



INTEROFFICE MEMO

Gary Grief, Executive Director Tom Hanson, Charitable Bingo Operations Director

To: Robert G. Rivera, Chairman
Cindy Fields, Commissioner
Mark A. Franz, Commissioner
Erik C. Saenz, Commissioner
Jamey Steen, Commissioner

From: Kyle Wolfe, Assistant General Counsel *KW*

Date: August 6, 2020

Re: Consideration of and possible discussion and/or action, including adoption, on amendments to 16 TAC §401.158 (Suspension or Revocation of License), §401.160 (Standard Penalty Chart), §401.301 (General Definitions), §401.302 (Scratch Ticket Game Rules), §401.304 (Draw Game Rules (General)), §401.305 (“Lotto Texas®” Draw Game Rule), §401.307 (“Pick 3” Draw Game Rule), §401.308 (“Cash Five” Draw Game Rule), §401.312 (“Texas Two Step” Draw Game Rule), §401.315 (“Mega Millions” Draw Game Rule), §401.316 (“Daily 4” Draw Game Rule), §401.317 (“Powerball®” Draw Game Rule), §401.320 (“All or Nothing” Draw Game Rule), §401.321 (Instant Game Tickets Containing Non-English Words), §401.322 (“Texas Triple Chance” Draw Game Rule), §401.351 (Proceeds from Ticket Sales), §401.353 (Retailer Settlements, Financial Obligations, and Commissions), §401.355 (Restricted Sales), §401.363 (Retailer Record) §401.366 (Compliance with All Applicable Laws), and §401.368 (Lottery Ticket Vending Machines)

Attached is a draft rule proposal prepared for submission to the *Texas Register* to adopt amendments to the above-referenced rules without changes to the proposed text as published in the June 26, 2020 issue of the *Texas Register* (45 TexReg 4252) (also attached).

The amendments are a result of the Commission’s recent rule review conducted in accordance with Texas Government Code §2001.039. The amendments will simplify and update the rules to conform to industry best practices. The amendments also include updates and clarifications of certain terms to conform usage of those terms throughout the rules (e.g., replacing the terms “instant ticket” and “instant game” with “scratch ticket” and “scratch ticket game”).

Among the more significant changes, the amendments move the draw game “playslip” and “entry of play” provisions from various specific draw game rules to the definitions and general draw game rule with language that will apply consistently to all draw games. Likewise, the amendments move the general provisions regarding authorized promotions and retail bonus/incentives from individual draw game rules to the general draw game rule. The amendments also update the various game trademarks and definitions of “playboard” for consistency purposes.

The amendments to Rule 401.158 (Suspension or Revocation of License) and the penalty chart in Rule 401.160 (Standard Penalty Chart) update and clarify lottery enforcement policy and practice. The amendments also remove certain outdated requirements from the licensing rules and retailer rules.

Additionally, the amendments include the repeal of §401.322 (“Texas Triple Chance” Draw Game Rule) because that draw game is no longer offered. The amendments also remove references to “Lotto Texas® Winner Take All®” from §401.305 (“Lotto Texas®” Draw Game Rule) because that promotion was never implemented. The removal of the foregoing provisions will further streamline and simplify the Commission’s rules.

The Commission received no written comments on the proposed amendments during the public comment period.

Recommendation: Staff recommends that the Commission adopt amendments to the referenced rules.

1 The Texas Lottery Commission (Commission) adopts amendments to 16 TAC §401.158
2 (Suspension or Revocation of License), §401.160 (Standard Penalty Chart), §401.301 (General
3 Definitions), §401.302 (Scratch Ticket Game Rules), §401.304 (Draw Game Rules (General)),
4 §401.305 (“Lotto Texas[®]” Draw Game Rule), §401.307 (“Pick 3” Draw Game Rule), §401.308
5 (“Cash Five” Draw Game Rule), §401.312 (“Texas Two Step” Draw Game Rule), §401.315
6 (“Mega Millions” Draw Game Rule), §401.316 (“Daily 4” Draw Game Rule), §401.317
7 (“Powerball[®]” Draw Game Rule), §401.320 (“All or Nothing” Draw Game Rule), §401.321
8 (Instant Game Tickets Containing Non-English Words), §401.322 (“Texas Triple Chance” Draw
9 Game Rule), §401.351 (Proceeds from Ticket Sales), §401.353 (Retailer Settlements, Financial
10 Obligations, and Commissions), §401.355 (Restricted Sales), §401.363 (Retailer Record)
11 §401.366 (Compliance with All Applicable Laws), and §401.368 (Lottery Ticket Vending
12 Machines), without changes to the proposed text as published in the June 26, 2020 issue of the
13 *Texas Register* (45 TexReg 4252).

14 The rule amendments are a result of the Commission's recent rule review conducted in
15 accordance with Texas Government Code §2001.039. The amendments will simplify and update
16 the rules to conform to industry best practices. The amendments also include updates and
17 clarifications of certain terms to conform usage of those terms throughout the rules (e.g., replacing
18 the terms “instant ticket” and “instant game” with “scratch ticket” and “scratch ticket game”).

19 Among the more significant changes, the amendments move the draw game “playslip” and
20 “entry of play” provisions from various specific draw game rules to the definitions and general
21 draw game rule with language that will apply consistently to all draw games. Likewise, the
22 amendments move the general provisions regarding authorized promotions and retail

1 bonus/incentives from individual draw game rules to the general draw game rule. The amendments
2 also update the various game trademarks and definitions of “playboard” for consistency purposes.

3 The amendments to Rule 401.158 (Suspension or Revocation of License) and the penalty
4 chart in Rule 401.160 (Standard Penalty Chart) update and clarify lottery enforcement policy and
5 practice. The amendments also remove certain outdated requirements from the licensing rules and
6 retailer rules.

7 Additionally, the amendments include the repeal of §401.322 (“Texas Triple Chance”
8 Draw Game Rule) because that draw game is no longer offered. The amendments also remove
9 references to “Lotto Texas® Winner Take All®” from §401.305 (“Lotto Texas®” Draw Game Rule)
10 because that promotion was never implemented. The removal of the foregoing provisions will
11 further streamline and simplify the Commission’s rules.

12 The Commission received no written comments on the proposed amendments during the
13 public comment period.

14 These amendments are adopted under Texas Government Code §466.015, which
15 authorizes the Commission to adopt rules governing the operation of the lottery, and §467.102,
16 which authorizes the Commission to adopt rules for the enforcement and administration of the
17 laws under the Commission’s jurisdiction.

18 §401.158. Suspension or Revocation of License.

19 (a) The commission may suspend or revoke any license issued under this subchapter if the
20 commission finds that any factor listed as grounds for denial of a license under §401.153(b) of this
21 title (relating to Qualifications for License) or any factor listed in subsection (b) of this section
22 apply to the licensee. The commission shall inform the sales agent in writing of the decision to
23 suspend or revoke a license for any of these reasons. In addition, in the event of a license

1 suspension under this section, the director of the Lottery Operations Division shall also inform the
2 licensee of the terms under which the suspended license may be reissued.

3 (b) Without limiting the commission's ability to consider factors listed in §401.153(b) of this title
4 as grounds for suspension or revocation of a license issued under this subchapter, the commission
5 may also suspend or revoke a license for reasons including, but not limited to, any of the following:

6 (1) licensee engages in telecommunication or printed advertising that the director
7 determines to have been false, deceptive or misleading;

8 (2) licensee conditions redemption of a lottery prize upon the purchase of any other item
9 or service;

10 (3) licensee imposes a restriction upon the redemption of a lottery prize not specifically
11 authorized by the director;

12 (4) licensee fails to follow instructions and procedures for the conduct of any [particular]
13 lottery game, lottery special event or promotion;

14 (5) licensee and/or its employee(s) exhibit discourteous treatment including, but not limited
15 to, abusive language toward customers, commission employees or commission vendors;

16 (6) licensee fails to establish or maintain reasonable security precautions regarding [with
17 regard to] the handling of lottery tickets and other materials;

18 [~~(7) licensee endangers the security and/or integrity of the lottery games operated by the~~
19 ~~commission;~~]

20 (7) licensee fails to deface a validated ticket;

21 (8) licensee sells a draw game ticket for a draw that has already taken place;

1 (9) licensee fails to follow validation procedures, including, but not limited to, paying a
2 claim without validating the ticket, failing to pay a valid prize after validating a customer's winning
3 ticket, or retaining a customer's winning ticket that has not been validated;

4 (10) ~~(8)~~ licensee violates any directive or instruction issued by the director of the Lottery
5 Operations Division;

6 (11) ~~(9)~~ licensee violates any express term or condition of its license not specifically set
7 forth in this subchapter;

8 ~~[(10) licensee incurs four (4) notices of nonsufficient fund transfers or non-transfer of funds~~
9 ~~within a 12-month period;]~~

10 (12) ~~(11)~~ licensee sells a scratch ticket from a game that has closed after the date
11 designated for the end of the game;

12 ~~[(12) licensee fails to pay a valid prize in the amount specified on the validation slip~~
13 ~~generated on the licensee's terminal or to pay the authorized amount;]~~

14 ~~[(13) licensee fails to pay a valid prize the licensee is required to pay;]~~

15 ~~[(14) licensee refuses or fails to sell lottery tickets during all normal business hours of the~~
16 ~~lottery retailer;]~~

17 (13) ~~(15)~~ licensee refuses to refund or properly cancel ~~[and/or fails to properly cancel]~~ a
18 Pick 3 or Daily 4 ticket;

19 (14) ~~(16)~~ licensee fails to return an exchange ticket to a prize claimant claiming a prize
20 on a multi-draw ticket if an exchange ticket is produced by the licensee's terminal;

21 (15) ~~(17)~~ licensee fails to keep accurate and complete records of all tickets that have not
22 been sold from confirmed, active, and settled packs; ~~[from confirmed, active, and settled packs~~
23 ~~that have not been sold;]~~

1 ~~[(18) licensee fails or refuses to meet minimum sales criteria;]~~

2 (16) ~~[(19)]~~ licensee fails to meet any requirement under §401.368 of this title (relating to

3 Lottery Ticket Vending Machines), if the licensee has been supplied with a self-service lottery

4 ticket vending machine by the commission;

5 (17) ~~[(20)]~~ licensee fails to take readily achievable measures within the allowed time period

6 to comply with the barrier removal requirements regarding the ADA;

7 (18) ~~[(21)]~~ licensee fails to prominently post license;

8 (19) Licensee sells tickets that were assigned to another licensed location;

9 (20) ~~[(22)]~~ licensee knowingly sells a ticket or pays a lottery prize to another person who

10 is:

11 (A) an officer or an employee of the commission;

12 (B) an officer, member, or employee of a lottery operator;

13 (C) an officer, member, or employee of a contractor or subcontractor that is

14 excluded by the terms of its contract from playing lottery games;

15 (D) the spouse, child, brother, sister, or parent of a person described by

16 subparagraph (A), (B), or (C) of this paragraph who resides within the same household as that

17 person;

18 (21) Licensee endangers the security and/or integrity of the lottery games operated by the

19 commission;

20 (22) ~~[(23)]~~ licensee intentionally or knowingly sells a ticket at a price the licensee knows

21 is greater than the price set by the executive director;

22 (23) Licensee charges a fee for lottery ticket purchases using a debit card and/or requires a

23 minimum dollar amount for debit card purchases of only lottery tickets.

1 (24) licensee sells tickets at a location [~~issued to a licensed location at another location~~]
2 that is not licensed;

3 (25) licensee intentionally or knowingly sells a ticket by extending credit or lends money
4 to enable a person to buy a ticket;

5 (26) licensee intentionally or knowingly sells a ticket to a person that the licensee knows
6 is younger than 18 years;

7 (27) licensee intentionally or knowingly sells a ticket and accepts anything for payment not
8 specifically allowed under the State Lottery Act;

9 (28) licensee sells tickets over the telephone or via mail order sales, establishes or promotes
10 a group purchase or pooling arrangement under which tickets are purchased on behalf of the group
11 or pool and any prize is divided among the members of the group or pool, and the licensee
12 intentionally or knowingly:

13 (A) uses any part of the funds solicited or accepted for a purpose other than
14 purchasing tickets on behalf of the group or pool; or

15 (B) retains a share of any prize awarded as compensation for establishing or
16 promoting the group purchase or pooling arrangement;

17 (29) licensee intentionally or knowingly alters or forges a ticket;

18 (30) licensee intentionally or knowingly influences or attempts to influence the selection
19 of a [~~the~~] winner of a lottery game;

20 (31) licensee intentionally or knowingly claims a lottery prize or a share of a lottery prize
21 by means of fraud, deceit, or misrepresentation; or aids or agrees to aid another person or persons
22 to claim a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation;

1 (32) licensee intentionally or knowingly tampers with, damages, defaces, or renders
2 inoperable any vending machine, electronic computer terminal, or other mechanical device used
3 in a lottery game, or fails to exercise due care in the treatment of commission property;

4 (33) licensee:

5 (A) induces another person to assign or transfer a right to claim a prize;

6 (B) initiates or accepts an offer to sell the right to claim a prize;

7 (C) initiates or accepts an offer of compensation from another person to claim a
8 lottery prize; or

9 (D) purchases, for anything of value, a lottery ticket from a person who is not a
10 licensed lottery retailer;

11 (34) licensee intentionally or knowingly makes a statement or entry that the person knows
12 to be false or misleading on a required report;

13 (35) licensee fails to maintain or make an entry the licensee knows is required to be
14 maintained or made for a required report;

15 (36) licensee knowingly refuses to permit the director of the Lottery Operations Division,
16 the executive director, commission, the lottery operator, the employees or agents of the lottery
17 operator, or the state auditor to examine the agent's books, records, papers or other objects, or
18 refuses to answer any question authorized under the State Lottery Act;

19 (37) licensee intentionally or knowingly makes a material and false or incorrect, or
20 deceptive statement, written or oral, to a person conducting an investigation under the State Lottery
21 Act or a commission rule;

22 (38) licensee commits an offense of conspiracy as defined in the State Lottery Act;

1 (39) licensee sells or offers for sale any interest in a lottery of another state or state
2 government or an Indian tribe or tribal government, including an interest in an actual lottery ticket,
3 receipt, contingent promise to pay, order to purchase, or other record of the interest; [~~or~~]

4 (40) licensee incurs four (4) notices of nonsufficient fund transfers or non-transfer of funds
5 within a 12-month period;

6 (41) licensee fails to pay the full amount of money owed to the commission after a
7 nonsufficient funds transfer or non-transfer of funds to the commission's account; or

8 (42) [(40)] licensee has violated a provision of the State Lottery Act, Government Code,
9 Chapter 466, or a commission rule adopted under the State Lottery Act.

10 §401.160. Standard Penalty Chart.

11 (a) The commission, through the director of the Lottery Operations Division, may offer settlements
12 to persons charged with violating the provisions of the State Lottery Act or rules of the
13 commission. Settlement of those cases, unless otherwise provided for elsewhere in this rule, shall
14 be in compliance with the following standard penalty chart. A settlement will be in the form of an
15 Agreement and Consent Order of the commission.

16 (b) A repeat violation by a licensee justifies the penalty for a second or third violation if it occurs
17 within 12 months of the first violation. Violations need not be the same or similar in nature to
18 previous violations to be considered repeat violations.

19 (c) A penalty for an alleged repeat violation shall not be assessed unless the alleged violation
20 occurs after the licensee has been notified, in writing, of the first alleged violation.
21 Notwithstanding the preceding sentence, if an alleged violation is discovered during an undercover
22 operation, then no notice of any prior alleged violations may be necessary to assess a penalty for

1 a repeat violation. The requirement that written notice be given to a licensee shall not be interpreted
2 to require that a notice of hearing for the violation be delivered to the licensee.

3 (d) The list of violations in the standard penalty chart is not an exclusive list of violations of the
4 commission or rules of the commission. The commission is authorized to assess penalties for any
5 violation of any of the foregoing statutes or rules for which a penalty is not provided on the chart.
6 Any penalty assessed for a violation not provided for on the standard penalty chart shall be
7 approved by the director of the Lottery Operations Division or his/her designee prior to its
8 assessment.

9 (e) Any person responsible for assessing a penalty for a violation may deviate from the standard
10 penalty chart if mitigating circumstances are involved and consideration will be given to all the
11 factors listed in subsection (g) of this section. If a recommendation deviating from the standard
12 penalty chart is made, it must be made in writing and be filed with the case report. Final approval
13 shall be made by the director of the Lottery Operations Division or his/her designee.

14 (f) The standard penalty chart does not bind an administrative law judge or the commission as to
15 penalties for any violation determined to have occurred by the facts presented in an administrative
16 hearing and the record of that proceeding shall be the determining factor as to the sufficiency of
17 the penalty assessed.

18 (g) Based upon consideration of the following factors, the commission may impose penalties other
19 than the penalties recommended in §401.158 of this title (relating to Suspension or Revocation of
20 License) and/or this section:

- 21 (1) Severity of the offense;
- 22 (2) Danger to the public;
- 23 (3) Number of repetition of offenses;

- 1 (4) Number of complaints previously found justified against the licensee;
2 (5) Length of time the licensee has held a license;
3 (6) Actual damage, physical or otherwise, caused by the violations;
4 (7) Deterrent effect of the penalty imposed;
5 (8) Attempts by licensee to correct or stop violations or refusal by licensee to correct or
6 stop violations;
7 (9) Penalties imposed for related offenses; or
8 (10) Any other mitigating or aggravating circumstances.

9 (h) Standard Penalty Chart.
10
11

- 1 Figure: 16 TAC §401.160(h)
- 2 [Figure: 16 TAC §401.160(g)(10)]
- 3

TEXAS LOTTERY COMMISSION RETAILER REGULATORY VIOLATIONS AND RELATED PENALTIES				
No.	DESCRIPTION OF VIOLATION	1st OCCURRENCE	2nd OCCURRENCE	3rd OCCURRENCE
1st Tier Violations				
1.	Licensee engages in telecommunication or printed advertising that the director determines to have been false, deceptive or misleading.	Warning Letter (Notification in writing to the licensee of the detected violation, including a warning that future violations will result in more severe administrative penalties including Suspension and/or revocation of the license.) [(Warning Letter)]	10-90 day Suspension	30-90 day Suspension to Revocation
2.	Licensee conditions redemption of a lottery prize upon the purchase of any other item or service.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
3.	Licensee imposes a restriction upon the redemption of a lottery prize not specifically authorized by the director.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
4.	Licensee fails to follow instructions and procedures for the conduct of any [particular] lottery game, lottery special event or promotion.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
5.	Licensee and/or its employee(s) exhibit discourteous treatment including, but not limited to, abusive language toward customers, commission employees or commission vendors.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
6.	Licensee fails to establish or maintain reasonable security precautions regarding [with regard to] the handling of lottery tickets and other materials.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation

	[Licensee endangers the security and/or integrity of the lottery games operated by the commission.	Warning Letter – Revocation	10-90 day Suspension to Revocation	30-90 day Suspension to Revocations]
7.	Licensee fails to deface a validated ticket.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
8.	Licensee sells a draw game ticket for a draw that has already taken place.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
9.	Licensee fails to follow validation procedures, including, but not limited to, paying a claim without validating the ticket, failing to pay a valid prize after validating a customer's winning ticket, or retaining a customer's winning ticket that has not been validated.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
10.	Licensee violates any directive or instruction issued by the director of Lottery Operations.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
11.	Licensee violates any express term or condition of its license not specifically set forth in this subchapter.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
	[Licensee incurs four (4) notices of nonsufficient fund transfers or non-transfer of funds within a 12-month period.	Revocations	n/a	n/a]
12.	Licensee sells a scratch ticket from a game that has closed after the date designated for the end of the game.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
	[Licensee fails to pay a valid prize in the amount specified on the validation slip generated on the licensee's terminal or to pay the authorized amount.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation]
	[Licensee fails to pay a valid prize the licensee is required to pay.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation]
	[Licensee refuses or fails to sell lottery tickets during all normal business hours of the lottery retailer.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation]

13.	Licensee refuses to <u>refund or properly cancel</u> [and/or fails to properly cancel] a Pick 3 or Daily 4 ticket.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
14.	Licensee fails to return an exchange ticket to a prize claimant claiming a prize on a multi-draw ticket if an exchange ticket is produced by the licensee's terminal.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
15.	Licensee fails to keep accurate and complete records of all tickets that <u>have not been sold from confirmed, active, and settled packs.</u> [from confirmed, active, and settled packs that have not been sold.]	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
	[Licensee fails or refuses to meet minimum sales criteria.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation]
16.	Licensee fails to meet any requirement under §401.368, Lottery Ticket Vending Machines rule, if the licensee has been supplied with a self-service lottery ticket vending machine by the commission.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
17.	Licensee fails to take readily achievable measures within the allowed time period to comply with the barrier removal requirements regarding the ADA.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
18.	Licensee fails to prominently post license.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
19.	<u>Licensee sells tickets that were assigned to another licensed location.</u>	Warning Letter	<u>10-90 day Suspension</u>	<u>30-90 day Suspension to Revocation</u>
20.	Licensee knowingly sells a ticket or pays a lottery prize to another person who is: (A) an officer or an employee of the commission; (B) an officer, member, or employee of a lottery operator; (C) an officer, member, or employee of a contractor or subcontractor that is excluded by the terms of its contract from playing lottery games; (D) the spouse, child, brother, sister, or parent of a person described by (A), (B), or (C) above who resides within the same household as that person.	Warning Letter	10-90 day Suspension	30-90 day Suspension to Revocation
<u>2nd Tier Violations</u>				
21	<u>Licensee endangers the security and/or integrity of the lottery games operated by the commission.</u>	<u>10-90 day Suspension to Revocation</u>	<u>30-90 day Suspension to Revocation</u>	<u>Revocation</u>

<u>22.</u>	Licensee intentionally or knowingly sells a ticket at a price the licensee knows is greater than the price set by the executive director.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
<u>23.</u>	<u>Licensee charges a fee for lottery ticket purchases using a debit card and/or requires a minimum dollar amount for debit card purchases of only lottery tickets.</u>	<u>10-90 day Suspension to Revocation</u>	<u>30-90 day Suspension to Revocation</u>	<u>Revocation</u>
<u>24.</u>	Licensee sells tickets <u>at a location</u> [issued to a licensed location at another location] that is not licensed.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
<u>25.</u>	Licensee intentionally or knowingly sells a ticket by extending credit or lends money to enable a person to buy a ticket.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
<u>26.</u>	Licensee intentionally or knowingly sells a ticket to a person that the licensee knows is younger than 18 years.	10-90 day Suspension to Revocation	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation
<u>27.</u>	Licensee intentionally or knowingly sells a ticket and accepts anything for payment not specifically allowed under the State Lottery Act.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
<u>28.</u>	Licensee sells tickets over the telephone or, via mail order sales, establishes or promotes a group purchase or pooling arrangement under which tickets are purchased on behalf of the group or pool and any prize is divided among the members of the group or pool, and the licensee intentionally or knowingly: (A) uses any part of the funds solicited or accepted for a purpose other than purchasing tickets on behalf of the group or pool; or (B) retains a share of any prize awarded as compensation for establishing or promoting the group purchase or pooling arrangement.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
<u>29.</u>	Licensee intentionally or knowingly alters or forges a ticket.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
<u>30.</u>	Licensee intentionally or knowingly influences or attempts to influence the selection of <u>a</u> [the] winner of a lottery game.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
<u>31.</u>	Licensee intentionally or knowingly claims a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation; or aids or	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation

	agrees to aid another person or persons to claim a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation.			
32.	Licensee intentionally or knowingly tampers with, damages, defaces, or renders inoperable any vending machine, electronic computer terminal, or other mechanical device used in a lottery game, or fails to exercise due care in the treatment of commission property.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
33.	Licensee: (A) induces another person to assign or transfer a right to claim a prize; (B) initiates or accepts an offer to sell the right to claim a prize; (C) initiates or accepts an offer of compensation from another person to claim a lottery prize; or (D) purchases, for anything of value, a lottery ticket from a person who is not a licensed lottery retailer.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
34.	Licensee intentionally or knowingly makes a statement or entry that the person knows to be false or misleading on a required report.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
35.	Licensee fails to maintain or make an entry the licensee knows is required to be maintained or made for a required report.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
36.	Licensee knowingly refuses to permit the director of the Lottery Operations Division, the executive director, commission, the lottery operator, the employees or agents of the lottery operator, or the state auditor to examine the agent's books, records, papers or other objects, or refuses to answer any question authorized under the State Lottery Act.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
37.	Licensee intentionally or knowingly makes a material and false or incorrect, or deceptive statement, written or oral, to a person conducting an investigation under the State Lottery Act or a commission rule.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
38.	Licensee commits an offense of conspiracy as defined in the State Lottery Act.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
39.	Licensee sells or offers for sale any interest in a lottery of another state or state government or an Indian tribe or tribal government, including an interest in an actual lottery ticket, receipt, contingent promise to pay, order to purchase, or other record of the interest.	10-90 day Suspension to Revocation	30-90 day Suspension to Revocation	Revocation
<u>3rd Tier Violations</u>				

40.	<u>Licensee incurs four (4) notices of nonsufficient fund transfers or non-transfer of funds within a 12-month period.</u>	<u>Revocation</u>	<u>n/a</u>	<u>n/a</u>
41.	<u>Licensee fails to pay the full amount of money owed to the commission after a nonsufficient funds transfer or non-transfer of funds to the commission's account.</u>	<u>Revocation</u>	<u>n/a</u>	<u>n/a</u>

1

1 §401.301. General Definitions.

2 The following words and terms, when used in this chapter, shall have the following meanings,
3 unless the context clearly indicates otherwise.

4 (1) Caption--The letters appearing below the play symbols in the play area of a ticket that
5 verify the correctness of the play symbols.

6 (2) Certified drawing--A drawing in which a lottery drawing representative and an
7 independent certified public accountant attest that the drawing equipment functioned properly and
8 that a random selection of a winning combination occurred.

9 (3) Claim center--A claims office of the commission at which a claimant may claim a prize.

10 (4) Claim form--The printed form authorized and provided by the commission that a
11 claimant shall complete and submit to the commission when claiming a prize.

12 (5) Claimant--A player who has submitted a valid claim for payment within the required
13 time frame.

14 (6) Commission--The Texas Lottery Commission. Unless the context clearly requires
15 otherwise, "commission" includes authorized Texas Lottery commission staff
16 members/employees.

17 (7) Current draw period--The period of time in which the player selections and Quick Pick
18 selections are accumulated into a pool of plays eligible for winning in a drawing held at the end of
19 the designated period.

20 (8) Director--The director of Lottery Operations [~~Director~~] of the Texas Lottery
21 Commission [~~Lottery Operations~~].

22 (9) Direct prize category contribution--A specified percentage of net sales allocated to the
23 prize categories as described in the rules of the specific game being played.

1 (10) Division--Lottery Operations of the Texas Lottery Commission.

2 (11) Draw break--Time periods [~~A period of time~~] before a drawing for a draw game during
3 which no request for plays for that drawing [~~player selections for that drawing may not be entered~~
4 ~~into the lottery gaming system and during which no requests for Quick Pick selections for that~~
5 ~~drawing~~] may be entered into the lottery gaming system.

6 (12) Draw game--A lottery game which utilizes a computer system to administer plays, the
7 type of game, and amount of play for a specified drawing date, and in which a player either selects
8 a combination of numbers or allows number selection by a random number generator approved by
9 the commission, referred to as Quick Pick. The commission, or other authorized entity, will
10 conduct a drawing to determine the winning combination(s) in accordance with the rules of the
11 specific game being played and the draw procedures for the specific game. Sometimes, draw games
12 are called "on-line games."

13 (13) Draw game ticket--A ticket issued to a player, by a retailer, and generated by a terminal
14 provided by the commission or commission's vendor on official Texas Lottery paper stock, or, for
15 third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise
16 issued in a manner approved by the commission to provide tangible evidence of participation in a
17 lottery game. That ticket shall be the only acceptable evidence of the combination of digits,
18 numbers, or symbols selected. Draw game tickets may be purchased only from retailers.

19 (14) Drawing--The procedure by which the commission randomly selects winning
20 combinations of digits, numbers, or symbols in accordance with the rules of the game as set forth
21 in the rules of the specific game being played and the draw procedures for the specific game.

22 (15) Drawing pool--The amount of money available for all prize categories for a specific
23 drawing.

- 1 (16) Draw procedures--The written document approved by the executive director that
2 specifies the draw procedures for a particular game, if a drawing is designed as part of the game.
- 3 (17) Duplicate ticket--A ticket produced by photograph, xerography, or any other method
4 other than a ticket generated by a terminal.
- 5 (18) Executive director--The executive director of the Texas Lottery Commission.
- 6 (19) Game number--The number on the back of the scratch ticket which refers to the
7 number associated with the particular scratch ticket game.
- 8 (20) Game procedures--The written document approved by the director that includes,
9 among other things, the game name, how a prize is won, game prize structure, play style, and
10 eligibility for a drawing, if any.
- 11 (21) High-tier prize--A prize of \$600 or more.
- 12 (22) Indirect prize category contribution--Amounts allocated from the [~~prize reserve fund,~~
13 roll-over and prize breakage for a specific draw game drawing.
- 14 (23) Invalid ticket--Any ticket that fails to meet all validation requirements of the
15 commission.
- 16 (24) Lottery gaming system--The commission or commission's vendor's computer system
17 consisting of terminals, central processing equipment, and a communication network.
- 18 (25) Lottery retailer or retailer--A licensed sales agent, as contemplated by Chapter 466,
19 Government Code.
- 20 (26) Low-tier prize--A prize of less than \$25.
- 21 (27) Mid-tier prize--A prize of \$25 or more but less than \$600.
- 22 (28) Minor--An individual younger than 18 years of age.

1 (29) Pack number--The unique number on the back of the scratch ticket that designates the
2 number of the pack within a specific scratch ticket game.

3 (30) Play--A set of numbers that appear on a ticket that are to be wagered by a player in a
4 lottery game, or as otherwise defined in a particular draw game rule.

5 (31) Playslip--The physical or electronic means by which a player communicates their
6 intended Play selection, plus any game specific add-on features, to the retailer. A playslip has no
7 pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.

8 (32) [(30)] Play area--The [latex-] covered area of a scratch ticket that when removed,
9 reveals the ticket play symbols.

10 (33) [(31)] Play style--The method of play to determine a winner for an individual game.

11 (34) [(32)] Play symbol--The printed data [under the latex] on a scratch ticket that is used
12 to determine eligibility for a prize. The symbols for individual games will be specified in individual
13 scratch ticket game procedures.

