-area progressive systems;

(6) gaming ticket systems;

(7) external bonusing systems;

(8) cashless funds transfer systems;

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(9) machines performing gaming ticket, coupon, or jackpot payout transactions;
(10) coupon systems, to the extent the systems interface with EGMs and related systems; and

(11) other EGM-related systems as determined by the executive director.

(c) A product submission checklist to be completed by an applicant for or holder of a gaming supplier certificate may be prescribed by the executive director.

(d) The chief engineer of the applicant for or holder of a gaming supplier certificate or the engineer in charge of the division of the gaming supplier responsible for producing the product submitted may be required by the executive director to attest that the EGMs and associated equipment were properly and completely tested by the gaming supplier before submission to the commission.

(e) An abbreviated testing and approval process may be utilized by the commission in accordance with the act.

(f) If a facility manager develops software or a system that is functionally equivalent to any of the electronic gaming systems specified in subsection (b), that software or system shall be subject to the testing and approval process of this article to the same extent as if the software or system were developed by a gaming supplier certificate holder. Each reference in this article to the responsibilities of a gaming supplier certificate holder shall apply to a facility manager developing software or systems subject to testing and approval under this article.

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(g) When an applicant or gaming supplier certificate holder seeks to utilize the abbreviated testing and approval process for an EGM prototype, associated device or software, or any modification to an EGM prototype, associated device or software, the applicant or supplier shall submit the following to the independent testing laboratory:

(1) A prototype of the equipment, device, or software accompanied by a written request for abbreviated testing and approval that identifies the jurisdiction within the United States upon which the applicant or supplier proposes that the commission rely. The applicant or supplier shall transport the equipment, device, or software at its own expense and deliver it to the offices of the independent testing laboratory;

(2) a certification executed by the chief engineer or engineer in charge of the applicant or supplier verifying that all of the following conditions are met:

(A) The prototype or modification is identical in all mechanical, electrical, and other respects to one that has been tested and approved by the testing facility operated by the jurisdiction or private testing facility on behalf of the jurisdiction;

(B) the applicant or supplier is currently certified and in good standing in the named jurisdiction, and the prototype has obtained all regulatory approvals necessary to sale or distribution in the named jurisdiction;

(C) in the engineer's opinion, the testing standards of the named jurisdiction are comprehensive and thorough and provide adequate safeguards that are similar to those required by this article; and

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(D) in the engineer's opinion, the equipment, device, or software meets the requirements of the act, this article, and the technical standards adopted by the commission under article 110, including requirements related to the central computer system;

(3) an executed copy of a product submission applicable to the submitted equipment, device, or software unless a substantially similar checklist was filed with the named jurisdiction and is included in the submission package required by paragraph (g)(4);

(4) copies of the submission package and any amendments filed with the named jurisdiction, copies of any correspondence, review letters, or approvals issued by the testing facility operated by the named jurisdiction or a private testing facility on behalf of the named jurisdiction and, if applicable, a copy of the final regulatory approval issued by the named jurisdiction;

(5) a disclosure that details any conditions or limitations placed by the named jurisdiction on the operation or placement of the equipment, device, or software at the time of approval or following approval;

(6) a complete and accurate description of the manner in which the equipment, device, or software was tested for compatibility and compliance with the central computer system and protocol specifications approved by the Kansas lottery, including the ability to communicate with the central computer system for the purpose of

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transmitting auditing program information, real-time information retrieval, and activation and disabling of EGMs;

(7) any hardware, software, and other equipment, including applicable technical support and maintenance, required by the independent testing laboratory to conduct the abbreviated testing and approval process required by the act, this article, and the technical standards adopted by the commission under article 110. The testing equipment and services required by this subsection shall be provided at no cost to the commission; and

(8) any additional documentation requested by the commission that is necessary to evaluate the EGM, associated equipment, or any modification.

(h) When an applicant or a gaming supplier seeks commission approval of an EGM, equipment, device, or software, or any modification to which the abbreviated testing process in subsection (f) is not applicable, the applicant or supplier shall submit the following to the independent testing laboratory:

(1) A prototype of the equipment, device, or software accompanied by a written request for testing and approval. The gaming supplier shall transport the equipment, device, or software at its own expense and deliver the equipment, device, or software to the offices of the commission's independent testing laboratory in accordance with instructions provided;

(2) any certifications required under this regulation;

(3) an executed copy of a current product submission checklist;

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(4) a complete and accurate description of the equipment, device, or software, accompanied by related diagrams, schematics, and specifications, together with documentation with regard to the manner in which the product was tested before its submission to the commission;

(5) any hardware, software, and other equipment, including applicable technical support and maintenance, required by the independent testing laboratory to conduct the testing and approval process required by the act, this article, and the technical standards adopted by the commission under article 110. All testing equipment and services required by this subsection shall be provided at no cost to the commission;

(6) for an EGM prototype, the following additional information, which shall be provided to the commission:

(A) A copy of all operating software needed to run the EGM, including data and graphics information, on electronically readable and unalterable media;

(B) a copy of all source code for programs that cannot be reasonably demonstrated to have any use other than in an EGM, on electronically readable and unalterable media;

(C) a copy of all graphical images displayed on the EGM, including reel strips, rules, instructions, and pay tables;

(D) an explanation of the theoretical return to the player, listing all mathematical assumptions, all steps in the formula from the first principles through the final results of

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all calculations including bonus payouts, and, when a game requires or permits player skill in the theoretical derivations of the payout return, the source of strategy;

(E) hardware block diagrams of the major subsystems;

(F) a complete set of schematics for all subsystems;

(G) a diagram of the wiring harness connection;

(H) a technical or operator manual;

(I) a description of the security methodologies incorporated into the design of the EGM including, when applicable, encryption methodology for all alterable media, auto-authentication of software, and recovery capability of the EGM for power interruption;

(J) a cross reference of product meters to the required meters specified in article 110;

(K) a description of tower light functions indicating the corresponding condition;

(L) a description of each error condition and the corresponding action required to resolve the error;

(M) a description of the use and function of available electronic switch settings or configurable options;

(N) a description of the pseudo random number generator or generators used to determine the results of a wager, including a detailed explanation of operational methodology, and a description of the manner by which the pseudo random number generator and random number selection processes are impervious to outside influences, interference from electromagnetic, electrostatic, and radio frequencies, and influence

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from ancillary equipment by means of data communications. Test results in support of representations shall be submitted;

(O) specialized hardware, software, or testing equipment, including technical support and maintenance, needed to complete the evaluation, which may include an emulator for a specified microprocessor, personal computers, extender cables for the central processing unit, target reel strips, and door defeats. The testing equipment and services required by this subsection shall be provided at no cost to the commission;

(P) a compiler, or reasonable access to a compiler, for the purpose of building applicable code modules;

(Q) program storage media including erasable programmable read-only memory (EPROM), electronically erasable programmable read-only memory (EEPROM), and any type of alterable media for EGM software;

(R) technical specifications for any microprocessor or microcontroller;

(S) a complete and accurate description of the manner in which the EGM was tested for compatibility and compliance with the central computer system and protocol specifications approved by the Kansas lottery, including the ability to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval, and activation and disabling of EGMs; and

(T) any additional documentation requested by the commission relating to the EGM;

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(7) if an EGM prototype is modified, including a change in theme, the following additional information, which shall be provided to the commission:

(A) A complete and accurate description of the proposed modification to the EGM prototype, accompanied by applicable diagrams, schematics, and specifications;

(B) when a change in theme is involved, a copy of the graphical images displayed on the EGM, including reel strips, rules, instructions, and pay tables;

(C) when a change in the computation of the theoretical payout percentage is involved, a mathematical explanation of the theoretical return to the player, listing all assumptions, all steps in the formula from the first principles through the final results of all calculations including bonus payouts, and, when a game requires or permits player skill in the theoretical derivations of the payout return, the source of strategy;

(D) a complete and accurate description of the manner in which the EGM was tested for compatibility and compliance with the central computer system and protocol specifications approved by the Kansas lottery, including the ability to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval and activation, and the disabling of EGMs; and

(E) any additional documentation requested by the commission relating to the modification of the EGM;

(8) for an electronic gaming monitoring system, casino management system, player tracking system, wide-area progressive system, gaming ticket system, external

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bonusing system, cashless funds transfer system, automated gaming ticket, coupon redemption or jackpot payout machine, coupon system, or any other equipment or system required to be tested and approved under subsection (b), the following:

(A) A technical manual;

(B) a description of security methodologies incorporated into the design of the system, which shall include the following, when applicable:

(i) Password protection;

(ii) encryption methodology and its application;

