

## MULTI-STATE LOTTERY ASSOCIATION RULES

*Last Amended December 8-9, 2009*

### PART I — ADMINISTRATION

#### RULE 1—DISPUTES.

**1.1 First Review.** The Board shall have the first opportunity to informally resolve any disputes arising among Party Lotteries or Licensee Lotteries regarding the MUSL, the Agreement, Bylaws, rules, policies, or guidelines. The Party Lottery or Licensee Lottery seeking resolution of a dispute shall seek a remedy from the Board by filing a notice of dispute with the Board. Filing shall be done by certified mail, return receipt requested, addressed to the Executive Director. If the Board fails to resolve the dispute to the satisfaction of any party to the dispute within 60 days after receiving notice of the dispute, the aggrieved lottery may seek any other remedy authorized by statute or by the terms of the License Agreement.

*Amended June 6, 1996; December 8-9, 2009.*

**1.2 Conflicting Terms.** In resolving conflicting terms in the Agreement, Bylaws, rules, or other MUSL writings, controlling weight shall be given to jurisdiction statute and writings in the following order:

- (a) Jurisdiction Statute,
- (b) MUSL Agreement,
- (c) MUSL Constitution and Bylaws
- (d) MUSL Rules, and
- (e) MUSL Operating Procedures.

**1.3 Amendment of Rules.** The Multi-State Lottery Association Rules (Board Rules) may be amended upon a vote of more than fifty percent of the total voting membership.

*Amended June 5, 1997.*

**RULE 2—MINIMUM COMPUTER GAMING SYSTEM AND MINIMUM COMPUTER INTERNAL CONTROL SYSTEM REQUIREMENTS.** *Amended June 6, 1996; January 7, 2004; September 3, 2004; June 23, 2005; September 14, 2005 (Note – due to the significant quantity of prior approved language changes, not all Rule 2 revisions prior to October 2004 are specifically noted).*

#### **2.0 Purpose**

Each lottery shall have sufficient systems in place to mitigate and manage any and all risk associated with participating in a multi-jurisdictional game. The minimum requirements include a computer gaming system (CGS), an internal control system (ICS), and various controls to protect these systems from unauthorized access, tampering, power outages, and any event or combination of events that may affect the security, integrity, or the availability of the game.

The Board's Security and Integrity Committee shall review and approve or disapprove each Product Group's standards and each Member's controls for its product offerings and any significant changes to those standards and controls and shall forward its conclusions to the Board. No product shall be offered by a MUSL Product Group or Member unless its systems and controls meet or exceed the Board's minimum requirements for security and integrity as determined by the Security and Integrity Committee.

*Comment: On September 12, 1988, the Board instructed the executive director to obtain an annual certification from each Board Member providing that, except for reported changes, no changes were made to the member lottery's ICS. The certifications are to be collected annually in preparation for the annual audit. By general consensus at its meeting on October 15, 1989, the board noted that all MUSL rules apply only to MUSL games and not to other party lottery games. On March 30, 1990, the Board instructed the executive director to send a summary report of changes to party lottery systems for all Board Members and to indicate whether they are deemed to be major changes requiring Board approval. On September 27, 1997 the Board instructed the Executive Director to send a summary report of minor changes to party lottery systems to the Security & Integrity Committee. Major changes to lottery systems shall require the prior approval of the Security & Integrity Committee. Actions of the Committee may be reviewed by the full MUSL Board. On January 7, 2004 the Board revised MUSL Rule 2 to make MUSL Game Groups standards consistent.*

### **2.0.0 Applicability of this Rule to Licensee Lotteries**

All provisions in Section 2 of these rules applicable to MUSL members are applicable to Licensee Lotteries of a Product Group intending to sell that Product Group's game(s). All references in Section 2 to "MUSL Member", "Party Lottery" or "Member Lottery" shall apply in equal force and effect to Licensee Lotteries of a Product Group. *Adopted December 8-9, 2009.*

### **2.0.1 How to Use This Rule**

The rules in this 2.x section are mandatory and represent the minimum level of controls that must be in place for MUSL members wishing to participate in MUSL-offered, multi-jurisdictional online games. Note that in cases where the word "should" is used, the statement immediately following within the sentence where it is used is intended to be optional, whereas the absence of this word represents content that is mandatory to gain compliance. Content contained in a "Comments" section is intended to be clarifying in nature only and is not intended to include mandatory content. Content contained in an "Annotations" section is intended to provide examples of how some Members have gained compliance with a standard. Where the term "encryption" or "encryption technologies" is used, it shall be interpreted as a non-proprietary encryption solution that has yet to be broken. The solution can utilize, for example, a key solution known to be compromised so long as the keys are changed at a interval more frequent than the amount of time it takes to break the cryptography. Where the term "hardware authentication" is used, the solution shall use a technology (such as a virtual private network, key exchange, or other solution) to ensure the hardware end-points that are part of the communication link.

These rules are superseded by any specific-game group rule, by jurisdiction statute or regulation, by applicable international law, and by local legislation.

### **2.0.2 Distribution**

Based on a need to know as determined by the Lottery Executive Director or equivalent, MUSL Rule 2 may be distributed to lottery commissioners, lottery board members, lottery staff, online and ICS vendor staff, other vendors, auditors and consultants.

Alternatively, the document is available for download to Lottery Executive Directors or their equivalent at the MUSL Members web site.

### **2.0.3 Security Director Reporting**

Member Lotteries shall have a named lottery employee, who is not under the supervision or control of the data processing division, bear responsibility for security oversight within their organization.

*Comment: The individual in this requirement need not be dedicated to this role or have a technical background, but should be charged with ensuring compliance with the MUSL Rules that relate to security issues.*

*Adopted April 17, 2007*

### **2.1 Daily Transaction Records**

All daily transactions for a jurisdiction shall be collected by the Party Lottery or its authorized designee for their jurisdiction at the close of each day's operations to ensure all transactions are kept inviolable. Processing and balancing are to be performed by Party Lottery personnel using ICS programs and computers under Party Lottery control, however a Party Lottery may choose to allow another Party Lottery (the Lottery's authorized designee) to run the ICS for their jurisdiction for any given game, as long as both Party Lotteries are MUSL members. Transactions are to be balanced against reports generated by the CGS.

*Comment: The purpose of obtaining a copy of each day's transactions is to make certain that no transactions are modified and no illegitimate transactions are added. To properly ensure this does not happen, the ICS must not contain any unauthorized or malicious code that may be used to modify or insert transactions. The intent of this standard is not to require that the ICS reside on a standalone machine, but rather to ensure that the machine does not accept connections that should be denied.*

### **2.2 Drawing Day Transaction Records**

The Party Lottery or its authorized designee shall take possession of the drawing day transaction records for their jurisdiction through the close of the drawing day's transactions. The transaction records may be processed throughout the day or at draw break so long as the integrity of the transactions and the ICS are not compromised. After receiving all the transactions, the MUSL drawing official shall be notified of such possession and certify and provide evidence that the transaction records are in balance, typically via the MUSL Draw Reporting System. Lottery personnel shall compare the reports generated by the CGS to the reports generated by the ICS. Member Lotteries shall enact procedures to ensure that the balanced sales information that they report to MUSL via the Draw Reporting System is from a report different from the one used by the auditor representing MUSL at their site. Should the member Lottery not be able to access the MUSL Draw Reporting System, the Auditor representing MUSL at the Lottery may report their balanced information to MUSL via fax. Any imbalance must be reported to the MUSL Drawing Manager as soon as it becomes evident, but no later than 30 minutes prior to the scheduled draw. The MUSL Drawing Manager will determine whether any imbalance affects the security of the game. When an imbalance affects the security of the game, the drawing will not be held until the imbalance is corrected or both the CGS and the ICS are secured via a lockdown.

*Comment: Processing transactions earlier and more frequently allows for early identification of potential discrepancies. Since an imbalance must be reported at least 30 minutes before the drawing, early and more frequent processing provides more time to resolve an imbalance. Generally, more frequent processing requires the ICS to be connected to the CGS.*

### **2.2.1 Lockdown**

ICS transactions must be balanced against the CGS transactions no later than 30 minutes prior to the scheduled draw. In the event the entity charged with processing ICS transactions is unable to report and confirm the transactions are in balance, both the ICS and the CGS systems must start the lockdown process if called for in the game where the imbalance has occurred. This process begins when lottery security or their designee (Security Representative) is notified and is complete once a Security Representative at each site secures each of the CGS facilities where a production CGS system exists and secures the site containing the current active ICS system. Security Representatives shall not be ICS Operators for the draw to be secured and shall not be an online vendor employee or a member of or direct management over the lottery data processing function, where these managers have systems permissions on the ICS beyond what an ICS Operator would have. Lottery Executive Directors or their equivalent are exempt from this requirement. Member lotteries shall ensure that adequate procedures are in place to enable the lockdown process to be completed no later than 15 minutes before the draw in order to prevent any possible delay in the draw. Each Party Lottery shall have a documented lockdown plan and shall provide MUSL a copy of the plan upon request. The Party Lottery lockdown plan shall incorporate the following policies:

- a. Lockdown process must begin 30 minutes prior to the scheduled draw if the transactions have not been balanced 30 minutes prior to the draw
- b. Lockdown process must be complete with both the ICS and CGS sites secured prior to the scheduled drawing time
- c. ICS and CGS sites must remain secured until both systems are in balance or until MUSL directs the lottery to end the site secure and stand down
- d. All TV, radio and other outside communication must be eliminated
- e. All cell phones, pagers, or other communication devices must be secured by the Security Representative in charge of the lockdown
- f. All telephone conversations at the secured sites shall use a speakerphone and be monitored by the Security Agent in charge of the lockdown
- g. All entries made on a computer or connected terminals shall be monitored by the Security Agent in charge of the lockdown
- h. Only security personnel and those persons with a critical need to be in the facility shall be allowed in the secured area, and if they have knowledge of the winning numbers, they must not be revealed to any other person

*Comment: The lockdown process should not take more than 15 minutes to accomplish. Member lotteries should customize their internal requirements to have their Security Agent notified at a time that allows a secure state to be*

*reached at each site to be secured by this time or enact a policy that requires the Security Agent to be on hand for transaction balancing. Members may enact procedures via their written site securing checklist to disconnect additional off-site online CGS machines during a lockdown to avoid securing the off-site equipment and personnel.*

### **2.2.2 Lockdown dry-run processes**

Lotteries shall enact processes to at least annually conduct a dry-run of their lockdown plan. Results of each dry-run shall be shared with the MUSL.  
*Adopted September 14, 2005.*

*Comment: Although a semi-annual dry-run is recommended, an annual dry-run provides material assurances to the MUSL membership.*

## **2.3 Winning Number Processing**

The Party Lottery or its authorized designee charged with processing ICS transactions (pursuant to rule 2.1) shall process winning numbers using their own employees or employees of the Member Lottery whose transactions are being processed using ICS programs and balanced against the winning numbers report from the CGS. An independent contractor or other third party shall not operate a Party Lottery's ICS. The number of winners for each prize level shall be transmitted to the MUSL office. Lottery personnel shall compare the reports generated by the CGS to the reports generated by the ICS. Member Lotteries shall enact procedures to ensure that the number of winners information that they report to MUSL via the Draw Reporting System is from a report different from the one used by the auditor representing MUSL at their site. Should the member Lottery not be able to access the MUSL Draw Reporting System, the Auditor representing MUSL at the Lottery may report their balanced information to MUSL via fax. Each Party Lottery is expected to transmit the number of winners for each prize level to the MUSL control office no later than the reporting time set by the Product Group. The MUSL control office is expected to certify the number of winners and authorize the payment of prizes no later than the reporting time set by the Product Group. Prizes shall not be paid by any Party Lottery until the MUSL control office authorizes the payment of prizes.