14 ~~[(33) Present at the terminal--A player remains physically present at the terminal from the~~
15 ~~time the player's order for the purchase of draw game tickets is paid for and accepted by the retailer~~
16 ~~until the processing of the order is completed and the tickets are delivered to the player at the~~
17 ~~retailer terminal location.]~~

18 (35) [(34)] Prize amounts--The amount of money payable to each share in a prize category,
19 the annuitized future value of each share in a prize category, or the net present cash value of each
20 share in a prize category for each draw game drawing. Prize amounts are calculated by dividing
21 the prize category contribution, the annuitized future value of the prize category contribution, or
22 the net present cash value of the prize category contribution by the number of shares determined
23 for the prize category.

1 (36) [(35)] Prize breakage--The money which is left over from the rounding down of the
2 pari-mutuel prize levels to the next lowest whole dollar amount or money which is in excess of the
3 amount needed to pay a prize.

4 (37) [(36)] Prize category--The matching combinations of numbers and their corresponding
5 prize levels as described in rules for the specific game being played.

6 (38) [(37)] Prize category contributions--Refers to contributions for each drawing to each
7 prize category, including direct and indirect prize category contributions.

8 (39) [(38)] Prize fund--The monies allocated to be returned to players in winning tickets
9 within a specific scratch ticket game.

10 (40) [(39)] Prize pool--In a draw game, the total amount of money available for prizes as a
11 percentage of the total sales for the current draw period.

12 (41) [(40)] Prize structure--The number, value, prize payout [pay-out] percentage, and odds
13 of winning prizes for an individual game as approved by the executive director.

14 (42) [(41)] Promotion--One or more events coordinated or conducted by the commission
15 at retail sites, fairs, festivals and other appropriate venues, or in conjunction with one or more
16 particular Texas Lottery games, to educate players about Texas Lottery products and/or sell Texas
17 Lottery games through a retailer in specific markets to maximize Texas Lottery sales and statewide
18 awareness.

19 (43) [(42)] Promotional drawing--A drawing in which qualified contestants are awarded
20 prizes in a random manner in accordance with the procedures set forth for a specific promotion.
21 [~~promotional event.~~]

22 (44) [(43)] Quick Pick--A play option that generates random numbers in a manner
23 approved by the commission.

1 (45) [(44)] Roll-over--The amount in a specific draw game prize pool category resulting
2 from no matching combinations and/or prize breakage from the previous drawing.

3 (46) [(45)] Sales agent--A person licensed under the State Lottery Act to sell Texas Lottery
4 tickets.

5 (47) [(46)] Scratch ticket--A scratch ticket lottery game, developed and offered for sale to
6 the public in accordance with commission rules, that is played by revealing [~~removing the latex~~
7 ~~covered play area on a scratch ticket to reveal~~] the ticket play symbols. [~~Sometimes, scratch ticket~~
8 ~~games are called "instant games."~~]

9 (48) [(47)] Shares--In a draw game, the total number of matching combinations within each
10 prize category as determined for each drawing.

11 [(48) Sign on slip--The receipt produced by a dedicated lottery ticket terminal when the
12 retailer signs on to the lottery gaming system.]

13 (49) Terminal--A device authorized by the commission for the purpose of issuing draw
14 game tickets and/or validating claims, including the commission or commission's vendor's
15 computer hardware as well as commission-authorized third-party point-of-sale systems.

16 (50) Third-party point-of-sale systems--Self-contained computerized equipment (not
17 owned or operated by the commission or lottery operator) that performs sales-related tasks at a
18 licensed lottery ticket retailer's checkout counter and that has the sole Texas Lottery-related
19 purpose of selling lottery [~~draw game~~] tickets [~~printed on paper~~]. Third-party point-of-sale systems
20 will only perform the same lottery-related tasks as terminals owned or operated by the commission
21 or lottery operator and may not issue electronic tickets or display outcomes for draw games using
22 casino-style graphics of any kind. Third-party point-of-sale systems do not include any gambling
23 device.

1 (51) Ticket--Any tangible evidence issued to provide participation in a lottery game or
2 activity authorized by the State Lottery Act.

3 (52) Ticket bearer--The person who has signed the ticket or who has possession of an
4 unsigned ticket.

5 (53) Ticket number--The number on the back of the scratch ticket that refers to the ticket
6 sequence within a specific pack of a scratch ticket game.

7 (54) Validation number--The unique number sequence printed on a ticket that provides for
8 the verification of the ticket as a valid winner.

9 (55) Valid ticket--A ticket which meets all specifications and validation requirements and
10 entitles the holder to a specific prize amount.

11 (56) Void ticket--Any ticket that is stolen, unissued, illegible, mutilated, altered, counterfeit
12 in whole or part, misregistered, defective, incomplete, printed or produced in error, multiply
13 printed, fails any of the commission's confidential validation tests, or is a ticket produced by or for
14 the commission for education and training purposes.

15 (57) Winning combination--One or more digits, numbers, or symbols randomly selected
16 by the commission in a drawing which has been certified.

17 §401.302. Scratch Ticket Game Rules.

18 (a) Sale of scratch tickets.

19 (1) Only retailers who have been licensed by the commission are authorized to sell scratch
20 tickets, and tickets may be sold only at a licensed location.

21 (2) Each scratch ticket shall sell for the retail sales price authorized by the executive
22 director and stated in the individual game procedures; provided that, the purchase price for
23 promotional groups of tickets shall be determined by the executive director.

1 (3) Each scratch ticket shall state the overall estimated odds of winning a prize of any kind,
2 including a break-even prize.

3 (b) Game procedures.

4 (1) The director may approve and publish individual game procedures prior to each scratch
5 ticket game being introduced for sale to the public. Game procedures shall be published in
6 the *Texas Register* and shall be made available upon request to the public.

7 (2) At a minimum, the game procedures for each game shall contain the following
8 information:

9 (A) confirming captions;

10 (B) game name;

11 (C) game number;

12 (D) prize structure;

13 (E) play style;

14 (F) play symbols;

15 (G) ticket order quantity;

16 (H) retail sales price;

17 (I) dollar amount of prizes that may be paid by retailers; and

18 (J) eligibility requirements for a prize or promotional drawing, if any.

19 (3) The play style for an individual game shall be fully described in the game procedures
20 and may take the form of one of the following methods of play:

21 (A) match up;

22 (B) add up;

23 (C) three in a line;

- 1 (D) key number/symbol match;
- 2 (E) yours beats theirs;
- 3 (F) prize legend;
- 4 (G) cards;
- 5 (H) bingo;
- 6 (I) directional arrows through maze;
- 7 (J) bonus game features; or
- 8 (K) any other approved play style or bonus game feature developed by the
- 9 commission.

10 (c) Determination of prize winner.

11 (1) The play symbols shall be used by a player to determine eligibility for prizes. Qualifying

12 play symbols are stated in the game procedures.

13 (2) A player's eligibility to win a prize is subject to the ticket validation requirements

14 provided in subsection (d) of this section.

15 (3) For each individual game, the player shall [~~rub off the latex covering on the ticket to~~]

16 reveal the play symbols according to the play instructions for the game. Eligibility to win a prize

17 is based on the approved play style as follows.

18 (A) Match up. If the designated number of identical play symbols is revealed on

19 the ticket, the player shall win the prize indicated.

20 (B) Add up. If the player adds up all of the play symbols printed on the ticket and

21 the amount is greater than or equal to the required total amount printed on the ticket, the player

22 shall win the prize indicated.

1 (C) Three in a line. If the player reveals three identical play symbols, either
2 diagonally, vertically, or horizontally, on the same ticket, the player shall win the prize indicated.

3 (D) Key number/symbol match. If the player reveals a play symbol that matches
4 the designated key play symbol, the player shall win the prize indicated.

5 (E) Yours beats theirs. If the player reveals a play symbol designated as yours that
6 is greater than the play symbol(s) designated as theirs, the player shall win the prize indicated.

7 (F) Prize legend. If the player reveals the designated number of play symbols, the
8 player wins the prize amount that corresponds to the legend.

9 (G) Cards. If the player reveals the play symbol needed for that particular card game
10 in a winning combination, the player shall win the prize indicated.

11 (H) Bingo. If the player matches their Bingo card numbers with all of the Caller's
12 Card numbers and reveals certain patterns as specified on the ticket, the player shall win the prize
13 indicated for that Bingo card and pattern.

14 (I) Directional arrows through maze. If the player follows the directional arrows to
15 make a path or paths through a maze and the path(s) leads to a prize amount, the player shall win
16 that prize.

17 (J) Bonus game features. These features are added to the game for extra play value
18 and entertainment. The specific variants, as described below, are used for a particular game and
19 are described in the individual game procedures:

20 (i) Doubler. If the player reveals the designated play symbol as part of the
21 winning combination of the game, the player doubles their prize. The player may also reveal the
22 "doubler" play symbol in a prize box, in which case the prize amount that the player won is
23 doubled.

1 (ii) Wild card. The player may use this designated play symbol as part of
2 the winning combination of the game.

3 (iii) Double and Double Doubler. If the player reveals one of these
4 designated play symbols as part of the winning combination of the game, the player either doubles
5 or quadruples their prize respectively, as stated in the game card itself. The player may also reveal
6 the "double" or "double doubler" play symbols in a prize box, in which case the prize amount that
7 the player won is either doubled or quadrupled respectively, as stated in the game card itself.

8 (iv) Tripler. If the player reveals the designated play symbol as part of the
9 winning combination of the game, the player triples their prize. The player may also reveal the
10 "tripler" play symbol in a prize box, in which case the prize amount that the player won is tripled.

11 (v) Auto win. If the player reveals the designated play symbol, the player
12 wins the corresponding prize automatically.

13 (vi) Entry ticket. If the player reveals the designated play symbol, the player
14 may use the ticket as a means of entering a drawing, subject to the game procedures for each game.

15 (K) Any other approved play style or bonus game feature developed by the
16 commission. If the player reveals the designated play symbols or bonus play features, the player
17 shall win the prize(s) as indicated.

18 (d) Ticket validation requirements.

19 (1) Each scratch ticket shall be validated according to validation procedures prior to
20 payment of a prize.

21 (2) A scratch ticket shall comply with all of the following.

22 (A) The ticket shall not be stolen or appear on any list of omitted tickets on file with
23 the commission.

- 1 (B) The ticket shall not be counterfeit or forged, in whole or in part.
- 2 (C) The ticket shall not be mutilated, altered, unreadable, reconstituted, or tampered
3 with in any manner.
- 4 (D) The ticket shall have been issued by the commission in an authorized manner.
- 5 (E) The ticket shall have been received or recorded by the commission by
6 applicable deadlines.
- 7 (F) The ticket shall pass all the confidential validation and security tests appropriate
8 to the applicable play style.
- 9 (G) The validation number of an apparent winning ticket shall appear on the
10 commission's official list of validation numbers of winning tickets for the particular game and
11 pack. A ticket with that validation number shall not have been paid previously.
- 12 (3) The commission may pay the prize for a ticket that is partially mutilated or not intact if
13 the ticket can still be verified as a valid ticket and validated by the other validation requirements
14 and procedures.
- 15 (4) Any ticket not passing all of the validation tests and requirements is void and ineligible
16 for any prize and shall not be paid. The executive director may, at his/her exclusive determination,
17 reimburse the player for the cost of the void ticket.
- 18 (5) If a defective ticket is purchased and is void, the sole remedy available against the
19 commission and the commission's sole liability shall be, at the executive director's sole discretion,
20 reimbursement for the cost of the void ticket, or replacement of the defective ticket with another
21 unplayed ticket in that scratch ticket game (or a ticket of equivalent sales price from any other
22 current scratch ticket game).
- 23 (e) Payment of low-tier and mid-tier prizes.

1 (1) Any prize less than \$600 may [~~Low tier and mid tier prizes shall~~] be paid by any retailer
2 [~~or claim center~~].

3 (2) Retailers may pay cash prizes in cash. If acceptable to the claimant, retailers may also
4 pay cash prizes [~~or~~] by business check, certified check, cashier's check, [~~or~~] money order, gift card,
5 stored-value card, or store merchandise. [~~Retailers may also pay prizes by business check if~~
6 ~~acceptable to the claimant.~~] If a retailer decides to pay with anything other than cash, it is the
7 responsibility of the retailer to ensure the claimant has voluntarily agreed to the non-cash prize
8 payment. [~~a prize with a business check, the retailer shall inform the claimant prior to ticket~~
9 ~~validation.~~]

10 (3) Retailers may pay claims for prizes [~~during their normal business hours~~], if the
11 commission's validation system is operational.

12 (4) Before paying a prize, retailers shall validate the winning ticket according to established
13 validation requirements and procedures.

14 (5) Payment of a prize by a retailer will be made to the bearer of the validated winning
15 ticket for that prize upon presentation of proper identification, if appropriate.

16 (6) If a low- or mid-tier claim is presented to the commission, the claimant shall follow all
17 procedures of the commission related to claiming a prize, including but not limited to filling out a
18 claim form, presenting appropriate identification if required, completing the back of the ticket, and
19 submitting these items including the apparent winning ticket to the commission by mail or in
20 person. [~~Upon validation of a winning ticket, the commission shall present or mail a check to the~~
21 ~~claimant in payment of the amount due.~~] If the ticket is determined to be a non-winning ticket, the
22 claim shall be denied and the claimant shall be promptly notified. Tickets will not be returned to
23 the claimant.

1 (f) Payment of high-tier prizes.

2 (1) High-tier prizes must be presented for payment to the commission. For purposes of this
3 provision, the term "commission" includes claim centers located throughout Texas. In connection
4 with certain scratch ticket games, the top-level prizes must be claimed at commission headquarters.

5 (2) If a high-tier claim is presented to the commission, the claimant shall follow all
6 procedures of the commission related to claiming a prize, including but not limited to filling out a
7 claim form, presenting appropriate identification as required, completing the back of the ticket,
8 and submitting these items including the apparent winning ticket to the commission by mail or in
9 person. Upon validation of the ticket as a winning ticket, the commission shall pay the claimant
10 the amount due in accordance with commission procedures. If the ticket is determined to be a non-
11 winning ticket, the claim shall be denied and the claimant shall be promptly notified. Tickets will
12 not be returned to the claimant.

13 (3) Before paying any prize, claim center personnel shall validate the winning ticket
14 according to established validation requirements and procedures.

15 (4) All prizes shall be subject to tax withholding, offsets, and other withholdings as
16 provided by law.

17 (5) If a person is indebted or owes delinquent taxes to the state, other than those specified
18 in paragraph (4) of this subsection, the winnings of a person shall be withheld until the debt or
19 taxes are paid.

20 (6) When paying a prize of \$600 or more, the commission shall file the appropriate income
21 reporting form with the Internal Revenue Service.

22 (7) Payment of a prize will be made to the bearer of the validated winning ticket for that
23 prize upon presentation of proper identification.

1 (8) The director shall recognize only one person as claimant of a particular prize. A claim
2 may be made in the name of a person other than an individual only if the person possesses a federal
3 employer identification number (FEIN) issued by the Internal Revenue Service and such number
4 is shown on the claim form. Groups, family units, clubs, organizations, or other persons without
5 an FEIN shall designate one individual in whose name the claim is to be filed. If a claim is
6 erroneously entered with multiple claimants, the claimants shall designate one of them as the
7 individual recipient of the prize, or, if they fail to designate an individual recipient, the director
8 may designate any one of the claimants as the sole recipient. In either case, the claim shall then be
9 considered as if it were originally entered in the name of the designated individual and payment of
10 any prizes won shall be made to that single individual. Once a ticket is submitted as a claim, it will
11 not be returned to the winner.

12 (9) The executive director has discretion to set a maximum total cash amount or maximum
13 payment time period for each prize level.

14 (g) Payment of prize awarded to minor.

15 (1) A person 18 years of age or older may purchase a ticket to give as a gift to another
16 person, including a minor.

17 (2) If a minor is entitled to a cash prize of less than \$600, the commission shall deliver to
18 an adult member of the minor's family or to the minor's guardian a check or warrant in the amount
19 of the prize payable to the order of the minor.

20 (3) If a minor is entitled to a cash prize of [~~more than~~] \$600 or more, the commission shall
21 deposit the amount of the prize in a custodial bank account, with an adult member of the minor's
22 family or the minor's guardian serving as custodian for the minor.

1 (4) If a minor is entitled to a prize other than money, the commission shall pay the cash
2 equivalent of such prize in the manner provided by paragraphs (2) and (3) of this subsection.

3 (5) A retailer is not authorized to pay a prize claimed by a minor.

4 (h) Ticket responsibility.

5 (1) A ticket is a bearer instrument until signed on the back by the ticket holder.

6 (2) The commission shall not be responsible for lost, stolen, or destroyed tickets.

7 (3) The commission shall not be responsible for erroneous or mutilated tickets.

8 (4) The commission shall not be responsible for tickets claimed by a player in error for a
9 lower prize at a retailer.

10 (5) The commission shall not be responsible for tickets delivered to any address other than
11 that designated by the commission for such purpose.

12 (i) Disputed ticket. If a dispute arises between the commission and a ticket claimant concerning
13 whether the ticket is a winning ticket and if the ticket prize has not been paid, the executive director
14 may, exclusively at his/her determination, reimburse the claimant for the cost of the disputed ticket.
15 This shall be the claimant's exclusive remedy.

16 (j) Game closing.

17 (1) The executive director or his/her designee shall determine the closing date for an
18 individual scratch ticket game in accordance with a scratch ticket game closing procedure that
19 defines the criteria used to monitor scratch ticket sales performance and that identifies when
20 scratch ticket games should be closed.

21 (A) The procedure shall provide for the timely closing of a scratch ticket game after
22 all top-level prizes in the game have been claimed or on an earlier date as determined by the
23 executive director.

1 (B) The procedure shall provide for ending ticket sales in a scratch ticket game
2 within 45 days after game closing procedures have been initiated.

3 (2) No tickets in a scratch ticket game may be sold after the scratch ticket game closing
4 date.

5 (k) Governing law. In purchasing a scratch ticket, the lottery player agrees to comply with and
6 abide by Texas law, all rules, procedures, and final decisions of the commission, and all procedures
7 and instructions established by the executive director for the conduct of the scratch ticket game.

8 §401.304. Draw Game Rules (General).

9 (a) Price of tickets and prizes.

10 (1) The purchase price of each draw game ticket shall be as set forth in the rules of the
11 specific game being played; provided that, the purchase price for promotional groups of tickets
12 shall be determined by the executive director.

13 [~~2) The total amount of prize money allocated to the prize pool for draw games from the~~
14 ~~total of draw game sales shall be a minimum of 50%.]~~

15 (2) [~~3)] The prize pool for draw games shall have contributions to prize categories as set~~
16 ~~forth in the rules of the specific game being played.~~

17 (b) Sale of tickets.

18 (1) Entry of Plays. Plays may be entered using the lottery retailer terminal keypad or touch
19 screen, by means of a playslip, using authorized third-party point-of-sale (“POS”) systems, or by
20 other means approved by the commission. Retailers shall not permit any device to be physically
21 or wirelessly connected to a lottery terminal to enter Plays, except as approved by the commission.
22 A ticket generated using a selection method that is not approved by the commission is not valid.

23 Acceptable methods of Play selection may include:

- 1 (A) using a self-service lottery ticket vending machine;
2 (B) using a playslip;
3 (C) using a previously-generated draw game ticket, from the game being played,
4 provided by the player;
5 (D) selecting a Quick Pick;
6 (E) requesting a retailer to manually enter numbers; or
7 (F) using a QR code generated through a Texas Lottery Mobile Application offered
8 and approved by the commission.

9 (2) [(1)] Except to the extent that sales in draw games are impeded by draw breaks, draw
10 game tickets may be sold [~~during all normal business hours of the lottery retailer~~] during draw
11 game operating hours. Retailers must give prompt service to lottery customers present and waiting
12 at the terminal to purchase tickets for draw games. [~~Prompt service includes interrupting~~
13 ~~processing of draw game ticket orders for which the customer is not present at the terminal.~~]

14 (3) [(2)] Draw game tickets shall be sold only at the location listed on each retailer's license
15 from the commission. For purposes of this section, the sale of a draw game lottery ticket at the
16 licensed location means a lottery transaction in which all elements of the sale between the retailer
17 and the purchaser must take place at the retailer location using their terminal, including the
18 exchange of consideration, the exchange of the playslip if one is used, and the exchange of the
19 draw game ticket. [~~No part of the sale may take place away from the terminal.~~]

20 (4) The executive director may authorize promotions in connection with any draw game.

21 (5) Announcement of incentive or bonus program. The executive director shall announce
22 each incentive or bonus program prior to its commencement. The announcement shall specify the

1 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
2 award.

3 (c) Drawings and end of sales prior to drawings.

4 (1) The manner and frequency of drawings shall be as set forth in the rules of the specific
5 game being played and the draw procedures for the specific game.

6 (2) The drawings shall be conducted at times and locations to be announced by the
7 executive director.

8 (3) The executive director shall establish the times for draw breaks for each draw game.

9 (4) The executive director or his/her designee shall designate the type of drawing
10 equipment to be used and shall establish draw procedures to randomly select the winning
11 combination for each type of draw game. Draw procedures shall include provisions for the
12 substitution of backup drawing equipment in the event the primary drawing equipment
13 malfunctions or fails for any reason.

14 (5) A lottery drawing representative and an independent certified public accountant, shall
15 be responsible for conducting the drawing in compliance with the lottery's draw procedures. A
16 lottery drawing representative and an independent certified public accountant, shall attest whether
17 the drawing was conducted in accordance with proper draw procedures at the end of each drawing.

18 (d) Procedures for claiming draw game prizes.

19 (1) All apparent winning tickets presented for payment to the lottery or a retailer must meet
20 the commission's validation requirements as set forth in subsection (e) of this section.

21 (2) To claim a draw game prize of less than \$600, the claimant may [~~shall~~] present the
22 winning draw game ticket to a retailer or to the commission. All tickets validated by a retailer must
23 be paid by that retailer. If the retailer chooses not to validate the winning draw game ticket, the

1 retailer does not have to pay the draw game prize. The commission will pay all winning draw game
2 tickets pursuant to this section.

3 ~~[(3) If a claim of less than \$600 is presented to a retailer, the retailer must validate the~~
4 ~~claim, and, if determined to be a winning ticket, make payment of the amount due the claimant.]~~

5 (3) [(4)] To claim a draw game prize of \$600 or more, the claimant shall present the
6 winning draw game ticket to the commission. For purposes of this provision, the term
7 "commission" includes claim centers located throughout Texas. In connection with certain draw
8 games, the top-level prizes must be claimed at commission headquarters. For any claim presented
9 to the commission, the claimant shall follow all procedures of the commission related to claiming
10 a prize, including but not limited to filling out a claim form, presenting appropriate identification
11 as required, completing the back of the ticket, and submitting these items including the apparent
12 winning ticket to the commission by mail or in person. Upon validation of the ticket as a winning
13 ticket, the commission shall pay the claimant the amount due in accordance with commission
14 procedures. If the ticket is determined to be a non-winning ticket, the claim shall be denied and
15 the claimant shall be promptly notified. Tickets will not be returned to the claimant.

16 (4) [(5)] Before paying any prize, claim center personnel shall validate the winning ticket
17 according to established validation requirements and procedures.

18 (5) [(6)] All prizes shall be subject to tax withholding, offsets, and other withholdings as
19 provided by law.

20 (6) [(7)] If a person is indebted or owes delinquent taxes to the state, other than those
21 specified in paragraph (5) [(6)] of this subsection, the winnings of a person shall be withheld until
22 the debt or taxes are paid.

1 (7) [~~8~~] When paying a prize of \$600 or more, the commission shall file the appropriate
2 income reporting form with the Internal Revenue Service.

3 (8) [~~9~~] Payment of a prize will be made to the bearer of the validated winning ticket for
4 that prize upon presentation of proper identification following the completion of all procedures of
5 the commission related to claiming a prize.

6 (9) [~~10~~] The commission shall recognize only one person as claimant of a particular prize.
7 A claim may be made in the name of a person other than an individual only if the person possesses
8 a federal employer identification number (FEIN) issued by the Internal Revenue Service and such
9 number is shown on the claim form. Groups, family units, clubs, organizations, or other persons
10 without an FEIN shall designate one individual in whose name the claim is to be filed. If a claim
11 is erroneously entered with multiple claimants, the claimants shall designate one of them as the
12 individual recipient of the prize, or, if they fail to designate an individual recipient, the director
13 may designate any one of the claimants as the sole recipient. In either case, the claim shall then be
14 considered as if it were originally entered in the name of the designated individual and payment of
15 any prizes won shall be made to that single individual. Once a ticket is submitted as a claim, it will
16 not be returned to the winner.

17 (10) [~~11~~] The executive director has discretion to set a maximum total cash amount or
18 maximum payment time period for each prize level.

19 (e) Validation requirements.

20 (1) To be a valid winning draw game ticket, all of the following conditions must be met.

21 (A) All printing on the ticket shall be present in its entirety, be legible, and
22 correspond, using the computer validation file, to the combination and data printed on the ticket.

23 The ticket must have been produced prior to the drawing.

1 (B) The ticket shall not be mutilated, altered, unreadable, reconstituted,
2 misregistered, defective, incomplete, or tampered with in any manner.

3 (C) The ticket shall not be counterfeit or forged, in whole or in part, or an exact
4 duplicate of another winning ticket.

5 (D) The ticket must have been issued by an authorized retailer in an authorized
6 manner on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved
7 by the commission, printed on paper stock or otherwise issued in a manner approved by the
8 commission to provide tangible evidence of participation in a lottery game.

9 (E) The ticket shall not be stolen. Neither the commission nor its retailers shall be
10 responsible for the payment of prizes for lost or stolen tickets.

11 (F) The ticket shall not have been previously paid.

12 (G) The ticket data shall have been recorded on the central computer system prior
13 to the drawing, and the ticket data must match the computer record data in every respect.

14 (H) The ticket shall pass all other confidential security checks of the commission.

15 (2) The commission may pay the prize for a draw game ticket that is partially mutilated or
16 not intact if the ticket can still be validated by the other validation requirements.

17 (3) Liability for void tickets, if any, is limited to the replacement of ticket or refund of the
18 sales price.

19 (4) A ticket shall be the only valid receipt for claiming a prize. A copy of a ticket or a
20 playslip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of
21 numbers selected.

1 (5) In submitting an official draw game ticket for validation, the player agrees to abide by
2 applicable laws, all commission rules, regulations, policies, directives, instructions, conditions,
3 procedures, and final decisions of the executive director.

4 (6) All prizes shall be subject to tax withholdings, offsets, and other withholdings as
5 provided by law.

6 (f) Payment of prizes by retailers.

7 (1) A retailer may pay to the ticket bearer game prizes of an amount less than \$600 [~~\$599~~
8 ~~or less~~] for any valid claims presented to that retailer. All tickets validated by a retailer must be
9 paid by that retailer. Retailers may pay claims for prizes if the commission's validation system is
10 operational. [~~These prizes may be paid during normal business hours of a retailer, provided the~~
11 ~~lottery gaming system is operational and claims can be validated.~~] The [~~on-line~~] retailer shall not
12 charge the claimant any fee for payment of the prize or for cashing a business check drawn on the
13 licensed retailer's account.

14 (2) Retailers may pay prizes in cash. If acceptable to the claimant, retailers may also pay
15 cash prizes [~~or~~] by business check, certified check, cashier's check, [~~or~~] money order, gift card,
16 stored-value card, or store merchandise. [~~Retailers may also pay prizes by business check if~~
17 ~~acceptable to the claimant.~~] If a retailer decides to pay with anything other than cash, it is the
18 responsibility of the retailer to ensure the claimant has voluntarily agreed to the non-cash prize
19 payment. [~~a prize with a business check, the retailer shall inform the claimant prior to ticket~~
20 ~~validation. A retailer that pays a prize with a check that is dishonored may be subject to suspension~~
21 ~~or revocation of its license.~~]

22 (g) Payment of prize awarded to minor.

1 (1) A person 18 years of age or older may purchase a ticket to give as a gift to another
2 person, including a minor.

3 (2) If a minor is entitled to a cash prize of less than \$600, the commission shall deliver to
4 an adult member of the minor's family or to the minor's guardian a check or warrant in the amount
5 of the prize payable to the order of the minor.

6 (3) If a minor is entitled to a cash prize of [~~more than~~] \$600 or more, the commission shall
7 deposit the amount of the prize in a custodial bank account, with an adult member of the minor's
8 family or the minor's guardian serving as custodian for the minor.

9 (4) If a minor is entitled to a prize other than money, the commission shall pay the cash
10 equivalent of such prize in the manner provided by paragraphs (2) and (3) of this subsection.

11 (5) A retailer is not authorized to pay a prize claimed by a minor.

12 (h) Game termination and prize claim period.

13 (1) The executive director or his/her designee, at any time, may announce the termination
14 date for a draw game. If this occurs, no tickets for that draw game shall be sold past the termination
15 date.

16 (2) Draw game prizes shall be claimed no later than 180 days after the applicable draw date
17 of the draw game. In the event any player who has a valid winning ticket does not claim the prize
18 within 180 days after the drawing in which the prize was won, the prize amount shall be deposited
19 in accordance with Government Code, §466.408.

20 §401.305. "Lotto Texas[®]" Draw Game Rule.

21 (a) Lotto Texas[®]. The executive director is authorized to conduct a game known as "Lotto Texas."
22 The executive director may issue further directives for the conduct of Lotto Texas that are
23 consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this

1 title (relating to Draw Game Rules (General)). Lotto Texas consists of a base game for which plays
2 may be purchased for the opportunity to win prizes during drawings in accordance with this
3 section. Lotto Texas With Extra![®] is an add-on feature that allows players who purchase this
4 feature to increase non-jackpot prize amounts. [~~Lotto Texas[®] Winner Take All[®] (LTWTA) is a
5 promotional play option which offers the players who purchase this option the opportunity to win
6 the Lotto Texas Winner Take All Prize (LTWTA Prize) in a promotional drawing conducted in
7 accordance with this section.]~~

8 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General
9 Definitions), and unless the context in this rule otherwise requires, the following definitions apply:

10 (1) Lotto Texas Play--A Lotto Texas Play refers to the selection of six different numbers
11 from 1 to ~~through~~ 54 for one opportunity to win a prize in the Lotto Texas base game and the
12 purchase of a ticket evidencing that selection. A Lotto Texas With Extra! Play refers to a play
13 purchased as part of the Extra! feature fully described in subsection (g) of this section. [~~A Lotto
14 Texas Winner Take All Play (LTWTA Play) refers to a play purchased as part of the LTWTA
15 promotion fully described in subsection (i) of this section.]~~

16 (2) Playboard--A [~~panel on a Playslip containing a~~] field of 54 numbers from 1 to 54 found
17 on the playslip. [~~for use in selecting numbers for a Lotto Texas Play.~~]

18 [~~(3) Playslip--An optically readable card issued by the commission for use in selecting
19 numbers for one or more Lotto Texas Plays.]~~

20 (3) [(4)] Roll cycle--A series of drawings that ends when there is a drawing for which one
21 or more tickets are sold that match the six numbers drawn in the Lotto Texas base game drawing.
22 A new roll cycle begins with the next Lotto Texas base game drawing after one or more tickets are

1 sold that match the six numbers drawn in the drawing. [~~The LTWTA promotion does not contribute~~
2 ~~to increases in the Lotto Texas base game jackpot roll cycle.~~]

3 [~~(5) Lotto Texas Winner Take All Drawing (LTWTA Drawing) The LTWTA Drawing~~
4 ~~refers to the drawing event separate from the Lotto Texas base game drawing which determines~~
5 ~~the winning combination of numbers for the LTWTA promotion. The numbers selected during the~~
6 ~~Lotto Texas base game drawing will not be used to determine the winning combination of numbers~~
7 ~~for the LTWTA Prize.~~]

8 [~~(6) Lotto Texas Winner Take All Prize (LTWTA Prize) The LTWTA Prize refers to the~~
9 ~~prize for the LTWTA promotion set forth in subsection (i) of this section. The LTWTA Prize is~~
10 ~~determined by the sales of LTWTA Plays.~~]

11 (c) Lotto Texas Plays and tickets.