(iii) automatic authentication; and

(iv) network redundancy, backup, and recovery procedures;

(C) a complete schematic or network diagram of the system's major components accompanied by a description of each component's functionality and a software object report;

(D) a description of the data flow, in narrative and in schematic form, including specifics with regard to data cabling and, when appropriate, communications methodology for multisite applications;

(E) a list of computer operating systems and third-party software incorporated into the system, together with a description of their interoperability;

(F) system software and hardware installation procedures;

(G) a list of available system reports;

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(H) when applicable, features for each system, which may include patron and employee card functions, promotions, reconciliation procedures, and patron services;

(I) a description of the interoperability testing, including test results for each submitted system's connection to EGMs, to ticket, coupon redemption, and jackpot payout machines, and to computerized systems for counting money, tickets, and coupons. This list shall identify the tested products by gaming supplier, model, and software identification and version number;

(J) a narrative describing the method used to authenticate software;

(K) all source codes;

(L) a complete and accurate description, accompanied by applicable diagrams, schematics, and specifications, of the creation of a ticket and the redemption options available;

(M) a complete and technically accurate description, accompanied by applicable diagrams, schematics, and specifications, of the creation of a coupon and the redemption options available;

(N) any specialized hardware, software, or other equipment, including applicable technical support and maintenance required by the independent testing laboratory to conduct the testing and approval process required by the act, this article, and the technical standards adopted by the commission under article 110. The testing equipment and services required by this subsection shall be provided at no cost to the commission; and

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(O) any additional documentation requested by the executive director related to the equipment or system being tested; and

(9) for a modification to any of the systems identified in paragraph (h)(8), the following additional information:

(A) A complete and accurate description of the proposed modification to the system, accompanied by applicable diagrams, schematics, and specifications;

(B) a narrative disclosing the purpose for the modification; and

(C) any additional documentation requested by the executive director relating to the modification.

(i) A trial period may be required by the commission to assess the functionality of the prototype or modification in a live gaming environment. The conduct of the trial period shall be subject to compliance by the gaming supplier and the facility manager with any conditions that may be required by the commission. These conditions may include development and implementation of product-specific accounting and internal controls, periodic data reporting to the commission, and compliance with the technical standards adopted under article 110 on trial periods or the prototype or modification adopted by the commission. Termination of the trial period may be ordered by the executive director if the executive director determines that the gaming supplier or the facility manager conducting the trial period has not complied with the conditions required by the commission or that the product is not performing as expected.

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(j) At the conclusion of the testing of a prototype or modification, the independent testing laboratory shall report the results of its testing to the commission. Upon receipt of the independent testing laboratory's report, any one of the following shall be done by the commission:

- (1) Approve;
- (2) approve with conditions;
- (3) reject the submitted prototype or modification; or
- (4) require additional testing or a trial period under subsection (i).

(k) A facility manager shall not install an EGM or associated equipment, or any modification, required to be tested and approved under subsection (b) unless the equipment, device, or software has been approved by the commission and issued a certificate authorizing its use at the gaming facility. The certificate shall be prominently displayed on the approved device. A facility manager shall not modify, alter, or tamper with an approved EGM, the associated equipment, or a commission-issued certificate. Before the removal of the EGM or associated equipment from the gaming facility, the certificate shall be removed by a commission agent. An EGM or the associated equipment installed in a gaming facility in contravention of this requirement shall be subject to seizure by any Kansas law enforcement officer.

(l) The installation of a modification to an EGM prototype or the associated equipment prototype may be authorized by the executive director on an emergency basis to prevent cheating or malfunction, upon the written request of a gaming supplier. The

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request shall specify the name and employer of any persons to be involved in the installation of the modification and the manner in which the installation is to be effected. Within 15 days of receipt of any authorization to install an emergency modification, the gaming supplier shall submit the modification for full testing and approval in accordance with this article.

(m) Each facility manager shall, no later than four hours after detection, notify the commission's security staff of any known or suspected defect or malfunction in any EGM or associated equipment installed in the gaming facility. The facility manager shall comply with any instructions from the commission staff for use of the EGM or associated equipment.

(n) Each facility manager shall file a master list of approved gaming machines as required by K.A.R. 112-107-10. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749, 74-8750, and 74-8772; effective P-_____.)

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112-107-5. Transportation of EGMs. (a) The transportation of any EGM into or out of this state shall be approved in advance by the executive director. The person causing the EGM to be transported or moved shall notify the executive director of the proposed importation or exportation at least 15 days before the EGM is moved. The notice shall include the following information:

- (1) The name and address of the person shipping or moving the EGM;
- (2) the name and address of the person who manufactured, assembled, distributed, or resold the EGM, if different from the person shipping or moving the machine;
- (3) the name and address of a new owner if ownership is being changed in conjunction with the shipment or movement;
- (4) the method of shipment or movement and the name and address of the common carrier or carriers, if applicable;
- (5) the name and address of the person to whom the EGM is being sent and the destination of the EGM, if different from that address;
- (6) the quantity of EGMs being shipped or moved and the manufacturer's make, model, and serial number of each machine;
- (7) the expected date and time of delivery to, or removal from, any authorized location within this state;
- (8) the port of entry or exit, if any, of the EGM if the origin or destination of the EGM is outside the continental United States; and

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(9) the reason for transporting or moving the EGM.

(b) Each shipment of EGMs shall be sealed before being transported. On arrival at the gaming facility, the shipment shall not be opened or inventoried until the seal is witnessed and broken by an agent of the commission. An agent of the commission shall verify that the EGMs are unloaded, inventoried, and compared to the notice required in subsection (a). The software shall not be loaded in the machine before shipment.

(Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-

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112-107-6. Off-premises storage of EGMs. (a) A gaming licensee shall not store EGMs off the premises of the gaming facility without prior approval from the commission.

(b) Each gaming licensee seeking to store EGMs off the premises of the gaming facility shall file a written request for off-premises storage with the executive director.

The request shall include all of the following:

(1) The location and a physical description of the proposed storage facility;

(2) a description of the type of surveillance system that has been or will be installed at the storage facility;

(3) the gaming licensee's plan to provide continuous security at the storage facility;

(4) the number and the name of the manufacturer of the EGMs that will be stored at the facility;

(5) the date that the EGMs are expected to arrive at the storage facility; and

(6) the date that the EGMs are expected to be moved to the gaming facility.

(c) Before acting on a request for off-premises storage of EGMs, agents of the commission shall inspect the proposed storage facility.

(d) Each request shall be responded to by the executive director within 30 days.

Any request approved by the executive director may be subject to specific terms and conditions imposed by the executive director.

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(e) No software shall be loaded in an EGM during storage. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-7. Gaming floor plan. (a) Each applicant or gaming facility manager shall submit to the commission a floor plan of its gaming floor and the restricted areas servicing the electronic gaming operation. The floor plan shall include depictions drawn to a scale of 1/8 inch per foot, unless another scale is approved by the executive director, of the following:

- (1) Each EGM area on the gaming floor and each EGM location within each EGM area. EGM locations shall be identified by number;
- (2) the cage and any satellite cage, including each cage window and window number;
- (3) each count room and any trolley storage area;
- (4) each automated bill validator, gaming ticket redemption machine, coupon redemption machine, and jackpot payout machine;
- (5) each automated teller machine;
- (6) each area designated for the storage or repair of EGMs;
- (7) the location of each vault and armored car bay; and
- (8) any additional documentation requested by the executive director relating to the floor plan for the gaming floor.

(b) A gaming facility manager shall not commence electronic gaming operations until the floor plan depicting the facility manager's gaming floor and all restricted areas servicing the electronic gaming operation has been approved in writing by the executive director.

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(c) A gaming facility manager shall not change the number, configuration, or location of EGMs on the floor plan approved under subsection (b) without the prior written approval of the executive director. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8752 and 74-8772; effective P-_____.)

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112-107-9. Testing and software installation on the live gaming floor. (a) Each gaming licensee shall notify the executive director in writing at least 72 hours before testing any EGMs, associated equipment, and displays on a gaming floor during the gaming licensee's gaming hours. The notification shall include the following:

(1) A detailed narrative description of the type of testing to be conducted, including the reason for the testing, a list of individuals conducting the testing, and the gaming licensee's procedures for conducting the testing;

(2) the date, time, and approximate duration of the testing;

(3) the model, EGM location number, and asset number of the EGM or machines to be tested; and

(4) the location within the gaming facility where the testing shall occur.