*Comment: The total number of winners from each Party Lottery, detailed by tier, must be combined to calculate the exact number of winners, and to determine the next jackpot. The numbers need to be received (typically via the MUSL Draw Reporting System) in a reasonable amount of time so that all Party Lotteries can be notified as quickly as possible.*

## **2.4 Computer Gaming System Requirements**

The computer gaming system, regardless of the number of jurisdictions for which transactions are processed, shall exist on its own dedicated network infrastructure such that any other networks are separated using a firewall or by being physically disconnected. Security, hardware, and software for the CGS must be verified as being in compliance with MUSL Standards by MUSL staff and the MUSL Security and Integrity

Committee on behalf of the Product Group as outlined within these Standards. No computer gaming system shall be permitted to operate without prior approval of the Security and Integrity Committee. The Security and Integrity Committee must pre-approve the CGS for new members, for new vendor implementations, and for any major gaming system upgrades requiring MUSL acceptance testing by existing members. The Security and Integrity Committee shall report to the Board its determination of a lottery CGS implementation meeting or not meeting MUSL standards.

*Comment: The intent of the 2.4 section and all sub-sections is to cover controls associated with the CGS environment only.*

#### **2.4.1 CGS Network**

In the event the CGS network is connected to a wide-area network other than the retailer terminal network, the connection shall require the use of at least data encryption where anything other than a point-to-point circuit is in place.

*Comment: For purposes of these standards, a point-to-point circuit is defined as a dedicated data link that connects only two known points. Examples of non-point-to-point circuits include frame circuits and SONET rings.*

#### **2.4.2 Terminal Connectivity**

A Member Lottery may choose the method in which terminals communicate with the CGS. Point-to-point communication channels do not require any data encryption or hardware authentication. Use of dialup terminals requires the implementation of encryption and hardware authentication. Use of any other type of communication to connect terminals to the CGS shall require transmitted data to be encrypted. Any communication links over a public or third party network unless as defined above, including a jurisdiction network, require the implementation of encryption and hardware authentication.

Instant ticket validation terminal traffic must also be encrypted and benefit from hardware authentication. If meeting this standard requires terminal replacement, member lotteries shall have through the end of their current online gaming system contract, including all extensions, to come into compliance if their existing solution has some method of encryption in place, whether or not proprietary, and some solution to verify the terminal hardware that is attempting the connection to the gaming system exists.

#### **2.4.3 Fault Tolerance**

Fault tolerance can be achieved through a combination of redundancy and backups. The CGS shall be fault tolerant such that on-line processing will not be interrupted if any part of the system fails. A battery backup power solution must exist and shall provide for no less than twenty minutes of reserve power and shall be configured to allow for normal operating system shutdown should power loss to the CGS be eminent. A generator or alternate power source capable of providing a minimum of 12 hours of runtime shall feed the battery backup

solution. A minimum of two distinct CGS systems are required and shall operate such that transactions are received and acknowledged on all production systems before a ticket is allowed to print. The systems shall be configured so that one system, operating as the primary, can failover to a secondary system in the event of total system failure. An automatic solution is necessary where systems are selling and personnel may not be immediately available to perform a manual failover. Controls must be in place to ensure that the version of code that resides on all production gaming systems be functionally compatible to ensure that failover can occur as intended.

*Comment: Any computer systems over and above the required two, as previously defined, are not required to receive transactions before a ticket is allowed to print. If a primary system goes down, the intent of this rule is to allow the system to continue selling tickets.*

#### **2.4.4 CGS Changes and Test Environment**

Any changes to the CGS hardware, operating system, or software must be tested in a test environment that is separate from the production environment prior to implementation. The test environment shall minimally consist of the same hardware architecture as exists in the production environment. Although the test environment may contain many versions of code, it shall at all times contain a readily available copy of the production version of the application (although not necessarily the Operating System) in order to facilitate production problem resolution whenever possible. Any source code created by the online vendor used to create the production version of code shall be held securely to ensure its availability to developers when production issues arise. Records of operating system and application maintenance or revisions to the CGS shall be thoroughly documented and maintained. Source code and its compilers shall not be used or stored on the production CGS at any time unless no method exists to systematically compile the code. A change control solution must be in place to manage and track changes. All major version upgrades that effect MUSL games and require MUSL acceptance testing and major vendor changes that require MUSL acceptance testing must be reported to MUSL on behalf of the Product Group. The Security and Integrity Committee will review the reported information to determine whether a special MUSL compliance review is required.

*Comment: Source code or un-compiled software should not be allowed anywhere in the production environment. One reason for this is to prevent any unauthorized changes to key applications. Another reason would be to prevent an untested change or patch from crashing the system.*

*Annotation: One method to ensure that test mirrors production on newer systems would be to have hot-swappable disks that contain the code as it exists in production.*

#### **2.4.5 Logical Access**

### 2.4.5.1 Operating Systems and Applications

All access permissions for operators of the gaming system application and the operating system that it resides on are to be kept to a minimum and shall be granted based on a “least privilege” security model. In no case shall a computer operator ID be granted administrative or root level privileges to the CGS. Where a decision is made that Computer Operators need immediate access to computer system accounts with administrative privileges in order to bring a system back up following a failure or other emergency, the use of these accounts shall be fully audited. Personnel outside of the Computer Operators group, whether Lottery or Vendor employees, shall be readily able to determine that these accounts have been used. User, system, and application passwords shall contain six or more characters. User passwords will expire within 35 days or less and should not be reused within ten iterations. Where systematically possible, users shall not be granted privileges to reset their own passwords within three days of them changing it. Password strength and uniqueness shall be enforced by the operating system wherever possible.

Transaction data access must be limited to persons or applications on an as needed basis. Care must be taken to prevent unauthorized connections to the information in this file from both inside and outside an application.

*Comment: Access should be limited to the lowest level required to perform an assigned job function and nothing more. This minimizes the need to rely on an individual's ability or character. Default user ids and passwords should be changed. Weak passwords equal weak security. IDs used to allow a front-end application to connect to another application component or data source used by that application may be exempt from the 35-day expiration requirement.*

### 2.4.5.2 Network

Where allowed by the protocol, the CGS must be protected from unauthorized users and applications on a protocol level on all other networks. Other networks include, but are not limited to, the online vendor's back-office network, the online vendor's other office networks, the Party Lottery network (including any networks that contain an ICS), jurisdiction networks, third party networks and the Internet. In no case shall an ICS reside on a network under the control of anyone other than the Lottery or their authorized designee. A firewall supporting stateful packet inspection shall be installed at all entry points to the CGS from other networks where the protocol being used allows security to be enabled. The firewall shall be configured to restrict inbound and outbound network traffic to specific required business functions. Every firewall used to protect the CGS shall be installed and or configured in a manner that prevents rule changes from being made without the Lottery's knowledge. No other computers or devices shall be connected to the CGS without the use of a firewall under the physical and logical control of the party responsible for maintaining and operating the CGS, whether the control of the firewall was held solely by the third party or held in conjunction with the lottery. The CGS must not be dependant on any device other than the

firewall for network perimeter protocol-level security from any non-gaming system network for all connections that do or can exist. A list of computers that are allowed to communicate with the CGS, including the purpose of the communication, the network protocols and ports to be used, and line-by-line descriptions for each access control rule shall be maintained. A network diagram detailing the production environment servers, their network names and addresses, and associated network connections shall be maintained. The network configuration and each of the device configurations shall be reviewed on a semi-annual basis. A copy of the network diagram(s) with Internet Protocol (IP) addresses and dumps of the configurations for all devices controlling access to the CGS shall be provided to MUSL upon request either through the Lottery or directly from the Lottery's vendor. The requirement shall exclude terminal network equipment external to the data center. MUSL will in no case retain copies of configurations outside of specific review periods. Copies obtained will be shredded, or in some other way securely destroyed once they have been reviewed, unless they are transferred to Lottery Security or their online vendor's control. Copies of these diagrams and configurations will be primarily obtained during MUSL compliance reviews. Reviewed versions of network diagrams and configurations shall be placed in an evidence envelope or MUSL-approved equivalent and securely maintained by the Lottery Security function either directly or through a Lottery-controlled escrow to aid in future reviews.

In cases where wireless technology (802.11, Bluetooth, Satellite, etc) is enabled with connectivity to the gaming system, solutions must be implemented to provide encryption and hardware authentication. In no case shall network ID's be wirelessly broadcast. Media Access Control (MAC address) filtering must be enabled on all wireless networks.

Intrusion Detection System (IDS) software or other active notification software solutions must be in place within the CGS network on all connections to other networks with alerts configured to notify administrators of potential security breaches. Logical permissions to the IDS shall be limited to key personnel.

*Comment: Border routers may be used to supplement a firewall wherever connectivity to another network is enabled, but it cannot satisfy the requirement for a firewall. Combination devices that incorporate routing with stateful firewall feature sets, along with the possibilities of other technologies (IDS, virus scan, SPAM filtering, etc) meet compliance with this standard. Proper configuration of firewalls is complex and often a tenuous process, therefore the primary benefit of a review is to keep the configuration current. The use of Virtual LAN's does not result in a firewall limiting access to the separated networks and is therefore not sufficient for isolating non-gaming system traffic into sub-segments outside of the gaming system network. An IDS solution residing as part of a firewall configuration meets compliance with this requirement so long as a log and active notification features are enabled. One suggested method for actively involving the Lottery with firewall changes includes, but is not limited to, use of dual sign on*

*procedures for the firewall where the Lottery has one of the passwords. Another could be the use of notification software, so long as this feature cannot be disabled by the vendor without lottery knowledge.*

*Amended April 17, 2007*

#### **2.4.6 Physical Access**

The following controls shall be implemented to monitor for and prevent any unauthorized access to the CGS, the data center, or the facilities in which the CGS is located:

- a. Data center walls must extend from the permanent floor to the permanent ceiling.
- b. Motion-activated or full-time video surveillance of all computer operator console areas, data center entry doors, and the CGS.
- c. Provisions to retain video surveillance records for at least 45 days.
- d. All data center entry doors must shut and lock automatically.
- e. In the event of the loss of power, electronic locks must have backup power or fail in such a way that the door remains secure while still allowing egress.
- f. The area surrounding the computer operations/data center area shall have a solution in place to actively prevent personnel working inside these areas from gaining visual access to anyone outside these areas (back-office area, etc) not working the draw during lockdowns. This is most often achieved by having no windows in the area or through the use of opaque window coverings put in place during a lockdown.