12 (1) A Lotto Texas base game ticket may be sold only by a retailer and only at the location
13 listed on the retailer's license. A ticket sold by a person other than a retailer is not valid.

14 (2) The price of a single play for the Lotto Texas base game is \$1.

15 [~~(3) A player may complete up to five playboards on a single playslip.~~]

16 (3) [(4)] A player may use a single playslip or other commission-approved method of play
17 to purchase the same Lotto Texas or Lotto Texas With Extra! play(s) for up to 10 consecutive
18 drawings, to begin with the next drawing after the purchase. [~~Advanced purchases are prohibited~~
19 ~~for the LTWTA promotion described in subsection (i) of this section.~~]

20 [~~(5) Acceptable methods to select numbers for a play may include:~~]

21 [(A) using a self-service terminal;]

22 [(B) using a playslip;]

23 [(C) requesting a retailer to use Quick Pick;]

1 ~~[(D) requesting a retailer to manually enter numbers;]~~
 2 ~~[(E) using a previously generated "Lotto Texas" ticket provided by the player; or]~~
 3 ~~[(F) using a QR code generated through a Texas Lottery Mobile Application offered~~
 4 ~~and approved by the commission.]~~

5 ~~[(6) Playslips must be completed manually. A ticket generated from a playslip that was not~~
 6 ~~completed manually, or using a selection method that is not approved by the commission, is not~~
 7 ~~valid.]~~

8 ~~[(7) A retailer may only accept a request for play using a commission approved method of~~
 9 ~~play, and if the request is made in person.]~~

10 (4) ~~[(8)]~~ At the time of making a play, a player may select the option for payment of the
 11 cash value or annuitized payments of a share of the jackpot if the play is a winning play. If no
 12 selection is made, payment option will be as described in the chart below:

13 Figure: 16 TAC §401.305(c)(4)
 14 [Figure: 16 TAC §401.305(c)(8)]
 15

Terminal Type	Manual Entry	Playslip with No Payment Option Selected
GT1200 (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
GT1200C (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
Gemini (Self-service Lottery Ticket Vending Machine [Terminal])	CVO only – designated on draw game Quick Pick buttons.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
GT20 (Self-service Lottery Ticket Vending Machine)	CVO only – designated on draw game Quick Pick buttons.	N/A
Third-party POS systems	CVO only – Quick Pick selections through authorized third-party systems.	N/A

1 (5) [(9)] A retailer shall issue a ticket as evidence of one or more plays. A ticket must show
2 the numbers selected for each play, the number of plays, the draw date(s) for which the plays were
3 purchased, the cost of the ticket, the jackpot payment option, and the security and transaction serial
4 numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-
5 of-sale systems approved by the commission, printed on paper stock or otherwise issued in a
6 manner approved by the commission to provide tangible evidence of participation in a lottery
7 game.

8 ~~[(10) A playslip, or any document other than a ticket issued as described in paragraph (9)~~
9 ~~of this subsection, has no monetary value and is not evidence of a play.]~~

10 (6) [(11)] It shall be the exclusive responsibility of the player to verify the accuracy of the
11 player's selection(s) and other data printed on the ticket.

12 (7) [(12)] An unsigned winning ticket is payable to the holder or bearer of the ticket if the
13 ticket meets all applicable validation requirements.

14 ~~[(13) The executive director may authorize promotions in connection with Lotto Texas.]~~

15 (d) Drawings.

16 (1) Lotto Texas base game drawings shall be held each week on Wednesday and Saturday
17 at 10:12 p.m. Central Time. The executive director may change the drawing schedule, if it is
18 deemed necessary.

19 (2) Six different numbers from 1 to ~~through~~ 54 shall be drawn at each drawing.

20 (3) Numbers drawn must be certified by the commission in accordance with the
21 commission's draw procedures.

22 (4) The numbers selected in each drawing shall be used to determine all winning plays for
23 that drawing.

1 (5) Each drawing shall be witnessed by an independent certified public accountant. All
2 drawing equipment used shall be examined by a commission drawings representative and the
3 independent certified public accountant immediately before each drawing and immediately after
4 each drawing.

5 (e) Lotto Texas Advertised Jackpots. For the Lotto Texas base game drawing, the commission
6 shall approve a jackpot amount to be advertised in a manner prescribed by written procedure. The
7 advertised amount shall be an amount payable in 30 annual installments. To the extent that
8 advertised amount is based on projected sales, the projections shall be fair and reasonable. The
9 commission may approve an increase in the amount of the jackpot originally advertised for a
10 drawing if the increase is supported by reasonable sales projections and is prescribed by written
11 procedure.

12 (f) Lotto Texas Prizes. The following prizes are intended for the Lotto Texas base game drawing
13 only. [~~These prizes do not apply to LTWTA promotional drawings.~~]

14 (1) Jackpot prize (first prize).

15 (A) A person who holds a valid ticket for a play matching (in any order) the six
16 numbers drawn in a drawing is entitled to a share of the jackpot prize (first prize) for the drawing.

17 (B) The jackpot prize for a drawing is the greater of:

18 (i) 40.47 percent of the proceeds from Lotto Texas ticket sales for all
19 drawings in the roll cycle and any earnings on an investment of all or part of the proceeds from
20 ticket sales, paid in 30 annual installments; or

21 (ii) The amount advertised in accordance with subsection (e) of this section
22 as the estimated jackpot for the drawing, paid in 30 annual installments.

1 (C) Except as provided by subparagraph (F) of this paragraph, a person who is
2 entitled to a share of a jackpot prize and who opted for annualized installment payments, shall
3 receive payment in 30 annual installments.

4 (D) The first installment payment shall be made upon completion of commission
5 validation procedures. The subsequent 29 installment payments shall be made annually on the 15th
6 day of the month in which the applicable drawing occurred.

7 (E) The second through 29th installment payments shall be in equal amounts. The
8 first installment payment may be equal to or higher than the subsequent installment payments.

9 (F) If a person would otherwise receive total installment payments of \$2 million or
10 less, the commission shall pay the person, upon completion of all validation procedures, a single
11 payment in the amount of the cash value of those total installment payments. The cash value is the
12 cost on the first business day after the applicable drawing of funding those installment payments.

13 (G) A person who is entitled to a share of the jackpot and who selected the cash
14 value option, or for whom the cash value option was automatically selected shall receive the greater
15 of the following two amounts:

16 (i) a share of 40.47 percent of the proceeds from Lotto Texas ticket sales;

17 or

18 (ii) the cost on the day after the drawing of funding a share of installment
19 payments under subparagraph (B)(ii) of this paragraph.

20 (H) A payment under subparagraph (G) of this paragraph shall be made upon
21 completion of commission validation procedures.

1 (I) Any investment necessary to fund a jackpot prize shall be made on the first
2 business day after a drawing for which one or more tickets were sold that match the six numbers
3 drawn in the drawing.

4 (J) A claim for a jackpot prize must be presented at the Austin claim center.

5 (K) If 40.47 percent of the proceeds from Lotto Texas ticket sales is not sufficient
6 to pay a jackpot prize, the commission shall use funds from other authorized sources, including
7 the State Lottery Account as identified in Government Code, §466.355.

8 (2) Second prize.

9 (A) A person who holds a valid ticket for a play matching (in any order) five of the
10 six numbers drawn in a drawing is entitled to a share of the second prize for that drawing.

11 (B) The second prize consists of 2.23 percent of the proceeds from Lotto Texas
12 ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this
13 paragraph.

14 (C) A payment made to a person for a share of the second prize for a drawing shall
15 be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded
16 up to the nearest whole dollar amount.

17 (D) Any part of the second prize for a drawing that is not paid in prizes shall be
18 carried forward and shall become part of the second prize for the next drawing.

19 (3) Third prize.

20 (A) A person who holds a valid ticket for a play matching (in any order) four of the
21 six numbers drawn in a drawing is entitled to a share of the third prize for that drawing.

1 (B) The third prize consists of 3.28 percent of the proceeds from Lotto Texas ticket
2 sales for the drawing and any amounts carried forward under subparagraphs (C) and (D) of this
3 paragraph.

4 (C) A payment made to a person for a share of the third prize for a drawing shall
5 be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded
6 up to the nearest whole dollar amount.

7 (D) Any part of the third prize for a drawing that is not paid in prizes shall be carried
8 forward and shall become part of the third prize for the next drawing.

9 (4) Fourth prize.

10 (A) A person who holds a valid ticket for a play matching (in any order) three of
11 the six numbers drawn in a drawing is entitled to a guaranteed prize of \$3.

12 (B) If 4.02 percent of the proceeds from Lotto Texas ticket sales is not sufficient to
13 pay all fourth prizes for a draw, the commission shall use funds from other authorized sources,
14 including the State Lottery Account as identified in Government Code, §466.355.

15 (C) To the extent that the total amount of fourth prizes for a drawing is less than
16 4.02 percent of the proceeds from ticket sales for the drawing, the difference shall be carried
17 forward to fund future fourth prize payments.

18 (5) A person may win only one prize per play per drawing. A player who holds a valid
19 ticket for a winning play is entitled to the highest prize for that play.

20 (6) A share of a prize is determined by dividing the prize by the number of winning plays
21 for that prize.

1 (7) Jackpot payment amounts are calculated on the first business day after the applicable
2 drawing. A claimant is not entitled to interest or other earnings on those amounts, regardless of
3 when the claim is actually presented and regardless of the dates on which payments are made.

4 (g) Lotto Texas With Extra![@].

5 (1) A Lotto Texas player may purchase the Extra! feature by paying an additional \$1 per
6 play at the time of his/her Lotto Texas base game ticket purchase.

7 (2) Extra! offers players a chance to increase the amount of any of the non-jackpot prizes
8 won in a Lotto Texas base game drawing, and to win a prize for matching two of the six numbers
9 drawn. The Extra! feature does not apply to a Lotto Texas base game jackpot prize (match six-of-
10 six) [~~or the LTWTA Prize~~].

11 (3) A Lotto Texas Play that wins one of the non-jackpot prizes or matches two of the six
12 numbers drawn, and for which the player paid an additional \$1 for Extra!, shall be paid as follows:

13 Figure: 16 TAC §401.305(g)(3)

Lotto Texas[@] Prizes	Extra! Guaranteed Prize Amount
Jackpot Prize or Match 6-of-6	Not applicable
Second Prize or Match 5-of-6	Second Prize Amount Plus \$10,000
Third Prize or Match 4-of-6	Third Prize Amount Plus \$100
Fourth Prize or Match 3-of-6	Fourth Prize Amount Plus \$10
Match 2-of-6	\$2

14
15 (h) Lotto Texas Jackpot information on commission website.

16 (1) After the commission has approved an advertised estimated annuitized jackpot under
17 subsection (e) of this section, the commission shall post the following information on the agency
18 website:

19 (A) the amount of ticket sales, if any, for previous drawings in the roll cycle;

1 (B) the amount of projected ticket sales for the upcoming drawing;

2 (C) investment information used to determine the advertised estimated jackpot; and

3 (D) other information used to determine the advertised estimated jackpot.

4 (2) After the commission determines that one or more tickets have been sold that match
5 the six numbers drawn in a drawing, the commission shall post on the agency website information
6 used to calculate the Lotto Texas base game jackpot prize.

7 ~~[(i) Lotto Texas[®] Winner Take All[®]. LTWTA is a promotional play option for the Lotto Texas
8 base game and is conducted in accordance with this Lotto Texas draw game rule.]~~

9 ~~[(1) The promotion will begin at a time announced by the commission and will continue
10 until discontinued by the commission.]~~

11 ~~[(2) This promotion will offer to the holders of a qualifying LTWTA Play a chance to win
12 the LTWTA Prize as a result of the selection of the winning combination of numbers in the
13 LTWTA Drawing.]~~

14 ~~[(3) To participate in the LTWTA promotion, a player must first purchase a Lotto Texas
15 Play, as well as a Lotto Texas With Extra! Play, and then must pay an additional one dollar (\$1.00)
16 per LTWTA Play for each Lotto Texas Play and Lotto Texas With Extra! Play purchased.]~~

17 ~~[(4) LTWTA is a six (6) out of fifty-four (54) play option promotion, to be drawn weekly
18 on Mondays and/or Thursdays, as determined by the executive director, and which pays a single
19 LTWTA Prize paid as a pari-mutuel single lump sum payment. The Lotto Texas base game
20 numbers selected by the player (or randomly generated as a Quick Pick selection) in the qualifying
21 purchase shall be used as the LTWTA Play numbers if the LTWTA promotion has been purchased.
22 The ticket evidencing the LTWTA Play shall conspicuously indicate the LTWTA Play numbers~~

1 and shall indicate the date of drawing(s) for which the LTWTA Play is applicable. This information
2 shall be on a separate ticket from the Lotto Texas Play and Lotto Texas With Extra! Play.]

3 ~~[(5) A LTWTA Drawing shall determine the winning combination of numbers for this
4 promotion. During the drawing, six (6) numbers shall be drawn from a set of fifty four (54)
5 numbers, which shall constitute the winning combination of numbers.]~~

6 ~~[(6) All LTWTA Play purchases shall qualify for the Drawing as indicated to the Player on
7 the ticket as recorded on the commission's lottery gaming system. LTWTA Play(s) shall qualify
8 for the next scheduled LTWTA Drawing, regardless of the date of the Drawing(s) for the
9 qualifying purchased Lotto Texas Plays. A LTWTA Play purchased before the close of sales on
10 the day of the scheduled LTWTA Drawing will be eligible for that day's Drawing, otherwise, the
11 LTWTA Play is eligible only for the next scheduled LTWTA Drawing. Advanced purchase for
12 consecutive LTWTA Drawings is not available for the LTWTA promotion. Examples: (a) If a
13 Player purchases one (1) Lotto Texas and Lotto Texas With Extra! Play applicable for the next
14 five (5) consecutive Lotto Texas Drawings, and selects the LTWTA option, the Player will receive
15 one (1) LTWTA Play for the next scheduled LTWTA Drawing in addition to the one (1) Lotto
16 Texas and Lotto Texas With Extra! Play for the next five (5) Lotto Texas Drawings. The purchase
17 price for this selection would be eleven dollars (\$11.00), reflecting ten dollars (\$10.00) for the five
18 (5) advanced purchased Lotto Texas and Lotto Texas With Extra! Plays, and one dollar (\$1.00)
19 for the LTWTA Play; (b) If a Player purchases two (2) Lotto Texas and Lotto Texas With Extra!
20 Plays applicable for the next five (5) consecutive Lotto Texas Drawings, and selects the LTWTA
21 option, the Player will receive two (2) LTWTA Plays for the next scheduled LTWTA drawing in
22 addition to the two (2) Lotto Texas and Lotto Texas With Extra! Plays for the next five (5) Lotto
23 Texas Drawings. The purchase price for this selection would be twenty two dollars (\$22.00),~~

1 reflecting twenty dollars (\$20.00) for the five (5) advanced purchased Lotto Texas and Lotto Texas
2 With Extra! Plays, and two dollars (\$2.00) for the LTWTA Plays.]

3 [(7) The winning LTWTA Play(s) are determined as the play(s) matching the highest
4 LTWTA winning combination of numbers drawn in the applicable LTWTA Drawing (see
5 paragraph (10) of this subsection). There is only one LTWTA Prize for each LTWTA Drawing
6 and the LTWTA Prize will be divided on a pari-mutuel basis among all winning LTWTA Plays.
7 For instance, if a LTWTA Play matching five (5) of six (6) numbers is the highest level of matching
8 combination of numbers, then all Plays of that level will divide the entire LTWTA Prize, and all
9 remaining LTWTA Plays matching any combination of numbers will not qualify for a prize.]

10 [(8) The Lotto Texas With Extra! add-on feature is not applicable to the LTWTA
11 promotional drawings and prize.]

12 [(9) LTWTA Prize Pool. The prize pool for the LTWTA Prize shall consist of fifty percent
13 (50%) of each LTWTA Drawing period's sales of LTWTA Plays.]

14 [(10) LTWTA Expected Prize Payout Percentage and Winning Numbers Match
15 Determination.]

16 [(A) Pari-Mutuel Determination. The LTWTA Prize payout shall be determined on
17 a pari-mutuel basis. The LTWTA Prize awarded will consist of 100% of the allocated prize pool
18 and shall be paid as a single lump-sum payment to the LTWTA Play(s) matching the most winning
19 numbers in a LTWTA Drawing as indicated below:]

20 [(i) The LTWTA Prize will be paid to the holder(s) of the LTWTA Play(s)
21 that matches all six (6) of the numbers selected in the LTWTA Drawing.]

1 ~~[(ii) If the LTWTA Prize has not been awarded under clause (i), then the~~
2 ~~LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches five (5) of the~~
3 ~~six (6) numbers selected in the LTWTA Drawing.]~~

4 ~~[(iii) If the LTWTA Prize has not been awarded under clauses (i) or (ii),~~
5 ~~then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches four~~
6 ~~(4) of the six (6) numbers selected in the LTWTA Drawing.]~~

7 ~~[(iv) If the LTWTA Prize has not been awarded under clauses (i) through~~
8 ~~(iii), then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches~~
9 ~~three (3) of the six (6) numbers selected in the LTWTA Drawing.]~~

10 ~~[(v) If the LTWTA Prize has not been awarded under clauses (i) through~~
11 ~~(iv), then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches~~
12 ~~two (2) of the six (6) numbers selected in the LTWTA Drawing.]~~

13 ~~[(vi) If the LTWTA Prize has not been awarded under clauses (i) through~~
14 ~~(v), then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches~~
15 ~~one (1) of the six (6) numbers selected in the LTWTA Drawing.]~~

16 ~~[(vii) If all or a portion of the LTWTA Prize pool has not been awarded~~
17 ~~under clauses (i) through (vi), then the prize pool shall be carried forward to the subsequent~~
18 ~~LTWTA Drawing.]~~

19 ~~[(B) LTWTA Prize Pool Allocation. The LTWTA Prize Pool money allocated to~~
20 ~~the LTWTA Prize shall be divided on a pari mutuel basis by the number of winning LTWTA~~
21 ~~Plays.]~~

22 ~~[(C) LTWTA Prize Rounded; Breakage Carried Forward. The LTWTA Prize is a~~
23 ~~single prize that will be divided on a pari mutuel basis among all holders of winning LTWTA~~

1 Plays and shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents
2 shall be rounded up to the nearest whole dollar amount. A LTWTA Prize will never be less than
3 one dollar (\$1.00). Breakage resulting from rounding these prizes shall be carried forward to the
4 prize pool for the next LTWTA Drawing.]

5 [(11) LTWTA Probabilities. The odds of winning a prize in the LTWTA promotion depend
6 on the highest prize level at which the LTWTA Prize is won. As fully described in subparagraph
7 (10) above, the winning LTWTA Play(s) are determined as the LTWTA Play(s) matching the
8 highest LTWTA Winning Numbers drawn in the applicable Drawing. The following table sets
9 forth the probability of a LTWTA Play matching the winning numbers from the LTWTA
10 Drawing.]

11 [Figure: 16 TAC 401.305(i)(11)]

Number of Matches Per LTWTA Play	Probability of Matching (Not a Probability of Winning)
6 of 6	1:25,827,165
5 of 6	1:89,678
4 of 6	1:1,526
3 of 6	1:75
2 of 6	1:9
1 of 6	1:3

12

13 §401.307. "Pick 3" Draw Game Rule.

14 (a) Pick 3TM. The executive director is authorized to conduct a game known as "Pick 3." The
15 executive director may issue further directives and procedures for the conduct of Pick 3 that are
16 consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this
17 title (relating to Draw Game Rules (General)).

1 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General
2 Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

3 (1) Pick 3 Play--A play other than a Pick 3 *plus* FIREBALL[~~Ⓢ~~] play consists of:

4 (A) the selection of a play type;

5 (B) the selection of a Pick 3 base play amount of \$.50, \$1, \$2, \$3, \$4 or \$5;

6 (C) the selection of a draw date and time;

7 (D) the selection of numbers in accordance with this section; and

8 (E) the purchase of a ticket evidencing those selections.

9 (2) Pick 3 *plus* FIREBALL Play--A Pick 3 *plus* FIREBALL play refers to a play purchased
10 as part of the Pick 3 *plus* FIREBALL add-on feature fully described in subsection (h) [~~(j)~~] of this
11 section. A Pick 3 FIREBALL number is the additional number drawn from [~~zero to nine~~ (0 to 9)]
12 that is used to replace any one [~~(1)~~] of the three [~~(3)~~] Pick 3 winning numbers to make FIREBALL
13 prize winning combinations. The Pick 3 *plus* FIREBALL option cannot be purchased
14 independently of a Pick 3 play.

15 (3) Playboard—~~Three [A panel on a Pick 3 playslip containing three] fields of numbers~~
16 found on the playslip, with each field containing 10 numbers from 0 to 9. [~~for use in selecting~~
17 ~~numbers for a Pick 3 play, with each field of numbers containing the numbers 0, 1, 2, 3, 4, 5, 6, 7,~~
18 ~~8 and 9.~~]

19 [~~(4) Playslip—An optically readable card issued by the commission for use in making~~
20 ~~selections for one or more Pick 3 plays and the option to select the Pick 3 *plus* FIREBALL feature.]~~

21 (c) Play types.

22 (1) Pick 3 may include the following play types: exact order, any order, exact/any order,
23 combo, and Pick 3 *plus* FIREBALL.

1 (A) An "exact order" play is a winning play if the player's three single-digit
2 numbers match in exact order the three single-digit numbers drawn in the applicable drawing.

3 (B) An "any order" play is a winning play if the player's three single-digit numbers
4 match in any order the three single-digit numbers drawn in the applicable drawing.

5 (C) An "exact order/any order" play is a winning play if either the player's three
6 single-digit numbers match in exact order the numbers drawn in the applicable drawing or the
7 player's three single-digit numbers match in any order the numbers drawn in the applicable
8 drawing.

9 (i) An exact order/any order play is a 3-way play when exact order/any order
10 play is selected as the play type in connection with a set of three single-digit numbers that includes
11 two occurrences of one single-digit number and one occurrence of one other single-digit number.
12 An exact order/3-way any order play involves three possible winning combinations.

13 (ii) An exact order/any order play is a 6-way play when exact order/any
14 order play is selected as the play type in connection with a set of three single-digit numbers that
15 includes a single occurrence of three different single-digit numbers. An exact order/6-way any
16 order play involves six possible winning combinations.

17 (iii) An exact order/any order play is not permitted in connection with a set
18 of numbers that includes three occurrences of one single-digit number.

19 (D) A "combo" play combines all of the possible straight (exact) plays that can be
20 played with the three single-digit numbers selected for the play.

21 (i) A combo play may be a 3-way combo play or a 6-way combo play.

22 (ii) 3-way combo play is a combo play in connection with a set of three
23 single-digit numbers that includes two occurrences of one single-digit number and one occurrence

1 of one other single-digit number. A 3-way combo play involves three possible winning
2 combinations.

3 (iii) 6-way combo play is a combo play in connection with a set of three
4 single-digit numbers that includes a single occurrence of three different single-digit numbers. A 6-
5 way combo play involves six possible winning combinations.

6 (iv) Combo play is not permitted in connection with a set of numbers that
7 includes three occurrences of one single-digit number.

8 (E) A Pick 3 *plus* FIREBALL play wins a FIREBALL prize for each winning
9 combination of numbers created by replacing any one [~~1~~] of the three [~~3~~] Pick 3 winning
10 numbers with the Pick 3 FIREBALL number for that drawing, as determined by the selected play
11 type and wager amount.

12 (2) The executive director may allow or disallow any type of play described in this
13 subsection.

14 (d) Plays and tickets.

15 (1) A ticket may be sold only by a retailer and only at the location listed on the retailer's
16 license. A ticket sold by a person other than a retailer is not valid.

17 (2) A Pick 3 play involves the selection of three single-digit numbers, with each selected
18 from the numbers 0 to [~~1, 2, 3, 4, 5, 6, 7, 8, and~~] 9.

19 (3) The cost of an exact order play is the same as the Pick 3 base play amount selected for
20 the play.

21 (4) The cost of an any order play is the same as the Pick 3 base play amount selected for
22 the play.

23 (5) The cost of an exact order/any order play is:

- 1 (A) \$1 if the Pick 3 base play amount selected for the play is \$.50;
- 2 (B) \$2 if the Pick 3 base play amount selected for the play is \$1;
- 3 (C) \$4 if the Pick 3 base play amount selected for the play is \$2;
- 4 (D) \$6 if the Pick 3 base play amount selected for the play is \$3;
- 5 (E) \$8 if the Pick 3 base play amount selected for the play is \$4; or
- 6 (F) \$10 if the Pick 3 base play amount selected for the play is \$5.

7 (6) The cost of a combo play is determined by multiplying the Pick 3 base play amount
8 selected for the play by the number of winning combinations possible with the three single-digit
9 numbers selected for the play.

10 (7) The cost of a Pick 3 *plus* FIREBALL play is equal to the cost of the connected Pick 3
11 wager for the base game, thereby doubling the purchase. The cost of a Pick 3 *plus* FIREBALL
12 play is in addition to the cost of the connected Pick 3 play.

13 (8) The cost of a ticket is determined by the total cost of the plays evidenced by the ticket.

14 [~~(9) A player may complete up to five playboards on a single playslip.~~]

15 [~~(10) Acceptable methods to select numbers for a play, play type, base play amount, and
16 draw date and time for a play may include:]~~]

17 [~~(A) using a self-service terminal;~~]

18 [~~(B) using a playslip;~~]

19 [~~(C) requesting a Quick Pick;~~]

20 [~~(D) requesting a retailer to manually enter numbers;~~]

21 [~~(E) using a previously generated "Pick 3" ticket provided by the player; or]~~]

22 [~~(F) using a QR code generated through a Texas Lottery Mobile Application offered
23 and approved by the commission.~~]

1 ~~[(11) Playslips must be completed manually. A ticket generated from a playslip that was~~
2 ~~not completed manually, or using a selection method that is not approved by the commission, is~~
3 ~~not valid.]~~

4 ~~[(12) A retailer may only accept a request for a play using a commission approved method~~
5 ~~of play, and if the request is made in person.]~~

6 (9) ~~[(13)]~~ Consecutive plays. A player may purchase one or more plays for any one or more
7 of the next 24 drawings after the purchase and may purchase up to 24 consecutive plays for a
8 particular drawing time.

9 (10) ~~[(14)]~~ A retailer shall issue a ticket as evidence of one or more plays. A ticket must
10 show the numbers, play type and base play amount selected for each play; the number of plays,
11 the draw date(s) for which the plays were purchased; cost of the ticket, and the security and
12 transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for
13 third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise
14 issued in a manner approved by the commission to provide tangible evidence of participation in a
15 lottery game.

16 ~~[(15) A playslip has no monetary value and is not evidence of a play.]~~

17 (11) ~~[(16)]~~ The purchaser is responsible for verifying the accuracy of the numbers and other
18 selections shown on a ticket.

19 (12) ~~[(17)]~~ An unsigned winning ticket is payable to the holder or bearer of the ticket if the
20 ticket meets all applicable validation requirements.

21 (e) Cancellation of plays. A retailer may cancel a Pick 3 play only in accordance with the following
22 provisions:

1 (1) the ticket evidencing the play must have been sold at the retail location at which it is
2 cancelled;

3 (2) the retailer must have possession of the ticket evidencing the play;

4 (3) all Pick 3 plays evidenced by a single ticket must be cancelled;

5 (4) cancellation may occur no later than 60 minutes after sale of the ticket evidencing the
6 play;

7 (5) cancellation must occur before the beginning of the next draw break after the sale of
8 the ticket evidencing the play; [~~and~~]

9 (6) cancellation must occur before midnight on the day the ticket evidencing the play was
10 sold; and [-]

11 (7) the play was not generated as part of a promotion.

12 (f) Drawings.

13 (1) Pick 3 drawings shall be held four times a day, Monday through Saturday, at 10:00
14 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time. The executive director may change the
15 drawing schedule, if necessary.

16 (2) At each Pick 3 drawing, three single-digit numbers shall be drawn for the base game.
17 Each single-digit number will be drawn from a set that includes a single occurrence of all 10[~~ten~~]
18 single-digit numbers (0 to [~~1, 2, 3, 4, 5, 6, 7, 8, and~~ 9]). After the Pick 3 base game drawing, the
19 Pick 3 FIREBALL number will be randomly drawn from a set of 10 numbered balls (0 to [-] 9).

20 (3) Numbers drawn and the order in which the numbers are drawn must be certified by the
21 commission in accordance with the commission's draw procedures.

22 (4) The numbers selected in a drawing and the order of the numbers selected in the drawing
23 shall be used to determine all winners for that drawing.

1 (5) Each drawing shall be witnessed by an independent certified public accountant. All
2 drawing equipment used shall be examined by a lottery drawing representative and the independent
3 certified public accountant immediately before each drawing and immediately after each drawing.

4 (g) Prizes.

5 (1) Prize payments shall be made upon completion of commission validation procedures.

6 (2) A Pick 3 *plus* FIREBALL play is a separate play from the exact order play, any order
7 play, exact order/any order play, or combo play with which it is connected.

8 (3) The executive director may temporarily increase any prize set out in this paragraph for
9 promotional or marketing purposes.

10

1 (4) A person who holds a valid ticket for a winning exact order play is entitled to a prize as shown.