(b) Each gaming licensee shall notify the executive director at least 72 hours before installing any new software or installing any change in previously approved software for the following:

(1) Automated gaming ticket and coupon redemption machines;

(2) wide-area progressive systems;

(3) electronic gaming monitoring systems;

(4) casino management systems;

(5) player tracking systems;

(6) external bonusing systems, as specified in K.A.R. 112-107-26;

(7) cashless funds transfer systems;

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(8) server-supported electronic gaming systems;

(9) server-based electronic gaming systems; and

(10) automated jackpot payout machines.

(c) The notification required by subsection (b) shall include the following:

(1) A description of the reasons for the new installation or change in previously approved software;

(2) a list of the computer components and the programs or versions to be modified or replaced;

(3) a description of any screens, menus, reports, operating processes, configurable options, or settings that will be affected;

(4) the method to be used to complete the proposed installation;

(5) the date that the proposed modification will be installed and the estimated time for completion;

(6) the name, title, and employer of the persons performing the installation;

(7) a diagrammatic representation of the proposed hardware design change;

(8) restrictions on access to the production code by the person implementing the installation; and

(9) procedures to ensure that user and operator manuals are updated to reflect changes in policies and procedures resulting from the proposed installation. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8750 and 74-8772; effective P-_____.)

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112-107-10. Master list of approved gaming machines. (a) At least 20 days before commencing gaming, each facility manager shall file with the commission, in writing, a complete list of the EGMs and gaming equipment possessed by the facility manager on its gaming floor, in restricted areas off the gaming floor but within the gaming facility as approved by the commission under K.A.R. 112-104-26, and in storage locations in this state off the premises of the gaming facility as approved by the commission under K.A.R. 112-107-6. The list shall be titled as a master list of approved gaming machines.

(b) The master list of approved gaming machines shall contain the following information that, for those EGMs and the gaming equipment located on the gaming floor, shall be presented for each EGM and gaming equipment in consecutive order by the EGM or gaming equipment location number under K.A.R. 112-107-8:

- (1) The date the list was prepared;
- (2) a description of each EGM and all gaming equipment, using the following:
 - (A) Asset number and model and manufacturer's serial number;
 - (B) computer program number and version;
 - (C) denomination, if configured for multiple denominations, and a list of the denominations;
 - (D) manufacturer and machine type, noting cabinet type;
 - (E) if an EGM, specification of whether the EGM is a progressive or a wide-area progressive EGM;

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(F) an indication as to whether the EGM or gaming equipment is configured to communicate with a cashless funds transfer system;

(G) an indication as to whether the EGM or gaming equipment is configured to communicate with a gaming ticket system;

(H) designation of which specific surveillance video system cameras will be able to view that specific machine; and

(I) commission certificate number;

(3) for those EGMs or gaming equipment located off the gaming floor, an indication as to whether the EGM or gaming equipment is in a restricted area off the gaming floor but within the gaming facility under K.A.R. 112-104-26 or is in a commission-approved storage location in this state off the premises of the gaming facility under K.A.R. 112-107-6; and

(4) any additional relevant information requested by the commission.

(c) If an EGM or gaming equipment has been placed in an authorized location on the gaming floor or is stored in a restricted area off the gaming floor but within the gaming facility as approved by the commission under K.A.R. 112-104-26, then all subsequent movements of that EGM or gaming equipment within the gaming facility shall be recorded by an EGM department member in a machine movement log, which shall include the following:

(1) The asset number and model and the manufacturer's serial number of the moved EGM or gaming equipment;

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- (2) the date and time of movement;
 - (3) the location from which the EGM or gaming equipment was moved;
 - (4) the location to which the EGM or gaming equipment was moved;
 - (5) the date and time of any required notice to the Kansas lottery in connection with the activation or disabling of the EGM in the central computer system;
 - (6) the signature of the EGM shift manager and the commission's electronic gaming inspector verifying the movement of the EGM or gaming equipment in compliance with this regulation; and
 - (7) any other relevant information the commission may require.
- (d) Before moving an EGM or any gaming equipment that has been placed in an authorized location on the gaming floor, the facility manager shall remove the bill validator canister drop box and transport the drop box to the count room in accordance with the procedures in K.A.R. 112-104-18.
- (e) The facility manager shall daily submit documentation summarizing the movement of EGMs and gaming equipment within a gaming facility to the commission, in writing or in an electronic format approved by the commission.
- (f) On the first Tuesday of each month following the initial filing of a master list of approved gaming machines, a facility manager shall file with the commission, in writing or in an electronic format approved by the commission, an updated master list of approved gaming machines containing the information required in subsection (b).

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(g) Each gaming supplier and each regulatory or law enforcement agency that possesses EGMs under K.A.R. 112-107-4 shall file with the commission, in writing or in an electronic format approved by the commission, a complete list of the EGMs possessed by the entity. The list shall be titled as a master list of approved gaming machines and shall be filed within three business days of the initial receipt of the EGMs. Each list shall contain the following information:

- (1) The date on which the list was prepared; and
- (2) a description of each EGM by the following:
 - (A) Model and manufacturer's serial number;
 - (B) manufacturer and machine type, noting cabinet type; and
 - (C) specification of whether the EGM is a progressive or a wide-area progressive EGM.

(h) On the first Tuesday of each month following the initial filing of a master list of approved gaming machines, those persons specified in subsection (f) shall file with the commission, in writing or in an electronic format approved by the commission, an updated master list of approved gaming machines containing the information required in subsection (g). (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8750 and 74-8772; effective P-_____.)

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112-107-11. Notice to central computer system. Each gaming licensee shall obtain authorization from the executive director and the Kansas lottery's executive director before doing any of the following:

- (1) Placing an EGM on the gaming floor;
- (2) moving an EGM to a different location on the gaming floor; or
- (3) removing an EGM from the gaming floor. (Authorized by K.S.A. 2007 Supp.

74-8772; implementing K.S.A. 2007 Supp. 74-8749, 74-8750, and 74-8772; effective P-

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112-107-13. Commencement of electronic gaming operations. (a) Each facility manager shall demonstrate that the facility manager has met all of the following conditions before commencing electronic gaming at a gaming facility:

(1) The gaming facility, including the gaming floor and restricted areas servicing the electronic gaming operation, meets all the applicable requirements of the act, this article, and article 110.

(2) Each EGM and the associated equipment installed in the gaming facility and utilized in the conduct of EGM operations have been tested and approved by the commission in compliance with the act, this article, and article 110.

(3) The gaming floor plan required under K.A.R. 112-107-7(a) has been approved by the executive director in compliance with the act, this article, and article 110.

(4) The facility manager's internal control system has been approved by the commission in compliance with the act, this article, K.A.R 112-104-1, and article 110.

(5) The facility manager is prepared to implement necessary management controls, surveillance, and security precautions to ensure the efficient conduct of electronic gaming operations.

(6) The facility manager's employees are licensed or permitted by the commission and are trained in the performance of their responsibilities.

(7) The gaming facility is prepared in all respects to receive the public.

(8) The facility manager has successfully completed a test period.

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(9) For racetrack gaming facility managers, the facility manager has met the live racing requirements under the act.

(b) When a facility manager meets the requirements in subsection (a), the date and time at which the facility manager may begin gaming operations at the gaming facility shall be authorized by the commission. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749, 74-8750, and 74-8772; effective P-_____.)

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112-107-14. EGM conversions. Each gaming licensee shall meet the following

requirements:

- (a) Maintain complete and accurate records of all EGM conversions;
- (b) give prior written notice of each EGM conversion to the commission; and
- (c) notify the Kansas lottery commission in accordance with K.A.R. 112-107-11.

(Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8750, 74-8752, and 74-8772; effective P-_____.)

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112-107-15. Revocations and additional conditions. The approval of or imposition of additional conditions on an EGM prototype, associated equipment prototype, or modification may be revoked by the commission if the equipment, device, or software meets either of the following conditions:

(a) The equipment, device, or software does not meet the requirements of the act, this article, or article 110.

(b) The EGM, or modification to the EGM, is not compatible or compliant with the central computer system and protocol specifications approved by the Kansas lottery commission or is unable to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval, and the activation and disabling of EGMs. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8749, 74-8750, and 74-8772; effective P-
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112-107-16. Kiosks as automated gaming ticket and coupon redemption machines.

(a) Any gaming licensee may utilize a kiosk as an automated gaming ticket and coupon redemption machine if that machine has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Automated gaming ticket and coupon redemption machines may be located on or proximate to the gaming floor of a gaming facility and shall be subject to surveillance coverage under article 106. Each kiosk shall have imprinted, affixed, or impressed on the outside of the machine a unique asset identification number.

(c) Each kiosk shall meet the requirements of article 110.