*Comment: Although it is preferred for member lotteries to retain non-discretionary access to the video surveillance feeds, the intent of this standard is only to require that active or recorded surveillance exists and not dictate under whose control it is. Camera solutions are not required to be trained on monitors or keyboards specifically.*

*The use of mini-blinds as a sole window covering does not constitute compliance with the window-covering requirement since there are gaps in them that allow a direct visual path through them.*

#### **2.4.7 CGS Lockdown**

In the event a Party Lottery is unable to balance their ICS transactions prior to a drawing, the ICS and the CGS systems must be locked down. The Party Lottery will notify the operators of the CGS that a lockdown is in progress. The lockdown process is complete after the Security Representative is onsite at each production site and the facilities have been secured. Any site hosting multiple CGS systems shall have controls in place to effectively secure each specific CGS that is required to be locked down for that drawing. If sufficient controls are not available to effectively secure a specific CGS system, then all lotteries participating in the same game that have an active CGS running as primary at the same location will be required to go into lockdown. This lockdown requirement

also includes the ICS facilities for the other state(s) even though they may be in balance. The lockdown can only be ended once the original imbalance has been corrected or until MUSL directs the lottery to end the site secure and stand down.

#### **2.4.8 Remote Production CGS Access**

Any connection to the production computer gaming system that is used for remote access shall be configured in such a way that local vendor operators and Lottery personnel can determine the status of said connection at any time. Where possible, all remote access shall be limited to a specific access point. Local vendor operators and Lottery personnel shall be able to determine those users that are logged in remotely by use of logs and active notification. Authorization for remote access shall be provided by the lottery director or the director's designee and may not be subjugated to the vendor for any reason. Request for authorization shall include the reason for the request, the person or persons that will login to the CGS, and the estimated time the connection will be active.

The firewalls shall be configured such that no changes can be made without the Lottery's knowledge.

*Comment:* A remote user is any user that connects and logs into the production gaming system that is outside of the local data center for that jurisdiction. This includes managers, supervisors, operators, support personnel or other users that may need to connect to the CGS for any reason.

*Adopted April 17, 2007*

### **2.5 Internal Control System Requirements**

An internal control system (ICS) is used to store and process a copy of the daily transactions provided by the CGS prior to a drawing and will be used to ensure that no transactions on the CGS are added or modified. ICS transactions will be processed independently of the CGS and results must match those provided by the CGS prior to and immediately following a drawing. A Party Lottery's ICS must be approved by the appropriate Product Group prior to use.

*Comment: The intent of the 2.5 section and all sub-sections is to cover controls associated with any and all ICS environments only.*

#### **2.5.1 Processing & Balancing**

The ICS will import and combine transactions obtained from the CGS. The ICS will generate a report based on the total number of transactions for the current draw period. The report values and total values shall be manually compared to a similar report generated by the CGS. When the reports from the two systems match, the transactions are considered to be in balance.

By January 1, 2005, a MUSL approved cryptographic hash function shall be applied to the entire set of transactions stored via the ICS for a specific draw to create a message digest or hash. The same cryptographic hash function shall be

re-applied to the entire set of transactions after the creation of a winner by tier report immediately following a drawing. The ICS Operator and MUSL auditor shall both manually and electronically compare the pre-draw hash to the post-draw hash to verify the integrity of the transaction file or database before a winner determination report is released. In the event the hash values do not match, a third hash shall be created and compared to the pre-draw hash. If the third hash does not match the pre-draw hash, lottery security shall be notified and the transaction data must be checked for any evidence of tampering through an investigative process likely involving ICS vendor personnel, Lottery IT personnel, and Lottery Security.

*Comment: Applying the same hash function to the same data will always result in the same hash value. It is computationally infeasible to determine the source of a hash created using a cryptographic function of sufficient strength. Adding a hash requirement provides significant added assurance to member lotteries that their version of the transaction file, as it exists on their ICS, was not modified between draw break and winner processing.*

### **2.5.2 Fault Tolerance**

The ICS solution shall be redundant such that if any part of a system fails, another ICS is available for use. All production ICS machines shall benefit from the usage of a backup power supply such as a power-conditioning uninterruptible power supply (UPS). The backup power solution (whether through a UPS alone or through a UPS working in conjunction with an alternate power source, such as a generator or separate electrical power supplier) shall provide for no less than ninety (90) minutes of reserve power for either ICS.

Any redundant ICS shall be a duplicate of the first, and may be located at the same location as the primary or at another facility. The computer and software must be kept under the logical and physical control of the Party Lottery at all times. In the event a secondary ICS is used to balance the transactions, no further balancing or processing shall be required on any additional ICS systems.

*Comment: The secondary ICS system can be a hot or cold backup, however the amount of time required to change over to the alternate system should be taken into account when making this decision. When determining UPS requirements, note that the use of a single UPS solution that could provide power to either ICS would comply with this standard.*

### **2.5.3 ICS Changes**

Any changes to the ICS software, operating system or hardware must be tested in a test environment that is separate from the production environment prior to implementation. Records of operating system and application maintenance or revisions to the ICS shall be thoroughly documented and maintained. Source code shall not be used or stored on the production ICS at any time regardless of which logical partition it may exist on, unless that code is required to run the ICS

solution and if no systematic solution exists to compile it. All major version upgrades that effect MUSL games and require MUSL acceptance testing and major vendor changes that require MUSL acceptance testing must be reported to MUSL on behalf of the Product Group. The Security and Integrity Committee will review the reported information to determine whether a special MUSL compliance review is required. The Party Lottery shall attest to the integrity of the ICS hardware and software immediately following any change to ICS hardware or software.

*Comment: The purpose for not allowing source code or un-compiled software anywhere in the production environment is to prevent unauthorized changes to key applications. Another reason would be to prevent an untested change or patch from crashing the system. The use of products that allow multiple virtual instances of possibly differing operating systems on a single machine does not provide adequate protection between the environments.*

## **2.5.4 Logical Access**

### **2.5.4.1 Operating Systems and Applications**

Logical access permissions granted to both the primary and secondary ICS must be kept to a minimum. In the event ICS vendors indicate to the Lottery that they require access to the system, Member Lotteries shall require the vendor to submit a written request that explains the need for access, the level of access required, and the specific changes to be made. Should the Lottery request that the ICS vendor access a production ICS in response to a problem that they are experiencing, the ICS vendor does not have to submit this documentation. Should a modem be in place to allow for remote access, it shall either remain powered off when not in use or be configured to not accept incoming calls or accesses. Lottery personnel (preferably with some background in IT) shall witness any changes made to the ICS by a vendor. Access shall be authorized by the Party Lottery's Security group (whether or not they are physically present) or personnel that are designated by Lottery Security and do not report to the IT Management function (e.g. Internal Audit or Senior Management) and must be granted only at the minimum level that the individual job function requires. The definition of what is authorized access needs to take into consideration actual need as determined by the Lottery. Where possible given staff resources, Administrators for the ICS shall not have access to any access control devices used to protect the ICS. The use of wireless technologies shall not be permitted on network subnets containing production ICS solutions, nor shall ICS solutions be configured to accept connection requests from any wireless source. Applicable security patches shall be kept current on all production ICS machines that have connectivity to other networks.

*Comment: Access should be limited to the lowest level required to perform an assigned job function and nothing more. This minimizes the need to rely on an individual's ability or character. Any changes or access by a vendor must be documented in detail, and this includes specific tasks performed in the case of*

*“general maintenance”. Lottery personnel can witness vendor changes to an ICS by requiring the vendor to connect to the ICS using remote control software.*

*Although keeping modems powered off is preferable, some modems may be in place to allow a system to contact support personnel in cases of system or service failure. These modems need to be configured to deny inbound access.*

#### **2.5.4.2 Network**

All production ICS machines must be protected from unauthorized users and applications on other networks. A MUSL approved firewall supporting stateful packet inspection shall be installed between the ICS and all network connections. The ICS must not be dependant on any device other than the firewall for network perimeter security from other non-lottery controlled networks. The firewall shall be configured to limit network traffic to that required for the ICS to get the required transaction data from the gaming system computers. Firewall configurations shall be reviewed on a semi-annual basis and a copy of each configuration and a copy of network diagrams with IP addresses of all enabled network interfaces shall be provided to MUSL upon request. Copies of these diagrams and configurations will be primarily obtained during the beginning of MUSL compliance reviews to allow those responsible for the configuration time to make any necessary corrections prior to the end of the site review. Reviewed versions of network diagrams and configurations shall be placed in an evidence envelope or MUSL-approved equivalent and maintained by the Lottery Security function to aid in future reviews. At no time should the CGS connect directly to the database or data files containing the transactions in the ICS. Should separate production ICS machines require inter-connectivity, on anything other than dialup over any network not under the Lottery’s sole control, the connection shall use data encryption.

***Comment:** Keeping unauthorized users and applications away from the ICS is the single most efficient way to ensure the integrity of the software and hardware has not been compromised. Proper configuration of firewalls is a complex and often a tenuous process; therefore the primary benefit of a review is to keep the configuration current. Combination devices that incorporate routing with a stateful firewall feature set, along with the possibilities of other technologies (IDS, virus scan, SPAM filtering, etc) meet compliance with this standard. The use of Virtual LAN’s does not result in a firewall limiting access to the separated networks and is therefore not sufficient for isolating sensitive data. The intent of preventing the CGS from having direct access to the data files on the ICS is to ensure that the CGS cannot modify transactions already processed by the ICS.*

### 2.5.5 Physical Access

The following controls shall be implemented to monitor for and prevent any unauthorized access to the ICS, data center or facility where the ICS is located:

- a. Lottery Security shall be charged with approving all requests for authorized access to the ICS and the room housing the ICS.
- b. Requests for access to the ICS and the room housing the ICS shall be kept for a minimum of 180 days following the claim period that would end were a ticket purchased the day of the request.
- c. Walls surrounding the ICS room must extend from the permanent floor to the permanent ceiling if the ICS does not benefit from a fully enclosed and locked cage.
- d. Unless positive provisions are in place to prevent anyone from being in the surrounding area, the computer room or room(s) immediately surrounding the ICS and the operators of the ICS shall have a solution in place to actively prevent personnel working inside these areas from gaining visual access to anyone outside these areas not working the draw during lockdowns. This is most often achieved by having no windows in the area or through the use of opaque window coverings put in place during a lockdown.
- e. Motion-activated or full-time video surveillance of ICS console areas, entry doors, and the ICS.
- f. Motion-activated or full-time video surveillance of ICS Operator areas (for installations in which ICS Operators are not processing ICS transactions from the same area where the server housing the ICS application or transactions exists).
- g. Provisions to retain video surveillance records for at least 45 days.
- h. All entry doors must shut and lock automatically.
  - In the event of the loss of power, electronic locks must have backup power or fail in such a way that the door remains secure while still allowing egress.
- i. In the event of a lockdown, the room in which the ICS resides must be secured from outside communication.

*Comment: The use of mini-blinds as a sole window covering does not constitute compliance with the window-covering requirement since there are gaps in them that allow a direct visual path through them.*

### **2.5.6 Third Party Vendor**

In the event a Party Lottery has established a third party vendor to provide or maintain the ICS, the Party Lottery or their authorized designee shall physically and logically maintain control of the ICS software and hardware. No third party, including vendors or independent contractors, shall process ICS transactions.