2 Figure: 16 TAC §401.307(g)(4)

Exact Order	<i>Exact with 3 different numbers</i>						<i>Fireball Exact with 3 different numbers</i>						<i>Fireball Example</i>		
	Cost Per Play						Cost Per Play with Fireball						Example Wager of 1-2-3		
Base Prize	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Game Odds 1 in 1,000	\$250.00	\$500.00	\$1,000.00	\$1,500.00	\$2,000.00	\$2,500.00	\$90.00	\$180.00	\$360.00	\$540.00	\$720.00	\$900.00	333	1-2-9	3
	<i>Exact with 2 like numbers and 1 different number</i>						<i>Fireball Exact with 2 like numbers and 1 different number</i>						<i>Fireball Example</i>		
	Cost Per Play						Cost Per Play with Fireball						Example Wager of 1-2-2		
Base Prize	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Game Odds 1 in 1,000	\$250.00	\$500.00	\$1,000.00	\$1,500.00	\$2,000.00	\$2,500.00	\$180.00	\$360.00	\$720.00	\$1,080.00	\$1,440.00	\$1,800.00	10,000	1-2-2	2
							Fireball Prize (1 Win)	\$90.00	\$180.00	\$360.00	\$540.00	\$720.00	357	4-2-2	1
	<i>Exact with 3 like numbers</i>						<i>Fireball Exact with 3 like numbers</i>						<i>Fireball Example</i>		
	Cost Per Play						Cost Per Play with Fireball						Example Wager of 1-1-1		
Base Prize	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Game Odds 1 in 1,000	\$250.00	\$500.00	\$1,000.00	\$1,500.00	\$2,000.00	\$2,500.00	\$270.00	\$540.00	\$1,080.00	\$1,620.00	\$2,160.00	\$2,700.00	10,000	1-1-1	1
							Prize (1 Win)	\$90.00	\$180.00	\$360.00	\$540.00	\$720.00	370	1-3-1	1

3
4 (5) A person who holds a valid ticket for a winning 3-way any order play is entitled to a prize as shown.

5 Figure: 16 TAC §401.307(g)(5)

3-Way Any Order	<i>Any with 2 like numbers and 1 different number</i>						<i>Fireball Any with 2 like numbers and 1 different number</i>						<i>Fireball Example</i>		
	Cost Per Play						Cost Per Play with Fireball						Example Wager of 1-2-2		
Base Prize	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Game Odds 1 in 333	\$80.00	\$160.00	\$320.00	\$480.00	\$640.00	\$800.00	\$90.00	\$180.00	\$360.00	\$540.00	\$720.00	\$900.00	10,000	2-2-2	1
							Fireball Prize (2 Wins)	\$60.00	\$120.00	\$240.00	\$360.00	\$480.00	1,667	1-1-2	2
							Fireball Prize (1 Win)	\$30.00	\$60.00	\$120.00	\$180.00	\$240.00	300.00	0-1-2	2

1 (6) A person who holds a valid ticket for a winning 6-way any order play is entitled to a prize as shown.

2 Figure: 16 TAC §401.307(g)(6)

6-Way Any Order	Any with 3 different numbers						Fireball Any with 3 different numbers						Fireball Example			
	Cost Per Play						Cost Per Play with Fireball						Example Wager of 1-2-3		Example Draw with this Outcome	
Base Prize	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	Fireball Prize (2 Wins)	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Game Odds 1 in 167	\$40.00	\$80.00	\$160.00	\$240.00	\$320.00	\$400.00	Fireball Prize (1 Win)	\$15.00	\$30.00	\$60.00	\$90.00	\$120.00	\$150.00	556	1-1-2	3
														69	0-1-3	2

4 (7) A person who holds a valid ticket for a winning exact order/3-way any order play is entitled to a prize as shown.

5 Figure: 16 TAC §401.307(g)(7)

Exact Order/3-Way Any Order	Exact/Any with 2 like numbers and 1 different number						Fireball Exact/Any with 2 like numbers and 1 different number						Fireball Example				
	Base Play Amount						Cost Per Play with Fireball						Example Wager of 1-2-2		Example Draw with this Outcome		
Exact Order Prize	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	Any Wins	Exact Wins	\$2.00	\$4.00	\$8.00	\$12.00	\$16.00	\$20.00	Odds 1 in	Base Draw	Fireball Draw
Exact Order Prize	\$330.00	\$660.00	\$1,320.00	\$1,980.00	\$2,640.00	\$3,300.00	Fireball Prize	2	\$240.00	\$480.00	\$960.00	\$1,440.00	\$1,920.00	\$2,400.00	10,000	1-2-2	2
Not in Exact Order Prize	\$80.00	\$160.00	\$320.00	\$480.00	\$640.00	\$800.00	Fireball Prize	3	\$180.00	\$360.00	\$720.00	\$1,080.00	\$1,440.00	\$1,800.00	10,000	2-2-2	1
							Fireball Prize	2	\$150.00	\$300.00	\$600.00	\$900.00	\$1,200.00	\$1,500.00	5,000	1-1-2	2
							Fireball Prize	2	\$60.00	\$120.00	\$240.00	\$360.00	\$480.00	\$600.00	3,333	2-1-1	2
							Fireball Prize	1	\$120.00	\$240.00	\$480.00	\$720.00	\$960.00	\$1,200.00	400	0-2-2	1
Base Game Odds 1 in 333							Fireball Prize	1	\$30.00	\$60.00	\$120.00	\$180.00	\$240.00	\$300.00	200	0-1-2	2

7 (8) A person who holds a valid ticket for a winning exact order/6-way any order play is entitled to a prize as shown.

8 Figure: 16 TAC §401.307(g)(8)

Exact Order/6-Way Any Order	Exact/Any with 3 different numbers						Fireball Exact/Any with 3 different numbers						Fireball Example				
	Base Play Amount						Cost Per Play with Fireball						Example Wager of 1-2-3		Example Draw with this Outcome		
Exact Order Prize	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	Any Wins	Exact Wins	\$2.00	\$4.00	\$8.00	\$12.00	\$16.00	\$20.00	Odds 1 in	Base Draw	Fireball Draw
Exact Order Prize	\$290.00	\$580.00	\$1,160.00	\$1,740.00	\$2,320.00	\$2,900.00	Fireball Prize	2	\$120.00	\$240.00	\$480.00	\$720.00	\$960.00	\$1,200.00	1,667	1-1-3	2
Not in Exact Order Prize	\$40.00	\$80.00	\$160.00	\$240.00	\$320.00	\$400.00	Fireball Prize	1	\$105.00	\$210.00	\$420.00	\$630.00	\$840.00	\$1,050.00	417	0-2-3	1
							Fireball Prize	2	\$30.00	\$60.00	\$120.00	\$180.00	\$240.00	\$300.00	833	1-1-2	3
Base Game Odds 1 in 167							Fireball Prize	1	\$15.00	\$30.00	\$60.00	\$90.00	\$120.00	\$150.00	83	0-1-2	3

1 (9) A person who holds a valid ticket for a winning combo play is entitled to a prize as shown.

2 Figure: 16 TAC §401.307(g)(9)

Combo	<i>Combo with 2 like numbers and 1 different number</i>						<i>Fireball Combo with 2 like numbers and 1 different number</i>						<i>Fireball Example</i>			
	Base Play Amount						Cost Per Play with Fireball						Example Wager of 1-2-2			
	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$3.00	\$6.00	\$12.00	\$18.00	\$24.00	\$30.00	Odds 1 in	Example Draw with this Outcome		
	Cost Per Play												10,000	Base Draw	Fireball Draw	
Base Prize	\$1.50	\$3.00	\$6.00	\$9.00	\$12.00	\$15.00	Fireball Prize (3 Wins)	\$270.00	\$540.00	\$1,080.00	\$1,620.00	\$2,160.00	\$2,700.00	1,667	2-2-2	1
Base Game Odds 1 in 333	\$250.00	\$500.00	\$1,000.00	\$1,500.00	\$2,000.00	\$2,500.00	Fireball Prize (2 Wins)	\$180.00	\$360.00	\$720.00	\$1,080.00	\$1,440.00	\$1,800.00	133	1-1-2	2
							Fireball Prize (1 Win)	\$90.00	\$180.00	\$360.00	\$540.00	\$720.00	\$900.00		0-1-2	2
	<i>Combo with 3 different numbers</i>						<i>FIREBALL Combo with 3 different numbers</i>						<i>Fireball Example</i>			
	Base Play Amount						Cost Per Play with Fireball						Example Wager of 1-2-3			
	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$6.00	\$12.00	\$24.00	\$36.00	\$48.00	\$60.00	Odds 1 in	Example Draw with this Outcome		
	Cost Per Play												556	Base Draw	Fireball Draw	
Base Prize	\$3.00	\$6.00	\$12.00	\$18.00	\$24.00	\$30.00	Fireball Prize (2 Wins)	\$180.00	\$360.00	\$720.00	\$1,080.00	\$1,440.00	\$1,800.00	69	1-1-2	3
Base Game Odds 1 in 167	\$250.00	\$500.00	\$1,000.00	\$1,500.00	\$2,000.00	\$2,500.00	Fireball Prize (1 Win)	\$90.00	\$180.00	\$360.00	\$540.00	\$720.00	\$900.00		0-1-3	2

3

1 ~~[(h) The executive director may authorize promotions in connection with Pick 3.]~~

2 ~~[(i) Announcement of incentive or bonus program. The executive director shall announce each~~
3 ~~incentive or bonus program prior to its commencement. The announcement shall specify the~~
4 ~~beginning and ending time, if applicable, of the incentive or bonus program and the value for the~~
5 ~~award.]~~

6 (h) ~~[(+)]~~ Pick 3 *plus* FIREBALL~~[(⊕)]~~.

7 (1) Pick 3 *plus* FIREBALL is an add-on feature to the Pick 3 base game. Adding the Pick
8 3 *plus* FIREBALL option doubles the cost of wager and creates more possible winning
9 combinations. For instance, if a player purchases a Pick 3 play with an exact order play type for
10 \$1.00, the Pick 3 *plus* FIREBALL play will cost an additional \$1.00. If a player purchases a Pick
11 3 "6-way combo" for \$6, the Pick 3 *plus* FIREBALL play will cost an additional \$6. The Pick 3
12 FIREBALL number will be randomly drawn from a set of ~~ten~~ ~~(10)~~ numbers from ~~zero to nine~~
13 ~~(0 to 9)~~. The Pick 3 FIREBALL number drawn will apply exclusively to the Pick 3 base game
14 drawing and prizes. The Pick 3 *plus* FIREBALL option cannot be purchased independently of a
15 Pick 3 play.

16 (2) The Pick 3 FIREBALL number is used to replace any one ~~(1)~~ of the three ~~(3)~~ drawn
17 Pick 3 winning numbers to create FIREBALL prize winning combinations.

18 (3) If the player's selected numbers match any of the FIREBALL prize winning
19 combinations, the Pick 3 *plus* FIREBALL play wins in accordance with the charts in Figures
20 401.307(g)(4) through 401.307(g)(9).

21 (4) All FIREBALL prizes are in addition to any Pick 3 base game wins. Specifically, if a
22 player purchases the Pick 3 *plus* FIREBALL option, then if the Pick 3 FIREBALL number is the
23 same as one of the three numbers drawn in the Pick 3 base game drawing, and the player's numbers

1 already match the numbers drawn for the player's play type, the player will be awarded the
2 FIREBALL prize in addition to the Pick 3 prize as identified in subsection (g) of this section
3 (relating to the Pick 3 prize charts). For instance, assume a player selects an exact order \$1.00 base
4 game play of 1, 2, and 3, and purchases a Pick 3 *plus* FIREBALL play for an additional \$1.00
5 (total \$2.00 wager). If the Pick 3 winning numbers drawn are 1-2-3, and the Pick 3 FIREBALL
6 number is 1, the play will win the base game prize of \$500 and the FIREBALL prize of \$180 for
7 a total of \$680. As another example, assume the player selects an exact order 1-2-2 for \$1.00 and
8 purchases a Pick 3 *plus* FIREBALL play for an additional \$1.00 (total \$2.00 wager). If the Pick 3
9 winning numbers drawn are 1-2-2 and the Pick 3 FIREBALL number is 2, then the play will win
10 the base game prize of \$500 and win the FIREBALL prize of \$180 twice for a total of \$860.

11 §401.308. "Cash Five" Draw Game Rule.

12 (a) Cash Five[®]. A Texas Lottery draw game to be known as "Cash Five" is authorized to be
13 conducted by the executive director under the following rules and under such further instructions
14 and directives as the executive director may issue in furtherance thereof. If a conflict arises
15 between this rule and §401.304 of this title (relating to Draw Game Rules (General)), this section
16 shall have precedence.

17 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General
18 Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

19 (1) Multi-draw--A player may purchase a Cash Five play for up to 12 consecutive drawings
20 beginning with the current draw.

21 [~~(2) Number--Any play integer from one through 35 inclusive.~~]

22 (2) [~~(3)~~] Play--The five numbers selected and printed on the ticket.

1 (3) ~~[(4)]~~ Playboard ~~[Play board]~~--A field of ~~[the]~~ 35 numbers from 1 to 35 found on the
2 playslip.

3 ~~[(5) Playslip--An optically readable card issued by the commission used by players of Cash~~
4 ~~Five to elect plays. There shall be five play boards on each playslip identified as A, B, C, D, and~~
5 ~~E. A playslip has no pecuniary value and shall not constitute evidence of play purchase or of~~
6 ~~numbers selected.]~~

7 (c) Play for Cash Five.

8 (1) Type of play. A Cash Five player must select ~~[5-(]five[)]~~ numbers out of a field of 35
9 ~~[(thirty-five)]~~ numbers in each play or allow number selection by a random number generator
10 approved by the commission, referred to as Quick Pick. A winning play is achieved only when
11 two, three, four, or five of the numbers selected by the player match, in any order, two, three, four
12 or five, respectively, of the five winning numbers drawn by the lottery.

13 (2) The price of a single Cash Five play for the Cash Five game is \$1.00.

14 ~~[(3) Method of play. The player may use playslips, or other commission-approved method~~
15 ~~of play, to make number selections. A ticket generated using a selection method that is not~~
16 ~~approved by the commission is not valid. A selection of a play may be made only if the request is~~
17 ~~made in person. Acceptable methods to select numbers for a play may include:]~~

18 ~~[(A) using a self-service terminal;]~~

19 ~~[(B) using a playslip;]~~

20 ~~[(C) using a previously-generated "Cash Five" ticket provided by the player;]~~

21 ~~[(D) requesting a retailer to use Quick Pick;]~~

22 ~~[(E) requesting a retailer to manually enter numbers; or]~~

1 ~~[(F) using a QR code generated through a Texas Lottery Mobile Application offered~~
2 ~~and approved by the commission.]~~

3 ~~[(4) Except as provided in paragraph (3) of this subsection, Cash Five plays must be~~
4 ~~purchased using official Cash Five playslips. Playslips which have been mechanically completed~~
5 ~~are not valid. Cash Five tickets must be printed on official Texas Lottery paper stock or, for third-~~
6 ~~party point of sale systems approved by the commission, printed on paper stock or otherwise~~
7 ~~issued in a manner approved by the commission to provide tangible evidence of participation in a~~
8 ~~lottery game.]~~

9 (3) ~~[(5)]~~ Cash Five plays may be purchased only at a licensed location from a lottery retailer
10 authorized to sell draw game tickets.

11 (4) A retailer shall issue a ticket as evidence of one or more plays. A ticket must show the
12 numbers selected for each play, the number of plays, the draw date(s) for which the plays were
13 purchased, the cost of the ticket, and the security and transaction serial numbers. Tickets must be
14 printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by
15 the commission, printed on paper stock or otherwise issued in a manner approved by the
16 commission to provide tangible evidence of participation in a lottery game.

17 ~~[(6) Cash Five tickets shall show the player's selection of numbers, or Quick Pick (QP)~~
18 ~~numbers, boards played, drawing date(s), and serial numbers. It shall be the exclusive~~
19 ~~responsibility of the player to verify the accuracy of the player's selection(s) and other data printed~~
20 ~~on the ticket. A ticket is a bearer instrument until signed.]~~

21 (5) ~~[(7)]~~ One prize per play. The holder of a winning play may win only one prize per play
22 in connection with the winning numbers drawn and shall be entitled only to the highest prize
23 category won by those numbers.

1 (d) Prizes for Cash Five. The first, second, and third prize amounts, for each drawing, paid to each
 2 Cash Five player who selects a matching combination of numbers is a fixed amount shown in the
 3 chart below, Figure: 16 TAC §401.308(d). The Match 5 top prize is a guaranteed (fixed) amount
 4 of \$25,000; provided that, in any drawing where the number of top prize winning plays is greater
 5 than three (3), the top prize shall be paid on a pari-mutuel rather than fixed prize basis and a liability
 6 cap of \$75,000 (Seventy-Five Thousand Dollars) will be divided equally by the number of top
 7 prize winning plays. In this case, the calculation of the Match 5 top prize shall be rounded down
 8 so that prizes can be paid in multiples of whole dollars. Any part of the top pari-mutuel prize for a
 9 drawing that is not paid in prizes (breakage) shall be applied to offset prize expense. The Match 2
 10 (fourth prize) is a guaranteed free Cash Five Quick Pick ticket. All other prizes are paid in cash.
 11 Figure: 16 TAC §401.308(d)

Matching Combinations	Prize Category	Prize Amount	Odds of Winning
Match 5 – All five matching numbers in one play	First (Top) Prize	\$25,000.00*	1:324,632
Match 4 – Any four, but not five matching numbers in one play	Second Prize	\$350.00	1:2,164
Match 3 – Any three, but not four or five matching numbers in one play	Third Prize	\$15.00	1:75
Match 2 – Any two, but not three, four or five, matching numbers in one play.	Fourth Prize	Free Cash Five Quick Pick Ticket (\$1 value)	1:8
Totals	N/A	N/A	1:7.20

**In any drawing where the number of top prize winning plays is greater than three (3), the top prize shall be paid on a pari-mutuel rather than fixed prize basis and a liability cap of \$75,000 will be divided equally by the number of top prize winning plays.*

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(e) Drawings.

(1) The Cash Five drawings shall be held each week on Monday, Tuesday, Wednesday, Thursday, Friday, and Saturday evenings at 10:12 p.m. Central Time except that the drawing schedule may be changed by the executive director, if necessary.

(2) The drawings will be conducted by lottery officials.

(3) Each drawing shall determine, at random, five winning numbers in accordance with Cash Five draw procedures. Any numbers drawn are not declared winning numbers until the drawing is certified by the lottery in accordance with the draw procedures. The winning numbers shall be used in determining all Cash Five winners for that drawing.

(4) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by a lottery drawing representative and the independent certified public accountant immediately prior to a drawing and immediately after the drawing.

(5) A drawing will not be invalidated based on the financial liability of the lottery.

~~[(f) The executive director may authorize promotions in connection with Cash Five.]~~

~~[(g) Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award.]~~

§401.312. "Texas Two Step" Draw Game Rule.

1 (a) Texas Two Step[®]. The executive director is authorized to conduct a game known as "Texas
2 Two Step." The executive director may issue further directives for the conduct of Texas Two Step
3 that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304
4 of this title (relating to Draw Game Rules (General)).

5 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General
6 Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

7 (1) Play--The selection of four different numbers from 1 to ~~[one through]~~ 35 and the
8 selection of an additional number from 1 to ~~[one through]~~ 35 for one opportunity to win in Texas
9 Two Step, and the purchase of a ticket evidencing that selection.

10 (2) Playboard--Two fields found on the [a] playslip, ~~[each]~~ with each field containing 35
11 numbers from 1 to 35. ~~[, for use in selecting numbers for a Texas Two Step play.]~~

12 ~~[(3) Playslip--An optically readable card issued by the commission for use in selecting
13 numbers for one or more Texas Two Step plays.]~~

14 (3) ~~[(4)]~~ Roll cycle--A series of one or more drawings that ends when there is a drawing
15 for which one or more tickets are sold that match, in accordance with the provisions of subsection
16 (e)(1)(A) of this section, the numbers drawn in the drawing. A new roll cycle begins with the next
17 drawing after a drawing for which one or more jackpot tickets are sold that match, in accordance
18 with the provisions of subsection (e)(1)(A) of this section, the numbers drawn in the drawing.

19 (c) Plays and tickets.

20 (1) A ticket may be sold only by a retailer and only at the location listed on the retailer's
21 license. A ticket sold by a person other than a retailer is not valid.

22 (2) The price of a play is \$1.

23 ~~[(3) A player may complete up to five playboards on a single playslip.]~~

1 (3) [(4)] A player may use a single playslip, or other commission-approved method of play,
2 to purchase the same play(s) for up to 10 consecutive drawings, to begin with the next drawing
3 after the purchase.

4 ~~[(5) Acceptable methods to select a play may include:]~~

5 ~~[(A) using a self-service terminal;]~~

6 ~~[(B) using a playslip;]~~

7 ~~[(C) requesting a retailer to use Quick Pick;]~~

8 ~~[(D) requesting a retailer to manually enter numbers;]~~

9 ~~[(E) using a previously generated "Texas Two Step" ticket provided by the player;~~
10 ~~or]~~

11 ~~[(F) using a QR code generated through a Texas Lottery Mobile Application offered~~
12 ~~and approved by the commission.]~~

13 ~~[(6) Playslips must be completed manually. A ticket generated from a playslip that was not~~
14 ~~completed manually, or using a selection method that is not approved by the commission, is not~~
15 ~~valid.]~~

16 ~~[(7) A retailer may only accept a request for a play using a commission-approved method~~
17 ~~of play, and if the request is made in person.]~~

18 (4) [(8)] A retailer shall issue a ticket as evidence of one or more plays. A ticket must show
19 the numbers selected for each play, the number of plays, the draw date(s) for which the plays were
20 purchased, the cost of the ticket, and the security and transaction serial numbers. Tickets must be
21 printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by
22 the commission, printed on paper stock or otherwise issued in a manner approved by the
23 commission to provide tangible evidence of participation in a lottery game.

1 ~~[(9) A playslip has no monetary value and is not evidence of a play.]~~

2 (5) ~~[(10)]~~ The purchaser is responsible for verifying the accuracy of the numbers and other
3 selections shown on a ticket.

4 (6) ~~[(11)]~~ An unsigned winning ticket is payable to the holder or bearer of the ticket if the
5 ticket meets all applicable validation requirements.

6 (d) Drawings.

7 (1) Texas Two Step drawings shall be held each week on Monday and Thursday at 10:12
8 p.m. Central Time. The executive director may change the drawing schedule, if necessary.

9 (2) At each Texas Two Step drawing, the commission shall draw four different numbers
10 from a set of numbers from 1 to ~~[one through]~~ 35, and the commission shall draw a single number
11 from a separate set of numbers from 1 to ~~[one through]~~ 35.

12 (3) Numbers drawn must be certified by the commission in accordance with the
13 commission's draw procedures.

14 (4) The numbers selected in a drawing shall be used to determine all winners for that
15 drawing.

16 (5) Each drawing shall be witnessed by an independent certified public accountant. All
17 drawing equipment used shall be examined by a lottery drawing representative and the independent
18 certified public accountant immediately before each drawing and immediately after each drawing.

19 (e) Prizes.

20 (1) Jackpot prize (first prize).

21 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
22 share of the jackpot prize (first prize) for a drawing if:

1 (i) the four numbers the player selected from a field of 35 numbers match
2 (in any order) the four numbers selected from a set of 35 numbers at the drawing; and

3 (ii) the single number the player selected from a field of 35 numbers
4 matches the single number selected from a set of 35 numbers at the drawing.

5 (B) The jackpot prize for a Texas Two Step drawing is the amount the commission
6 establishes and authorizes vendors to publicize for the drawing.

7 (C) If 23.78 percent of Texas Two Step sales proceeds for a roll cycle are not
8 sufficient to pay a jackpot prize, [~~the commission shall use remaining funds in the Texas Two Step
9 prize reserve fund to pay the prize. If 23.78 percent of Texas Two Step sales proceeds for a roll
10 cycle and any remaining funds in the Texas Two Step prize reserve fund are not sufficient to pay
11 a jackpot prize,~~] the commission shall use funds from other authorized sources, including the State
12 Lottery Account established by Government Code §466.355, to pay the prize.

13 (2) Second prize.

14 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
15 share of the second prize for a drawing if:

16 (i) the four numbers the player selected from a field of 35 numbers match
17 (in any order) the four numbers selected from a set of 35 numbers at the drawing; and

18 (ii) the single number the player selected from a field of 35 numbers does
19 not match the single number selected from a set of 35 numbers at the drawing.

20 (B) The second prize consists of 2.79 percent of the proceeds from Texas Two Step
21 ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this
22 paragraph.

1 (C) A payment made to a person for a share of the second prize for a drawing shall
2 be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded
3 up to the nearest whole dollar amount.

4 (D) Any part of the second prize for a drawing that is not paid in prizes shall be
5 carried forward and shall become part of the second prize for the next drawing.

6 (3) Third prize.

7 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
8 share of the third prize for a drawing if:

9 (i) three of the four numbers the player selected from a field of 35 numbers
10 match (in any order) three of the four numbers selected from a set of 35 numbers at the drawing;
11 and

12 (ii) the single number the player selected from a field of 35 numbers
13 matches the single number selected from a set of 35 numbers at the drawing.

14 (B) The third prize consists of 0.34 percent of the proceeds from Texas Two Step
15 ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this
16 paragraph.

17 (C) A payment made to a person for a share of the third prize for a drawing shall
18 be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded
19 up to the nearest whole dollar amount.

20 (D) Any part of the third prize for a drawing that is not paid in prizes shall be carried
21 forward and shall become part of the third prize for the next drawing.

22 (4) Fourth prize.

1 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
2 share of the fourth prize for a drawing if:

3 (i) three of the four numbers the player selected from a field of 35 numbers
4 match (in any order) three of the four numbers selected at the drawing from a set of 35 numbers;
5 and

6 (ii) the single number the player selected from a field of 35 numbers does
7 not match the single number selected from a set of 35 numbers at the drawing.

8 (B) The fourth prize consists of 4.60 percent of the proceeds from Texas Two Step
9 ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this
10 paragraph.

11 (C) A payment made to a person for a share of the fourth prize for a drawing shall
12 be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded
13 up to the nearest whole dollar amount.

14 (D) Any part of the fourth prize for a drawing that is not paid in prizes shall be
15 carried forward and shall become part of the fourth prize for the next drawing.

16 (5) Fifth prize.

17 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a
18 share of the fifth prize for a drawing if:

19 (i) two of the four numbers the player selected from a field of 35 numbers
20 match (in any order) two of the four numbers selected from a set of 35 numbers at the drawing;
21 and

22 (ii) the single number the player selected from a field of 35 numbers
23 matches the single number selected from a set of 35 numbers at the drawing.

1 (B) The fifth prize consists of 3.04 percent of the proceeds from Texas Two Step
2 ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this
3 paragraph.

4 (C) A payment made to a person for a share of the fifth prize for a drawing shall be
5 rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded up
6 to the nearest whole dollar amount.

7 (D) Any part of the fifth prize for a drawing that is not paid in prizes shall be carried
8 forward and shall become part of the fifth prize for the next drawing.

9 (6) Sixth prize.

10 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a \$7
11 prize for a drawing if:

12 (i) one of the four numbers the player selected from a field of 35 numbers
13 matches one of the four numbers selected from a set of 35 numbers at the drawing; and

14 (ii) the single number the player selected from a field of 35 numbers
15 matches the single number selected from a set of 35 numbers at the drawing.

16 (B) If 6.87 percent of sales proceeds for the drawing are not sufficient to pay all of
17 the sixth prizes for that drawing, [~~the commission shall use remaining funds in the Texas Two Step
18 prize reserve fund to pay the prizes. If 6.87 percent of sales proceeds for a drawing and any
19 remaining funds in the Texas Two Step prize reserve fund are not sufficient to pay all of the sixth
20 prizes for a drawing,~~] the commission shall use funds from other authorized sources, including the
21 State Lottery Account established by Government Code §466.355, to pay the prize.

1 (C) To the extent that the total amount of sixth prizes for a Texas Two Step drawing
2 is less than 6.87 percent of the proceeds from ticket sales for the drawing, the difference shall be
3 carried forward to fund future sixth prize payments.

4 (7) Seventh prize.

5 (A) A person who holds a valid ticket for a Texas Two Step play is entitled to a \$5
6 prize for a drawing if:

7 (i) none of the four numbers the player selected from a field of 35 numbers
8 match any of the four numbers selected from a set of 35 numbers at the drawing; and

9 (ii) the single number the player selected from a field of 35 numbers
10 matches the single number selected from a set of 35 numbers at the drawing.

11 (B) If 8.58 percent of sales proceeds for the drawing are not sufficient to pay all of
12 the seventh prizes for that drawing, [~~the commission shall use remaining funds in the Texas Two
13 Step prize reserve fund to pay the prizes. If 8.58 percent of sales proceeds for a drawing and any
14 remaining funds in the Texas Two Step prize reserve fund are not sufficient to pay all of the seventh
15 prizes for a drawing,~~] the commission shall use funds from other authorized sources, including the
16 State Lottery Account established by Government Code §466.355, to pay the prize.

17 (C) To the extent that the total amount of seventh prizes for a Texas Two Step
18 drawing is less than 8.58 percent of the proceeds from ticket sales for the drawing, the difference
19 shall be carried forward to fund future seventh prize payments.

20 (8) A person may win only one prize per play per drawing. A player who holds a valid
21 ticket for a winning play is entitled to the highest prize for that play.

22 (9) A share of a prize is determined by dividing the prize by the number of winning plays
23 for that prize.

1 (10) A Texas Two Step prize payment shall be made upon completion of commission
2 validation procedures.

3 (11) A claimant is not entitled to interest or other earnings on a prize, regardless of when a
4 claim is actually presented and regardless of when payment is made.

5 ~~[(f) Texas Two Step prize reserve fund.]~~

6 (f) ~~[(g)]~~ Jackpot information on commission website. After the commission has approved an
7 advertised estimated jackpot under subsection (e) of this section, the commission shall post the
8 following information on the agency website:

9 (1) the amount of ticket sales, if any, for previous drawings in the roll cycle; and

10 (2) the amount of projected ticket sales for the upcoming drawing.

11 ~~[(h) The executive director may authorize promotions in connection with Texas Two Step.]~~

12 ~~[(i) Announcement of incentive or bonus program. The executive director shall announce each
13 incentive or bonus program prior to its commencement. The announcement shall specify the
14 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
15 award.]~~

16 §401.315. "Mega Millions" Draw Game Rule.