(d) Before using a kiosk, a gaming licensee shall establish a comprehensive system of internal controls addressing the distribution of currency or coin, or both, to the machines, the removal of gaming tickets, coupons or currency accepted by the machines, and the associated reconciliations. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1.

(e) Each kiosk or the ancillary systems, applications, and equipment associated with reconciliation shall be capable of producing the following reports upon request:

(1) A gaming ticket transaction report. The report shall include the disposition of gaming tickets, including whether the ticket has been paid, partially paid, unpaid, or accepted by a kiosk, which shall include the validation number, the date and time of redemption, amount requested, and the amount dispensed. This information shall be available by reconciliation period, which may be by day, shift, or drop cycle;

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(2) a coupon transaction report. This report shall include the payment disposition of coupons accepted by a kiosk, which shall include the unique serial number, the date and time of redemption, the amount requested, and the amount dispensed. The information shall be available by reconciliation period, which may be by day, shift, or drop cycle;

(3) a reconciliation report. The report shall include all of the following:

- (A) Report date and time;
- (B) unique asset identification number of the machine;
- (C) total cash balance of the currency cassettes;
- (D) total count of currency accepted by denomination;
- (E) total dollar amount of tickets accepted;
- (F) total count of gaming tickets accepted;
- (G) total dollar amount of coupons accepted; and
- (H) total count of coupons accepted;

(4) gaming ticket, coupon, and currency storage box report. The report shall be generated, at a minimum, whenever a gaming ticket, coupon, or currency storage box is removed from a kiosk. The report shall include all of the following:

- (A) Report date and time;
- (B) unique asset identification number of the machine;
- (C) unique identification number for each storage box in the machine;
- (D) total value of currency dispensed;

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- (E) total number of bills dispensed by denomination;
- (F) total dollar value of gaming tickets accepted;
- (G) total count of gaming tickets accepted;
- (H) total dollar value of coupons accepted;
- (I) total count of coupons accepted; and
- (J) the details required to be included in the gaming ticket transaction report required by paragraph (e)(1) and the coupon transaction report required in paragraph (e)(2); and

(5) a transaction report. The report shall include all critical patron transaction history, including the date, time, amount, and disposition of each complete and incomplete transaction. If a kiosk is capable of redeeming multiple tickets or coupons in a single transaction, the transaction history shall include a breakdown of the transaction with regard to the individual gaming tickets and coupons accepted. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-17. Automated jackpot payout machines. (a) Any gaming licensee may utilize an automated jackpot payout machine that has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each automated jackpot payout machine shall meet the requirements of the act, this article, and article 110.

(c) Before using an automated jackpot payout machine, each gaming licensee shall establish a comprehensive system of internal controls for the payment of jackpot payouts utilizing an automated jackpot payout machine and the distribution of currency or coin, or both, to the machines. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8750 and 74-8772; effective P-_____.)

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112-107-18. Gaming tickets. (a) A facility manager may utilize gaming tickets and a gaming ticket system that has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each facility manager shall establish a system of internal controls for the issuance and redemption of gaming tickets. The internal controls shall be submitted and approved by the commission under K.A.R. 112-104-1 and shall address the following:

(1) The procedures for assigning an EGM's asset number, identifying other redemption locations in the system, and enabling and disabling ticket capabilities for EGMs and redemption locations;

(2) the procedures for issuance, modification, and termination of a unique system account for each user in accordance with article 110;

(3) the procedures used to configure and maintain user passwords in accordance with article 110;

(4) the procedures for restricting special rights and privileges, including administrator and override capabilities, in accordance with article 110;

(5) the duties and responsibilities of the information technology, internal audit, electronic gaming operations, cage, and accounting departments and the level of access for each position with regard to the gaming ticket system;

(6) a description of physical controls on all critical hardware, including locks and surveillance. This description shall include the location and security protocols applicable to each piece of equipment;

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(7) the procedures for the backup and timely recovery of critical data in accordance with article 110; and

(8) the use of logs to document and maintain the details of commission-approved hardware and software modifications upon implementation.

(c) The system of internal controls required in subsection (b) shall also include controls over the issuance and redemption of gaming tickets and shall include all of the following requirements:

(1) Upon presentation of a gaming ticket for redemption, the electronic gaming cashier or EGM shall use the gaming ticket system to verify the validity of the serial number and value of the ticket, and if valid, the system shall immediately cancel the ticket electronically and permit the redemption of the ticket for the value printed thereon. Before redeeming a gaming ticket, the complete serial number of the unredeemed gaming ticket shall be available only to the system.

(2) The facility manager shall maintain a record of all transactions in the gaming ticket system for at least 210 days from the date of the transaction.

(3) Each gaming ticket shall expire in not less than 180 days from the date of issuance if not redeemed.

(4) A gaming ticket system shall not be configured to issue a gaming ticket exceeding \$10,000.

(5) The facility manager shall maintain a record of unredeemed gaming tickets for all gaming tickets that were issued but not redeemed. The record shall be stored in

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the system for a period of time approved by the executive director, which shall be at least one year from the date of issuance of the gaming ticket. The following requirements shall apply:

(A) Each unredeemed gaming ticket record removed from the system after one year shall be stored and controlled in a manner approved by the commission.

(B) Each unredeemed gaming ticket record removed from the system shall be subject to the standard record retention requirements of this article.

(d) The system of internal controls required to be submitted and approved by the commission under subsection (b) shall also include procedures to be used in the following instances:

(1) If the facility manager chooses to pay a patron the represented value of a gaming ticket notwithstanding the fact that the gaming ticket system is inoperable, rendering the manager unable to determine the validity of the gaming ticket at the time of payment. The system of internal controls shall include procedures to verify the ticket once the gaming ticket system becomes operable in accordance with article 110; and

(2) if the facility manager chooses to pay a patron the value of a gaming ticket notwithstanding the fact that the gaming ticket system failed to verify and electronically cancel the gaming ticket when it was scanned. Each payment by the facility manager shall be treated as a complimentary. These payments shall not result in a deduction from EGM income.

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(e) At the end of each gaming day, the gaming ticket system shall be caused by the facility manager to generate reports, and the reports shall be provided to the manager's accounting department, either directly by the system or through the management information systems department. The report, at a minimum, shall contain the following information:

(1) A list of all gaming tickets that have been issued, including the asset number and the serial number of the EGM, and the value, date, and time of issuance of each gaming ticket;

(2) a list of all gaming tickets that have been redeemed and cancelled, including the redemption location, the asset number of the EGM or location if other than an EGM, the serial number, the value, date, and time of redemption for each ticket, the total value of all gaming tickets redeemed at EGMs, and the total value of all gaming tickets redeemed at locations other than EGMs;

(3) the liability for unredeemed gaming tickets;

(4) the readings on gaming ticket-related EGM meters and a comparison of the readings to the number and value of issued and redeemed gaming tickets, as applicable;

(5) the exception reports and audit logs; and

(6) any other relevant reports as required by the executive director.

(f) Each facility manager shall, at the time of discovery, report to the commission audit staff any evidence that a gaming ticket has been counterfeited, tampered with, or

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altered in any way that would affect the integrity, accuracy, reliability, or suitability of the gaming ticket.

(g) Upon any attempt to redeem a gaming ticket when the total value of which gaming ticket cannot be completely converted into an equivalent value of credits, the EGM shall perform one of the following procedures:

(1) Automatically issue a new gaming ticket containing the value that cannot be completely converted;

(2) not redeem the gaming ticket and return the gaming ticket to the patron; or

(3) allow for the additional accumulation of credits on a meter that displays the value in dollars and cents.

(h) Each facility manager that utilizes a system or an EGM that does not print a test gaming ticket that is visually distinguishable from a redeemable gaming ticket shall adopt internal controls for all of the following:

(1) The issuance of test currency from the cage; and

(2) the return and reconciliation of the test currency and any gaming tickets printed during the testing process.

(i) Except as provided in subsection (m), each gaming ticket shall be redeemed by a patron for cash, EGM credits, or a check issued by the facility manager in the amount of the gaming ticket redeemed. A facility manager shall not permit redemption of a gaming ticket if the facility manager knows or has reason to know that the ticket meets any of the following conditions:

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(1) Is different from the sample of the gaming ticket approved by the commission;

(2) was previously redeemed; or

(3) was printed as a test gaming ticket.

(j) Any facility manager may effectuate redemption requests submitted by mail.

Gaming tickets redeemed by mail may only be redeemed by a cage supervisor in accordance with internal controls approved by the commission under K.A.R. 112-104-1 that include the following:

(1) Procedures for using the gaming ticket system to verify the validity of the serial number and value of the ticket that, if valid, shall be immediately cancelled electronically by the system; and

(2) procedures for the issuance of a check equal to the value of the ticket.