*Comment: Restricting any vendor involvement in ICS operations provides the Party Lottery with added levels of control. Having direct involvement with transaction processing and balancing allows the Party Lottery to monitor the day-to-day sales and monitor the CGS vendor, if there is one.*

## **2.6 Continuity Planning**

The Party Lottery shall take steps to define plans for Business Continuity and Disaster Recovery. The planning must identify the impact of potential disruptions and loss of data, and provide steps to mitigate risk and ensure business continuity. At a minimum, plans must address the following issues:

- a. All data for the CGS and ICS shall be backed up on a regular interval. The ICS backup media shall at all times remain under the physical control of the Lottery or their non-online vendor authorized designee
- b. Backups shall be stored offsite at a secure location
- c. Transactions shall be duplicated in such a way as to ensure that no transactions are lost in the event of a CGS failure
- d. The secondary CGS system shall be run as the primary CGS system during a minimum of one draw period (from draw to draw) on a semi-annual schedule
- e. In the event of a disaster, comprehensive instructions must be readily available for employees, vendors and any authorized third parties

*Comment: Mission critical systems are not immune to disasters. Both hardware and data must be protected, backed up, and in many cases duplicated. Backups can be used to restore data and business processes but generally requires time to re-establish and loss of some data is to be expected. The restoration process should be tested from time to time in order to define weaknesses and/or shortcomings with the overall process and personnel. Offsite storage of backup media can be at a backup site. A hardware or software failure is not typically defined as a disaster, but steps should be taken to minimize the loss of data and ensure that business operations are not halted.*

## **2.7 Segregation of Duties**

Care should be taken to ensure that a sufficient segregation of duties exists within each lottery position. Specifically, no single position should have authority over the administration of security permissions for the server housing the ICS or the ICS software itself while also having administration authority over a related internal lottery system or the firewall(s) protecting the ICS when sufficient technical resources exist. No Lottery position shall have administration privileges on the CGS unless the CGS is run without the benefit of a third-party vendor.

## **2.8 Developer Access**

Developers shall not have regular access to either the CGS or ICS production environments, nor shall they have access to any firewall or other access control device configuration. Any software patches or code changes that are intended to fix problems with the production code or configuration should be tested within a test environment, that is separate from the production system, prior to implementation. Developers should attempt to duplicate the issues in the test environment, resolve the issues, test the solutions, and have the updated code loaded into production via a formal change control process. Exceptions to this process shall require management approval before access is granted and should trigger a notification of Lottery Security.

## **2.9 Security**

### **2.9.1 Security Policy**

All users having access to a Party Lottery's technology and information assets shall be governed by a formal set of security rules called a "Security Policy". Although this policy requirement is intended to be general in nature, each Party Lottery shall identify and document specific security goals and minimum requirements for protecting its technology and information assets. The security policy shall specify how the requirements will be met and provide a baseline to determine compliance. The security policy must include and the Party Lottery shall adhere to the rules defined in this 2.9 section.

*Comment: The primary purpose of having a Security Policy is to define "what" needs to be protected and "how" it is to be protected.*

### **2.9.2 Storage and Issuance of Ticket Stock**

Production ticket stock, whether stored by the Lottery or a vendor, shall be held in a secure manner which ensures that at least two persons be present when ticket stock is placed in and removed from the storage area. The persons present may not be under the supervision or control of the data processing division of either the Party Lottery or the Party Lottery's on-line gaming vendor. One of the persons present may be the issuee. The party responsible for storage of ticket stock shall maintain records of all ticket stock received and issued. The records shall include all parties present when the ticket stock was placed in or removed from the storage facility and the carton numbers added or removed from storage. In the case of removal of ticket stock, records shall indicate who took control of the ticket stock and its destination once known. Once stock is assigned to a specific carrier, agent, or customer service representative, there is no longer a need to store it under the dual control required by this rule so long as a tracking mechanism is in place to identify the party holding the stock. Once stock is assigned to a CSR, it must be stored in a secure manner (locked car, mini-storage, etc).

Any excess ticket stock that is produced by the ticket stock printer that has not been shipped to the Lottery, the online vendor, or its agents may be stored by the printing company so long as it is stored in a secured location. Since ticket stock printers do not have any gaming system access, there is no need to ensure that dual controls surround stock stored under the printer's control, regardless of whether they are charged with direct delivery of the stock to retailers.

*Comment: The controls environment necessary to ensure that two persons are present when stock is moved in or out of the storage area is typically achieved through the use of a dual locking mechanism on the room, area, or cage housing the stock where no one person has access to both keys. Merely having a log sheet contained within the area does not guarantee that two persons are present in all instances and therefore does not constitute compliance with this rule. To ensure that unauthorized stock access can be detected, the area housing the stock must be completely enclosed such that access via a means other than the primary door opening(s) would be readily noticed.*

*Excess stock does not include any paper created during the ticket stock creation process that is not intended to ever be distributed in the field or entered into a database as part of the stock owned or to be owned by the member Lottery. Lotteries should consult with their printing companies to gain assurance that stock is stored pursuant to this standard.*

### **2.9.3 Returned Ticket Stock**

Ticket stock returned by retailers to lottery or on-line vendor personnel shall be directly delivered to the Party Lottery's security division as soon as practicable, but not later than fourteen days after pickup. The person receiving the ticket stock from a retailer shall request the retailer to sign a form containing the beginning ticket stock serial numbers for each roll of ticket stock being returned. This form shall be included when stock is given to the security division.

### **2.9.4 Media Labeling**

Any copy of ticket information provided to the Party Lottery after the initial copy of such information is received shall be clearly labeled with the time of recording, number of media comprising the data set, and should also include, if possible, the number of transactions and the last transaction. This includes member lotteries that use direct communication links from their CGS to their primary ICS and, having their communication line fail, utilize a transaction tape.

### **2.9.5 Two Copies of Transaction Media**

If the media or storage device used to record and transfer the ticket data cannot be processed before the draw (e.g. in a lockdown), the Party Lottery shall secure two copies of the transaction data in a format usable by the Lottery's ICS machines, which can be either two copies from the primary CGS or one copy each from the primary and the backup CGS.

*Comment: This provides for a copy of the transactions to be on hand under Lottery control if the first set of transactions contains errors or cannot be processed. One of these copies can be the accumulated transactions on the ICS as long as the ICS can be physically separated from the CGS and/or vendor networks. The second copy can be on another ICS, subject to the same stipulations noted for the first ICS above or on a computer separated from all networks, except for the possibility of the dedicated ICS network. One or more copies can also be on removable media (e.g. backup tape, CD, DVD, etc.). The second copy cannot be a copy of the first copy.*

## **2.9.6 Terminal Access**

The Lottery shall ensure that any ticket produced on a terminal that is not intended to produce live tickets shall be modified in a way that makes it evident that the ticket is invalid. All modifications shall be preventative in nature. Controls must be such that their circumvention is easily detectable. Modifications include but are not limited to:

- a. Changing the paper, assuming that a special level of access is required to change the paper
- b. Removing a pin from the print head, assuming the entire print head or pins cannot be easily replaced
- c. Font change, assuming the font cannot be changed by anyone working at a gaming system site that is or could become the primary.

This rule shall not apply to terminals that are secured from vendor data processing and lottery data processing personnel access in an environment with controls at least as strong as those that exist within the terminal repair area. Should a lottery elect to physically secure terminals to prevent internal modification (either to print heads or via a paper change), only non-data processing personnel shall have access to the internals of the terminal.

*Comment: If the terminal cannot be locked with a unique key then the paper could be easily be changed. Therefore just changing paper does not usually satisfy this requirement. On some terminals, the print head is modular and also easily changed.*

*Annotation: Some member lotteries have gained compliance with this standard by inserting non-production stock in their terminals not intended to produce live tickets and then physically securing the terminals with padlocks. Either lottery or vendor employees can hold keys to these padlocks, so long as those in possession of a key are not part of the data processing function.*

### **2.9.6.1 Terminal Repair and Storage Areas**

All terminals that are intended to produce live tickets that are held in storage or located in a repair facility shall be secured from any unauthorized personnel. Repair areas shall have walls that extend from the permanent floor to the permanent ceiling or contain motion sensors in the ceiling that are connected to an

active alarm system. The doors to repair and storage areas shall be locked at all times. In no case shall data processing personnel have unescorted access to terminal repair areas.

*Comment: Buildings secured from data processing personnel do not need to have separate controls to limit access to the terminal repair area so long as a procedure exists to escort visitors.*

### **2.9.7 Firewalls**

- a. A firewall with stateful packet inspection must be used to restrict network traffic when the Lottery network is connected to any other network.
- b. The firewalls nearest the Lottery network and ICS must be under the sole control of the Party Lottery or a designee that has no affiliation with any connected networks other than the network that is owned by the governmental agency controlling the Party Lottery. This firewall must not replace the firewall in the control of the online vendor.
- c. Firewall and other access control device configurations shall be reviewed by the device owners on a semi-annual basis and whenever changes are made.
- d. Copies of the firewall configurations shall be kept in a secure location.
- e. Access to firewall configurations, other access control device configurations, and network diagrams with IP addresses must be limited to key personnel, and shall be provided to MUSL security staff upon request.
- f. Copies of these diagrams and configurations will be primarily obtained by MUSL during MUSL compliance reviews. Reviewed versions of network diagrams and configurations shall be placed in an evidence envelope or MUSL-approved equivalent and maintained by the Lottery Security function either directly or through Lottery-controlled escrow to aid in future reviews.
- g. Firewalls and other access control device configurations must be approved by MUSL.

*Comment: Combination devices that incorporate routing with a stateful firewall feature set, along with the possibilities of other technologies (IDS, virus scan, SPAM filtering, etc) meet compliance with this standard.*

### **2.9.8 Access Control Document**

Lottery Security or their designee (likely within the IT environment) shall maintain a separate access control document which provides a documented list of computers and addresses that are allowed to communicate through any third party network connections, the purpose of the connection, the network protocols and open ports allowed between the computers, and a detailed explanation for each access list line of each firewall configuration used by the organization. This document shall be provided to MUSL on request. The document will primarily be obtained by MUSL during MUSL compliance reviews. Reviewed versions of network diagrams and configurations shall be placed in an evidence envelope or MUSL-approved equivalent and maintained by the Lottery Security function to aid in future reviews.

### **2.9.9 Remote Access**

Remote access to the ICS shall be restricted to the ICS vendor and active connections must be logged and monitored by lottery personnel.

*Comment: Remote access is defined as any access to the CGS or ICS from another LAN.*

*Amended April 17, 2007*

### **2.9.10 Philosophy**

The Party Lottery shall adopt and implement the “Least Access Privilege” philosophy for network security and selectively enable services on a case-by-case basis.

## **2.10 Audit**

Upon request, the Lottery shall provide the MUSL staff with a copy of the results of any relevant internal or external audit(s) for purposes of performing a review of compliance with MUSL or Product Group standards and rules. Upon request, a Party Lottery shall provide a network diagram with IP addresses, a copy of each access control device configuration and an access control document for all computer networks at the lottery, the lottery’s backup site, the computer gaming system site for that lottery, and any backup computer gaming system sites. Copies of these diagrams and configurations will be primarily obtained by MUSL during MUSL compliance reviews. Reviewed versions of network diagrams and configurations shall be placed in an evidence envelope or MUSL-approved equivalent or Lottery-controlled escrow.