17 (a) Mega Millions[®]. The Multi-State Lottery Association ("MUSL") has entered into an
18 Agreement ("Cross-Sell Agreement") with those U.S. lotteries operating under an agreement to
19 sell a draw game known as Mega Millions ("Mega Millions Lotteries") to permit the MUSL Party
20 Lotteries who are members of the MUSL Mega Millions Product Group ("Product Group"),
21 including the Texas Lottery Commission (commission), to sell the Mega Millions lottery game.
22 The purpose of the Mega Millions game is the generation of revenue for Mega Millions Lotteries
23 and Product Group members participating under the Cross-Sell Agreement, through the operation

1 of a specially designed multi-jurisdiction lottery game that will award prizes to ticket holders
2 matching specified combinations of numbers randomly selected in regularly scheduled drawings.
3 The Mega Millions game is authorized to be conducted by the commission executive director
4 (executive director) under the conditions of the Cross-Sell Agreement, MUSL rules, the laws of
5 the State of Texas, this section, and under such further instructions, directives, and procedures as
6 the executive director may issue in furtherance thereof. In this regard, the executive director is
7 authorized to issue such further instructions and directives as may be necessary to conform the
8 conduct and play of the Mega Millions game to the requirements of the MUSL rules and the Cross-
9 Sell Agreement, if, in the opinion of the executive director, such instructions, directives, and
10 procedures are in conformance with state law. To be clear, the authority to participate in the Mega
11 Millions game is provided to the commission by MUSL through the Cross-Sell Agreement. The
12 conduct and play of the Mega Millions game must conform to the Product Group's Mega Millions
13 game rules ("MUSL MM Rules"). Further, if a conflict arises between this section and §401.304
14 of this chapter, this section shall have precedence. In addition to other applicable rules contained
15 in Chapter 401, this section and definitions herein apply unless the context requires a different
16 meaning or is otherwise inconsistent with the intent of the MUSL MM Rules adopted by the
17 Product Group.

18 (b) Definitions. In addition to the definitions provided in §401.301 of this subchapter (relating to
19 General Definitions), and unless the context in this section otherwise requires, the following
20 definitions apply.

21 (1) "Agent" or "retailer" means a person or entity authorized by the commission to sell
22 lottery Plays.

1 (2) "Drawing" refers collectively to the formal draw event for randomly selecting the
2 winning numbers that determine the number of winning Plays for each prize level of the Mega
3 Millions game and Megaplier[®] Promotion.

4 (3) "Game ticket" or "ticket" means an acceptable evidence of Play, which is a ticket
5 produced in a manner that meets the specifications defined in the MUSL rules or the rules of each
6 Selling Lottery, and is a physical representation of the Play or Plays sold to the player as described
7 in subsection (g) of this section (Ticket Validation).

8 (4) "Just the Jackpot[®][TM] Play" ("JJ Play") shall refer to a wager purchased which includes
9 two (2) Plays as part of the Just the Jackpot Promotion as described in subsection (l) of this section.

10 (5) "Megaplier Plays" shall refer to Plays purchased as part of the Megaplier Promotion
11 described in subsection (k) of this section.

12 (6) "Mega Millions Lotteries" refers to those lotteries that have joined under the Mega
13 Millions Lottery Agreement and that have entered into the Cross-Sell Agreement with MUSL for
14 the selling of the Mega Millions game by the Product Group. "Mega Millions Finance Committee"
15 refers to a Committee of the Mega Millions Lotteries that determines the Grand Prize amount (cash
16 value option and annuity).

17 (7) "Mega Millions Plays" ("MM Plays") shall refer to Plays purchased as part of the Mega
18 Millions game, but shall not include JJ Plays or Megaplier Plays.

19 (8) "MUSL" means the Multi-State Lottery Association, a government-benefit association
20 wholly owned and operated by the MUSL Party Lotteries.

21 (9) "MUSL Board" means the governing body of the MUSL, which is comprised of the
22 chief executive officer of each Party Lottery.

1 (10) "Party Lottery" means a state lottery or lottery of a political subdivision or entity that
2 has joined MUSL and, in the context of the Product Group rules, has joined in selling the games
3 offered by the Product Group. "Selling Lottery" or "Participating Lottery" shall mean a state lottery
4 or lottery of a political subdivision or entity that is participating in selling the Mega Millions game
5 and that may be a member of either the Product Group or the Mega Million Lotteries.

6 (11) "Play" means a set of six (6) numbers, the first five (5) from a field of seventy (70)
7 numbers and the last one (1) from a field of twenty-five (25) numbers, that appear on a ticket and
8 are to be played by a player in the game. As used in this section, unless otherwise indicated, "Play"
9 includes both Mega Millions Plays ("MM Plays") and Just the Jackpot Plays ("JJ Play").
10 "Megaplier Plays" are separately described in subsection (k) of this section.

11 ~~[(12) "Playslip" means a physical or electronic means by which a player communicates~~
12 ~~their intended Play selection to the retailer as defined and approved by the commission. A playslip~~
13 ~~has no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.]~~

14 (12) [(13)] "Prize" means an amount paid to a person or entity holding a winning ticket.
15 The terms "Grand Prize" or "Jackpot" may be used interchangeably and shall refer to the top prize
16 in the Mega Millions game. "Advertised Grand Prize" or "Advertised Jackpot" shall mean the
17 estimated annuitized Grand Prize amount as determined by the Mega Millions Finance Committee
18 and communicated through the Selling Lotteries prior to the next Mega Millions Drawing. The
19 Advertised Grand Prize is not a guaranteed prize amount and the actual Grand Prize amount may
20 vary from the advertised amount, except in circumstances where there is a guaranteed Grand Prize
21 amount as described in subsection (f)(1) of this section.

22 (13) [(14)] "Product Group" means the MUSL Party Lotteries who are members of the
23 MUSL Mega Millions Product Group and who offer the Mega Millions game product pursuant to

1 the terms of the Cross-Sell Agreement between MUSL and the Mega Millions Lotteries, and in
2 accordance with the Multi-State Lottery Agreement and the MUSL MM Rules.

3 (14) [~~(15)~~] "Set Prize" or "low-tier prize" means all other prizes, except the Grand Prize
4 and, except in instances outlined in this section, or the MUSL MM Rules, will be equal to the prize
5 amount established by the MUSL Board for the prize level.

6 (15) [~~(16)~~] "Terminal" means a device authorized by the commission for the purpose of
7 issuing Mega Millions game tickets and as defined in §401.301 (General Definitions) of this
8 chapter.

9 (16) [~~(17)~~] "Winning Numbers" means the indicia or numbers randomly selected during a
10 Drawing event which shall be used to determine the winning Plays for the Mega Millions game
11 contained on a game ticket.

12 (c) Game Description. Mega Millions is a five (5) out of seventy (70) plus one (1) out of twenty-
13 five (25) lottery game drawn on the day(s), time(s) and location(s) as determined by the Mega
14 Millions Lotteries, and which pays the Grand Prize, at the election of the player made in
15 accordance with this section, or by a default election made in accordance with this section, either
16 on a graduated annuitized annual pari-mutuel basis or as a cash value option using a rate
17 determined by the Mega Millions Finance Committee on a pari-mutuel basis. Except as provided
18 in this section, all other prizes are paid on a single payment basis. During the Drawing event, five
19 (5) numbers shall be drawn from the first set of seventy (70) numbers, and one (1) number shall
20 be drawn from the second set of twenty-five (25) numbers, which shall constitute the Winning
21 Numbers.

22 (1) Mega Millions Play. To play Mega Millions, a player shall select (or request a Quick
23 Pick) five (5) different numbers, from one (1) through seventy (70) and one (1) additional number

1 from one (1) through twenty-five (25). The additional number may be the same as one of the first
2 five numbers selected by the player. MM Plays can be purchased for two dollars (U.S. \$2.00),
3 including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a
4 lottery Play. Plays may be purchased from a Party Lottery approved sales outlet in a manner as
5 approved by the Party Lottery and in accordance MUSL rules.

6 (2) Claims. A ticket shall be the only proof of a game Play or Plays and is subject to the
7 validation requirements set forth in subsection (g) of this section. The submission of a winning
8 ticket to the commission or its authorized agent shall be the sole method of claiming a prize or
9 prizes. A playslip has no pecuniary or prize value and shall not constitute evidence of Play
10 purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or prize
11 value and shall not constitute evidence of Play purchase or of numbers selected.

12 (3) Cancellations Prohibited. In all instances, a Play recorded on the Lottery gaming system
13 may not be voided or cancelled by returning the ticket to the selling agent or to the commission,
14 including tickets that are misprinted, illegible, printed in error, or for any reason not successfully
15 transferred to an authorized selling entity or player. A Selling Lottery may develop an approved
16 method of compensating retailers for Plays that are not transferred to a player for a reason
17 acceptable to the Selling Lottery and not prohibited by the Mega Millions Product Group. No Play
18 that is eligible for a prize can be returned to the commission for credit. Plays accepted by retailers
19 as returned Plays and which cannot be re-sold shall be deemed owned by the bearer thereof.

20 (4) Player Responsibility. It shall be the sole responsibility of the player to verify the
21 accuracy of the game Play or Plays and other data printed on the ticket. The placing of Plays is
22 done at the player's own risk through the licensed sales agent who is acting on behalf of the player
23 in entering the Play or Plays.

1 ~~[(5) Entry of Plays. Plays may only be entered manually using the lottery retailer terminal~~
2 ~~keypad or touch screen, by means of a commission approved playslip, or by such other means as~~
3 ~~approved by the commission, including entry using authorized third party point of sale ("POS")~~
4 ~~systems. Retailers shall not permit the use of playslips that are not approved by the commission.~~
5 ~~Retailers shall not permit any device to be physically or wirelessly connected to a lottery terminal~~
6 ~~to enter Plays, except as approved by the commission. A ticket generated using a selection method~~
7 ~~that is not approved by the commission is not valid. A selection of numbers for a Play may be~~
8 ~~made only if the request is made in person. Acceptable methods of Play selection may include:]~~

9 ~~[(A) using a self service terminal;]~~

10 ~~[(B) using a playslip;]~~

11 ~~[(C) using a previously generated "Mega Millions" ticket provided by the player;]~~

12 ~~[(D) selecting a Quick Pick;]~~

13 ~~[(E) requesting a retailer to manually enter numbers; or]~~

14 ~~[(F) using a QR code generated through a Texas Lottery Mobile Application offered~~
15 ~~and approved by the commission.]~~

16 ~~(5) [(6)] Maximum Purchase. The maximum number of consecutive drawings on a single~~
17 ~~Play purchase is ten (10).~~

18 ~~(6) [(7)] Subscription sales. A subscription sales program may be offered, at the discretion~~
19 ~~of the executive director.~~

20 (d) Mega Millions Prize Pool. The prize pool for all prize categories offered by the Party Lotteries
21 shall consist of up to fifty-five percent (55%) of each Drawing period's sales, inclusive of any
22 specific statutorily-mandated tax of a Party Lottery to be included in the price of a MM Play, and
23 inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher

1 or lower based upon the number of winning Plays at each prize level, as well as the funding
2 required to meet a guaranteed Annuity Grand Prize as may be required by subsection (f)(1) of this
3 section.

4 (1) Mega Millions Prize Pool Accounts and Prize Reserve Accounts. The Product Group
5 shall set the contribution rates to the Prize Pool and Prize Reserve Accounts established by this
6 section.

7 (A) The following Prize Reserve Account for the Mega Millions game is hereby
8 established: the Prize Reserve Account (PRA) which is used to guarantee the payment of valid,
9 but unanticipated, Grand Prize claims that may result from a system error or other reason, to fund
10 deficiencies in the Set-Aside Pool, and to fund pari-mutuel prize deficiencies as defined and
11 limited in subsections (d)(3)(A) and (k)(9)(B)(i) of this section.

12 (B) The following Prize Pool Accounts for the Mega Millions game are hereby
13 established:

14 (i) The Grand Prize Pool (GPP), which is used to fund the current Grand
15 Prize;

16 (ii) The Set Prize Pool (SPP), which is used the fund the Set Prizes. The
17 SPP shall hold the temporary balances that may result from having fewer than expected winners
18 in the Set Prize (aka low-tier prize) categories. The source of the SPP is the Party Lottery's weekly
19 prize contributions less actual Set Prize liability; and

20 (iii) The Set-Aside Pool (SAP), which is used to fund the payment of the
21 awarded minimum starting Annuity Grand Prizes and the minimum Annuity Grand Prize increase,
22 if necessary (subject to the limitations in this section or the MUSL MM Rules), as may be set by
23 the Product Group. The source of the SAP funding shall accumulate from the difference between

1 the amount in the Grand Prize Pool at the time of a Grand Prize win and the amount needed to
2 fund Grand Prize payments as determined by the Mega Millions Lotteries.

3 (C) The above Prize Reserve Account shall have maximum balance amounts or
4 balance limiter triggers that are set by the Product Group and are detailed in the *Comments* to
5 MUSL MM Rule 28. The maximum balance amounts and balance limit triggers are subject to
6 review by the MUSL Board Finance and Audit Committee. The Finance and Audit Committee
7 shall have two weeks to state objections, if any, to the approved maximum balance amounts or
8 balance limiter triggers. Approved maximum balance amounts or balance limiter triggers shall
9 become effective no sooner than two weeks after notice is given to the Finance and Audit
10 Committee and no objection is stated or sooner if the Committee affirmatively approves the
11 maximum balance amounts or balance limiter triggers. The Product Group may appeal the
12 Committee's objections to the full Board. Group approved changes in the maximum balance
13 amounts or balance limiter triggers set by the Product Group shall be effective only after the next
14 Grand Prize win.

15 (D) The contribution rate to the GPP from MM Plays shall be 37.6509% of sales.
16 An amount up to five percent (5%) of a Party Lottery's sales, including any specific statutorily
17 mandated tax of a Party Lottery to be included in the price of a lottery play, shall be added to a
18 Party Lottery's Mega Millions Prize Pool contribution and placed in trust in one or more prize pool
19 and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of
20 the PRA is below the amounts designated by the Product Group. Details shall be noted in
21 the *Comments* to MUSL MM Rule 28.

22 (E) The Product Group may determine to expend all or a portion of the funds in the
23 prize pools (except the GPP) and the prize reserve accounts:

1 (i) for the purpose of indemnifying the Party Lotteries in the payment of
2 prizes to be made by the Selling Lotteries; and

3 (ii) for the payment of prizes or special prizes in the game, limited to prize
4 pool and prize reserve contributions from lotteries participating in the special prize promotion,
5 subject to the approval of the Board's Finance & Audit Committee or that Committee's failure to
6 object after given two weeks' notice of the planned action, which actions may be appealed to the
7 full Board by the Product Group.

8 (F) The prize reserve shares of a Party Lottery may be adjusted with refunds to the
9 Party Lottery from the prize reserve account(s) as may be needed to maintain the approved
10 maximum balance and sales percentage shares of the Party Lotteries.

11 (G) A Party Lottery may contribute to its sales percentage share of prize reserve
12 accounts over time, but in the event of a draw down from a reserve account, a Party Lottery is
13 responsible for its full sales percentage share of the prize reserve account, whether or not it has
14 been paid in full.

15 (H) Any amount remaining in the Mega Millions prize pool accounts or prize
16 reserve accounts when the Product Group declares the end of the game shall be returned to the
17 lotteries participating in the prize pool and prize reserve accounts after the end of all claim periods
18 of all Selling Lotteries, carried forward to a replacement game, or otherwise expended in a manner
19 at the election of the individual Members of the Product Group in accordance with jurisdiction
20 statute.

21 (2) Expected Prize Payout Percentages. The Grand Prize payout shall be determined on a
22 pari-mutuel basis. Except as otherwise provided in this section, all other prizes awarded shall be
23 paid as single payment prizes. All prize payouts are made with the following expected prize payout

1 percentages, which does not include an additional amount held in prize reserves, although the prize
 2 payout percentages per draw may vary:
 3 Figure: 16 TAC §401.315(d)(2)

Number of Matches Per MM Play	Prize Payment	MM Prize Pool Percentage Allocated to Prize
All five (5) of first set plus one (1) of second set.	Grand Prize	75.3018%*
All five (5) of first set and none of second set.	\$1,000,000	7.9319%
Any four (4) of first set plus one (1) of second set.	\$10,000	1.0742%
Any four (4) of first set and none of second set.	\$500.00	1.2889%
Any three (3) of first set plus one (1) of second set.	\$200.00	1.3749%
Any three (3) of first set and none of second set.	\$10.00	1.6498%
Any two (2) of first set plus one (1) of second set.	\$10.00	1.4436%
Any one (1) of first set plus one (1) of second set.	\$4.00	4.4752%
None of first set plus one (1) of second set.	\$2.00	5.4597%
<i>*MM Prize Pool percentage allocated to the Grand Prize shall be combined with JJ Prize Pool percentage allocated to the Grand Prize.</i>		

4
 5 (A) The Grand Prize amount shall be divided equally by the number of MM Plays
 6 and JJ Plays winning the Grand Prize.

7 (B) The SPP (for payment of single payment prizes of one million dollars
 8 (\$1,000,000.00) or less) shall be carried forward to subsequent draws if all or a portion of it is not
 9 needed to pay the set prizes awarded in the current draw.

10 (3) Pari-mutuel Prize Determinations. Except as otherwise provided for in subparagraph
 11 (C) of this paragraph below:

1 (A) If the total of the Mega Millions Set Prizes (as multiplied by the respective
2 Megaplier multiplier, if applicable) awarded in a drawing exceeds the percentage of the prize pool
3 allocated to the Mega Millions Set Prizes, then the amount needed to fund the Mega Millions Set
4 Prizes, including Megaplier prizes, awarded shall be drawn from the following sources, in the
5 following order:

6 (i) the amount available in the SPP and the Megaplier Prize Pool, if any;

7 (ii) an amount from the PRA, if available, not to exceed forty million dollars
8 (\$40,000,000.00) per drawing.

9 (B) If, after these sources are depleted, there are not sufficient funds to pay the Set
10 Prizes, including Megaplier prizes, then the highest Set Prize shall become a pari-mutuel prize. If
11 the amount of the highest Set Prize, including Megaplier prizes, when paid on a pari-mutuel basis,
12 drops to or below the next highest Set Prize and there are still not sufficient funds to pay the
13 remaining Set Prizes awarded, then the next highest Set Prize shall become a pari-mutuel prize.
14 This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prize
15 levels become pari-mutuel prize levels. In that instance, the money available from the funding
16 sources listed in this section shall be divided among the winning MM Plays in proportion to their
17 respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same
18 percentage.

19 (C) By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries
20 shall independently calculate their set pari-mutuel prize amounts. The Party Lotteries and the Mega
21 Millions Lotteries shall then agree to set the pari-mutuel prize amount for all lotteries selling the
22 game at the lesser of the independently-calculated prize amounts.

(4) Except as may be required by subsection (f)(1) of this section, the official advertised Grand Prize annuity amount is subject to change based on sales forecasts and/or actual sales.

(5) Subject to the laws and rules governing each Party Lottery, the number of prize categories and the allocation of the prize fund among the prize categories may be changed at the discretion of the Mega Millions Lotteries, for promotional purposes. Such change shall be announced by Mega Millions Lotteries.

(e) Probability of Winning Mega Millions Prizes. The following table sets forth the probability of winning and the probable distribution of winning Plays in and among each prize category for MM Plays, based upon the total number of possible combinations in Mega Millions.

Figure: 16 TAC §401.315(e)

Number of Matches Per MM Play	Probability Distribution		Probable/Set Prize Amount
	Winners	Probability	
All five (5) of first set plus one (1) of second set	1	1:302,575,350	Grand Prize
All five (5) of first set and none of second set	24	1:12,607,306	\$1,000,000.00
Any four (4) of first set plus one (1) of second set	325	1:931,001	\$10,000.00
Any four (4) of first set and none of second set	7,800	1:38,792	\$500.00
Any three (3) of first set plus one (1) of second set	20,800	1:14,547	\$200.00
Any three (3) of first set and none of second set	499,200	1:606	\$10.00
Any two (2) of the first set plus one (1) of second set	436,800	1:693	\$10.00
Any one (1) of the first set plus one (1) of the second set	3,385,200	1:89	\$4.00
None of the first set plus one (1) of second set	8,259,888	1:37	\$2.00
Overall	12,610,038	1:24.0	

1 (f) Mega Millions Prize Payment.

2 (1) Mega Millions Grand Prize. The prize money allocated from the current Mega Millions
3 prize pool for the Grand Prize, plus any previous portions of prize money allocated to the Grand
4 Prize category in which no matching MM Plays or JJ Plays were sold will be divided equally
5 among all Grand Prize winning MM Plays and JJ Plays in all Participating Lotteries. The Annuity
6 Grand Prize amount will be paid in thirty (30) graduated annual installments. Grand Prizes won
7 shall be funded by the Selling Lotteries in accordance with the formula set by the Mega Millions
8 Lotteries. The Mega Millions Lotteries may set a minimum guaranteed annuitized Grand Prize
9 amount that shall be advertised by the Selling Lotteries as the starting guaranteed annuitized Grand
10 Prize amount. At the time of ticket purchase, a player must select a payment option of either a
11 single cash value payment or annuitized payments of a share of the Grand Prize if the Play is a
12 winning Play. A player's selection of the payment option at the time of purchase from the
13 commission is final and cannot be revoked, withdrawn, or otherwise changed. If no selection is
14 made, payment option will be as described in the chart below:

15 Figure: 16 TAC §401.315(f)(1)

Terminal Type	Manual Entry	Playslip with No Payment Option Selected
GT1200 (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
GT1200C (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
Gemini (Self-service Lottery Ticket Vending Machine [Terminal])	CVO only – designated on <u>draw</u> [<u>online</u>] game Quick Pick buttons.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."

<u>GT20</u> <u>(Self-service Lottery</u> <u>Ticket Vending</u> <u>Machine)</u>	<u>CVO only –</u> <u>designated on draw</u> <u>game Quick Pick</u> <u>buttons.</u>	<u>N/A</u>
Third-party POS systems	CVO only – Quick Pick selections through authorized third-party POS systems.	N/A

1

2 (2) Mega Millions Prize Rollover. If in any Mega Millions Drawing there are no MM Plays
3 or JJ Plays that qualify for the Grand Prize category, the portion of the prize fund allocated to such
4 Grand Prize category shall remain in the Grand Prize category and be added to the amount
5 allocated for the Grand Prize category in the next consecutive Mega Millions Drawing.

6 (3) A player(s) who elects a cash value option payment shall be paid his/her share(s) in a
7 single cash payment upon completion of validation procedures determined by the commission.
8 The cash value option amount shall be determined by the Mega Millions Lotteries.

9 (4) All annuitized prizes shall be paid annually in thirty (30) graduated annual installments
10 upon completion of validation procedure determined by the commission. The initial payment shall
11 be paid upon completion of the validation procedures and the subsequent twenty-nine (29)
12 payments shall be paid annually to coincide with the winning draw date, and shall escalate by a
13 factor of 5% annually. Prize payments may be rounded down to the nearest one thousand dollars
14 (\$1,000) increment. The annuitized option prize shall be determined by multiplying the winning
15 Play's share of the Grand Prize Pool by the annuity factor established in accordance with Texas
16 law and the rules of the Texas Comptroller of Public Accounts.

17 (5) If individual shares of the Grand Prize Pool funds held to fund an annuity is less than
18 \$250,000.00, the Product Group, in its sole discretion, may elect to pay the winners their share of
19 the cash held in the Grand Prize Pool.

1 (6) Funds for the initial payment of an annuitized prize or the lump sum cash value option
2 payment shall be made available by MUSL for payment by the Party Lottery on a schedule
3 approved by the Product Group. If necessary, when the due date for the payment of a prize occurs
4 before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds
5 for the payment of the full cash value option payment amount may be delayed pending receipt of
6 funds from the Party Lotteries or other lotteries participating in the Mega Millions game. A Party
7 Lottery may elect to make the initial payment from its own funds after validation, with notice to
8 MUSL.

9 (7) Payment of Prize Payments upon the Death of a Prize Winner. In the event of the death
10 of a prize winner, payments may be made in accordance with §401.310 of this chapter (relating to
11 Payment of Prize Payments Upon Death of Prize Winner), otherwise, payment of prize payments
12 will be made to the estate of a deceased prize winner in accordance with Texas Government Code
13 §466.406.

14 (8) Prize Payments. All prizes shall be paid through the Selling Lottery that sold the
15 winning Play(s). All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in cash
16 or warrants in accordance with Texas statutes and these rules. A Selling Lottery may begin paying
17 low-tier cash prizes after receiving authorization to pay from the MUSL central office.

18 (9) Prizes Rounded. Annuitized payments of the Grand Prize or a share of the Grand Prize
19 may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an
20 annuitized Grand Prize win shall be added to the first payment to the winner or winners. Prizes
21 other than the Grand Prize, which, under this section, may become single-payment, pari-mutuel
22 prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage
23 resulting from rounding these prizes shall be carried forward to the prize pool for the next Drawing.

1 (10) Limited to Highest Prize Won. The holder of a winning MM Play may win only one
2 (1) prize per Play in connection with the Winning Numbers drawn, and shall be entitled only to
3 the prize won by those numbers in the highest matching prize category. A JJ Play is not eligible to
4 win non-Grand Prize category prizes. All liabilities for a Mega Millions prize are discharged upon
5 payment of a prize claim.

6 (11) Claim Period. Prizes must be claimed no later than 180 days after the draw date, or in
7 accordance with Texas Government Code §466.408(e).

8 (g) Ticket Validation.

9 (1) To be a valid Play and eligible to receive a prize, a Play's ticket shall satisfy all the
10 requirements established by the commission for validation of winning Plays sold through the
11 computer gaming system, as well as any other validation requirements adopted by the Product
12 Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security
13 Standards. The MUSL and the Party Lotteries shall not be responsible for Plays or tickets that are
14 altered in any manner.

15 (2) Under no circumstances will a claim for any prize be paid without an official Mega
16 Millions ticket issued as authorized by the commission and matching all game Play, serial number
17 and other validation data residing in the commission's computer gaming system and such ticket
18 shall be the only valid proof of the wager placed and the only valid receipt for claiming or
19 redeeming such prize.

20 (3) In addition to the above, in order to be deemed a valid, winning Mega Millions Play,
21 all of the following conditions must be met:

1 (A) The validation data must be present in its entirety and must correspond, using
2 the computer validation file, to the number selections printed on the ticket for the applicable
3 drawing date(s);

4 (B) The ticket must be intact;

5 (C) The ticket must not be mutilated, altered, reconstituted, or tampered with in any
6 manner;

7 (D) The ticket must not be counterfeit or an exact duplicate of another winning
8 ticket;

9 (E) The ticket must have been issued by an authorized sales agent on official Texas
10 Lottery paper stock or, for third-party point-of-sale systems approved by the commission, printed
11 on paper stock or otherwise issued in a manner approved by the commission to provide tangible
12 evidence of participation in a lottery game;

13 (F) The ticket must not have been stolen, to the knowledge of the commission;

14 (G) The ticket must be submitted for payment in accordance with the prize claim
15 procedures of the commission as set out in §401.304 of this subchapter and any internal procedures
16 used by the commission;

17 (H) The Play data on the ticket must have been recorded on the computer gaming
18 system prior to the drawing and the Play data must match this computer record in every respect.
19 In the event of a contradiction between information as printed on the ticket and as accepted by the
20 commission's computer gaming system, the wager accepted by the commission's computer gaming
21 system shall be the valid wager;

1 (I) The player or Quick Pick number selections, validation data and the drawing
2 date(s) of an apparent winning Play must appear in the official file of winning Plays, and a Play
3 with that exact data must not have been previously paid;

4 (J) The Play must not be misregistered, and the Play's ticket must not be defectively
5 printed or printed or produced in error to an extent that it cannot be processed by the commission;

6 (K) The ticket must pass confidential validation tests in accordance with the MUSL
7 MM Rules. In addition, the ticket must pass all other confidential security checks of the
8 commission;

9 (L) In submitting a ticket for validation, the claimant agrees to abide by applicable
10 laws, all rules and regulations, instructions, conditions and final decisions of the executive director
11 of the commission;

12 (M) There must not be any other breach of the MUSL MM Rules, or this
13 subchapter, in relation to the Play, which, in the sole and final opinion of the executive director of
14 the commission, justifies invalidation; and

15 (N) The Ticket must be submitted to the commission, or the Selling Lottery that
16 issued it.

17 (4) A Play submitted for validation that fails any of the preceding validation conditions
18 shall be considered void, subject to the following determinations:

19 (A) In all cases of doubt, the determination of the commission shall be final and
20 binding; however, the commission may, at its option, replace an invalid Play with a Mega Millions
21 Play of equivalent sales price;

1 (B) In the event a defective ticket is purchased or in the event the commission
2 determines to adjust an error, the claimant's sole and exclusive remedy shall be the replacement of
3 such defective or erroneous ticket(s) with a Mega Millions Play of equivalent sales price; and

4 (C) In the event a Mega Millions Play is not paid by the commission and a dispute
5 occurs as to whether the Play is a winning Play, the commission may, at its option, replace the
6 Play as provided in subparagraph (A) of this paragraph. This shall be the sole and exclusive remedy
7 of the claimant.

8 (h) Ticket Responsibility.

9 (1) Prize Claims. Prize claim procedures shall be governed by the rules of the commission.
10 The MUSL and the Selling Lotteries shall not be responsible for prizes that are not claimed
11 following the proper procedures as determined by the commission.

12 (2) Stolen Plays. The Product Group, the MUSL, the Party Lotteries and the commission
13 shall not be responsible for lost or stolen Plays.

14 (3) The Party Lotteries shall not be responsible to a prize claimant for Mega Millions Plays
15 redeemed in error by a Texas Lottery sales agent.

16 (4) Winning Plays are determined by the numbers drawn and certified by the independent
17 auditor responsible for auditing the Mega Millions draw. MUSL, the Party Lotteries and the
18 commission are not responsible for Mega Millions winning numbers reported in error.

19 (i) Ineligible Players.

20 (1) A Play, or share of a Play, for a MUSL game issued by the MUSL or any of its Party
21 Lotteries shall not be purchased by, and a prize won by any such Play, or share of a Play, shall not
22 be paid to:

23 (A) a MUSL employee, officer, or director;

1 (B) a contractor or consultant under agreement with the MUSL to review the MUSL
2 audit and security procedures;

3 (C) an employee of an independent accounting firm under contract with MUSL to
4 observe drawings or site operations and actually assigned to the MUSL account and all partners,
5 shareholders, or owners in the local office of the firm; or

6 (D) an immediate family member (parent, stepparent, child, stepchild, spouse, or
7 sibling) of an individual described in subsections (a), (b), and (c) of this section and residing in the
8 same household.

