

24 NCAC 06A .0413 RESERVE REQUIREMENT

(a) The Internal Controls shall include a plan to maintain and protect sufficient Cash or Cash Equivalents and other supplies to continuously conduct Sports Wagering or Pari-Mutuel Wagering through a reserve in the amount needed to ensure the security of funds held in Wagering Accounts and the ability to cover the outstanding liabilities for Wagering.

(b) The reserve may take the form of a bond, an irrevocable letter of credit, payment processor reserves and receivables, Cash or Cash Equivalents segregated from operational funds, a guaranty letter, a combination thereof, or another means as approved by the Commission.

(c) The reserve shall be calculated as follows:

- (1) For Sports Wagering, the reserve shall be not less than the greater of five hundred thousand dollars (\$500,000), or the sum of the:
 - (A) cashable amounts held by the Operator on Wagering Accounts;
 - (B) pending withdrawals from Wagering Accounts;
 - (C) amounts accepted by the Operator on Sports Wagers whose outcomes have not been determined;
 - (D) amounts owed but unpaid on winning Sports Wagers; and
 - (E) average monthly amount of Sports Wagering taxes due to the State of North Carolina for the past 12 months, except during the first 11 months of licensure which shall be calculated as the average monthly amount of Sports Wagering taxes due to the State of North Carolina since the Operator started accepting Sports Wagers.
- (2) For Pari-Mutuel Wagering, the reserve shall not be less than the sum of the:
 - (A) cashable amounts held by the Operator on Wagering Accounts;
 - (B) pending withdrawals from Wagering Accounts;
 - (C) amounts accepted by the Operator on Pari-Mutuel Wagers whose outcomes have not been determined;
 - (D) amounts owed but unpaid on winning Pari-Mutuel Wagers; and
 - (E) one twelfth (1/12) of the aggregate Annual fee for ADW licensees accrued for the past 12 months, except during the first 11 months of licensure which shall be calculated as the aggregate accrued Annual Fee for ADW licensees divided by the number of months the ADW licensee has been accepting ADW Wagers.
- (3) The reserve shall be adequate to pay all winning Wagers when due.
- (4) Amounts available to Players for Wagering that are not redeemable for Cash may be excluded from the reserve computation.

(d) An Operator is presumed to have met this requirement if the Operator maintains, on a daily basis, a minimum reserve in an amount that is equal to or exceeds the average daily minimum reserve, calculated on a monthly basis, for the corresponding month in the previous year.

(e) An Operator shall have access to Wagering Account and transaction data to ensure the amount of its reserve is sufficient. Unless otherwise directed by the Commission or Director, an Operator shall file a monthly attestation with the Director, in the form and manner prescribed by the Commission, that funds have been safeguarded under this Rule.

(f) The Director may audit an Operator's reserve at any time and may direct an Operator to take action required to ensure the purposes of this Rule are achieved, including but not limited to requiring the Operator to modify the form of its reserve or increase the amount of its reserve.

(g) An Operator shall deposit and maintain reserve funds with a financial institution insured by the Federal Deposit Insurance Corporation and authorized to transact business in North Carolina.

*History Note: Authority G.S. 18C-114(a)(14);
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