## **2.11 Rule Changes**

In the event the MUSL Board, the Security and Integrity Committee, or a Product Group elects to modify the requirements related to a multi-jurisdictional game, the Party Lottery shall implement the required changes within 180 calendar days from new rule inception, unless specified otherwise in this 2.11 section. Should an exception to a Rule become known during a compliance review or at any other time, Party Lotteries shall be required to come into compliance within 90 days. In the case of a high-risk item being noted by MUSL during a compliance review, Party Lotteries shall be required to come into compliance within 30

days. The Party Lottery must meet or exceed all other requirements approved by the MUSL Board, published in MUSL Policies and Procedures manual or published in the Confidential MUSL Minimum Game Security Standards.

By November 1, 2004, Party Lotteries shall report to MUSL their state of compliance with MUSL Rule 2 and the Confidential MUSL Minimum Game Security Standards. Party Lotteries not yet in full compliance shall detail the specific rules or standards that they are not in compliance with, an estimated date by which they will be compliance, and a basis for the date submitted.

## 2.12 Exceptions

The Security and Integrity Committee or the MUSL Board must expressly approve any exceptions to these rules; any waivers by the Security and Integrity Committee must be reported to the Board.

## 2.13 Subscription Plays

### 2.13.1 Processing

All Product Group subscription applications shall be processed through a Member lottery's approved gaming system and a separate vendor-controlled subscription database.

- (a) Subscription purchases, either new or renewal, can be made at a licensed retailer location, in person at member lottery sales sites, through the mail at a member lottery sales site, over the Internet, or over the telephone with a member lottery sales site.

*Comment: No member lottery is required to sell tickets via subscription. No member lottery is required to sell subscription tickets by any particular indicated sales method; however, member lotteries are not permitted to sell subscription tickets via any method not indicated above.*

- (b) Any subscription purchase (new or renewal) through the mail, over the Internet, or by telephone must indicate a confirmation / prize mailing address from within the member lottery's jurisdiction.
- (c) Registration of subscription plays purchased at a member lottery site, either through the mail, over the Internet, or via the telephone, shall be entered at the member lottery site. The registration shall, at a minimum, require the entry of the registrant's name, address, affirmation of age eligibility, and a unique subscriber number and subscription receipt number, where available.
- (d) Registration of subscription receipts purchased at a retailer shall be done via mail, the Internet, or telephone to the member lottery site.
- (1) To register via mail, the player shall submit a completed and signed registration form including the registrant's name, address and an affirmation of age eligibility and shall also attach the original subscription receipt. The receipt should be signed on the back by the registrant. Lotteries shall attach the subscription receipt to the registration form in their files.
- (2) To register via telephone, the player shall provide registrant's name, address, an affirmation of age eligibility, and serial number from the

subscription receipt. Lottery personnel will complete a registration form subscription receipt based on the information provided.

- (3) To register via the Internet, the player shall provide registrant's name, address, an affirmation of age eligibility, and serial number from the subscription receipt. The Lottery will complete a registration form subscription receipt based on the information provided (this can be automated).
- (e) Subscriptions shall be for no fewer than six (6) weeks of plays of the Product Group game. Subscriptions may be automatically extended with prize money won on the subscription.

### **2.13.2 Registration**

Once a subscription play is registered with the lottery, the registration shall constitute the only acceptable "evidence of play" for the player. In the event a subscription play has not been registered with the lottery, no evidence of play will exist.

### **2.13.3 Effective Date**

The effective date of new subscription plays shall be no sooner than fourteen (14) days from the next available draw date from the original date of purchase. Renewal subscription plays can begin as early as the next draw following the end of the current subscription.

### **2.13.4 Number Changes**

Selected subscription play numbers cannot be changed unless there is a game matrix change or in cases where such a change is otherwise authorized by the Product Group.

### **2.13.5 Cancellation**

Subscriptions, once in effect, cannot be cancelled by the player. Subscriptions may be cancelled, in whole or in part, in the case of discontinuation of a Game by the Product Group or the Member Lottery, for failure of payment by the purchaser, or if the Lottery is otherwise authorized to cancel a ticket by the Product Group or the Security & Integrity Committee.

### **2.13.6 Notices**

Confirmation, cancellation and renewal notices shall be mailed by the Member Lottery to the subscriber. All notices shall include the name and address of person registered, the play information, and the unique subscriber number from the associated receipt(s).

- (a) Confirmation notices shall clearly state the starting and expiration dates of the subscription, the numbers played, and the subscriber's name and address. Notices shall also clearly state that the subscriber alone is responsible to ensure that all subscriber information and game play numbers and dates are correct. A confirmation notice is not considered a valid ticket, cannot be used as evidence of play, and is not entitled to any prize.
- (b) Renewal notices shall clearly state the last drawing date and play for which a subscription is valid. Notices shall also clearly state that renewals are not effective until the date listed on the confirmation notice and that subscribers are responsible to enter any drawings that may occur between the last drawing

for which a subscription is valid and the new start draw date on the confirmation notice.

### **2.13.7 Changes**

Lottery staff may modify a subscriber's name and/or address during the subscription's effective dates upon receipt of a written request from the subscriber. All written requests to change the name and/or address of a registered subscription shall require a notarized letter from the subscriber.

### **2.13.8 System Entry**

Subscription plays active for a given drawing shall be transferred into that drawing's draw pool no later than five (5) hours prior to the drawing time.

### **2.13.9 Control Copy**

All subscription plays active for a given drawing shall be recorded in that Member lottery's ICS and balanced in accordance with approved Product Group ICS Requirements.

### **2.13.10 Security Review**

A Member lottery's subscription system shall be reviewed and approved by the Security and Integrity Committee prior to beginning subscription sales and is subject to periodic reviews and approvals in accordance with MUSL security requirements.

### **2.13.11 Prize Payment**

Prizes shall be paid to the registered contact information on file at the time of the draw (win). Un-registered subscription receipts cannot become winners.

### **2.13.12 Invalid Players**

In order to decrease the possibility of unauthorized play, any play purchase, renewal or registration by telephone shall ensure that a process or technological implementation exists to identify and exclude out of jurisdiction callers. Out of jurisdiction callers or Internet players shall be barred from play purchase or registration. In order to decrease the possibility of unauthorized play, any play purchase by the Internet shall notify such purchasers of jurisdiction rules regarding out of jurisdiction play and the status of any plays or prizes won on plays purchased from out of the jurisdiction.

*Comment: Lotteries will need to ensure that rules and regulations to this effect are in place.*

### **2.13.13 Minimum Security Procedural Requirements**

- (a) Processing forms received by mail. The processes in this section shall be adhered to when processing subscription applications received through the mail.
  - (1) All subscriptions, upon receipt, must be stamped by the lottery on the face with the current date.
  - (2) All subscription forms must include: the purchasers name; address; an affirmation of age eligibility; play numbers; and length of the subscription.

- (3) If all of the required player information has not been provided, or the form is illegible or unsigned, the form and payment shall be returned to the player, if possible, with an explanation of why the registration has been returned.
  - (4) In the event of failure of payment by the subscription purchaser, the plays shall be cancelled from the subscription database before the plays are transferred to the gaming system and the subscription form and the method of payment shall be delivered to lottery security with an explanation of why the payment failed. Attempted subscribers shall be notified by mail by the lottery that their subscription has not been processed due to failure of payment, and that any prior confirmation information to the contrary is void.
  - (5) The subscription plays shall be entered into the gaming system.
  - (6) To register the play, all information from the subscription form shall be entered into the lottery's subscription database along with the receipt serial number, if available.
  - (7) Once the subscription play has successfully been entered into the subscription database, the receipt shall be stamped with the word "Registered", unless a secondary verification of the processing of registered plays exists.
  - (8) The stamped receipt shall be affixed to the subscription form, when applicable.
  - (9) Only the subscriber(s) can claim a prize won on their subscription.
  - (10) The lottery shall print and mail a subscription confirmation notice to the player.
- (b) Registering subscription receipts through the mail purchased at a retailer. The processes in this section shall be adhered to when registering subscription receipts through the mail purchased at a retailer.
- (1) All subscription receipt registration forms and subscription receipts received through the mail, upon receipt, must be stamped by the lottery on the face with the current date.
  - (2) All registration forms must include: the purchasers name; address; affirmation of age eligibility; and include the subscription receipt.
  - (3) If the subscription receipt has not been endorsed, but the data on the form matches that on the receipt and the form is signed, then the lottery shall stamp "Signature on Record" on the signature line of the receipt and continue to process the ticket.
  - (4) If all of the required player information has not been provided, or the form is illegible or unsigned, the receipt and the form shall be returned to the player, if possible, with an explanation of why the registration form and receipt have been returned. If a registration application is not returnable, the form and the receipt shall be delivered to lottery security and stored in a secure location under lottery security control.
  - (5) Lottery personnel shall ensure that all received subscription receipts(s) are valid and current using an online or computer terminal with a current connection to the gaming system.

- (6) If the subscription receipt is valid and current, to register the subscription play, all information from the subscription form shall immediately be entered into the lottery's subscription database.
  - (7) Once the subscription play has successfully been entered into the subscription database, the receipt shall be stamped with the word "Registered", unless a secondary verification of the processing of registered plays exists.
  - (8) The stamped receipt shall be affixed to the subscription form.
  - (9) Only the person(s) that registered the ticket can claim a prize.
  - (10) The lottery shall print and mail a subscription confirmation notice to the player.
- (c) Renewal of existing subscription plays through the mail. The processes in this section shall be adhered to when processing subscription renewal applications received through the mail.
- (1) All subscription renewals, upon receipt, must be stamped by the lottery on the face with the current date.
  - (2) All subscription renewal forms must confirm: the purchasers current name; address; play numbers; and length of the subscription.
  - (3) If all of the required player or ticket renewal information has not been provided or confirmed or the form is illegible or unsigned, the renewal form and payment shall be returned to the player, if possible, with an explanation of why the renewal has been returned.
  - (4) In the event of failure of payment by the subscription purchaser, the plays shall be cancelled from the subscription database before the plays are transferred to the gaming system and the subscription form and the method of payment shall be delivered to lottery security with an explanation of why the payment failed. Attempted renewal subscribers shall be notified by mail by the lottery that their renewal subscription has not been processed due to failure of payment, and that any prior confirmation information to the contrary is void.
  - (5) The renewal subscription plays shall be entered into the gaming system.
  - (6) To register the renewal, all information from the subscription form shall be entered into the lottery's subscription database along with the receipt serial number.
  - (7) Once the renewal subscription play has successfully been entered into the subscription database, the receipt shall be stamped with the word "Registered", unless a secondary verification of the processing of registered plays exists.
  - (8) Only the subscriber(s) can claim a prize won on their subscription.
  - (9) The lottery shall print and mail a renewal subscription confirmation notice to the player
- (d) Processing purchase, renewals, and registrations received via telephone or the Internet. The processes in this section shall be adhered to when processing purchase, renewals, and registrations received via telephone or the Internet.