9 (2) Those persons designated by the State Lottery Act, Texas Government Code, Chapter
10 466, as ineligible to play its games shall also be ineligible to play any MUSL lottery game sold in
11 the state of Texas.

12 (3) A Play, or share of a Play, of the Mega Millions game may not be purchased in any
13 lottery jurisdiction by any Party Lottery board member; commissioner; officer; employee; or
14 spouse, child brother, sister or parent residing as a member of the same household in the principle
15 place of residence of any such person. Prizes shall not be paid to any persons prohibited from
16 playing Mega Millions in a particular jurisdiction by rules, governing law, or any contract executed
17 by the Selling Lottery.

18 (j) Applicable Law.

19 (1) In purchasing a Play, or attempting to claim a prize, purchasers and prize claimants
20 agree to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions
21 of the commission and by directives and determinations of the commission's executive director.
22 Additionally, the player shall be bound to all applicable provisions in the MUSL MM Rules.

1 (2) A prize claimant agrees, as its sole and exclusive remedy, that claims arising out of a
2 Play can only be pursued against the Party Lottery which issued the Play. Litigation, if any, shall
3 only be maintained within the jurisdiction in which the Play was purchased and only against the
4 Party Lottery that issued the Play. No claim shall be made against any other Party Lottery or against
5 the MUSL.

6 (3) Nothing in this section or the MUSL MM Rules shall be construed as a waiver of any
7 defense or claim the commission, which issued the Play, any other Party Lottery, or MUSL may
8 have in any litigation, including in the event a player or prize claimant pursues litigation against a
9 Party Lottery or MUSL, or their respective officers, directors or employees.

10 (4) All decisions made by the commission, including the declaration of prizes and the
11 payment thereof and the interpretation of MUSL MM Rules, shall be final and binding on all Play
12 purchasers and on every person making a prize claim in respect thereof, but only in the jurisdiction
13 where the Play was issued.

14 (5) Unless the laws, rules, regulations, procedures, and decisions of the commission, which
15 issued the Play, provide otherwise, no prize shall be paid upon a Play purchased, claimed or sold
16 in violation of this section, the MUSL MM Rules, or the laws, rules, regulations, procedures, and
17 decisions of the commission; any such prize claimed but unpaid shall constitute an unclaimed prize
18 under this section and the laws, rules, regulations, procedures, and decisions of the commission.

19 (k) Mega Millions Megaplier Promotion.

20 (1) Promotion Description. The Mega Millions Megaplier Promotion is a limited extension
21 of the Mega Millions game and is conducted in accordance with the MUSL MM Rules and other
22 lottery rules applicable to the Mega Millions game except as may be amended herein. The
23 Promotion will begin at a time announced by the commission and will continue until discontinued

1 by the commission. The Promotion will offer to the owners of a qualifying Megaplier Play a chance
2 to multiply or increase the amount of any of the Set Prizes (the prizes normally paying two dollars
3 (\$2.00) to one million dollars (\$1,000,000.00) won in a Drawing held during the Promotion. The
4 Grand Prize is not a Set Prize and will not be multiplied or increased by means of the Megaplier
5 Promotion or the Just the Jackpot Promotion.

6 (2) Qualifying Megaplier Play. A qualifying Megaplier Play is any single Mega Millions
7 Play for which the player pays an extra one dollar (\$1.00) for the Megaplier option and that is
8 recorded at on the commission's computer gaming system as a qualifying Megaplier Play. Just the
9 Jackpot Plays do not qualify to purchase a Megaplier Play.

10 (3) Prizes To Be Multiplied Or Increased. A qualifying Megaplier Play that wins one of
11 the Set Prizes will be multiplied by the number selected, either two, three, four, or five (2, 3, 4, or
12 5), in a separate random Megaplier Drawing announced in a manner approved by the Product
13 Group.

14 (4) Megaplier Draws. MUSL will either itself conduct, or authorize a U.S. Lottery to
15 conduct on its behalf, a separate random "Megaplier" Drawing. Before each Mega Millions
16 Drawing a single number (2, 3, 4 or 5) shall be drawn. The Product Group may change one or
17 more of the multiplier features for special promotions from time to time. In the event the Megaplier
18 Drawing does not occur prior to the Mega Millions Drawing, the multiplier number will be a 5
19 (five), which shall solely be determined by the lottery authorized to conduct the "Megaplier"
20 Drawing.

21 (5) Megaplier Prize Pool.

22 (A) The Megaplier Prize Pool (MPP) is hereby created, and shall be used to fund
23 Megaplier prizes. The MPP shall hold the temporary balances that may result from having fewer

1 than expected winning Megaplier Plays. The source of the MPP is the Party Lottery's weekly prize
2 contributions less actual Megaplier Prize liability.

3 (B) Up to fifty-five percent (55%) of each Drawing period's sales, as determined
4 by the Product Group, including any specific statutorily-mandated tax of a Party Lottery to be
5 included in the price of a lottery ticket, shall be collected for the payment of Megaplier prizes.

6 (C) Prize payout percentages per draw may vary. The MPP shall be carried forward
7 to subsequent draws if all or a portion of it is not needed to pay the Megaplier prizes awarded in
8 the current draw and held in the MPP.

9 (6) End of Game. Any amount remaining in the MPP when the Product Group declares the
10 end of this game shall be returned to the lotteries participating in the account after the end of all
11 claim periods of all Selling Lotteries, carried forward to a replacement game or otherwise
12 expended in a manner at the election of the individual Members of the Product Group in
13 accordance with jurisdiction law.

14 (7) Expected Prize Payout. Except as provided in this section, all prizes awarded shall be
15 paid as single payment Set Prizes. Instead of the Mega Millions Set Prize amounts, qualifying
16 Megaplier Plays will pay the amounts shown below when matched with the Megaplier number
17 drawn. In certain rare instances, the Mega Millions Set Prize amount may be less than the amount
18 shown. In such case, the Megaplier prizes will be a multiple of the changed Mega Millions prize
19 amount announced after the draw. For example, if the Match 4+1 Mega Millions set prize amount
20 of ten thousand dollars (\$10,000.00) becomes two thousand dollars (\$2,000.00) under the rules of
21 the Mega Millions game, then a Megaplier player winning that prize amount with a 4X multiplier
22 would win eight thousand dollars (\$8,000): two thousand dollars multiplied by four (\$2,000.00 x
23 4).

1 Figure: 16 TAC §401.315(k)(7)

Prize Levels	With Megaplier Purchase and Multiplier:				
	Standard	2x	3X	4X	5X
Match 5+0	\$1,000,000.00	\$2,000,000.00	\$3,000,000.00	\$4,000,000.00	\$5,000,000.00
Match 4+1	\$10,000.00	\$20,000.00	\$30,000.00	\$40,000.00	\$50,000.00
Match 4+0	\$500.00	\$1,000.00	\$1,500.00	\$2,000.00	\$2,500.00
Match 3+1	\$200.00	\$400.00	\$600.00	\$800.00	\$1,000.00
Match 3+0	\$10.00	\$20.00	\$30.00	\$40.00	\$50.00
Match 2+1	\$10.00	\$20.00	\$30.00	\$40.00	\$50.00
Match 1+1	\$4.00	\$8.00	\$12.00	\$16.00	\$20.00
Match 0+1	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00

12 **Multiplier numbers do not apply to the Mega Millions Grand Prize or Just the Jackpot Plays.**

13
 14 (8) Probability of Winning. The following table sets forth the probability of the various
 15 Megaplier numbers being drawn during a single Mega Millions Drawing. The Product Group may
 16 elect to run limited promotions that may modify the multiplier features.

17 Figure: 16 TAC §401.315(k)(8)

Megaplier	Probability of Prize Increase
5X - Prize Won Times 5	1 in 15
4X - Prize Won Times 4	3 in 15
3X - Prize Won Times 3	6 in 15
2X - Prize Won Times 2	5 in 15

25 **Multiplier numbers do not apply to the Mega Millions Grand Prize or Just the Jackpot Plays.**

27 (9) Limitation on Payment of Megaplier Prizes.

28 (A) Prize Pool Carried Forward. The prize pool percentage allocated to the
 29 Megaplier Set Prizes shall be carried forward to subsequent draws if all or a portion of it is not
 30 needed to pay the Set Prizes awarded in the current draw or may be held in a prize reserve account.

31 (B) Pari-Mutuel Prizes--All Prize Amounts. Except as otherwise provided for in
 32 subparagraph (C) of this paragraph below:

1 (i) If the total of the original Mega Millions Set Prizes and the Megaplier
2 prize amounts awarded in a drawing exceeds the percentage of the prize pools allocated to the set
3 prizes, then the amount needed to fund the Set Prizes (including the Megaplier prize amounts)
4 awarded shall be drawn from the following sources, in the following order:

5 (I) the amount available in the SPP and the MPP, if any;

6 (II) an amount from the PRA, if available in the account, not to
7 exceed forty million dollars (\$40,000,000.00) per drawing.

8 (ii) If, after these sources are depleted, there are not sufficient funds to pay
9 the Set Prizes awarded (including Megaplier prize amounts), then the highest Set Prize (including
10 the Megaplier prize amounts) shall become a pari-mutuel prize. If the amount of the highest Set
11 Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are
12 still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize
13 (including the Megaplier prize amount) shall become a pari-mutuel prize.

14 This procedure shall continue down through all Set Prizes levels, if necessary, until all Set Prize
15 levels become pari-mutuel prize levels. In that instance, the money available from the funding
16 sources listed in this section shall be divided among the winning MM Plays in proportion to their
17 respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same
18 percentage.

19 (C) By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries
20 shall independently calculate their set pari-mutuel prize amounts, including the Megaplier prize
21 amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-
22 mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated
23 prize amounts.

1 (10) Prize Payment. All Megaplier prizes shall be paid in one single payment through the
2 Party Lottery that sold the winning Megaplier Play(s). A Party Lottery may begin paying
3 Megaplier prizes after receiving authorization to pay from the MUSL central office. Prizes that,
4 under this section, may become pari-mutuel prizes, may be rounded down so that prizes can be
5 paid in whole dollars. Breakage resulting from rounding these prizes shall be carried forward to
6 the MPP for the next drawing.

7 (1) Just the Jackpot^[TM] Promotion.

8 (1) Promotion Description. The Mega Millions Just the Jackpot Promotion is a limited
9 extension of the Mega Millions game and is conducted in accordance with the MUSL MM Rules
10 and other lottery rules applicable to the Mega Millions game except as may be amended herein,
11 and any other lottery rules applicable to this Promotion. All rules applicable to the Mega Millions
12 game in subsections (a) through (j) of this section are applicable to the Just the Jackpot Promotion
13 unless otherwise indicated. The Promotion will begin at a time announced by the commission and
14 will continue until discontinued by the commission. The Promotion will offer to players a chance
15 to purchase a Just the Jackpot Play ("JJ Play") which will qualify a player for two (2) chances
16 (each a "Play") to win the Grand Prize, and no other prize levels. If the player matches any non-
17 Grand Prize (any prize level other than the Grand Prize) numbers with his or her JJ Play(s), the
18 player who purchased the JJ Play is not eligible to win or claim the non-Grand Prizes in the Just
19 the Jackpot Promotion.

20 (2) Winning JJ Plays will be paid the Mega Millions Grand Prize, at the election of the
21 player made in accordance with subsection (f) of this section or by a default election made in
22 accordance with this section, either on a graduated annuitized annual pari-mutuel basis or as a cash
23 value option using a rate determined in accordance with subsection (f)(4) of this section. All

1 provisions in subsections (a) through (j) of this section regarding payment of the Mega Millions
2 Grand Prize are applicable to winning JJ Play(s). The Grand Prize amount shall be divided equally
3 by the number of MM Plays and JJ Plays winning the Grand Prize.

4 (3) Just the Jackpot shall use the Mega Millions winning numbers. Mega Millions winning
5 numbers applicable to determine Just the Jackpot prizes will be determined on the day(s), time(s)
6 and location(s) as determined by the Mega Millions Lotteries.

7 (4) To play Just the Jackpot, a player shall select (or request a Quick Pick) two (2) sets of
8 five (5) different numbers, from one (1) through seventy (70) and one (1) additional number from
9 one (1) through twenty-five (25). The additional number may be the same as one of the first five
10 numbers selected by the player. Each set of numbers shall constitute a single "Play" as that term is
11 defined in subsection (b)(11) of this section. The two (2) Plays for each three dollar (\$3.00) JJ
12 Plays purchase shall be for the same drawing, although the commission may sell multi-draw JJ
13 Plays as well.

14 (5) The purchase price of a single JJ Play shall be three dollars (US \$3.00) for two (2)
15 Plays, including any specific statutorily-mandated tax of a Party Lottery to be included in the price
16 of a lottery JJ Play. JJ Plays must be printed on separate tickets from MM Plays and must clearly
17 indicate the Plays are for the Just the Jackpot Promotion. Each JJ Play is played separately in
18 determining matches to winning numbers and prize amounts. JJ Plays may be purchased from any
19 authorized Texas Lottery sales agent in a manner as approved by the commission and in
20 accordance with this section and the MUSL rules. The winning numbers for the JJ Plays will be
21 the winning numbers drawn in the applicable Mega Millions Drawing. The Grand Prize will not
22 be multiplied or increased by means of the Megaplier Promotion.

23 (6) Just the Jackpot Prize Pool Contributions.

1 (A) Mega Millions Prize Pool. The prize pool for JJ Plays shall consist of up to
2 fifty-five percent (55%) of each Drawing period's sales, inclusive of any specific statutorily-
3 mandated tax of a Party Lottery to be included in the price of a lottery's JJ Play, and inclusive of
4 contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower
5 based the funding required to meet a guaranteed Annuity Grand Prize as may be required by the
6 MUSL MM Rules.

7 (B) Mega Millions Prize Pool Account and Prize Reserve Account contributions.
8 The Product Group shall set the contribution rates to the Just the Jackpot prize pool and prize
9 reserve accounts established by this section.

10 (i) The contribution rate for JJ Plays to the GPP shall be 50.2012% of sales.
11 An amount up to five percent (5%) of a Party Lottery's JJ Play sales, including any specific
12 statutorily mandated tax of a Party Lottery to be included in the price of a lottery's JJ Play, shall
13 be added to a Party Lottery's Just the Jackpot Prize Pool contribution and placed in trust in one or
14 more prize pool and prize reserve accounts held by the Product Group at any time that the Party
15 Lottery's share of the PRA is below the amounts designated by the Product Group. Details shall
16 be noted in the Comments to the MUSL MM Rule JJ5.2.

17 (ii) All provisions regarding the Grand Prize Pool and Prize Reserve
18 Account as described herein are applicable to JJ Play contributions to the Grand Prize Pool and
19 Prize Reserve Account.

20 (7) Expected Prize Payout Percentage. The Mega Millions Grand Prize payout shall be
21 determined on a pari-mutuel basis. The Grand Prize amount shall be divided equally by the number
22 of MM Plays and JJ Plays winning the Mega Millions Grand Prize. All prize payouts are made

1 with the following expected prize payout percentages, which does not include any additional
2 amount held in prize reserves:

3 Figure: 16 TAC §401.315(I)(7)

4	Number of Matches Per JJ Play	Prize Payment	JJ Prize Pool Percentage Allocated to Prize
5			
6			
7	All five (5) of first set plus one (1) of second set.	Grand Prize	100%*
8			
9	All other matching combinations/prize tiers	No Prize	0%
10			
11	<i>* JJ Prize Pool percentage allocated to the Grand Prize shall be combined with MM Prize Pool percentage</i>		
12	<i>allocated to the Grand Prize.</i>		

13 §401.316. "Daily 4" Draw Game Rule.

14 (a) Daily 4™. The executive director is authorized to conduct a game known as "Daily 4." The
15 executive director may issue further directives and procedures for the conduct of Daily 4 that are
16 consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this
17 title (relating to Draw Game Rules (General)).

18 (b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General
19 Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

20 (1) Daily 4 Play--A play other than a Daily 4 *plus* FIREBALL play consists of:

21 (A) the selection of a play type;

22 (B) the selection of a Daily 4 base play amount of \$.50, \$1, \$2, \$3, \$4 or \$5;

23 (C) the selection of a draw date and time;

24 (D) the selection of numbers in accordance with this section; and

25 (E) the purchase of a ticket evidencing those selections.

1 (2) Daily 4 *plus* FIREBALL Play--A Daily 4 *plus* FIREBALL play refers to a play
2 purchased as part of the Daily 4 *plus* FIREBALL add-on feature fully described in subsection
3 ~~(h)~~~~(j)~~ of this section. A Daily 4 FIREBALL number is the additional number drawn from ~~zero~~
4 ~~to nine~~ (0 to 9) that is used to replace any one ~~(4)~~ of the four ~~(4)~~ Daily 4 winning numbers to
5 make FIREBALL prize winning combinations. The Daily 4 *plus* FIREBALL option cannot be
6 purchased independently of a Daily 4 play.

7 (3) Playboard--~~Four~~ [A panel on a Daily 4 playslip containing four] fields of numbers
8 found on the playslip, with each field containing 10 numbers from 0 to 9. ~~[for use in selecting~~
9 ~~numbers for a Daily 4 play, with each field of numbers containing the numbers 0, 1, 2, 3, 4, 5, 6,~~
10 ~~7, 8 and 9.]~~

11 ~~[(4) Playslip--An optically readable card issued by the commission for use in making~~
12 ~~selections for one or more Daily 4 plays and the option to select the Daily 4 *plus* FIREBALL~~
13 ~~feature.]~~

14 (c) Play types.

15 (1) Daily 4 may include the following play types: straight, box, straight/box, combo, front-
16 pair, mid-pair, back-pair, and Daily 4 *plus* FIREBALL.

17 (A) A "straight" play is a winning play if the player's four single-digit numbers
18 match in exact order the four single-digit numbers drawn in the applicable drawing.

19 (B) A "box" play is a winning play if the player's four single-digit numbers match
20 in any order the four single-digit numbers drawn in the applicable drawing.

21 (i) A box play may be a 4-way box play, a 6-way box play, a 12-way box
22 play, or a 24-way box play.

1 (I) A box play is a 4-way box play when box play is selected as the
2 play type in connection with a set of four single-digit numbers that includes three occurrences of
3 one single-digit number and one occurrence of one other single-digit number. A 4-way box play
4 involves four possible winning combinations.

5 (II) A box play is a 6-way box play when box play is selected as the
6 play type in connection with a set of four single-digit numbers that includes two occurrences of
7 one single-digit number and two occurrences of another single-digit number. A 6-way box play
8 involves six possible winning combinations.

9 (III) A box play is a 12-way box play when box play is selected as
10 the play type in connection with a set of four single-digit numbers that includes two occurrences
11 of one single-digit number and one occurrence of two other single-digit numbers. A 12-way box
12 play involves 12 possible winning combinations.

13 (IV) A box play is a 24-way box play when box play is selected as
14 the play type in connection with a set of four single-digit numbers that includes a single occurrence
15 of four different single-digit numbers. A 24-way box play involves 24 possible winning
16 combinations.

17 (ii) Box play is not permitted in connection with a set of numbers that
18 includes four occurrences of one single-digit number.

19 (C) A "straight/box" play is a winning play either if the player's four single-digit
20 numbers match in exact order the numbers drawn in the applicable drawing or if the player's four
21 single-digit numbers match in any order the numbers drawn in the applicable drawing. The prize
22 amount is greater if the player's four single-digit numbers match in exact order the numbers drawn
23 in the applicable drawing.

1 (i) A straight/box play may be a 4-way straight/box play, a 6-way
2 straight/box play, a 12-way straight/box play, or a 24-way straight/box play.

3 (I) A straight/box play is a 4-way straight/box play when
4 straight/box play is selected in connection with a set of four single-digit numbers that includes
5 three occurrences of one single-digit number and one occurrence of one other single-digit number.
6 A 4-way straight/box play involves four possible winning combinations.

7 (II) A straight/box play is a 6-way straight/box play when
8 straight/box play is selected in connection with a set of four single-digit numbers that includes two
9 occurrences of one single-digit number and two occurrences of another single-digit number. A 6-
10 way straight/box play involves six possible winning combinations.

11 (III) A straight/box play is a 12-way straight/box play when
12 straight/box play is selected in connection with a set of four single-digit numbers that includes two
13 occurrences of one single-digit number and one occurrence of two other single-digit numbers. A
14 12-way straight/box play involves 12 possible winning combinations.

15 (IV) A straight/box play is a 24-way straight/box play when
16 straight/box play is selected in connection with a set of four single-digit numbers that includes a
17 single occurrence of four different single-digit numbers. A 24-way straight/box play involves 24
18 possible winning combinations.

19 (ii) Straight/box play is not permitted in connection with a set of numbers
20 that includes four occurrences of one single-digit number.

21 (D) A "combo" play combines into a single play all of the possible straight plays
22 that can be played with the four single-digit numbers selected for the play.

1 (i) A combo play may be a 4-way combo play, a 6-way combo play, a 12-
2 way combo play, or a 24-way combo play.

3 (I) 4-way combo play is a combo play in connection with a set of
4 four single-digit numbers that includes three occurrences of one single-digit number and one
5 occurrence of one other single-digit number. A four-way combo play involves four possible
6 winning combinations.

7 (II) 6-way combo play is a combo play in connection with a set of
8 four single-digit numbers that includes two occurrences of one single-digit number and two
9 occurrences of another single-digit number. A six-way combo play involves six possible winning
10 combinations.

11 (III) 12-way combo play is a combo play in connection with a set of
12 four single-digit numbers that includes two occurrences of one single-digit number and one
13 occurrence of two other single-digit numbers. A 12-way combo play involves 12 possible winning
14 combinations.

15 (IV) 24-way combo play is a combo play in connection with a set of
16 four single-digit numbers that includes a single occurrence of four different single-digit numbers.
17 A 24-way combo play involves 24 possible winning combinations.

18 (ii) Combo play is not permitted in connection with a set of numbers that
19 includes four occurrences of one single-digit number.

20 (E) Pair play.

21 (i) A "front-pair" play is a winning play if the player's two single-digit
22 numbers match in exact order the first two single-digit numbers drawn in the applicable drawing.

1 (ii) A "mid-pair" play is a winning play if the player's two single-digit
2 numbers match in exact order the second and third single-digit numbers drawn in the applicable
3 drawing.

4 (iii) A "back-pair" play is a winning play if the player's two single-digit
5 numbers match in exact order the last two single-digit numbers drawn in the applicable drawing.

6 (F) A Daily 4 *plus* FIREBALL play wins a FIREBALL prize for each winning
7 combination of numbers created by replacing any one [~~1~~] of the four [~~4~~] Daily 4 winning
8 numbers with the Daily 4 FIREBALL number for that drawing, as determined by the selected play
9 type and wager amount.

10 (2) The executive director may allow or disallow any type of play described in this
11 subsection.

12 (d) Plays and tickets.

13 (1) A ticket may be sold only by a retailer and only at the location listed on the retailer's
14 license. A ticket sold by a person other than a retailer is not valid.

15 (2) The selection of numbers for a straight play, a box play, a straight/box play, or a combo
16 play involves the selection of four single-digit numbers, with each selected from the numbers 0 to
17 [~~1~~, 2, 3, 4, 5, 6, 7, 8, and] 9.

18 (3) The selection of numbers for a front-pair play, a mid-pair play, or a back-pair play
19 involves the selection of two single-digit numbers, with each selected from the numbers 0 to [~~1~~,
20 2, 3, 4, 5, 6, 7, 8, and] 9.

21 (4) The cost of a play varies according to the play type selected for the play and the base
22 play amount selected for the play.

1 (A) The cost of a straight play is the same as the base play amount selected for the
2 play.

3 (B) The cost of a box play is the same as the base play amount selected for the play.

4 (C) The cost of a straight/box play is:

5 (i) \$1 if the base play amount selected for the play is \$.50;

6 (ii) \$2 if the base play amount selected for the play is \$1;

7 (iii) \$4 if the base play amount selected for the play is \$2;

8 (iv) \$6 if the base play amount selected for the play is \$3;

9 (v) \$8 if the base play amount selected for the play is \$4; or

10 (vi) \$10 if the base play amount selected for the play is \$5.

11 (D) The cost of a combo play is determined by multiplying the base play amount
12 selected for the play by the number of winning combinations possible with the four single-digit
13 numbers selected for the play.

14 (E) The cost of a front-pair, mid-pair, or back-pair play is the same as the base play
15 amount selected for the play.

16 (F) The cost of a Daily 4 *plus* FIREBALL play is equal to the cost of the connected
17 Daily 4 wager for the base game, thereby doubling the purchase. The cost of a Daily
18 4 *plus* FIREBALL play is in addition to the cost of the Daily 4 play with which the Daily
19 4 *plus* FIREBALL play is connected.

20 (5) The cost of a ticket is determined by the total cost of the plays evidenced by the ticket.

21 [~~(6) A player may complete up to five playboards on a single playslip.~~]

22 [~~(7) Acceptable methods to select numbers for a play, play type, base play amount, and
23 draw date and time for a play may include:~~]

- 1 ~~[(A) using a self-service terminal;]~~
2 ~~[(B) using a playslip;]~~
3 ~~[(C) requesting a Quick Pick;]~~
4 ~~[(D) requesting a retailer to manually enter numbers;]~~
5 ~~[(E) using a previously generated "Daily 4" ticket provided by the player; or]~~
6 ~~[(F) using a QR code generated through a Texas Lottery Mobile Application offered~~
7 ~~and approved by the commission.]~~

8 ~~[(8) Playslips must be completed manually. A ticket generated from a playslip that was not~~
9 ~~completed manually, or using a selection method that is not approved by the commission, is not~~
10 ~~valid.]~~

11 ~~[(9) A retailer may only accept a request for a play using a commission approved method~~
12 ~~of play, and if the request is made in person.]~~

13 (6) ~~[(10)]~~ A player may purchase one or more plays for any one or more of the next 24
14 drawings after the purchase and may purchase up to 24 consecutive plays for a drawing time.

15 (7) ~~[(11)]~~ A retailer shall issue a ticket as evidence of one or more plays. A ticket must
16 show the numbers, play type and base play amount selected for each play; the number of plays,
17 the draw date(s) for which the plays were purchased; the cost of the ticket, and the security and
18 transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for
19 third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise
20 issued in a manner approved by the commission to provide tangible evidence of participation in a
21 lottery game.

22 ~~[(12) A playslip has no monetary value and is not evidence of a play.]~~

1 (8) [~~(13)~~] The purchaser is responsible for verifying the accuracy of the numbers and other
2 selections shown on a ticket.

3 (9) [~~(14)~~] An unsigned winning ticket is payable to the holder or bearer of the ticket if the
4 ticket meets all applicable validation requirements.

5 (e) Cancellation of plays. A retailer may cancel a Daily 4 play, including a Daily
6 4 *plus* FIREBALL play, only in accordance with the following provisions:

7 (1) The ticket evidencing the play must have been sold at the retail location at which it is
8 cancelled;

9 (2) The retailer must have possession of the ticket evidencing the play;

10 (3) All Daily 4 plays evidenced by a single ticket must be cancelled;

11 (4) Cancellation must occur no later than 60 minutes after sale of the ticket evidencing the
12 play;

13 (5) Cancellation must occur before the beginning of the next draw break after the sale of
14 the ticket evidencing the play; [~~and~~]

15 (6) Cancellation must occur before midnight on the day the ticket evidencing the play was
16 sold; and [-]

17 (7) the play was not generated as part of a promotion.

18 (f) Drawings.

19 (1) Daily 4 drawings shall be held four times a day, Monday through Saturday, at 10:00
20 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time. The executive director may change the
21 drawing schedule, if necessary.

22 (2) At each Daily 4 drawing, four single-digit numbers shall be drawn for the base game.

23 Each single-digit number will be drawn from a set that includes a single occurrence of all ten

1 single-digit numbers (0 to [~~1, 2, 3, 4, 5, 6, 7, 8, and~~] 9). After the base game drawing, the Daily
2 4 FIREBALL number will be randomly drawn from a set of 10 numbered balls (0 to [-] 9).

3 (3) Numbers drawn and the order in which the numbers are drawn must be certified by the
4 commission in accordance with the commission's draw procedures.

5 (4) The numbers selected in a drawing and the order of the numbers selected in the drawing
6 shall be used to determine all winners for that drawing.

7 (5) Each drawing shall be witnessed by an independent certified public accountant. All
8 drawing equipment used shall be examined by a lottery drawing representative and the independent
9 certified public accountant immediately before each drawing and immediately after each drawing.

10 (g) Prizes.

11 (1) Prize payments shall be made upon completion of commission validation procedures.

12 (2) A Daily 4 *plus* FIREBALL play is a separate play from the straight play, box play,
13 straight/box play, combo play or pairs play with which it is connected.

14 (3) The executive director may temporarily increase any prize set out in this subsection for
15 promotional or marketing purposes.

16

1 (4) A person who holds a valid ticket for a winning straight play is entitled to a prize as shown.

2 Figure: 16 TAC §401.316(g)(4)

Straight		Straight with 4 like numbers					Fireball Straight with 4 like numbers						Fireball Example			
		Cost Per Play					Cost Per Play with Fireball						Example Wager of 1-1-1-1			
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Prize	\$2,500.00	\$5,000.00	\$10,000.00	\$15,000.00	\$20,000.00	\$25,000.00	\$2,700.00	\$5,400.00	\$10,800.00	\$16,200.00	\$21,600.00	\$27,000.00	100,000	1-1-1-1	1	
Base Game Odds 1 in 10,000							\$675.00	\$1,350.00	\$2,700.00	\$4,050.00	\$5,400.00	\$6,750.00	2,778	1-4-1-1	1	
		Straight with 2 sets of 2 like numbers					Fireball Straight with 2 sets of 2 like numbers						Fireball Example			
		Cost Per Play					Cost Per Play with Fireball						Example Wager of 1-2-1-2			
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Prize	\$2,500.00	\$5,000.00	\$10,000.00	\$15,000.00	\$20,000.00	\$25,000.00	\$1,350.00	\$2,700.00	\$5,400.00	\$8,100.00	\$10,800.00	\$13,500.00	50,000	1-2-1-2	2	
Base Game Odds 1 in 10,000							\$675.00	\$1,350.00	\$2,700.00	\$4,050.00	\$5,400.00	\$6,750.00	2,778	0-2-1-2	1	
		Straight with 3 like numbers and 1 different number					Fireball Straight with 3 like numbers and 1 different number						Fireball Example			
		Cost Per Play					Cost Per Play with Fireball						Example Wager of 1-2-2-2			
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Prize	\$2,500.00	\$5,000.00	\$10,000.00	\$15,000.00	\$20,000.00	\$25,000.00	\$2,025.00	\$4,050.00	\$8,100.00	\$12,150.00	\$16,200.00	\$20,250.00	100,000	1-2-2-2	2	
Base Game Odds 1 in 10,000							\$675.00	\$1,350.00	\$2,700.00	\$4,050.00	\$5,400.00	\$6,750.00	2,703	1-2-7-2	2	
		Straight with all 4 numbers different					Fireball Straight with all 4 numbers different						Fireball Example			
		Cost Per Play					Cost Per Play with Fireball						Example Wager of 1-2-3-4			
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Prize	\$2,500.00	\$5,000.00	\$10,000.00	\$15,000.00	\$20,000.00	\$25,000.00	\$675.00	\$1,350.00	\$2,700.00	\$4,050.00	\$5,400.00	\$6,750.00	2,500	1-2-8-4	3	
Base Game Odds 1 in 10,000																
		Straight with 2 like numbers and 2 different numbers					Fireball Straight with 2 like numbers and 2 different numbers						Fireball Example			
		Cost Per Play					Cost Per Play with Fireball						Example Wager of 1-2-2-4			
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Prize	\$2,500.00	\$5,000.00	\$10,000.00	\$15,000.00	\$20,000.00	\$25,000.00	\$1,350.00	\$2,700.00	\$5,400.00	\$8,100.00	\$10,800.00	\$13,500.00	100,000	1-2-2-4	2	
Base Game Odds 1 in 10,000							\$675.00	\$1,350.00	\$2,700.00	\$4,050.00	\$5,400.00	\$6,750.00	2,632	1-3-2-4	2	

4 (5) A person who holds a valid ticket for a winning 4-way box play is entitled to a prize as shown.