(k) Gaming tickets redeemed at cashier locations shall be transferred to the facility manager's accounting department on a daily basis. The gaming tickets redeemed by EGMs shall be counted in the count room and forwarded to the manager's accounting department upon the conclusion of the count process. The gaming tickets redeemed at automated gaming ticket redemption machines shall be forwarded to the manager's accounting department upon the conclusion of the cage reconciliation process. The manager's accounting department employees shall perform the following, at a minimum:

(1) On a daily basis, the following:

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(A) Compare gaming ticket system report data to any count room system report data available for that gaming day to ensure proper electronic cancellation of the gaming ticket; and

(B) calculate the unredeemed liability for gaming tickets, either manually or by means of the gaming ticket system; and

(2) on a weekly basis, compare appropriate EGM meter readings to the number and value of issued and redeemed gaming tickets per the gaming ticket system. Meter readings obtained through an electronic gaming monitoring system may be utilized to complete this comparison.

(l) Each facility manager shall provide written notice to the commission audit staff of any adjustment to the value of any gaming ticket. The notice shall be made before or concurrent with the adjustment.

(m) Employees of a facility manager who are authorized to receive gratuities under K.A.R. 112-104-27 may redeem gaming tickets given as gratuities only at a cage. Gaming tickets valued at more than \$100 shall be redeemed at the cage only with the approval of the supervisor of the cashier conducting the redemption transaction.

(n) Each gaming ticket system shall be configured to alert each facility manager to any malfunction in accordance with article 110. Following a malfunction of a system, the facility manager shall notify the commission within 24 hours of the malfunction and shall not utilize the system until the malfunction has been eliminated. A facility manager

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may be permitted by the executive director to utilize the system before the system is restored, for a period not to exceed 72 hours, if all of the following conditions are met:

(1) The malfunction is limited to a single storage media device, including a hard disk drive.

(2) The system contains a backup storage media device not utilized in the normal operation of the system. The backup device shall automatically replace the malfunctioning device and permit a complete recovery of all information in the event of an additional malfunction.

(3) Continued use of the malfunctioning system would not inhibit the ability to perform a complete recovery of all information and would not otherwise harm or affect the normal operation of the system.

(o) Other than a modification to a gaming ticket system that is required on an emergency basis to prevent cheating or malfunction and is approved by the executive director under K.A.R. 112-107-3(m), a modification to a gaming ticket system shall not be installed without being tested and approved under K.A.R. 112-107-3. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-19. Coupons. (a) Any gaming licensee may utilize coupons and a coupon system that has been tested and approved by the commission under K.A.R. 112-107-3.

(b) The design specifications for the coupon shall meet the requirements of article 110.

(c) The design specifications for the coupon system shall meet the requirements of article 110.

(d) Each gaming licensee shall establish a system of internal controls for the issuance and redemption of coupons before issuing any coupon. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1. The system of internal controls shall include the following requirements:

(1) The package containing the coupons shall be opened and examined by at least two members of the accounting department. Each deviation between the invoice and control listing accompanying the coupons, the purchase or requisition order, and the actual coupons received shall be reported to the controller or to a higher authority in a direct reporting line and to the director of internal audit.

(2) Upon examination of the coupons, the gaming licensee shall cause to be recorded in a coupon control ledger the type and quantity of coupons received, the date of the receipt, the beginning serial number, the ending serial number, the new quantity of unissued coupons on hand, the purchase order or requisition number, any deviations between the number of coupons ordered and the number received, and the signature of any individual who examined the coupons.

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(3) All unissued coupons shall be stored in the cage, controlled by a cage department supervisor.

(4) A representative from the internal audit department shall prepare a monthly inventory of unissued coupons. Any deviations between the coupon inventory and the coupon control ledger shall be reported to the controller and the director of internal audit.

(5) A representative of the gaming licensee shall estimate the number of coupons needed by shift each day. An accounting department employee shall obtain the quantity of coupons to be issued. If a date indicating when the coupon becomes invalid is not preprinted on the coupon, the accounting department employee shall affix a stamp indicating the date the coupon becomes invalid. The following, at a minimum, shall be recorded in the coupon control ledger:

- (A) The date the coupons were issued;
- (B) the type of coupons issued;
- (C) the beginning serial number of the coupons issued;
- (D) the ending serial number of the coupons issued;
- (E) the quantity issued and the quantity remaining; and
- (F) the signatures of the accounting department employee issuing the coupons and any other department's employee receiving the coupons.

(6) The gaming licensee shall require unused coupons obtained from the accounting department employee to be stored in a locked cabinet until the coupons are distributed to patrons. All coupons remaining unused at the end of a shift shall be either

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returned to the cage department for receipt and redistribution or kept for use by the following shift if accountability between shifts is maintained. All expired coupons shall be returned to the cage department on a daily basis. Any coupons that are not used by the expiration date indicated on the coupons shall be voided when returned to the cage department.

(7) Documentation shall be prepared by a representative of the gaming licensee for the distribution of coupons to patrons. The documentation shall include the following information, at a minimum:

- (A) The date and time or the shift of preparation;
- (B) the type of coupons used;
- (C) the beginning serial number of the coupons used;
- (D) the ending serial number of the coupons used;
- (E) the total number of coupons used;

(F) the total number of coupons remaining for use by the next shift or returned to the accounting department; and

(G) the signatures of the gaming licensee's representatives who distributed the coupons.

(8) The coupons shall be redeemed in the following manner:

(A) Coupons redeemable for cash or tokens shall be redeemed only by change persons or at cashiers' booths, the cage, or at any other location within the gaming facility approved by the commission. A change person, booth cashier, or general cage

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cashier shall accept the coupons in exchange for the stated amount of cash or tokens. Coupons accepted for redemption shall be cancelled by those authorized to accept coupons. Cancellation of coupons shall be done in a manner that cancels the coupon number and shall permit subsequent identification of the individual who accepted and cancelled the coupon. Redeemed coupons shall be maintained and shall be submitted to the main bank not less frequently than at the conclusion of each day.

(B) Coupons redeemable for wagers shall be accepted only in exchange for the wagers stated on the coupons. Cancellation of coupons shall be done in a manner that permits subsequent identification of the individual who accepted and cancelled the coupon. Redeemed coupons shall be maintained and shall be submitted to the main bank not less frequently than at the conclusion of each gaming day.

(C) A coupon redeemable for gaming chips shall be redeemed only by one of the following ways:

(i) At a gaming table and only by a dealer or first-level supervisor who supervises the game, who shall accept the coupon in exchange for the stated amount of gaming chips and shall deposit the coupon into the drop box upon acceptance; or

(ii) by a chip person, who shall accept the coupon only from a patron seated at a poker table at which a game is in progress in exchange for the stated amount of gaming chips and shall cancel the coupon upon acceptance. The coupon shall be cancelled in a manner that permits subsequent identification of the individual who accepted and

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cancelled the coupon. The cancelled coupons shall be exchanged with the main bank at the conclusion of the chip person's shift, at a minimum.

(D) A match play coupon shall be redeemed only at a gaming table that offers an authorized game in which patrons wager only against the house. The coupon shall be redeemed only by a dealer and only if accompanied by the proper amount of gaming chips required by the coupon. The dealer shall accept the coupon as part of the patron's wager and deposit the coupon into the drop box after the wager is won or lost.

(9) Documentation on unused coupons, voided coupons, and redeemed coupons maintained shall be forwarded on a daily basis to the accounting department, which shall perform the following regarding the coupons:

(A) Review for the propriety of signatures on documentation and for proper cancellation of coupons;

(B) examine for proper calculation, summarization, and recording on documentation, including the master game report;

(C) reconcile by the total number of coupons given to representatives of the department making distribution to patrons, returned for reissuance, distributed to patrons, voided, and redeemed;

(D) record; and

(E) maintain and control until destruction of the coupons is approved by the commission. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-20. EGM computer systems. (a) All components of a facility manager's production EGM computer system shall be located within the gaming facility. As used in this regulation, "production EGM computer system" shall mean the facility manager's primary EGM computer system comprised of a collection of hardware and software used to process or monitor EGM activity in real time. A production EGM computer system shall include any segregated testing component.

(b) With the written approval of the executive director, a facility manager's back-up EGM computer system, or any part of it, may be located in a secure and remote computer that is under the custody and control of an affiliate, intermediary, subsidiary, or holding company approved by the commission, referred to as a "host entity." A backup EGM computer system may consist of either of the following:

(1) A mirrored backup system that duplicates the production system by recording all slot-related operations on a real-time basis and is designed to become the production system whenever needed; or

(2) a periodic backup system that consists of regularly scheduled recording of selected data, which may include a complete image of the production system or any portion of the system.