- (1) Purchase of subscription play via telephone. The processes in this section shall be adhered to when processing subscription play purchases over telephone.
  - i The player shall provide information to lottery personnel who will complete a subscription registration form (the confirmation and prize mailing address must be within the lottery's jurisdiction).
  - ii Purchasers must indicate their name; address; affirmation of age eligibility; play numbers; and length of the subscription.
  - iii Purchase shall be made using a payment method that is acceptable to the lottery.
  - iv Purchase shall be processed and confirmed with the player on the telephone, unless a batched process is in place. In the event the payment process is unsuccessful, the player shall be informed and the registration process shall be discontinued.
  - v The subscription plays shall be entered into the gaming system.
  - vi To register the play, all information from the subscription form shall be entered into the lottery's subscription database along with the receipt serial number.
  - vii Purchasers shall be told their receipt serial number as confirmation, unless a batched process is in place.
  - viii Once the subscription play has successfully been entered into the subscription database, the receipt shall be stamped with the word "Registered", unless a secondary process for verification exists.
  - ix Only the subscriber(s) can claim a prize won on their subscription.
  - x The lottery shall print and mail a subscription confirmation notice to the player.
- (2) Renewal of existing subscription play via telephone. The processes in this section shall be adhered to when processing subscription play renewals over telephone.
  - i The player must provide a confirmation card number for the subscription plays to be renewed.
  - ii All telephone subscription renewals must confirm: the purchasers current name; address; play numbers; and length of the subscription.
  - iii Purchase shall be made using a payment method that is acceptable to the lottery.
  - iv Purchase shall be processed and confirmed with the player on the telephone, unless a batch process exists. In the event the payment process is unsuccessful, the player shall be informed and the registration process shall be discontinued.
  - v The subscription plays shall be entered into the gaming system.
  - vi To register the play, all information from the subscription form shall be entered into the lottery's subscription database along with the receipt serial number.

- vii Once the subscription play has successfully been entered into the subscription database, the receipt shall be stamped with the word “Registered”, unless a secondary process for verification exists.
  - viii Only the subscriber(s) can claim a prize won on their subscription.
  - ix The lottery shall print and mail a subscription confirmation notice to the player.
- (3) Registering subscription receipts over the telephone that were purchased at a retailer. The processes in this section shall be adhered to when registering subscription receipts over the telephone that were purchased at a retailer.
- i The player shall provide information to lottery personnel who will complete a subscription registration form (the confirmation and prize mailing address must be within the lottery’s jurisdiction).
  - ii Registrants must indicate their name; address; affirmation of age eligibility; and include the subscription receipt number(s).
  - iii Lottery personnel shall ensure that all indicated subscription receipts(s) are valid and current using a terminal with a current connection to the gaming system.
  - iv If the subscription receipt is valid and current, to register the subscription play, all required information for the subscription shall immediately be entered into the lottery's subscription database. Lottery personnel shall attach the re-created subscription receipt to the registration form in their files.
  - v Once the subscription play has successfully been entered into the subscription database, the receipt retained by the registrant shall no longer be considered as “evidence of play”, and the registrant shall be so informed.
  - vi Only the person(s) that registered the ticket can claim a prize.
  - vii The lottery shall print and mail a subscription confirmation notice to the player.
- (4) Updating registration information. The processes in this section shall be adhered to when updating registration information.
- i User requested changes. The processes in this section shall be adhered to when updating registration information as a result of a user requested change.
    - All requests for change of name for previously registered subscriptions must be in writing and include the previous name and address, the new name and address, and sufficient identifying information for the subscription plays that are requested to be changed.
    - Lottery personnel shall match all contents of available fields on the change request to one or more existing registered subscriptions and update the electronic records appropriately.
    - Lottery personnel shall attach a copy of the change request to each applicable registration form to be updated.

- ii Storage of registration information. The processes in this section shall be adhered to when storing subscription, registration, and renewal forms and receipts.
    - The stamped form and receipt shall be held securely such that only personnel separate from any personnel with logical or physical access to the subscription database, and authorized by Lottery Security (authorized filers), have access to the ticket and form. Lottery Security may be granted physical access to the subscription system database.
    - Storage shall be kept for at least six months following the expiration of the claim period for the last draw available on the subscription or its renewal.
    - The subscription database must store all data encrypted using a non-proprietary method yet to be broken.
    - The database must be a fault-tolerant relational database management system (RDBMS) approved by the Security & Integrity Committee (i.e. SQL Server, Oracle, Sybase, Informix, etc.).
    - Information shall be backed up daily.
  - iii Payment of Subscription Winnings. The rules in this section shall apply when paying winning subscribers.
    - If a user has not registered the subscription, no claim shall be possible.
- (5) Registering subscription payment receipts over the Internet that were purchased at a retailer.
- i The player shall provide information to lottery personnel who will complete a subscription registration form (the confirmation and prize mailing address must be within the lottery's jurisdiction). The lottery's activities in this section may be automated.
  - ii Registrants must indicate their: name; address; affirmation of age eligibility; and include the subscription receipt number(s).
  - iii Lottery personnel shall ensure that all indicated subscription receipts(s) are valid and current.
  - iv If the subscription payment receipt is valid and current, to register the subscription play, all required information for the subscription shall immediately be entered into the lottery's subscription database. Lottery personnel shall attach the re-created subscription receipt to the registration form in their files.
  - v Only the registrant can claim a prize.
  - vi The lottery shall print and mail a subscription confirmation notice to the player.
- (6) Purchase (and registration) of subscription plays over the Internet
- i Purchasers must indicate their name; address; affirmation of age eligibility; play numbers; and length of the subscription. The lottery's activities in this section may be automated.

- ii Purchase shall be made using a payment method that is acceptable to the lottery.
  - iii Purchase shall be processed and confirmed with the player over the Internet. In the event the payment process is unsuccessful, the player shall be informed and the registration process shall be discontinued.
  - iv The subscription plays shall be entered into the gaming system.
  - v To register the play, all information from the subscription form shall immediately be entered into the lottery's subscription database.
  - vi Only the registrant can claim a prize.
  - vii The lottery shall print and mail a subscription confirmation notice to the player.
- (7) Renewal of existing subscription play via the Internet
- i The player must provide their subscriber number for the subscription plays to be renewed.
  - ii All Internet subscription renewals must confirm: the purchasers current name; address; play numbers; and length of the subscription.
  - iii Purchase shall be made using a payment method that is acceptable to the lottery.
  - iv Purchase shall be processed and confirmed with the player over the Internet. In the event the payment process is unsuccessful, the player shall be informed and the registration process shall be discontinued.
  - v The subscription plays shall be entered into the gaming system.
  - vi To register the play, all information from the subscription form shall immediately be entered into the lottery's subscription database.
  - vii Only the registrant can claim a prize.
  - viii The lottery shall print and mail a subscription confirmation notice to the player.

*Adopted June 23, 2005.*

## **2.14 Internet Sales**

Any sales transactions that take place over the public Internet and are associated with a MUSL game shall be subject to the following conditions:

### **2.14.1 Public Access**

Any Internet site that is used by the public to collect personal information and/or purchase plays shall:

- (a) Provide and adhere to a privacy policy that covers issues such as the secure transmittal of player information, how it is stored, shared and/or sold.
- (b) Use Secure Sockets Layer or Transport Layer Socket encryption protocols to protect data transmitted via the Internet. Both protocols shall require a level of encryption that has yet to be broken.

*Comment: A certificate, from a known certificate authority such as Verisign, that provides 128-bit encryption is commonly used.*

- (c) Provide for the secure storage of any private keys used to encrypt data transmissions in such a way as to prevent unauthorized access or distribution of the keys.

### **2.14.2 Internet Servers**

All servers that process transactions and provide access to the general public shall reside on a network that is separate from the gaming system network, the lottery network, or the vendor back-office network. This network and all the servers contained therein shall be subject to the following:

- (a) The network and all the servers shall be protected from public access by the use of a firewall that uses stateful packet inspection;
  - (1) The firewall shall restrict inbound traffic to TCP port 80 and TCP port 443.
  - (2) The firewall shall be configured to restrict all outbound traffic.
- (b) All servers and network devices shall benefit from a maintenance schedule which includes regular software updates and patches;
- (c) All servers shall remove or disable services that are not required.

### **2.14.3 Data Storage**

Data received via the public Internet shall be stored using a MUSL approved commercial relational database system (RDBMS) that is on a network separate from the Internet Servers. The data storage environment shall:

- (a) Run on a server that is dedicated solely to the RDBMS;
- (b) Utilize methods on the RDBMS to enhance the secure storage of player information. These methods include:
  - (1) Limiting the distribution of database IDs to developers, database management personnel, and the application;
  - (2) Restricting access to production databases and database objects to those users or processes that are required to handle transactions;
  - (3) Restricting application level access to that required doing business;
  - (4) Storing sensitive information in separate tables;
  - (5) Using table names that do not describe the contents;
  - (6) Encrypting database objects such as functions, triggers and stored procedures; and
  - (7) Not allowing public users to have database level IDs or permissions.
- (c) Remove or disable all unnecessary services;
- (d) Use a firewall with stateful packet inspection to limit connections from any Internet Server to that required for transaction processing.
- (e) Encrypt all sensitive information such as social security numbers, drivers license numbers, and credit card numbers;
- (f) Store sensitive information in tables separate from user information;
- (g) Utilize a host monitoring solution to detect and log any attempts of unauthorized usage.

*Comment: Approved relational database management servers include Oracle, Sybase, Informix, DB2, and Microsoft SQL Server.*

- (h) Provide for the secure storage of any private keys used to encrypt stored data in such a way as to prevent unauthorized access or distribution of the keys.

#### **2.14.4 Data Processing / Transfer**

Any application that is used to collect or process data via the Internet shall be:

- (a) Designed and built in such a way as to prevent commonly known vulnerabilities such as sql injection;
- (b) Required to encrypt all data required to process the subscription(s);
- (c) Required to encrypt the transmission of all data required to process the subscription(s) to any location outside of its initial environment.

#### **2.14.5 Collection and Use of Player Data**

The Lottery should collect and maintain the minimal data necessary for the proper record of sale. Player data that has been collected via the Internet shall be solely owned by the Lottery and not be shared or sold to any third parties unless authorized to do so in accordance with a party jurisdiction's statute and regulations. Vendors that create, host, or manage software and/or hardware that is used to collect, process or store player data shall not share or sell player data. Vendor use of data shall be limited to that required by the Lottery.

*Adopted June 23, 2005.*

**2.15 Definitions** (*Section Renumbered June 23, 2005*). As used in these rules, various terms and usage shall be defined as the following:

**(a) BACKUP POWER SUPPLY**

An alternative electrical power source such as an uninterruptible power supply (UPS), generator or an alternate power company that could run the computer facility for an extended length of time

**(b) BUSINESS CONTINUITY**

The ability to maintain constant availability of systems, applications and information

**(c) CGS**

Production Computer Gaming System, also known as the online gaming system. This system includes all computer systems required to allow the processing, storage, and reporting of gaming transactions with all intended redundancy, which can include multiple sites. Retailer sales terminals and their communication links are not part of the CGS.

**(d) CRYPTOGRAPHIC HASH FUNCTION**

A one-way mathematical formula used to create a singularly unique signature for a given set of data

**(e) DISASTER RECOVERY**

The immediate and sometimes temporary restoration of computing and network operations following natural or manmade disaster

**(f) DUPLEX**

A computer configuration in which two or more computer systems share data and work together where one system provides redundancy for the other so that one could go down and the other one would automatically continue processing

**(g) FAILOVER**

Process whereby a secondary system assumes functions of a primary system should the primary system become unavailable due to failure or scheduled down time (see DUPLEX)

**(h) FAULT-TOLERANT**

System or component designed so that, in the event a component fails a backup procedure or component can immediately take its place without loss of service. MUSL minimum requirements:

- (i)** the system shall be designed so that processing will continue even if one component of the system fails to perform as designed,
- (ii)** the system shall have hardware and/or software self-checking logic to detect and report the failure of, or errors made by, any component and,
- (iii)** the system shall have redundant components. The components that must be redundant are: 1) central processing unit, 2) memory unit, 3) controller(s), 4) disk(s) or other internal data storage device(s), and 5) tape drive or other removable data storage device.