5 Figure: 16 TAC §401.316(g)(5)

4-Way Box		Box with 3 like numbers and 1 different number					Fireball Box with 3 like numbers and 1 different number						Fireball Example			
		Cost Per Play					Cost Per Play with Fireball						Example Wager of 1-2-2-2			
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Prize	\$600.00	\$1,200.00	\$2,400.00	\$3,600.00	\$4,800.00	\$6,000.00	\$680.00	\$1,360.00	\$2,720.00	\$4,080.00	\$5,440.00	\$6,800.00	100,000	2-2-2-2	1	
Base Game Odds 1 in 2,500							\$510.00	\$1,020.00	\$2,040.00	\$3,060.00	\$4,080.00	\$5,100.00	25,000	2-2-1-2	2	
							\$340.00	\$680.00	\$1,360.00	\$2,040.00	\$2,720.00	\$3,400.00	16,667	2-2-1-1	2	
							\$170.00	\$340.00	\$680.00	\$1,020.00	\$1,360.00	\$1,700.00	758	1-2-5-2	2	

1 (6) A person who holds a valid ticket for a winning 6-way box play is entitled to a prize as shown.

2 Figure: 16 TAC §401.316(g)(6)

6-Way Box	Box with 2 sets of 2 like numbers						Fireball Box with 2 sets of 2 like numbers						Fireball Example		
	Cost Per Play						Cost Per Play with Fireball						Example Wager of 1-2-1-2		
	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Prize	\$400.00	\$800.00	\$1,600.00	\$2,400.00	\$3,200.00	\$4,000.00	\$336.00	\$672.00	\$1,344.00	\$2,016.00	\$2,688.00	\$3,360.00	12,500	1-1-1-2	2
Base Game Odds 1 in 1,667							\$224.00	\$448.00	\$896.00	\$1,344.00	\$1,792.00	\$2,240.00	8,333	2-1-2-1	2
							\$112.00	\$224.00	\$448.00	\$672.00	\$896.00	\$1,120.00	521	9-2-2-1	1

4 (7) A person who holds a valid ticket for a winning 12-way box play is entitled to a prize as shown.

5 Figure: 16 TAC §401.316(g)(7)

12-Way Box	Box with 2 like numbers and 2 different numbers						Fireball Box with 2 like numbers and 2 different numbers						Fireball Example		
	Cost Per Play						Cost Per Play with Fireball						Example Wager of 1-2-2-3		
	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Prize	\$200.00	\$400.00	\$800.00	\$1,200.00	\$1,600.00	\$2,000.00	\$168.00	\$336.00	\$672.00	\$1,008.00	\$1,344.00	\$1,680.00	12,500	3-2-2-2	1
Base Game Odds 1 in 833							\$112.00	\$224.00	\$448.00	\$672.00	\$896.00	\$1,120.00	2,083	2-2-1-1	3
							\$56.00	\$112.00	\$224.00	\$336.00	\$448.00	\$560.00	278	7-3-2-2	1

7 (8) A person who holds a valid ticket for a winning 24-way box play is entitled to a prize as shown.

8 Figure: 16 TAC §401.316(g)(8)

24-Way Box	Box with 4 different numbers						Fireball Box with 4 different numbers						Fireball Example		
	Cost Per Play						Cost Per Play with Fireball						Example Wager of 1-2-3-4		
	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Base Draw	Fireball Draw
Base Prize	\$100.00	\$200.00	\$400.00	\$600.00	\$800.00	\$1,000.00	\$56.00	\$112.00	\$224.00	\$336.00	\$448.00	\$560.00	694	4-1-4-2	3
Base Game Odds 1 in 417							\$28.00	\$56.00	\$112.00	\$168.00	\$224.00	\$280.00	149	9-4-3-2	1

1 (9) A person who holds a valid ticket for a winning straight/4-way box play is entitled to a prize as shown.

2 Figure: 16 TAC §401.316(g)(9)

Straight/4-Way Box		Straight/Box with 3 like numbers and 1 different number					Fireball Straight/Box with 3 like numbers and 1 different number						Fireball Example					
		Base Play Amount					Cost Per Play with Fireball						Example Wager of 1-2-2-2					
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00							Odds 1 in	Base Draw	Fireball Draw		
		Cost Per Play											Example Draw with this Outcome					
		\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Box Wins	Straight Wins	\$2.00	\$4.00	\$8.00	\$12.00	\$16.00	\$20.00			
Exact Order Prize	\$3,100.00	\$6,200.00	\$12,400.00	\$18,600.00	\$24,800.00	\$31,000.00	Fireball Prize	3	3	\$2,535.00	\$5,070.00	\$10,140.00	\$15,210.00	\$20,280.00	\$25,350.00	100,000	1-2-2-2	2
Not in Exact Order Prize	\$600.00	\$1,200.00	\$2,400.00	\$3,600.00	\$4,800.00	\$6,000.00	Fireball Prize	4	1	\$1,355.00	\$2,710.00	\$5,420.00	\$8,130.00	\$10,840.00	\$13,550.00	100,000	2-2-2-2	1
							Fireball Prize	3	0	\$510.00	\$1,020.00	\$2,040.00	\$3,060.00	\$4,080.00	\$5,100.00	33,333	2-1-2-2	2
							Fireball Prize	2	1	\$1,015.00	\$2,030.00	\$4,060.00	\$6,090.00	\$8,120.00	\$10,150.00	33,333	1-1-2-2	2
							Fireball Prize	2	0	\$340.00	\$680.00	\$1,360.00	\$2,040.00	\$2,720.00	\$3,400.00	33,333	2-1-1-2	2
							Fireball Prize	1	1	\$845.00	\$1,690.00	\$3,380.00	\$5,070.00	\$6,760.00	\$8,450.00	3,030	0-2-2-2	1
							Fireball Prize	1	0	\$170.00	\$340.00	\$680.00	\$1,020.00	\$1,360.00	\$1,700.00	1,010	0-1-2-2	2

Base Game Odds 1 in 2,500

4 (10) A person who holds a valid ticket for a winning straight/6-way box play is entitled to a prize as shown.

5 Figure: 16 TAC §401.316(g)(10)

Straight/6-Way Box		Straight/Box with 2 sets of 2 like numbers					Fireball Straight/Box with 2 sets of 2 like numbers						Fireball Example					
		Base Play Amount					Cost Per Play with Fireball						Example Wager of 1-2-1-2					
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00							Odds 1 in	Base Draw	Fireball Draw		
		Cost Per Play											Example Draw with this Outcome					
		\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Box Wins	Straight Wins	\$2.00	\$4.00	\$8.00	\$12.00	\$16.00	\$20.00			
Exact Order Prize	\$2,900.00	\$5,800.00	\$11,600.00	\$17,400.00	\$23,200.00	\$29,000.00	Fireball Prize	2	2	\$1,574.00	\$3,148.00	\$6,296.00	\$9,444.00	\$12,592.00	\$15,740.00	50,000	1-2-1-2	1
Not in Exact Order Prize	\$400.00	\$800.00	\$1,600.00	\$2,400.00	\$3,200.00	\$4,000.00	Fireball Prize	3	1	\$1,011.00	\$2,022.00	\$4,044.00	\$6,066.00	\$8,088.00	\$10,110.00	25,000	1-1-1-2	2
							Fireball Prize	3	0	\$336.00	\$672.00	\$1,344.00	\$2,016.00	\$2,688.00	\$3,360.00	25,000	1-1-2-1	2
							Fireball Prize	2	0	\$224.00	\$448.00	\$896.00	\$1,344.00	\$1,792.00	\$2,240.00	10,000	1-1-2-2	1
							Fireball Prize	1	1	\$787.00	\$1,574.00	\$3,148.00	\$4,722.00	\$6,296.00	\$7,870.00	3,125	0-2-1-2	1
							Fireball Prize	1	0	\$112.00	\$224.00	\$448.00	\$672.00	\$896.00	\$1,120.00	625	0-1-1-2	2

Base Game Odds 1 in 1,667

1 (11) A person who holds a valid ticket for a winning straight/12-way box play is entitled to a prize as shown.

2 Figure: 16 TAC §401.316(g)(11)

Straight/12-Way Box		Straight/Box with 2 like numbers and 2 different numbers						Fireball Straight/Box with 2 like numbers and 2 different numbers							Fireball Example			
		Base Play Amount						Cost Per Play with Fireball							Example Wager of 1-2-2-3			
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00								Odds 1 in	Base Draw	Fireball Draw	
		Cost Per Play													Example Draw with this Outcome			
		\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Box Wins	Straight Wins	\$2.00	\$4.00	\$8.00	\$12.00	\$16.00	\$20.00			
Exact Order Prize	\$2,700.00	\$5,400.00	\$10,800.00	\$16,200.00	\$21,600.00	\$27,000.00	Fireball Prize	3	1	\$843.00	\$1,686.00	\$3,372.00	\$5,058.00	\$6,744.00	\$8,430.00	50,000	1-2-2-2	3
Not in Exact Order Prize	\$200.00	\$400.00	\$800.00	\$1,200.00	\$1,600.00	\$2,000.00	Fireball Prize	3	0	\$168.00	\$336.00	\$672.00	\$1,008.00	\$1,344.00	\$1,680.00	16,667	2-1-2-2	3
							Fireball Prize	2	2	\$1,462.00	\$2,924.00	\$5,848.00	\$8,772.00	\$11,696.00	\$14,620.00	100,000	1-2-2-3	2
							Fireball Prize	2	1	\$787.00	\$1,574.00	\$3,148.00	\$4,722.00	\$6,296.00	\$7,870.00	16,667	1-1-2-3	2
							Fireball Prize	1	1	\$731.00	\$1,462.00	\$2,924.00	\$4,386.00	\$5,848.00	\$7,310.00	3,333	0-2-2-3	1
							Fireball Prize	2	0	\$112.00	\$224.00	\$448.00	\$672.00	\$896.00	\$1,120.00	2,439	1-1-2-2	3
							Fireball Prize	1	0	\$56.00	\$112.00	\$224.00	\$336.00	\$448.00	\$560.00	303	0-1-2-2	3

3 Base Game Odds 1 in 833

4 (12) A person who holds a valid ticket for a winning straight/24-way box play is entitled to a prize as shown.

5 Figure: 16 TAC §401.316(g)(12)

Straight/24-Way Box		Straight/Box with 4 different numbers						Fireball Straight/Box with 4 different numbers							Fireball Example			
		Base Play Amount						Cost Per Play with Fireball							Example Wager of 1-2-3-4			
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00								Odds 1 in	Base Draw	Fireball Draw	
		Cost Per Play													Example Draw with this Outcome			
		\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Box Wins	Straight Wins	\$2.00	\$4.00	\$8.00	\$12.00	\$16.00	\$20.00			
Exact Order Prize	\$2,600.00	\$5,200.00	\$10,400.00	\$15,600.00	\$20,800.00	\$26,000.00	Fireball Prize	2	1	\$731.00	\$1,462.00	\$2,924.00	\$4,386.00	\$5,848.00	\$7,310.00	8,333	1-1-3-4	2
Not in Exact Order Prize	\$100.00	\$200.00	\$400.00	\$600.00	\$800.00	\$1,000.00	Fireball Prize	1	1	\$703.00	\$1,406.00	\$2,812.00	\$4,218.00	\$5,624.00	\$7,030.00	3,571	0-2-3-4	1
							Fireball Prize	2	0	\$56.00	\$112.00	\$224.00	\$336.00	\$448.00	\$560.00	758	1-1-2-3	4
							Fireball Prize	1	0	\$28.00	\$56.00	\$112.00	\$168.00	\$224.00	\$280.00	155	0-1-2-3	4

6 Base Game Odds 1 in 417

1 (13) A person who holds a valid ticket for a winning combo play is entitled to a prize as shown.

2 Figure: 16 TAC §401.316(g)(13)

Combo	Combo with 3 like numbers and 1 different number (4 way Combo)							Fireball Combo with 3 like numbers and 1 different number (4 way Combo)							Fireball Example		
	Base Play Amount							Cost Per Play with Fireball							Example Wager of 1-2-2-2		
	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$4.00	\$8.00	\$16.00	\$24.00	\$32.00	\$40.00	Odds 1 in	Base Draw	Fireball Draw		
	Cost Per Play							Cost Per Play with Fireball							Example Draw with this Outcome		
	\$2.00	\$4.00	\$8.00	\$12.00	\$16.00	\$20.00	\$2,700.00	\$5,400.00	\$10,800.00	\$16,200.00	\$21,600.00	\$27,000.00	100,000	2-2-2-2	1		
Base Prize	\$2,500.00	\$5,000.00	\$10,000.00	\$15,000.00	\$20,000.00	\$25,000.00	\$2,025.00	\$4,050.00	\$8,100.00	\$12,150.00	\$16,200.00	\$20,250.00	25,000	2-2-1-2	2		
Base Game Odds 1 in 2,500								\$1,350.00	\$2,700.00	\$5,400.00	\$8,100.00	\$10,800.00	\$13,500.00	16,667	2-2-1-1	2	
								\$675.00	\$1,350.00	\$2,700.00	\$4,050.00	\$5,400.00	\$6,750.00	758	1-2-2-2	2	
	Fireball Prize (4 Wins)							Fireball Prize (3 Wins)							Fireball Example		
	Fireball Prize (3 Wins)							Fireball Prize (2 Wins)									
	Fireball Prize (2 Wins)							Fireball Prize (1 Win)									
	Fireball Prize (1 Win)																
	Base Play Amount							Cost Per Play with Fireball							Example Wager of 1-2-1-2		
	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$6.00	\$12.00	\$24.00	\$36.00	\$48.00	\$60.00	Odds 1 in	Base Draw	Fireball Draw		
	Cost Per Play							Cost Per Play with Fireball							Example Draw with this Outcome		
	\$3.00	\$6.00	\$12.00	\$18.00	\$24.00	\$30.00	\$2,025.00	\$4,050.00	\$8,100.00	\$12,150.00	\$16,200.00	\$20,250.00	12,500	1-1-1-2	2		
Base Prize	\$2,500.00	\$5,000.00	\$10,000.00	\$15,000.00	\$20,000.00	\$25,000.00	\$1,350.00	\$2,700.00	\$5,400.00	\$8,100.00	\$10,800.00	\$13,500.00	8,333	2-1-2-1	2		
Base Game Odds 1 in 1,667								\$675.00	\$1,350.00	\$2,700.00	\$4,050.00	\$5,400.00	\$6,750.00	521	9-2-2-1	1	
	Fireball Prize (3 Wins)							Fireball Prize (2 Wins)							Fireball Example		
	Fireball Prize (2 Wins)							Fireball Prize (1 Win)									
	Fireball Prize (1 Win)																
	Base Play Amount							Cost Per Play with Fireball							Example Wager of 1-2-2-3		
	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$12.00	\$24.00	\$48.00	\$72.00	\$96.00	\$120.00	Odds 1 in	Base Draw	Fireball Draw		
	Cost Per Play							Cost Per Play with Fireball							Example Draw with this Outcome		
	\$6.00	\$12.00	\$24.00	\$36.00	\$48.00	\$60.00	\$2,025.00	\$4,050.00	\$8,100.00	\$12,150.00	\$16,200.00	\$20,250.00	12,500	3-2-2-2	1		
Base Prize	\$2,500.00	\$5,000.00	\$10,000.00	\$15,000.00	\$20,000.00	\$25,000.00	\$1,350.00	\$2,700.00	\$5,400.00	\$8,100.00	\$10,800.00	\$13,500.00	2,083	2-2-1-1	3		
Base Game Odds 1 in 833								\$675.00	\$1,350.00	\$2,700.00	\$4,050.00	\$5,400.00	\$6,750.00	278	7-3-2-2	1	
	Fireball Prize (3 Wins)							Fireball Prize (2 Wins)							Fireball Example		
	Fireball Prize (2 Wins)							Fireball Prize (1 Win)									
	Fireball Prize (1 Win)																
	Base Play Amount							Cost Per Play with Fireball							Example Wager of 1-2-3-4		
	\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$24.00	\$48.00	\$96.00	\$144.00	\$192.00	\$240.00	Odds 1 in	Base Draw	Fireball Draw		
	Cost Per Play							Cost Per Play with Fireball							Example Draw with this Outcome		
	\$12.00	\$24.00	\$48.00	\$72.00	\$96.00	\$120.00	\$1,350.00	\$2,700.00	\$5,400.00	\$8,100.00	\$10,800.00	\$13,500.00	694	4-1-4-2	3		
Base Prize	\$2,500.00	\$5,000.00	\$10,000.00	\$15,000.00	\$20,000.00	\$25,000.00	\$675.00	\$1,350.00	\$2,700.00	\$4,050.00	\$5,400.00	\$6,750.00	149	9-4-3-2	1		
Base Game Odds 1 in 417																	

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7

1 (14) A person who holds a valid ticket for a winning front-pair, mid-pair, or back-pair play is entitled to a prize as shown.

2 Figure: 16 TAC §401.316(g)(14)

Front-Pair, Mid-Pair, Back-Pair		Front-Pair, Mid-Pair, and Back-Pair with 2 like numbers					Fireball Front-Pair, Mid-Pair, and Back-Pair with 2 like numbers						Fireball Example			
		Cost Per Play					Cost Per Play with Fireball						Example Wager of 1-1-x-x			
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Example Draw	Fireball Draw
Base Prize	\$25.00	\$50.00	\$100.00	\$150.00	\$200.00	\$250.00	Fireball Prize (4 Wins)	\$28.00	\$56.00	\$112.00	\$168.00	\$224.00	\$280.00	1,000	1-1-3-5	1
Base Game Odds	1 in 100						Fireball Prize (2 Wins)	\$14.00	\$28.00	\$56.00	\$84.00	\$112.00	\$140.00	111	1-1-3-5	7
							Fireball Prize (1 Win)	\$7.00	\$14.00	\$28.00	\$42.00	\$56.00	\$70.00	56	1-6-9-4	1
		Front-Pair, Mid-Pair, and Back-Pair with 2 different numbers					Fireball Front-Pair, Mid-Pair, and Back-Pair with 2 different numbers						Fireball Example			
		Cost Per Play					Cost Per Play with Fireball						Example Wager of 1-2-x-x			
		\$0.50	\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$1.00	\$2.00	\$4.00	\$6.00	\$8.00	\$10.00	Odds 1 in	Example Draw	Fireball Draw
Base Prize	\$25.00	\$50.00	\$100.00	\$150.00	\$200.00	\$250.00	Fireball Prize (3 Wins)	\$21.00	\$42.00	\$84.00	\$126.00	\$168.00	\$210.00	500	1-2-4-5	1
Base Game Odds	1 in 100						Fireball Prize (2 Wins)	\$14.00	\$28.00	\$56.00	\$84.00	\$112.00	\$140.00	125	1-2-1-0	6
							Fireball Prize (1 Win)	\$7.00	\$14.00	\$28.00	\$42.00	\$56.00	\$70.00	56	1-1-7-4	2

3

1 ~~[(h) The executive director may authorize promotions in connection with Daily 4.]~~

2 ~~[(i) Announcement of incentive or bonus program. The executive director shall announce each~~
3 ~~incentive or bonus program prior to its commencement. The announcement shall specify the~~
4 ~~beginning and ending time, if applicable, of the incentive or bonus program and the value for the~~
5 ~~award.]~~

6 (h) ~~[(+)]~~ Daily 4 *plus* FIREBALL~~[(+)]~~.

7 (1) Daily 4 *plus* FIREBALL is an add-on feature to the Daily 4 base game. Adding the
8 Daily 4 *plus* FIREBALL option doubles the cost of the wager and creates more possible winning
9 combinations. For instance, if a player purchases a Daily 4 play with a straight order play type for
10 \$1.00, the Daily 4 *plus* FIREBALL play will cost an additional \$1.00. If a player purchases a Daily
11 4 "6-way combo" for \$6, the Daily 4 *plus* FIREBALL play option will cost an additional \$6. The
12 Daily 4 FIREBALL number will be randomly drawn from a set of ~~ten~~ ~~(10)~~ numbers from ~~zero~~
13 ~~to nine~~ ~~(0 to 9)~~. The Daily 4 FIREBALL number drawn will apply exclusively to the Daily 4
14 base game drawing and prizes. The Daily 4 *plus* FIREBALL option cannot be purchased
15 independently of a Daily 4 play.

16 (2) The Daily 4 FIREBALL number is used to replace any one ~~[(+)]~~ of the four ~~[(4)]~~ drawn
17 Daily 4 winning numbers to create FIREBALL prize winning combinations.

18 (3) If the player's selected numbers match any of the FIREBALL prize winning
19 combinations, the Daily 4 *plus* FIREBALL play wins in accordance with the charts in Figures
20 401.316(g)(4) through 401.316(g)(14).

21 (4) All FIREBALL prizes are in addition to any Daily 4 base game wins. Specifically, if a
22 player purchases the Daily 4 *plus* FIREBALL option, then if the Daily 4 FIREBALL number is
23 the same as one of the four numbers drawn in the Daily 4 base game drawing, and the player's

1 numbers already match the numbers drawn for the player's play type, the player will be awarded
2 the FIREBALL prize, in addition to the Daily 4 prize as identified in subsection (g) of this section
3 (relating to the Daily 4 prize charts). For instance, assume a player selects 1, 2, 3, and 4 in a straight
4 play order for the base game at \$1.00 and purchases a Daily 4 *plus* FIREBALL play for an
5 additional \$1.00 (total \$2.00 wager). If the numbers drawn are 1, 2, 3, and 4 and the Daily 4
6 FIREBALL number is 4, the play will win the base game prize of \$5000 and the FIREBALL prize
7 of \$1350, for a total of \$6350.

8 §401.317. "Powerball[®]" Draw Game Rule.

9 (a) Powerball®. Powerball is a Multi-State Lottery Association (MUSL) lottery draw game offered
10 by all Lotteries that have agreed to MUSL's Powerball Group Rules. The purpose of the Powerball
11 game is the generation of revenue for MUSL Party Lottery members and Mega Millions Party
12 Lotteries participating under the Cross-Sell Agreement, through the operation of a specially
13 designed multi-jurisdiction lottery game that will award prizes to ticket holders of validated
14 winning tickets matching specified combinations of numbers randomly selected in regularly
15 scheduled Drawings. The Powerball game is authorized to be conducted by the commission
16 executive director (executive director) under the conditions of the MUSL rules, the laws of the
17 State of Texas, this section, and under such further instructions, directives, and procedures as the
18 executive director may issue in furtherance thereof. In this regard, the executive director is
19 authorized to issue such further instructions and directives as may be necessary to conform the
20 conduct and play of the Powerball game to the requirements of the MUSL rules if, in the opinion
21 of the executive director, such instructions, directives, and procedures are in conformance with
22 state law. To be clear, the authority to participate in the Powerball game is provided to the Texas
23 Lottery Commission (commission) by MUSL. The conduct and play of the Powerball game must

1 conform to the MUSL Powerball Group Rules. Further, if a conflict arises between this section
2 and §401.304 of this chapter (relating to Draw Game Rules (General)), this section shall have
3 precedence. In addition to other applicable rules contained in Chapter 401, this section and
4 definitions herein apply unless the context requires a different meaning or is otherwise inconsistent
5 with the intent of the rules adopted by the MUSL or the MUSL Powerball Group.

6 (b) Definitions.

7 (1) "Agent" or "retailer" means a person or entity authorized by the commission to sell
8 lottery Plays.

9 (2) A "Drawing" refers collectively to the formal draw event for randomly selecting the
10 Winning Numbers that determine the number of winning Plays for each prize level of the
11 Powerball game and Power Play promotion.

12 (3) "Game ticket" or "ticket" means an acceptable evidence of Play, which is a ticket
13 produced in a manner that meets the specifications defined in the rules of the Selling Lottery and
14 subsection (g) of this section, and is a physical representation of the Play or Plays sold to the
15 player.

16 (4) "MUSL" means the Multi-State Lottery Association, a government-benefit association
17 wholly owned and operated by the MUSL Party Lotteries.

18 (5) "MUSL Board" means the governing body of the MUSL, which is comprised of the
19 chief executive officer of each Party Lottery. "MUSL Finance and Audit Committee" shall mean
20 the committee of that name established by the MUSL Board.

21 (6) "MUSL Annuity Factor" shall mean the annuity factor as determined by the MUSL
22 central office through a method approved by the MUSL Finance and Audit Committee and which
23 is used as described in this rule.

1 (7) "Pari-Mutuel" or "pari-mutuel" as used in this section shall mean wagered funds that
2 are pooled and then paid in equal shares to the holders of winning Plays as described in this section
3 and the MUSL Rules.

4 (8) "Party Lottery" means a state lottery or lottery of a political subdivision or entity that
5 has joined MUSL and is authorized to sell the Powerball game. "Licensee Lottery" shall mean a
6 state lottery or lottery of a governmental unit, political subdivision, or entity thereof that is not a
7 Party Lottery but has agreed to comply with all applicable MUSL and Product Group requirements
8 and has been authorized by the MUSL and by the Powerball Product Group to sell the Powerball
9 game. "Selling Lottery" or "Participating Lottery" shall mean a lottery authorized by the Product
10 Group to sell Plays, including Party Lotteries and Licensee Lotteries.

11 (9) "Play" means the six (6) numbers, the first five (5) from a field of sixty-nine (69)
12 numbers and the last one (1) from a field of twenty-six (26) numbers, that appear on a ticket and
13 are to be played by a player in the Powerball game.

14 (A) "Powerball Plays" (PB Plays) shall refer to Plays purchased as part of the
15 Powerball game, but shall not include Power Play Plays.

16 (B) "Power Play Plays" shall refer to Plays purchased as part of the Power Play
17 promotion described in subsection (k) of this section.

18 ~~[(10) "Playslip" means a physical or electronic means by which a player communicates
19 their intended Play selection to the retailer as defined and approved by the commission. A playslip
20 has no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.]~~

21 (10) ~~[(11)]~~ "Power Play" shall refer to the Power Play promotion as described in subsection
22 (k) of this section.

1 (11) [~~(12)~~] "Powerball Group" or "Product Group" means the MUSL member group of
2 lotteries which have joined together to offer the Powerball product pursuant to the terms of the
3 Multi-State Lottery Agreement and the Powerball Group's rules, including the MUSL Powerball
4 Drawing Procedures. In this rule, wherever either term is used it is referring to the MUSL
5 Powerball Group.

6 (12) [~~(13)~~] "Prize" means an amount paid to a person or entity holding a winning ticket.

7 (A) "The Grand Prize" shall refer to the top prize in the Powerball game.

8 (B) The Advertised Grand Prize shall mean the estimated annuitized Grand Prize
9 amount as determined by the MUSL Central Office by use of the MUSL Annuity Factor and
10 communicated through the Selling Lotteries prior to the Grand Prize Drawing. The Advertised
11 Grand Prize is not a guaranteed prize amount and the actual Grand Prize amount may vary from
12 the advertised amount, except in circumstances where there is a guaranteed Grand Prize amount
13 as described in paragraph (6) of subsection (f) of this section.

14 (C) The "Set Prize" or "low-tier prize" means all other prizes, except the Grand
15 Prize, and, except in instances outlined in this section, will be equal to the prize amount established
16 by the Product Group for the prize level.

17 (13) [~~(14)~~] "Terminal" means a device authorized by the commission for the purpose of
18 issuing Powerball game tickets and as defined in §401.301 (General Definitions) of this chapter.

19 (14) [~~(15)~~] "Winning Numbers" means the numbers randomly selected during a Drawing
20 event which shall be used to determine the winning Plays for the Powerball game or the Powerball
21 game promotion being drawn.

22 (c) Game Description.

1 (1) Powerball Game. Powerball is a five (5) out of sixty-nine (69) plus one (1) out of
2 twenty-six (26) numbers lottery game drawn every Wednesday and Saturday, as part of the
3 Powerball Drawing, which pays the Grand Prize, at the election of the player made in accordance
4 with this section, or by a default election made in accordance with this section, either on an
5 annuitized pari-mutuel basis or as a single lump sum payment of the total funding held in the Grand
6 Prize Pool for the winning Drawing on a pari-mutuel basis. Except as provided in this section, all
7 other prizes are paid on a single payment basis.

8 (A) Powerball Winning Numbers applicable to determine Powerball prizes will be
9 determined in the Powerball Drawing. During the Powerball Drawing, five (5) numbers shall be
10 drawn from the first set of sixty-nine (69) and one (1) number shall be drawn from the second set
11 of twenty-six (26) numbers, which shall constitute the Powerball Winning Numbers.

12 (B) To play Powerball, a player shall select five (5) different numbers, from one (1)
13 through sixty-nine (69) and one (1) additional number from one (1) through twenty-six (26), or
14 request the retailer to generate a Quick Pick selection of numbers from the lottery terminal. The
15 additional number may be the same as one of the first five numbers selected by the player.

16 (C) Powerball Plays can be purchased for two dollars (U.S. \$2.00), including any
17 specific statutorily-mandated tax of a Selling Lottery to be included in the price of a PB Play. PB
18 Plays may be purchased from a Selling Lottery approved sales outlet in a manner as approved by
19 the Selling Lottery and in accordance with MUSL Rules.