(c) At a minimum, each facility manager requesting authorization to allow a backup EGM computer system to reside outside the gaming facility shall certify that both of the following conditions are met:

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(1) Communications between the remote computer and the facility manager's EGM computer system occur using a dedicated and secure communication medium, which may include a leased line.

(2) The remote computer automatically performs the following functions:

(A) Generates daily monitoring logs and real-time alert messages to inform the facility manager and host entity of any system performance problems and hardware problems;

(B) generates daily monitoring logs and real-time alert messages to inform the facility manager of any software errors;

(C) generates daily monitoring logs to inform the facility manager of any unsuccessful attempts by a device, person, or process to obtain computer access;

(D) authenticates the identity of every device, person, and process from which communications are received before granting computer access to the device, person, or process;

(E) ensures that data sent through a transmission is completely and accurately received; and

(F) detects the presence of corrupt or lost data and, as necessary, rejects the transmission.

(d) Unless a remote computer is used exclusively to maintain the EGM computer system of the facility manager, the system shall be partitioned in a manner approved by the executive director and shall include the following:

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(1) A partition manager that meets the following requirements:

(A) The partition manager shall be comprised of hardware or software, or both, and perform all partition management tasks for a remote computer, including creating the partitions and allocating system resources to each partition;

(B) the facility manager and host entity shall jointly designate and identify the security officer who will be responsible for administering the partition manager and maintaining access codes to the partition manager. The security officer shall be an employee of the facility manager or host entity and shall be licensed as a level I employee;

(C) special rights and privileges in the partition manager, including the administrator, shall be restricted to the management information systems director or security officer of the facility manager or host entity, who shall be licensed as level I employees;

(D) access to the partition manager shall be limited to employees of the management information systems departments of the facility manager and host entity; and

(E) software-based partition managers contained in a remote computer shall be functionally limited to performing partition management tasks for the remote computer, while partition managers using hardware and software that are not part of a remote computer may be utilized to perform other functions for a remote computer that are approved by the executive director;

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(2) a separate partition established for the facility manager's EGM computer system that meets the following requirements:

(A) The partition shall be limited to maintaining the software and data of the facility manager for which the partition has been established;

(B) the security officer of the facility manager for which the partition has been established shall be licensed as a level I employee and shall be responsible for maintenance of access codes to the partition; and

(C) special rights and privileges in the partition, including the administrator, shall be restricted to the security officer and the management information systems director of the facility manager for which the partition has been established; and

(3) separate and distinct operating system software, application software, and computer access controls for the partition manager and each separate partition.

(e) Any facility manager may be permitted by the executive director to establish a partition within a computer that contains its EGM computer system for its affiliate, intermediary, subsidiary, or holding company if all of the following requirements are met:

(1) A partition manager comprised of hardware or software, or both, shall be utilized to perform all partition management tasks, including creating the partitions and allocating system resources to each partition.

(2) A security officer shall be designated within the management information systems department of the facility manager to be responsible for administering the

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partition manager and maintaining access codes to the partition manager. Special rights and privileges in the partition manager, including the administrator, shall be restricted to the security officer and the management information systems director of the facility manager.

(3) Special rights and privileges in any partition that has been established for the benefit of an affiliate, intermediary, subsidiary, or holding company shall be restricted to the security officer and information technology director of the affiliate, intermediary, subsidiary, or holding company.

(f) Any facility manager may be permitted by the executive director to maintain backup or duplicate copies of the software and data of its EGM computer system, or any portion of the software and data, in removable storage media devices, including magnetic tapes or disks, in a secure location within a gaming facility or other secure location outside the gaming facility as approved by the executive director for the purposes of disaster recovery.

(g) Notwithstanding the provisions of subsection (a), upon the declaration of a disaster affecting the EGM computer system by the chief executive officer of the facility manager and with the prior written approval of the executive director, a facility manager may maintain the software and data of its EGM computer system, or any portion of the software and data, in a computer located in a secure location outside the gaming facility.

(h) Any facility manager may locate software or data not related to an EGM computer system, including software or data related to the sale of food and beverages, in

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a computer located outside the gaming facility. With the written approval of the executive director, a facility manager may connect the computer to an EGM computer system if all of the following conditions are met:

(1) Logical access to computer software and data of the EGM computer system is appropriately limited.

(2) Communications with all portions of the EGM computer system occur using a dedicated and secure communications medium, which may consist of a leased line.

(3) The facility manager complies with other connection-specific requirements of the commission. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-21. Progressive EGMs. (a) Each progressive EGM shall meet the requirements of article 110.

(b) Each facility manager seeking to utilize a linked EGM shall submit the location and manner of installing any progressive meter display mechanism to the executive director for approval.

(c) An EGM that offers a progressive jackpot shall not be placed on the gaming floor until the executive director has approved the following:

(1) The initial and reset amounts at which the progressive meter or meters will be set;

(2) the proposed system for controlling the keys and applicable logical access controls to the EGMs;

(3) the proposed rate of progression for each progressive jackpot;

(4) the proposed limit for the progressive jackpot, if any; and

(5) the calculated probability of winning each progressive jackpot. The probability shall not exceed 50 million to one.

(d) Progressive meters shall not be turned back to a lesser amount unless one of the following occurs:

(1) The amount indicated has been actually paid to a winning patron.

(2) The progressive jackpot amount won by the patron has been recorded in accordance with a system of internal controls approved under K.A.R. 112-104-1.

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(3) The progressive jackpot has, upon executive director approval, been transferred to another progressive EGM or wide-area progressive system in accordance with this article.

(4) The change is necessitated by an EGM or meter malfunction. For progressive jackpots governed by subsection (a), an explanation for the malfunction shall be entered on the progressive electronic gaming summary required by this article, and the commission shall be notified of the resetting in writing.

(e) Once an amount appears on a progressive meter, the probability of hitting the combination that will award the progressive jackpot shall not be decreased unless the progressive jackpot has been won by a patron or the progressive jackpot has been transferred to another progressive EGM or wide-area progressive system or removed in accordance with subsection (g).

(f) If an EGM has a progressive meter with digital limitations on the meter, the facility manager shall set a limit on the progressive jackpot, which shall not exceed the display capability of the progressive meter.

(g) Any facility manager may limit, transfer, or terminate a progressive jackpot offered on a gaming floor only under any of the following:

(1) A facility manager may establish a payout limit for a progressive jackpot if the payout limit is greater than the payout amount that is displayed to the patron on the progressive jackpot meter. The facility manager shall provide notice to the commission

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of the imposition or modification of a payout limit on a progressive meter concurrent with the setting of the payout limit.

(2) A facility manager may terminate a progressive jackpot concurrent with the winning of the progressive jackpot if its EGM program or progressive controller was configured before the winning of the progressive jackpot to establish a fixed reset amount with no progressive increment.

(3) A facility manager may permanently remove one or more linked EGMs from a gaming floor if both of the following conditions are met:

(A) If the EGM is part of a wide-area progressive system offered at multiple facilities, the facility manager retains at least one linked EGM offering the same progressive jackpot on its gaming floor.

(B) If the progressive jackpot is only offered in a single gaming facility, at least two linked EGMs offering the same progressive jackpot remain on the gaming floor.

(4) Any facility manager may transfer a progressive jackpot amount on a stand-alone EGM or the common progressive jackpot on an entire link of EGMs with a common progressive meter, including a wide-area progressive system, from a gaming floor. The facility manager shall give notice of its intent to transfer the progressive jackpot to the commission at least 30 days before the anticipated transfer and shall conspicuously display the facility manager's intent to transfer the progressive jackpot on the front of each EGM for at least 30 days. To be eligible for transfer, the progressive jackpot shall meet the following conditions:

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(A) Be transferred in its entirety; and

(B) be transferred to one of the following:

(i) The progressive meter for an EGM or wide-area progressive system with the same or greater probability of winning the progressive jackpot, the same or lower wager requirement to be eligible to win the progressive jackpot, and the same type of progressive jackpot. However, if no other EGM or wide-area progressive system meets all of these qualifications, a transfer of the jackpot to the progressive meter of the most similar EGM or wide-area progressive system available may be authorized by the executive director; or

(ii) the progressive meters of two separate EGMs or wide-area progressive systems if each EGM or wide-area progressive system to which the jackpot is transferred individually satisfies the requirements of paragraph (g)(4)(B)(i).