**(i) FIREWALL**

An access control device that protects a network from intruders and applications on other networks

**(j) HOT BACKUP**

A fully tested and operational computer system that meets the following minimum standards:

- (i)** each hot backup shall be immediately available for the member lottery's use, and,
- (ii)** except for the loading of ICS software or data, each hot backup shall be capable of processing the data without any connections or modifications.
- (iii)** if the hot backup is not under Party Lottery control, the Party Lottery shall load both the ICS software and data onto the hot backup system prior to processing.

**(k) ICS**

The internal control system is used to process transactions independently from the computer gaming system as a form of checks and balances

**(l) ICOSA**

International Computer Security Association (TruSecure); provides baseline level criteria for product testing and certification for security vendors

**(m) IDS**

Intrusion detection system; used to monitor traffic on a network to detect and identify malicious activity

**(n) LOCKDOWN**

The process of securing the ICS and CGS sites

**(o) PORT**

A logical connection place within a TCP/IP address

**(p) SHOULD**

Wherever the word should is used, note that the standard is not requiring the implementation of the control mentioned, but is rather only intended to provide direction.

**(q) STATEFUL PACKET INSPECTION (SPI)**

The process where an access control device such as a firewall analyzes a network data packet to determine the source and destination IP addresses, the source and destination ports and the sequence numbers to decide if the packet belongs to a current open connection. SPI is useful in preventing connections from being initiated from outside of a network.

**(r) TCP/IP**

Transmission Control Protocol / Internet Protocol; the default communication protocol used by the Internet and most networks

**(s) VPN**

A Virtual Private Network provides a way to use a public network such as the internet for secure communication. The data and the sending and receiving addresses are encrypted before the information is carried over a public network

**RULE 3—BUDGET.**

**3.1 Duties of Executive Director.** By May 1st of each year, the Executive Director shall prepare and submit to the Executive Committee and to the Finance & Audit Committee, a budget of the estimated expenditures of the MUSL for the fiscal year beginning July 1st, and estimate the portion of the total budget to be paid to the MUSL by each of the Party Lotteries pursuant to an acceptable method of payment shall be as determined by the Board. *Amended June 5, 1997; December 12, 2001; January 31, 2006.*

**3.2 Contents of Budget.** The annual budget shall include a narrative description of each major function or task of the MUSL with the estimates for each clearly identified and further defined by the following cost categories:

- (a) number, classification, and base salary of full-time employees, overtime, and temporary hours, dollars, and fringe benefits,
- (b) travel and subsistence,
- (c) supplies and printing (except facilities and DP),
- (d) communications (telephone and data-fax equipment)
- (e) facilities (including rentals, utilities, supplies, and services),
- (f) contracted services and maintenance (except facilities and DP),
- (g) data processing (including equipment, supplies, maintenance, and contracted services),
- (h) reimbursement to Party Lotteries,
- (i) equipment (except facilities, communications, and DP),
- (j) external audit services,
- (k) other expenses

All estimates shall be identified as being either recurring or non-recurring.

*Comment.* On March 16, 1995, the Executive Committee voted to include the salary of the MUSL Marketing / Production Coordinator position in the MUSL budget and assessed to all members. On June 8, 1995, the Board approved of including the cost of a separate feed to a radio satellite in the MUSL budget.

**3.3 Executive Committee Review.** The Executive Committee shall review the proposed budget and advise the Board and Party Lotteries by June 1st of each year of the approved budget and the portions thereof to be paid by each of the Party Lotteries. Each Party Lottery shall transfer its share of the operating expenses to MUSL by August 1st of each year.

**3.4 Interim Reports and Transfers.** If at any time during the fiscal year, the Executive Director has reason to believe that the actual costs will be significantly over or under the approved budget, the Executive Director shall prepare and submit a supplemental budget to the Finance & Audit Committee with an explanation of the reasons for the variance and a revised estimate of the costs required. Upon the recommendation of the Finance & Audit Committee and approval of the Executive Committee, each Party Lottery shall transfer its share of additional operating expenses approved by the Board to the MUSL within 60 days of notice of Board approval of the supplemental budget. The MUSL shall not incur any costs or obligations in excess of the current budget without the prior approval of the Board or the designated committees. *Amended June 5, 1997.*

**3.5 Excess Operating Funds.** At the conclusion of the fiscal year audit, excess operating funds shall be used to offset the next fiscal year's operating expense and other uses approved by member lotteries or shall be returned to the Party Lottery's unreserved accounts in the same ratio as paid to the MUSL pursuant to Rule 3 (Budget). *Amended May 2, 1988; January 31, 2006; August 20, 2008.*

#### **RULE 4—DRAWING PROCEDURES.**

The Executive Director shall establish, with Product Group and Security & Integrity Committee approval, the drawing procedures to be followed at each Product Group's winner selection event (drawing). All drawings shall be open to the public and shall be witnessed by an independent certified public accountant firm, approved by the Security & Integrity Committee, and other Party Lottery or Licensee Lottery officials as may be required by jurisdiction statute or rule. Any equipment used in a drawing shall be inspected and tested by the MUSL in the presence of an independent certified public accounting firm, both before and after the drawing. All drawings, inspections, and tests shall be recorded on videotape. *Amended May 2, 1988; September 17, 1990; November 4, 1991; June 6, 1996; June 5, 1997; January 31, 2006; December 8-9, 2009.*

#### **RULE 5—EMPLOYEE HIRING PRACTICES AND WORK RULES.**

The Executive Director shall develop employee work rules or guidelines with approval of the Executive Committee. The employee work rules or guidelines shall cover:

- (a) equal employment opportunities,
- (b) sexual harassment,
- (c) attendance and tardiness,
- (d) work standards,
- (e) separations,
- (f) disciplinary actions,
- (g) compensation, and
- (h) any other area deemed appropriate by the Board.

#### **RULE 6—RECORDS MANAGEMENT.**

**6.1 Records Defined.** "Records" shall mean any document, paper, photograph, or recording made or received in connection with the official business of the MUSL. Records do not include materials made or acquired for reference or exhibition purposes, or miscellaneous papers or correspondence without official significance.

**6.2 Duties of Executive Director.** The Executive Director shall maintain, in a secure and orderly manner, MUSL records and the records of Party Lotteries held by the MUSL in an official capacity.

**6.3 Confidentiality.** To the maximum extent practical, MUSL records shall be made available for public inspection in a reasonable and responsible manner through the Party Lotteries. Product Group records which do not directly relate to the limited business purposes of the standing MUSL committees shall be secured from non-members of the Product Group and, as may be required by a Party Lottery's open records laws, shall be made available through that Party Lottery. *Amended June 6, 1996.*

**6.4 Records Retention.** The Executive Director shall establish the minimum retention period for each record or class of record with Board approval. The Executive Director shall establish the criteria for the disposal of MUSL records.

#### **RULE 7—INSURANCE COVERAGE.**

**7.1** The MUSL shall purchase liability insurance only for the MUSL staff and Party Lotteries staffs while on MUSL business.

**7.2** The MUSL shall defend and indemnify MUSL Board Members, MUSL employees, and Party Lottery employees while on MUSL business against any claim or award for harm caused by them in the performance of their MUSL duties. Notwithstanding the previous sentence, the MUSL shall not indemnify any person or lottery for harm caused by willful misconduct or gross negligence.

*Adopted February 5, 1988; December 8-9, 2009.*

#### **RULE 8—PETITION FOR ADMISSION.**

**8.1 Minimum ICS Standards.** A Lottery seeking admission to the MUSL, or seeking to become a Licensee selling the game of a Product Group, shall have a fully tested internal control system which meets or exceeds the minimum standards established by the Security and Integrity Committee and as approved by the Board before ticket sales commence. The Board shall review the internal control systems of each lottery seeking to sell a Product Group's game(s) for compliance with minimum ICS standards and shall issue a written report summarizing its findings. *Amended June 6, 1996; December 8-9, 2009.*

**8.2 Other Admission Requirements.** The Board shall determine other admission or licensing requirements as allowed by the Agreement. *Amended June 6, 1996; December 8-9, 2009.*

#### **RULE 9—EXPULSION OF A PARTY LOTTERY.**

If the MUSL Board votes to expel a Party Lottery as provided in the Agreement, the Party Lottery being considered for expulsion shall be excluded from the vote in that proceeding and in the voting calculations outlined in of the Agreement.

*Amended June 6, 1996.*

#### **RULE 10—ADVERTISING. [Repealed] January 31, 2006**

**RULE 11—TICKET PRICE [Repealed]** *January 31, 2006*

**RULE 12—SALE OF TICKETS [Repealed]** *January 31, 2006*

**RULE 13—PRIZE PAYMENTS. [Repealed]** *January 31, 2006*

**RULE 14—GRAND PRIZE ACCOUNT.**

**14.1 Prize Funds Transferred to MUSL.** Product Groups may adopt rules electing to use MUSL for their prize accounting, funds holding and funds transfer functions.

*Amended January 31, 2006*

**14.2 Repealed.** *January 31, 2006.*

**14.3 Repealed.** *January 31, 2006.*

**RULE 15—PURCHASING.**

The Executive Director is empowered to make purchases and enter into contracts on behalf of the MUSL that are necessary for the operation of the MUSL. Purchases, which are not travel-related, and which are expected to cost in the aggregate in excess of \$5,000 shall be obtained through a jurisdictional procurement contract or as a result of competitive bidding whenever feasible and in the best interests of the MUSL. Written documentation of the competitive bids shall be included in the accounting invoice file, including the reason for not accepting the lowest bid, if applicable. The Executive Director may exempt an item from competitive bidding or acquisition through a Party Lottery if the item is noncompetitive, if the item is purchased in quantities too small to be effectively purchased through competitive bidding, if there is an immediate or emergency need for the item, or if acquisition of the item through the normal procedures would not be in the best interests of the MUSL. Written explanations for bid exemptions shall be included in the accounting invoice file. Purchases or expenditures expected to cost in the aggregate more than \$25,000.00 must be approved by the MUSL Board before the expenditure is made. All property acquired by the Executive Director on behalf of the MUSL will be held in the name of the MUSL unless the Board designates a different entity to hold title to the property acquired.

"Cost in the aggregate" used in this paragraph shall mean all invoices to a single vendor for a given project within a single fiscal year, which project was not submitted, in detail, to the Board and approved as a part of the budget. "Cost in the aggregate" shall not typically include periodic expenses approved by the Board as a part of the detailed budget such as rent, studio fees for planned draws, legal fees, transport to uplink, uplink, satellite, Internet bandwidth, talent for planned draws, press release services, employee pension, insurance, tax withholding, etc. *Amended March 25, 2004; Amended by Exec. Comm. August 31, 2004.*

**RULE 16—SUBSCRIPTIONS.**

No lottery shall offer for sale subscriptions to a MUSL game, unless specifically authorized by the Product Group.

*Amended June 6, 1996; October 5, 2004.*

**RULE 17—SINGLE GAME.**

No Party Lottery is obligated to participate in more than one MUSL game.