(5) Any facility manager may immediately and permanently remove a progressive jackpot on a stand-alone progressive EGM, the common progressive jackpot on an entire link of EGMs with a common progressive meter, or an entire wide-area progressive system from a gaming floor if notice of intent to remove the progressive jackpot meets the following requirements:

(A) Is conspicuously displayed on the front of each EGM for at least 30 days; and

(B) is provided in writing to the commission at least 30 days before to the

removal of the progressive jackpot.

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(h) The amount indicated on the progressive meter or meters and coin-in meter on each EGM governed by subsection (a) shall be recorded by the facility manager's accounting department or EGM department on a progressive electronic gaming summary report at least once every seven calendar days. Each report shall be signed by the preparer. If not prepared by the accounting department, the progressive electronic gaming summary report shall be forwarded to the accounting department by the end of the gaming day on which it is prepared. An employee of the accounting department shall be responsible for calculating the correct amount that should appear on a progressive meter. If an adjustment to the progressive meters is necessary, the adjustment shall be made by a member of the EGM department as follows:

(1) Supporting documentation shall be maintained to explain any addition or reduction in the registered amount on the progressive meter. The documentation shall include the date, the asset number of the EGM, the amount of the adjustment, and the signatures of the accounting department member requesting the adjustment and the EGM department member making the adjustment; and

(2) the adjustment shall be effectuated within 48 hours of the meter reading.

(i) Except as otherwise authorized by this regulation, each EGM offering a progressive jackpot that is removed from the gaming floor shall be returned to or replaced on the gaming floor within five gaming days. The amount on the progressive meter or meters on the returned or replacement EGM shall not be less than the amount on the progressive meter or meters at the time of removal. If an EGM offering a progressive

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jackpot is not returned or replaced, any progressive meter amount at the time of removal shall, within five days of the EGM's removal, be added to an EGM offering a progressive jackpot approved by the executive director. The EGM shall offer the same or greater probability of winning the progressive jackpot and shall require the same or lower denomination of currency to play that was in use on the EGM that was removed. This subsection shall not apply to the temporary removal by a facility manager, for a period not to exceed 30 days, of all linked EGMs that are part of a particular wide-area progressive system if the progressive jackpot offered by the temporarily removed EGMs remains available on EGMs that are part of the same wide-area progressive system in another gaming facility.

(j) If an EGM is located adjacent to an EGM offering a progressive jackpot, the facility manager shall conspicuously display on the EGM a notice advising patrons that the EGM is not participating in the progressive jackpot of the adjacent EGM.

(Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8750 and 74-8772; effective P-_____.)

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112-107-22. Wide-area progressive systems. (a) Two or more facility managers may operate linked progressive EGMs that are interconnected between two or more participating gaming facilities, with the prior written approval of the commission and the Kansas lottery as required under subsection (c). The EGMs participating in the link shall be collectively referred to as a wide-area progressive system.

(b) Each wide-area progressive system shall at all times be installed and operated in accordance with relevant requirements of the act, this article, and article 110.

(c) Each wide-area progressive system shall be operated and administered by participating facility managers in accordance with the terms and conditions of a written agreement executed by the participating facility managers. The agreement shall be referred to as an electronic gaming system agreement. Each electronic gaming system agreement shall be submitted in writing and approved by the commission and the Kansas lottery before implementation and shall meet the requirements of the act, this article, and article 110.

(d) Any facility manager participating in an electronic gaming system agreement may delegate, in whole or in part, the management and administration of a wide-area progressive system to a gaming supplier if the electronic gaming system agreement is executed by the gaming supplier and the terms of the agreement are approved by the commission and the Kansas lottery. The persons designated in an electronic gaming system agreement as being responsible for the management and administration of a wide-area progressive system shall be referred to as the wide-area progressive system operator.

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(e) An agreement between a gaming supplier and a facility manager under which a gaming supplier sells, leases, or services a wide-area progressive system shall not constitute an electronic gaming service agreement, unless the agreement also covers the management and administration of the wide-area progressive system.

(f) Each electronic gaming system agreement providing for the management and administration of a wide-area progressive system shall identify and describe with specificity the duties, responsibilities, and authority of each participating facility manager and each electronic gaming system operator, including the following:

(1) Details with regard to the terms of compensation for the electronic gaming system operator. The agreement shall address to what extent, if any, the electronic gaming system operator is receiving compensation based, directly or indirectly, on an interest, percentage, or share of a facility manager's revenue, profits, or earnings from the management of the wide-area progressive system;

(2) responsibility for the funding and payment of all jackpots and fees associated with the management of the wide-area progressive system;

(3) control and operation of the computer monitoring room required under subsection (l);

(4) a description of the process by which significant decisions with regard to the management of the wide-area progressive system are approved and implemented by the participating facility managers and electronic gaming system operator;

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(5) when applicable, terms satisfactory to the commission with regard to apportionment of responsibility for establishing and servicing any trust agreement associated with any annuity jackpot offered by the wide-area progressive system;

(6) responsibility for generating, filing, and maintaining the records and reports required under the act, this part, and article 110; and

(7) any other relevant requirements of the commission, including those required to comply with the technical standards on wide-area progressive systems adopted by the commission under article 110.

(g) An electronic gaming system agreement submitted to the commission for approval shall be accompanied by a proposed system of internal controls addressing the following:

(1) Transactions directly or indirectly relating to the payment of progressive jackpots, including the establishment, adjustment, transfer, or removal of a progressive jackpot amount and the payment of any associated fees; and

(2) the name, employer, position, and gaming license status of any person involved in the operation and control of the wide-area progressive system.

(h) The information identified in paragraph (g)(2) shall be reviewed by the executive director to determine, based on an analysis of specific duties and responsibilities, which persons shall be licensed. The electronic gaming system manager shall be advised of the executive director's findings. Each participating facility manager

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and any participating gaming supplier shall comply with the commission's licensing instructions.

(i) An electronic gaming system manager shall not commence operation and administration of a wide-area progressive system pursuant to the terms of an electronic gaming system agreement until the agreement and the internal controls required under subsection (g) have been approved in writing by the commission and any licensing requirements under subsection (h) have been met.

(j) If an electronic gaming system agreement involves payment to a gaming supplier functioning as a electronic gaming system operator, of an interest, percentage, or share of a facility manager's revenue, profits, or earnings from the operation of a wide-area progressive system, the electronic gaming system agreement may be approved by the commission only if it determines that the total amounts paid to the gaming supplier under the terms of the agreement are commercially reasonable for the managerial and administrative services provided. Nothing in this regulation shall limit the commission's consideration of the electronic gaming system agreement to its revenue-sharing provisions.

(k) Each wide-area progressive system shall be controlled from a computer monitoring room. The computer monitoring room shall meet the following requirements:

(1) Be under the sole possession and control of employees of the wide-area progressive system manager designated in the electronic gaming system agreement for that system. The employees of the wide-area progressive system manager may be

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required to obtain a license or permit if the executive director determines, after a review of the work being performed, that the employees require a license or permit for the protection of the integrity of gaming;

(2) have its monitoring equipment subjected to surveillance coverage either by the surveillance system of a facility manager participating in the electronic gaming system agreement or by a dedicated surveillance system maintained by the wide-area progressive system manager. The surveillance plan shall be approved by the executive director;

(3) be accessible only through a locked door. The door shall be alarmed in a manner that audibly signals the surveillance monitoring room for the surveillance system elected under paragraph (1)(2); and

(4) have a computer monitoring room entry log. The log shall meet the following requirements:

(A) Be kept in the computer monitoring room;

(B) be maintained in a book with bound, numbered pages that cannot be readily removed; and

(C) be signed by each person entering the computer monitoring room who is not an employee of the wide-area progressive system manager employed in the computer monitoring room on that person's assigned shift. Each entry shall contain the following information:

(i) The date and time of entering and exiting the room;

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(ii) the name, department, or license number of the person entering and exiting the room and of the person authorizing the entry; and

(iii) the reason for entering the computer monitoring room.

(l) In evaluating a proposed location for a computer monitoring room, the following factors may be considered by the executive director:

(1) The level of physical and system security offered by the proposed location; and

(2) the accessibility of the location to the commission's audit, law enforcement, and technical staff. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8750 and 74-8772; effective P-_____.)

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112-107-23. Electronic gaming monitoring systems. (a) Any gaming licensee may utilize an electronic gaming monitoring system that has an interface between it, EGMs, and related systems if the electronic gaming monitoring system has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each electronic gaming monitoring system shall meet the requirements of the act, this article, and article 110. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-24. Casino management systems. (a) Any gaming licensee may utilize a casino management system that has an interface between it, EGMs, and related systems if the casino management system has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each casino management system shall meet the requirements of the act, this article, and article 110. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-25. Player tracking systems. (a) Any gaming licensee may utilize a player tracking system that has an interface between it, EGMs, and related systems if the player tracking system has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each player tracking system shall meet the requirements of the act, this article, and article 110. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-26. External bonusing systems. (a) Any gaming licensee may utilize an external bonusing system that has been tested and approved by the commission under K.A.R. 112-107-3.