**RULE 18—INFORMATION TRANSMISSION.**

The Executive Director shall establish, with Executive Committee approval, a secure information transmission system to receive and transmit information necessary for the operation of the MUSL. The system shall provide for:

- (a) notification of winning numbers,
- (b) exchange of sales and play information,
- (c) verification of information, and
- (d) other features to facilitate the operation of the game.

*Amended February 5, 1988.*

**RULE 19—FUNDS TRANSFER.**

Funds shall be collected by the MUSL from and transferred to each lottery as determined by each Product Group.

*Amended February 5, 1988; December 2, 1988; January 7, 1992; June 6, 1996; January 31, 2006.*

**RULE 20—ANNUITY PAYMENTS.**

Unless specifically required under a participating lottery's statutes, the MUSL shall act as agent for the lotteries participating in a Product Group requiring annuitized payments and shall purchase annuities for the benefit of the lotteries who receive valid claims for each prize paid as an annuity. The annuity purchase process shall be handled by the MUSL (solicitation of bids, selection of annuity, premium payment, etc.). The annuities so purchased shall be held in the trust account for the benefit of each lottery for eventual distribution to a prize winner. Provided, however, that those Party Lotteries which, as of July 1, 1990, took possession of the annuities purchased for winners in their own jurisdiction, may continue to do so, but MUSL and the member lotteries shall not be liable for any losses in the event of such lottery's default with respect to such annuities. Those lotteries participating in a Product Group whose statutes, require their jurisdiction to purchase and hold securities for the payment of annuitized prizes in their jurisdiction may do so, but MUSL and the participating lotteries in that Product Group shall not be liable for any losses in the event of such lottery's default with respect to such annuities.

*Amended September 17, 1990; September 27, 1991; January 7, 1992; June 6, 1996; September 9, 1998; December 8-9, 2009.*

**RULE 21—ADVANCE SALES.** [Repealed] *January 31, 2006*

**RULE 22—ANNUAL AUDIT.**

All reimbursements and distributions of excess funds shall be done based on the annual financial audit conducted by an independent certified public accounting firm. *Amended May 2, 1988.*

**RULE 23—INTEREST INCOME.**

Interest income earned on all operating funds shall be used to offset operating expenses. Interest income earned on all Product Group prize accounts shall be used in the manner determined by the Product Group with approval of the Finance & Audit Committee. *Amended May 2, 1988; September 17, 1990; January 7, 1992; June 6, 1996; May 13, 1998.*

## **RULE 24—TAX WITHHOLDING.**

Each lottery shall withhold taxes in accordance with federal and jurisdiction statutes that apply to the Selling . Jurisdiction income tax shall not be withheld or assessed by any jurisdiction unless the winner of the prize is a resident of the taxing jurisdiction or the winning ticket was purchased in the taxing jurisdiction. *Amended December 8-9, 2009*

## **RULE 25—PRIZE RESERVE ACCOUNTS.**

Prize reserve accounts shall be held in trust. The Executive Director shall direct the trustee to invest the accounts in the manner approved by the Finance and Audit Committee. *Amended November 13, 1990; January 7, 1992; June 6, 1996.*

## **RULE 26 – DEFINITIONS**

**26.1** “Licensee Lottery” shall mean a state lottery or lottery of a governmental unit, political subdivision or entity thereof which is not a Party Lottery but has agreed to comply with all applicable MUSL and Product Group requirements and has been authorized by the MUSL and by a Product Group to sell a game.

**26.2** "Party lottery" or “Member Lottery” means a state lottery or lottery of a political subdivision or entity which has joined the MUSL and, in the context of these Product Group Rules, which has joined in selling a game. Unless otherwise indicated, “Party Lottery” or “Member Lottery” does not include “Licensee Lotteries”.

**26.3** Other Terms. Terms used but not defined in these rules shall have the meanings ascribed to them in the MUSL Agreement.

*Adopted December 8-9, 2009*

[Rules 27 through 29 reserved for future use]

## **RULE 30—ACCELERATION TO ESTATE.**

**30.1 Authority.** The Finance & Audit Committee shall have the authority to grant an estate’s request for acceleration of the payment of all remaining lottery prize proceeds held by MUSL or a Party Lottery.

**30.2 Request.** In the event of the death of a lottery winner during the payment period, the Finance & Audit Committee, in its sole discretion, upon the petition of the estate of the lottery winner (the “Estate”) to the lottery of the jurisdiction in which the deceased lottery winner purchased the winning ticket, and subject to federal, state, district or territorial applicable statute, may accelerate the payment of all of the remaining lottery proceeds to the Estate. If the Finance & Audit Committee makes such a determination, then securities and/or cash held to fund the deceased lottery winner’s annuitized prize may be distributed to the Estate. The identification of the securities to fund the annuitized prize shall be at the sole discretion of the Finance & Audit Committee.

*Adopted Septmeber 27, 1997; Amended December 8-9, 2009.*

## **RULE 31—TICKET VALIDATION.**

To be a valid ticket and eligible to receive a prize, a ticket shall satisfy all the requirements established by a Selling Lottery for validation of winning tickets sold through its on-line system and any other validation requirements adopted by the Product Group, and requirements adopted by the MUSL Board and published as the Confidential MUSL Minimum Game Security

Standards. The MUSL and the Party Lotteries and Licensee Lotteries shall not be responsible for tickets which are altered in any manner. *Amended January 7, 1992; June 7, 1993; June 6, 1996; January 31, 2006; December 8-9, 2009.*

**RULE 32—TICKET RESPONSIBILITY.** [Repealed effective the date this rule is adopted or rejected by all Product Groups.] *January 31, 2006*

**32.1 Signature.** Until such time as a signature, mark or name is placed upon a ticket in the area designated for the signature, mark or name a ticket shall be owned by the bearer of the ticket. When a signature, mark or name is placed on the ticket in the place designated, the person whose signature, mark or name appears in such area shall be the owner of the ticket and shall be entitled (subject to the validation requirements in Rule 31 (Ticket Validation)) to any prize attributable thereto.

*Amended February 5, 1988. Amended November 20, 1998.*

**32.2 Multiple Signatures.** The manner of payment of prizes for valid winning tickets bearing multiple signatures shall be determined by the rules of the Selling Lottery making the prize payment. *Amended January 7, 1992.*

**32.3 Stolen Tickets.** The Product Group, the MUSL and the Party Lotteries and Licensee Lotteries shall not be responsible for lost or stolen tickets.

**32.4 Subscription Plays.** A receipt for a subscription play has no value and is not evidence of a play. A subscription play is valid when registered with the lottery in accordance with lottery rules and the person or, if permitted by the lottery rules, the persons registering the play shall be the owner of the subscription play.

*Amended June 6, 1996; October 5, 2004; December 8-9, 2009.*

**RULE 33—INELIGIBLE PLAYERS.**

**33.1** A ticket or share for any MUSL Product Group game issued by the MUSL or any of its Selling Lotteries shall not be purchased by, and a prize won by any such ticket or share shall not be paid to:

- (a) a MUSL employee, officer, or director,
- (b) a contractor or consultant under agreement with the MUSL to review the MUSL audit and security procedures,
- (c) an employee of an independent accounting firm under contract with MUSL to observe drawings or site operations and actually assigned to the MUSL account and all partners, shareholders, or owners in the local office of the firm, or
- (d) an immediate family member (parent, stepparent, child, stepchild, spouse, or sibling) of an individual described in subsections (a), (b), and (c) and residing in the same household.

*Adopted February 5, 1988; September 17, 1990; Amended September 30, 1996; January 31, 2006; December 8-9, 2009*

**33.2** Those persons designated by a Selling Lottery's statute as ineligible to play its games shall also be ineligible to play the MUSL game in that Selling Lottery's jurisdiction. *Amended December 8-9, 2009.*

**RULE 34—APPLICABLE LAW.**

In purchasing a ticket, the purchaser agrees to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Selling Lottery where the ticket was purchased. *Amended December 8-9, 2009.*

### **RULE 35 – PRIZE LIABILITY REVIEW COMMITTEE – BOARD REVIEW OF DISPUTED PRIZE CLAIMS OR PAYMENTS**

**35.1** The President of the Board shall appoint three members of the Executive committee who shall comprise the Prize Liability Review Committee. Within ten working days following the receipt of a prize liability issue filed with the Review Committee in accordance with this Rule, the Review Committee shall meet and deliver by facsimile or electronic transmission a written statement to all members of its intention to review issues regarding the prize liability of a Party Lottery or Licensee Lottery in a MUSL lottery game. If the Review Committee does not file a written statement of its intention within ten working days, the Review Committee shall waive its authority to proceed with its investigation of the prize liability issue. The Review Committee may meet at its discretion to hear testimony, review member or MUSL records, or review other materials provided by persons interested in the prize liability issue and may issue its Findings, Decision and Recommendation concurrent with its written statement of intention or at any time prior to five working days before the Final Decision Date. When formally approved by the Executive Committee, the Review Committee's Findings, Decision and Recommendation may direct the action to be taken by the Association's executive director and may recommend the action to be taken by the Party Lottery or Licensee Lottery directly involved in the prize liability issue.

**35.2** After receipt of the Review Committee's written statement, the Party Lottery or Licensee Lottery directly involved in the prize liability issue shall immediately take the steps necessary to initiate its administrative review procedure and shall notify the Review Committee of the Final Decision Date required by the Party Lottery's or Licensee Lottery's administrative review procedures act. The Party Lottery or Licensee Lottery shall provide the Review Committee with copies of all administrative notices, filings, claims, official records, and all other materials involved in the prize liability issue or requested by the Review Committee. The Party Lottery or Licensee Lottery shall also provide the Review Committee with the name, address, and telephone number of each person claiming an interest in the prize liability issue and shall provide to each such person the following statement:

Your prize claim is being reviewed by the \_\_\_\_\_ Lottery and by the Multi-State Lottery Association. You may contact the Association at 4400 NW Urbandale Drive, Urbandale, Iowa 50322-7919, Voice: 515-453-1400, FAX: 515-453-1420; Internet e-mail at [MUSL@MUSL.com](mailto:MUSL@MUSL.com).

**35.3** Upon receiving a claim for payment of a prize of \$5,000 or more in a MUSL lottery game for which the recipient Party Lottery or Licensee Lottery:

- (a) determines that the prize claim is not valid or that the prize is not a valid prize.
- (b) determines, for any reason, to delay payment for any length of time beyond the usual and standard time for payment of most similar prizes;
- (c) determines, for any reason, to pay less than the stated payment amount for the prize;

or

(d) gives a prize claimant notice of its intention to initiate or to require the initiation of legal or administrative proceedings which could result in a determination set out in subsection (a), (b), or (c);

such Party Lottery or Licensee Lottery shall immediately transmit a copy of the prize claim and accompanying materials and documentation provided by the claimant along with a copy of the front and back of the ticket, if available, by facsimile transmission and deliver a copy of all such materials by mail to the MUSL executive director within five days of the occurrence of any of the above-stated actions.

**35.4** Any Party Lottery or Licensee Lottery, including members on the Review Committee, may petition the Review Committee to issue a written statement to all members and Licensee Lotteries of its intention to review issues regarding the prize liability of a member or Licensee Lottery in a MUSL lottery game by filing a written request with the executive director.

*Adopted December 8-9, 2009.*