(b) The combination of the EGM theoretical payout percentage plus the bonus awards generated by an external bonusing system shall not equal or exceed 100% of the theoretical payout for an EGM on which the external bonus award is available.

(c) Each EGM shall meet the minimum theoretical payout percentage required under this article without the contribution of any external bonus award available on the EGM.

(d) Each external bonusing system shall meet the requirements of the act, this article, and article 110. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-27. Cashless funds transfer systems. (a) Any facility manager may utilize a cashless funds transfer system that has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each cashless funds transfer system shall meet the requirements of the act, this article, and article 110.

(c) Before utilizing a cashless funds transfer system, each facility manager shall establish a system of internal controls for the cashless funds transfer system. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1. The internal control procedures submitted by the facility manager shall address the integrity, security, and control of the facility manager's cashless funds transfer system shall include the following:

- (1) An overview of the system design;
- (2) system access controls and restrictions;
- (3) override policies and restrictions;
- (4) backup and recovery procedures;
- (5) logical and physical access controls and restrictions;
- (6) network security; and
- (7) procedures for handling customer disputes.

(d) The transfer of electronic credits to an EGM under this regulation shall be initiated only by a patron using an access control. Access controls shall require the use of

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a unique access code for each patron. The access code shall be selected by and available to only the patron.

(e) Each facility manager shall maintain a record of every transfer of electronic credits to an EGM under this regulation. Each transfer shall be identified by, at a minimum, the date, the time, and the asset number of the EGM to which the transfer occurred and an identification number assigned to the patron who initiated the transaction. The identification number assigned to a patron for the purposes of this regulation shall be different from the unique access code selected by the patron as part of an access control.

(f) On at least a monthly basis, each facility manager using a cashless funds transfer system shall provide a statement to each patron who has participated in the system that month. The statement shall include, at a minimum, the patron's beginning monthly balance, credits earned, credits transferred to an EGM pursuant to this regulation, and the patron's monthly ending balance. With the written authorization of the patron, the mailing of a monthly statement may be issued electronically to the patron. However, a monthly statement shall not be required for transfers of temporary electronic credits or transfers of electronic credits from a temporary anonymous account.

(g) Each facility manager shall provide notice to the commission in writing of any adjustment to the amount of a credit transferred to an EGM by means of a cashless funds transfer system. The notice shall be submitted on or before the date of the

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adjustment. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-
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112-107-28. Server-supported electronic gaming systems. (a) Any gaming licensee may utilize a server-supported electronic gaming system if that system has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each server-supported electronic gaming system shall meet the requirements of the act, this article, and article 110.

(c) Before utilizing a server-supported electronic gaming system, each gaming licensee shall establish a system of internal controls for the server-supported electronic gaming system. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1. The internal controls submitted by the gaming licensee shall address the integrity, security, and control of the server-supported electronic gaming system. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-29. Server-based electronic gaming systems. (a) Any gaming licensee may utilize a server-based electronic gaming system if that system has been tested and approved by the commission under K.A.R. 112-107-3.

(b) Each server-based electronic gaming system shall meet the requirements of the act, this article, and article 110.

(c) Before utilizing a server-based electronic gaming system, each gaming licensee shall establish a system of internal controls for the server-based electronic gaming system. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1. The internal controls submitted by the gaming licensee shall address the integrity, security, and control of its server-based electronic gaming system. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-30. EGMs and associated equipment utilizing alterable storage media. The use of alterable storage media in an EGM or associated equipment shall meet the requirements of the act, this article, and the technical standards on alterable storage media adopted by the commission under article 110. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-31. Remote system access. (a) In emergency situations or as an element of technical support, an employee of a gaming supplier may perform analysis of, or render technical support with regard to, a facility manager's electronic gaming monitoring system, casino management system, player tracking system, external bonusing system, cashless funds transfer system, wide-area progressive system, gaming ticket system, or other approved system from a remote location. All remote access to these systems shall be performed in accordance with the following procedures:

(1) Only an employee of a gaming supplier who separately holds an occupation license under article 103 may remotely access a system sold, leased, or otherwise distributed by that gaming supplier for use at a gaming facility.

(2) The gaming supplier shall establish a unique system account for each employee of a gaming supplier identified by that supplier as potentially required to perform technical support from a remote location. All system access afforded pursuant to this regulation shall meet the following requirements:

(A) Be restricted in a manner that requires the facility manager's management information systems department to receive prior notice from the gaming supplier of its intent to remotely access a designated system;

(B) require the facility manager to take affirmative steps, for each instance of access, to activate the gaming supplier's access privileges; and

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(C) be designed to appropriately limit the ability of any person authorized under this regulation to deliberately or inadvertently interfere with the normal operation of the system or its data.

(3) A separate log shall be maintained by both the gaming supplier and the facility manager's management information systems department. Each log shall contain, at a minimum, the following information:

- (A) The system accessed, including manufacturer, and version number;
- (B) the type of connection;
- (C) the name and license number of the employee remotely accessing the system;
- (D) the name and license number of the employee in the management information systems department activating the gaming supplier's access to the system;
- (E) the date, time, and duration of the connection;
- (F) the reason for the remote access, including a description of the symptoms or malfunction prompting the need for remote access to the system; and
- (G) any action taken or further action required.

(4) All communications between the gaming supplier and any of the systems identified in subsection (a) shall occur using a dedicated and secure communication facility which may consist of a leased line approved in writing by the executive director.

(b) Each modification of, or remedial action taken with respect to, an approved system shall be processed and approved by the commission either in accordance with the

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emergency modification provisions of K.A.R. 112-107-3(l) or as a standard modification submitted under K.A.R. 112-107-3(h).

(c) If an employee of a gaming supplier is no longer employed by, or authorized by, that manufacturer to remotely access a system pursuant to this regulation, the gaming supplier shall notify, by the end of that business day, the commission and each facility manager that has established a unique system account for that employee of the change in authorization and shall verify with each facility manager that any access privileges previously granted have been revoked.

(d) All remote system access shall be performed in accordance with article 110.

(e) Each facility manager authorizing access to a system by a gaming supplier under this regulation shall be responsible for implementing a system of access protocols and other controls over the physical integrity of that system and the remote access process sufficient to ensure appropriately limited access to software and the systemwide reliability of data. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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112-107-32. EGM destruction procedures. (a) Each gaming licensee shall establish a comprehensive system of internal controls for the EGM destruction procedures required by this regulation. The internal controls shall be submitted to and approved by the commission under K.A.R. 112-104-1.

(b) The gaming licensee shall submit a request in writing with an attached approval letter from the Kansas lottery commission requesting the destruction of an EGM. The notice shall contain the asset number of each EGM that is requested to be destroyed and shall be submitted at least 14 days in advance of the requested destruction date.

(c) When destroying an EGM, the critical program storage media (CPSM) and component parts shall be removed from the EGM before destruction of the cabinet. For the purposes of this regulation, a component part shall mean any part as defined by K.S.A. 21-4302(d)(1)(C), and amendments thereto, and shall include any equipment necessary for any of the following operations by the EGM:

- (1) The acceptance of currency, tickets, coupons, or tokens;
- (2) the discharge of currency, tickets, coupons, or tokens;
- (3) the determination or display of the outcome of the game;
- (4) recordkeeping; and
- (5) security.

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(d) The CPSM and component parts may be destroyed or placed into the controlled inventory of the EGM department. All destroyed CPSM and component parts shall be destroyed separately from the EGM cabinets.

(e) The destruction of any EGMs, CPSM, and component parts shall be witnessed by an agent of the commission. (Authorized by K.S.A. 2007 Supp. 74-8772; implementing K.S.A. 2007 Supp. 74-8750 and 74-8772; effective P-_____.)

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112-107-34. Waivers. (a) The requirements in this article or article 110 for an EGM may be waived by the commission upon the commission's determination that the EGM, associated equipment, or modification as submitted by the gaming licensee meets the operational integrity requirements of the act, this article, and article 110.

(b) Any gaming supplier may submit a written request to the commission for a waiver for one or more of the requirements in this article or article 110. The request shall include supporting documentation demonstrating how the EGM, associated equipment, or modification for which the waiver has been requested meets the operational integrity requirements of the act, this article, and article 110. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective P-_____.)

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