20 (2) Claims. A ticket shall be the only proof of a game Play or Plays and is subject to the
21 validation requirements set forth in subsection (g) of this section. The submission of a winning
22 ticket to the issuing Selling Lottery or its authorized agent shall be the sole method of claiming a
23 prize or prizes. A playslip has no pecuniary or prize value and shall not constitute evidence of Play

1 purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or prize
2 value and shall not constitute evidence of Play purchase or of numbers selected.

3 (3) Cancellations Prohibited. In all instances, a Play recorded on the Lottery gaming system
4 may not be voided or cancelled by returning the ticket to the selling agent or to the commission,
5 including tickets that are misprinted, illegible, printed in error, or for any reason not successfully
6 transferred to an authorized selling entity or player. A Selling Lottery may develop an approved
7 method of compensating retailers for Plays that are not transferred to a player for a reason
8 acceptable to the Selling Lottery and not prohibited by the Powerball Product Group. No Play that
9 is eligible for a prize can be returned to the commission for credit. Plays accepted by retailers as
10 returned Plays and which cannot be re-sold shall be deemed owned by the bearer thereof.

11 (4) Player Responsibility. It shall be the sole responsibility of the player to verify the
12 accuracy of the game Play or Plays and other data printed on the ticket. The placing of Plays is
13 done at the player's own risk through the licensed sales agent who is acting on behalf of the player
14 in entering the Play or Plays.

15 ~~[(5) Entry of Plays. Plays may only be entered manually using the lottery retailer terminal keypad~~
16 ~~or touch screen, by means of a commission approved playslip, or by such other means as approved~~
17 ~~by the commission, including entry using authorized third party point of sale ("POS") systems.~~
18 ~~Retailers shall not permit the use of playslips that are not approved by the commission. Retailers~~
19 ~~shall not permit any device to be physically or wirelessly connected to a lottery terminal to enter~~
20 ~~Plays, except as approved by the commission. A ticket generated using a selection method that is~~
21 ~~not approved by the commission is not valid. A selection of numbers for a Play may be made only~~
22 ~~if the request is made in person. Acceptable methods of Play selection may include:]~~

23 ~~[(A) using a self service terminal;]~~

1 ~~[(B) using a playslip;]~~

2 ~~[(C) using a previously generated "Powerball" ticket provided by the player;]~~

3 ~~[(D) selecting a Quick Pick;]~~

4 ~~[(E) requesting a retailer to manually enter numbers; or]~~

5 ~~[(F) using a QR code generated through a Texas Lottery Mobile Application offered~~
6 ~~and approved by the commission.]~~

7 (5) ~~[(6)]~~ Subscription Sales. A subscription sales program may be offered, at the discretion
8 of the executive director.

9 (6) ~~[(7)]~~ Maximum Purchase. The maximum number of consecutive Drawings on a single
10 PB Play purchase is ten (10), including Power Play Plays if purchased.

11 (d) Powerball Prize Pool.

12 (1) Powerball Prize Pool.

13 (A) The prize pool for all Powerball prize categories shall consist of fifty percent
14 (50%) of each Drawing period's Powerball sales, inclusive of any specific statutorily-mandated
15 tax of a Selling Lottery to be included in the price of a PB Play, and including contributions to the
16 prize pool accounts and prize reserve accounts.

17 (B) Powerball Prize Pool Accounts and Prize Reserve Accounts. The Product
18 Group shall set the contribution rates to the prize pool and to one or more prize reserve or pool
19 accounts established by the MUSL Powerball Group Rules.

20 (i) Prize Reserve Accounts. The Product Group has established the
21 following prize reserve accounts for the Powerball game: the Powerball Prize Reserve Account
22 (PRA), which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that
23 may result from a system error or other reason; and the Powerball Set Prize Reserve Account

1 (SPRA), which is used to fund deficiencies in low-tier Powerball prize payments, subject to the
2 limitations of the MUSL rules.

3 (ii) Prize Pool Accounts. The Product Group has established the following
4 prize pool accounts for the Powerball game: the Grand Prize Pool, which is used to fund the current
5 Grand Prize; the Powerball Set Prize Pool, which is used to fund the Powerball Set Prizes; the
6 Powerball Set-Aside Pool, which is used to fund the payment of the awarded minimum starting
7 annuity Grand Prizes and minimum annuity Grand Prize increase, if necessary (subject to the
8 limitations in the MUSL Powerball Group Rules), as may be set by the Product Group; and the
9 Grand Prize Carry Forward Pool (GPCFP), which is used to fund the starting minimum annuity
10 Grand Prize, as may be set by the Product Group, if such funds are available, and if sales do not
11 fund the Grand Prize. The Power Play Prize Pool is described in subsection (k)(4) of this section.
12 The Powerball Set Prize Pool shall hold the temporary balances that may result from having fewer
13 than expected winners in the Powerball Set Prize (aka low-tier prize) categories and the source of
14 the Powerball Set Prize Pool is the Party Lottery's weekly prize contributions less actual Powerball
15 Set Prize liability.

16 (iii) The above prize reserve accounts, the GPCFP and the Set-Aside Pool
17 shall have maximum balance amounts or balance limiter triggers that are set by the Product Group
18 and are detailed in the Comments to the MUSL Rule. The maximum balance amounts and balance
19 limiter triggers are subject to review by the MUSL Board Finance and Audit Committee. The
20 Finance and Audit Committee shall have two weeks to state objections, if any, to the approved
21 maximum balance amounts or balance limiter triggers. Approved maximum balance amounts or
22 balance limiter triggers shall become effective no sooner than two weeks after notice is given to
23 the Finance and Audit Committee and no objection is stated or sooner if the Committee

1 affirmatively approves the maximum balance amounts or balance limiter triggers. The Group may
2 appeal the Committee's objections to the full Board. Group approved changes in the maximum
3 balance amounts or balance limiter triggers set by the Product Group shall be effective only after
4 the next Grand Prize win.

5 (iv) The maximum contribution rate to the Grand Prize Pool shall be
6 68.0131% of the prize pool (34.0066% of sales). An amount up to five percent (5%) of a Party
7 Lottery's sales shall be deducted from a Party Lottery's Grand Prize Pool contribution and placed
8 in trust in one or more prize pool accounts and prize reserve accounts held by the Product Group
9 (hereinafter the "prize pool and reserve deduction") at any time that the prize pool accounts and
10 Party Lottery's share of the prize reserve accounts is below the amounts designated by the Product
11 Group. An additional amount up to twenty percent (20%) of a Party Lottery's sales shall be
12 deducted from a Party Lottery's Grand Prize Pool contribution and placed in trust in the GPCFP to
13 be held by the Product Group at a time as determined by the Product Group.

14 (v) The Product Group may determine to expend all or a portion of the funds
15 in the Powerball prize pool accounts (except the Powerball Grand Prize Pool account and the
16 GPCFP) and the prize reserve accounts: (1) for the purpose of indemnifying the Selling Lotteries
17 for the payment of prizes to be made by the Selling Lottery; and, (2) for the payment of prizes or
18 special prizes in the game, limited to prize pool and prize reserve contributions from lotteries
19 participating in the special prize promotion, subject to the approval of the Board's Finance and
20 Audit Committee or that Committee's failure to object after given two weeks' notice of the planned
21 action, which actions may be appealed to the full MUSL Board by the Product Group. The GPCFP
22 may only be expended to fund the starting minimum annuity Grand Prize.

1 (vi) The prize reserve shares of a Party Lottery may be adjusted with refunds
2 to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved
3 maximum balance and sales percentage shares of the Party Lotteries.

4 (vii) A Party Lottery may contribute to its sales percentage share of prize
5 reserve accounts over time, but in the event of a draw down from a prize reserve account, a Party
6 Lottery is responsible for its full sales percentage share of the prize reserve account, whether or
7 not it has been paid in full.

8 (viii) Any amount remaining in the Powerball prize pool accounts or prize
9 reserve accounts when the Product Group declares the end of this game shall be returned to the
10 lotteries participating in the accounts after the end of all claim periods of all Selling Lotteries,
11 carried forward to a replacement game or otherwise expended in a manner at the election of the
12 individual Members of the Product Group in accordance with jurisdiction statute.

13 (2) Expected Powerball Prize Payout Percentages. The Grand Prize payout shall be
14 determined on a pari-mutuel basis. Except as otherwise provided in this section, all other prizes
15 awarded shall be paid as single payment set cash prizes. All prize payouts are made with the
16 following expected prize payout percentages, although the prize payout percentage per draw may
17 vary:

18 Figure: 16 TAC §401.317(d)(2)

Number of Matches Per PB Play	Prize Payment	PB Prize Pool Percentage Allocated to Prize	PB Sales Percentage Allocated to Prize
All five (5) of first set plus one (1) of second set.	Grand Prize	68.0131%*	34.0066%
All five (5) of first set and none of second set.	\$1,000,000	8.5558%	4.2779%
Any four (4) of first set plus one (1) of second set.	\$50,000	5.4757%	2.7378%

Any four (4) of first set and none of second set.	\$100	0.2738%	0.1369%
Any three (3) of first set plus one (1) of second set.	\$100	0.6899%	0.3450%
Any three (3) of first set and none of second set.	\$7	1.2074%	0.6037%
Any two (2) of first set plus one (1) of second set.	\$7	0.9981%	0.4990%
Any one (1) of first set plus one (1) of second set.	\$4	4.3489%	2.1744%
None of first set plus one (1) of second set.	\$4	10.4373%	5.2187%
<i>*The maximum contribution rate may include contributions to reserves and pools as described in this rule and the MUSL Powerball Group Rules.</i>			

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(A) The prize money allocated to the Powerball Grand Prize category shall be divided on a pari-mutuel basis by the number of PB Plays winning the Powerball Grand Prize.

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(B) Powerball Set Prize Pool Carried Forward. For Party Lotteries, the Powerball Set Prize Pool (for single payment prizes of \$1,000,000 or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Powerball Set Prizes awarded in the current draw.

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(C) Pari-Mutuel Powerball Prize Determinations. Except as otherwise provided, if the total of the Powerball Set Prizes (as multiplied by the respective Power Play multiplier, if applicable) awarded in a Drawing exceeds the percentage of the prize pool allocated to the Powerball Set Prizes, then the amount needed to fund the Powerball Set Prizes, including Power Play prizes, awarded shall be drawn first from the amount available in the Powerball Set Prize Pool and the Power Play Prize Pool, if any; second from the SPRA, if available, not to exceed forty million dollars (\$40,000,000.00) per Drawing; and, third from other amounts as agreed to by the Product Group in their sole discretion.

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1 (D) If, after these sources are depleted, there are not sufficient funds to pay the Set
 2 Prizes awarded, including Power Play Prizes, then the highest Set Prize shall become a pari-mutuel
 3 prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below
 4 the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes
 5 awarded, then the next highest Set Prize, including Power Play prizes, shall become a pari-mutuel
 6 prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set
 7 Prize levels become pari-mutuel prize levels. In that instance, the money available from the
 8 funding sources listed in this rule shall be divided among the winning PB Plays in proportion to
 9 their respective prize percentages. Powerball Set Prizes and Power Play Prizes will be reduced by
 10 the same percentage.

11 (E) By agreement, the Licensee Lotteries shall independently calculate their Set
 12 Prize pari-mutuel prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree
 13 to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the
 14 independently-calculated prize amounts.

15 (e) Probability of Winning Powerball Plays. The following table sets forth the probability of
 16 winning PB Plays and the probable distribution of winning PB Plays in and among each prize
 17 category, based upon the total number of possible combinations in the Powerball game. The Set
 18 Prize Amount shall be the prizes set for all Selling Lotteries unless prohibited or limited by a
 19 jurisdiction's statute or judicial requirements.

20 Figure: 16 TAC §401.317(e)

Number of Matches Per PB Play	Probability Distribution		Probable/Set Prize Amount
	Winners	Probability	
All five (5) of first set plus one (1) of second set	1	1:292,201,338.0000	Grand Prize

All five (5) of first set and none of second set	25	1:11,688,053.5200	\$1,000,000
Any four (4) of first set plus one (1) of second set	320	1:913,129.1813	\$50,000
Any four (4) of first set and none of second set	8,000	1:36,525.1673	\$100
Any three (3) of first set plus one (1) of second set	20,160	1:14,494.1140	\$100
Any three (3) of first set and none of second set	504,000	1:579.7646	\$7
Any two (2) of the first set plus one (1) of second set	416,640	1:701.3281	\$7
Any one (1) of the first set plus one (1) of the second set	3,176,880	1:91.9775	\$4
None of the first set plus one (1) of second set	7,624,512	1:38.3239	\$4
Overall	11,750,538	1:24.8671	

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2 (f) Powerball Prize Payment.

3 (1) Powerball Grand Prizes. The Advertised Grand Prize in a Powerball game is not a
4 guaranteed amount; it is an estimated amount, and all advertised prizes, even advertised Set Prizes,
5 are estimated amounts. At the time of ticket purchase, a player must select a payment option of
6 either a single lump sum payment (cash value option or CVO) or annuitized payments (Annuity)
7 of a share of the Grand Prize if the PB Play is a winning Play. If no selection is made, payment
8 option will be as described in the chart below:

9 Figure: 16 TAC §401.317(f)(1)

Terminal Type	Manual Entry	Playslip with No Payment Option Selected
GT1200 (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity	Playslip Rejected with message "Playslip Rejected. Select Payment Option."

GT1200C (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
Gemini (Self-service Lottery Ticket Vending Machine [Terminal])	CVO only – designated on draw on-line game Quick Pick buttons.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
GT20 (Self-service Lottery Ticket Vending Machine)	CVO only – designated on draw game Quick Pick buttons.	N/A
Third-party POS systems	CVO only – Quick Pick selections through authorized third-party POS systems.	N/A

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(A) A player's selection of the payment option at the time of purchase is final and cannot be revoked, withdrawn, or otherwise changed.

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(B) The Grand Prize available in the Grand Prize Pool shall be determined on a pari-mutuel basis among all winning PB Plays of the Grand Prize. A player(s) who elects a cash value option payment shall be paid their share(s) in a single lump sum payment. The annuitized option prize shall be determined by multiplying the winning Play's share of the Grand Prize Pool by the annuity factor established in accordance with Texas law and the rules of the Texas Comptroller of Public Accounts. The MUSL Annuity Factor will not be used for Texas Lottery players. Neither MUSL nor any Selling Lottery shall be responsible or liable for changes in the advertised or estimated annuity prize amount and the actual amount purchased after the prize payment method is actually known to MUSL.

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1 (C) In certain instances announced by the Powerball Group, the Grand Prize shall
2 be a guaranteed amount and shall be determined pursuant to paragraph (6) of this subsection.

3 (D) If individual shares of the Grand Prize Pool funds held to fund an annuity is
4 less than \$250,000.00, the Powerball Group, in its sole discretion, may elect to pay the winners
5 their share of the funds held in the Grand Prize Pool. All annuitized prizes shall be paid annually
6 in thirty (30) payments with the initial payment being made in a single payment, to be followed
7 by twenty-nine (29) payments funded by the annuity.

8 (E) All annuitized prizes shall be paid annually in thirty (30) graduated payments,
9 as provided by the MUSL rules, (increasing each year) at a rate as determined by the MUSL
10 Product Group. Prize payments may be rounded down to the nearest one thousand dollars (\$1,000).

11 (F) Funds for the initial payment of an annuitized prize or the lump sum cash value
12 option payment shall be made available by MUSL for payment by the Selling Lottery no earlier
13 than the fifteenth calendar day (or the next banking day if the fifteenth day is a holiday) following
14 the Drawing. If necessary, when the due date for the payment of a prize occurs before the receipt
15 of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of
16 the full lump sum cash value option payment amount may be delayed pending receipt of funds
17 from the Selling Lotteries. The identification of the securities to fund the annuitized prize shall be
18 at the sole discretion of the State of Texas. If the State of Texas purchases the securities, or holds
19 the prize payment annuity for a Powerball prize won in this state, the prize winner will have no
20 recourse on the MUSL or any other Party Lottery for payment of that prize.

21 (2) Payment of Prize Payments upon the Death of a Prize Winner. In the event of the death
22 of a prize winner, payments may be made in accordance with §401.310 of this chapter (relating to
23 Payment of Prize Payments Upon Death of Prize Winner), otherwise, payment of prize payments

1 will be made to the estate of a deceased prize winner in accordance with Texas Government Code
2 §466.406.

3 (3) Powerball Prize Payments. All prizes shall be paid through the Selling Lottery that sold
4 the winning Play(s). All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in
5 cash or warrants in accordance with Texas statutes and these rules. A Selling Lottery may begin
6 paying low-tier cash prizes after receiving authorization to pay from the MUSL central office.

7 (4) Powerball Prizes Rounded. Annuitized payments of the Grand Prize or a share of the
8 Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism.
9 Breakage on an annuitized Grand Prize win shall be added to the first cash payment to the winner
10 or winners. Prizes other than the Grand Prize, which, under this section, may become single-
11 payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole
12 dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool
13 for the next Drawing.

14 (5) Powerball Prize Rollover. If the Grand Prize is not won in a Drawing, the prize money
15 allocated for the Grand Prize shall roll over and be added to the Grand Prize Pool for the following
16 Drawing.

17 (6) Funding of Guaranteed Powerball Prizes. The Powerball Group may offer guaranteed
18 minimum Grand Prize amounts or minimum increases in the Grand Prize amount between
19 Drawings or make other changes in the allocation of prize money where the Powerball Group finds
20 that it would be in the best interest of the game. If a minimum Grand Prize amount or a minimum
21 increase in the Grand Prize amount between Drawings is offered by the Powerball Group, then the
22 Grand Prize shares shall be determined as follows:

1 (A) If there are multiple Grand Prize winning PB Plays during a single Drawing,
2 each selecting the annuitized option prize, then a winning PB Play's share of the guaranteed
3 annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by
4 the number of Grand Prize winning PB Plays.

5 (B) If there are multiple Grand Prize winning PB Plays during a single Drawing
6 and at least one of the Grand Prize ticket holders has elected the annuitized option prize, then the
7 MUSL Annuity Factor may be utilized to determine the cash pool. The cost of the annuitized
8 prize(s) will be determined at the time the annuity is purchased through a process as approved by
9 the MUSL Board. If the annuitized option prize is selected by a Texas Lottery player, the amount
10 shall be determined by multiplying the winning PB Play's share of the Grand Prize Pool by the
11 annuity factor established in accordance with Texas law and the rules of the Texas Comptroller of
12 Public Accounts. The MUSL Annuity Factor will not be used for Texas Lottery players.

13 (C) If there are multiple Grand Prize winning PB Plays during a single Drawing,
14 and no claimant of the Grand Prize has elected the annuitized option prize, then the amount of cash
15 in the Grand Prize Pool shall be an amount equal to the guaranteed annuitized amount divided by
16 the MUSL Annuity Factor.

17 (D) Minimum guaranteed prizes or increases may be waived upon approval of the
18 Powerball Group if the alternate funding mechanism set out in subsection (d)(2)(D) of this section
19 becomes necessary.

20 (7) Limited to Highest Powerball Prize Won. The holder of a winning PB Play may win
21 only one (1) prize per PB Play in connection with the Winning Numbers drawn, and shall be
22 entitled only to the prize won by those numbers in the highest matching prize category. All

1 liabilities for a Powerball game or Powerball game promotional prize are discharged upon payment
2 of a prize claim.

3 (8) Powerball Prize Claim Period. Prizes must be claimed no later than 180 days after the
4 draw date.

5 (g) Play Validation. To be a valid Play and eligible to receive a prize, a Play's ticket shall satisfy
6 all the requirements established by the commission for validation of winning tickets sold through
7 its lottery gaming system and any other validation requirements adopted by the Powerball Group,
8 the MUSL Board, and published as the Confidential MUSL Minimum Game Security Standards.
9 The MUSL and the Selling Lotteries shall not be responsible for tickets which are altered in any
10 manner.

11 (1) Under no circumstances will a claim be paid for any prize without an official ticket
12 matching all game Play, serial number and other validation data residing in the selling Party
13 Lottery's lottery gaming system and such ticket shall be the only valid proof of the wager placed
14 and the only valid evidence for purposes of claiming or redeeming such prize.

15 (2) In addition to the above condition, in order to be deemed a valid winning Play, all of
16 the following conditions must be met:

17 (A) The validation data must be present in its entirety and must correspond, using
18 the computer validation file, to the number selections printed on the ticket for the applicable
19 Drawing date(s).

20 (B) The ticket must be intact.

21 (C) The ticket must not be mutilated, altered, reconstituted, or tampered with in any
22 manner.

1 (D) The ticket must not be counterfeit or an exact duplicate of another winning
2 ticket.

3 (E) The ticket must have been issued by an authorized sales agent, selling agent or
4 retailer on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by
5 the commission, printed on paper stock or otherwise issued in a manner approved by the
6 commission to provide tangible evidence of participation in a lottery game.

7 (F) The ticket must not have been stolen, to the knowledge of the commission.

8 (G) The Play data must have been recorded on the commission's lottery gaming
9 system prior to the Drawing and the Play data must match this lottery record in every respect. In
10 the event of a conflict between information as printed on the ticket and as accepted by the
11 commission's lottery gaming system, the wager accepted by the commission's lottery gaming
12 system shall be the valid wager.

13 (H) The player or Quick Pick number selections, validation data and the Drawing
14 date(s) of an apparent winning Play must appear in the official file of winning Plays, and a Play
15 with that exact data must not have been previously paid.

16 (I) The play must not be misregistered, and the Play's ticket must not be defectively
17 printed or printed or produced in error to an extent that it cannot be processed by the commission.

18 (J) In submitting a Play for validation, the claimant agrees to abide by applicable
19 laws, all rules and regulations, instructions, conditions and final decisions of the executive director.

20 (K) There must not be any other breach of the Powerball Game Rules in relation to
21 the Play that, in the opinion of the executive director, justifies invalidation.

22 (L) The Play must be submitted to the Selling Lottery that issued it.

1 (3) A Play submitted for validation that fails any of the validation conditions shall be
2 considered void, subject to the following determinations:

3 (A) In all cases of doubt, the determination of the commission shall be final and
4 binding; however, the commission may, at its option, replace an invalid Play with a Play of
5 equivalent sales price;

6 (B) In the event a defective ticket is purchased or in the event the commission
7 determines to adjust an error, the claimant's sole and exclusive remedy shall be the replacement of
8 such defective or erroneous ticket(s) with a Play of equivalent sales price;

9 (C) In the event a Play is not paid by the commission and a dispute occurs as to
10 whether the Play is a winning Play, the commission may, at its option, replace the Play as provided
11 in subparagraph (A) of this paragraph. This shall be the sole and exclusive remedy of the claimant.

12 (h) Ticket Responsibility.

13 (1) Signature. Until such time as a signature is placed upon a ticket in the area designated
14 for signature, a ticket shall be owned by the bearer of the ticket. When a signature is placed on the
15 ticket in the place designated, the person whose signature appears in such area shall be the owner
16 of the ticket and shall be entitled (subject to the validation requirements in subsection (g) of this
17 section (Ticket Validation) and state or district law) to any prize attributable thereto.

18 (2) Multiple Claimants. The issue of multiple claimants shall be handled in accordance
19 with Texas Government Code Chapter 466 and §401.304 of this chapter.

20 (3) Stolen Tickets. The Powerball Group, the MUSL and the Party Lotteries shall not be
21 responsible for lost or stolen tickets.

22 (4) Prize Claims. Prize claim procedures shall be governed by the rules of the commission
23 as set out in §401.304 of this subchapter and any internal procedures used by the commission. The

1 MUSL and the Party Lotteries shall not be responsible for prizes that are not claimed following
2 the proper procedures as determined by the Selling Lottery.

3 (5) The MUSL and the Participating Lotteries shall not be responsible to a prize claimant
4 for Plays redeemed in error by a selling agent, sales agent or retailer.

5 (6) Winning Plays are determined by the numbers drawn and certified by the independent
6 auditor responsible for auditing the Drawing. MUSL and the Participating Lotteries are not
7 responsible for Winning Numbers reported in error.

8 (i) Ineligible Players.

9 (1) A Play or share for a MUSL game issued by the MUSL or any of its Selling Lotteries
10 shall not be purchased by, and a prize won by any such Play or share shall not be paid to:

11 (A) a MUSL employee, officer, or director;

12 (B) a contractor or consultant under agreement with the MUSL to review the MUSL
13 audit and security procedures;

14 (C) an employee of an independent accounting firm under contract with MUSL to
15 observe Drawings or site operations and actually assigned to the MUSL account and all partners,
16 shareholders, or owners in the local office of the firm; or

17 (D) an immediate family member (parent, stepparent, child, stepchild, spouse, or
18 sibling) of an individual described in subparagraphs (A), (B), and (C) of this paragraph and
19 residing in the same household.

20 (2) Those persons designated by a Selling Lottery's law as ineligible to play its games shall
21 also be ineligible to Play the Powerball game in that Selling Lottery's jurisdiction.

22 (j) Applicable Law.

1 (1) In purchasing a Play, as evidenced by a ticket, or attempting to claim a prize, the
2 purchasers and prize claimants agree to comply with and abide by all applicable laws, rules,
3 regulations, procedures, and decisions of the Selling Lottery where the ticket was purchased, and
4 by directives and determinations of the director of that Party Lottery.

5 (2) A prize claimant agrees, as its sole and exclusive remedy, that claims arising out of a
6 Powerball game or a Powerball game promotion (as described in this section) can only be pursued
7 against the Selling Lottery which issued the Play. Litigation, if any, shall only be maintained within
8 the jurisdiction in which the Play was purchased and only against the Selling Lottery that issued
9 the Play. No claim shall be made against any other Participating Lottery or against the MUSL.

10 (3) Nothing in these Rules shall be construed as a waiver of any defense or claim the Selling
11 Lottery which issued the Play, any other Participating Lottery or MUSL may have in any litigation,
12 including in the event a player or prize claimant pursues litigation against the Selling Lottery, any
13 other Participating Lottery or MUSL, or their respective officers, directors or employees.

14 (4) All decisions made by a Selling Lottery, including the declaration of prizes and the
15 payment thereof and the interpretation of Powerball Rules, shall be final and binding on all Play
16 purchasers and on every person making a prize claim in respect thereof, but only in the jurisdiction
17 where the Play was issued.

18 (5) Unless the laws, rules, regulations, procedures, and decisions of the Lottery which
19 issued the Play provide otherwise, no prize shall be paid upon a Play purchased, claimed or sold
20 in violation of the MUSL Powerball Rules or the laws, rules, regulations, procedures, and decisions
21 of that Selling Lottery; any such prize claimed but unpaid shall constitute an unclaimed prize under
22 these Rules and the laws, rules, regulations, procedures, and decisions of that Selling Lottery.

23 (k) Powerball Special Game Rules: Powerball Power Play[®][Ⓢ].

1 (1) Power Play[Ⓢ] Description. The Powerball Power Play[Ⓢ] is a promotional limited
2 extension of the Powerball game and is conducted in accordance with the Powerball game rules
3 and other lottery rules applicable to the Powerball game except as may be amended herein. Power
4 Play will begin at a time announced by the commission and will continue until discontinued by the
5 commission. Power Play will offer to the owners of a qualifying Play a chance to increase the
6 amount of any of the eight Low-Tier Set Prizes (the Low-Tier prizes normally paying \$4 to
7 \$1,000,000) won in a Power Play Drawing. The Grand Prize is not a Set Prize and will not be
8 increased. MUSL will conduct a separate random "Power Play" Drawing and announce results
9 during each of the regular Powerball Drawings held during the promotion. During each Power
10 Play Drawing a single number (2, 3, 4, 5 and sometimes 10) shall be drawn. The ten (10X)
11 multiplier shall be available for all Drawings in which the initially Advertised Grand Prize amount
12 is one hundred fifty million dollars (\$150,000,000.00) or less. The probability of the possible
13 Power Play numbers being drawn is indicated in Figure 16 TAC §401.317(k)(4)(D). The Powerball
14 Group may modify the multiplier features for special promotions from time to time.

15 (2) Qualifying Play. A qualifying Play is any single PB Play for which the player pays an
16 extra dollar (\$1.00) for the Power Play option and which is recorded at the commission's lottery
17 gaming system as a qualifying Power Play Play.

18 (3) Prizes to be Increased. Except as provided in the MUSL Powerball game rules and this
19 section, a qualifying Play which wins one of the seven lowest Set Prizes (excluding the Match 5 +
20 0) will be multiplied by the number drawn, either two (2), three (3), four (4), five (5), or sometimes
21 ten (10), in a separate random Power Play Drawing announced during the official Powerball
22 Drawing show. The ten (10X) multiplier will be available for Drawings in which the initially
23 advertised annuitized Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00)

1 or less. The announced Match 5+0 prize, for players selecting the Power Play option, shall be paid
 2 two million dollars (\$2,000,000.00) unless a higher limited promotional dollar amount is
 3 announced by the Powerball Group.

4 Figure: 16 TAC §401.317(k)(3)

Prize Amount	Regardless of Power Play number selected:					
Match 5+0	\$1,000,000.00	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00
	Prize Amount	10X	5X	4X	3X	2X
Match 4+1	\$50,000.00	\$500,000.00	\$250,000.00	\$200,000.00	\$150,000.00	\$100,000.00
Match 4+0	\$100.00	\$1,000.00	\$500.00	\$400.00	\$300.00	\$200.00
Match 3+1	\$100.00	\$1,000.00	\$500.00	\$400.00	\$300.00	\$200.00
Match 3+0	\$7.00	\$70.00	\$35.00	\$28.00	\$21.00	\$14.00
Match 2+1	\$7.00	\$70.00	\$35.00	\$28.00	\$21.00	\$14.00
Match 1+1	\$4.00	\$40.00	\$20.00	\$16.00	\$12.00	\$8.00
Match 0+1	\$4.00	\$40.00	\$20.00	\$16.00	\$12.00	\$8.00

5

6 (4) Prize Pool.

7 (A) Power Play Prize Pool. The Power Play Prize Pool is created to be used to fund
 8 Power Play Prizes and shall hold the temporary balances that may result from having fewer than
 9 expected winners in the Power Play. The source of the Power Play Prize Pool is the Party Lottery's
 10 weekly prize contributions less actual Power Play Prize liability. In total, fifty percent (50%) of
 11 each draw's sales shall be collected for the payment of prizes.

12 (i) In Drawings where the ten (10X) multiplier is available, the expected
 13 payout for all prize categories shall consist of up to forty-nine and nine hundred sixty-nine

1 thousandths percent (49.969%) of each Drawing period's sales, including any specific statutorily
2 mandated tax of a Selling Lottery to be included in the price of a lottery Play. In Drawings where
3 the ten (10X) multiplier is not available, the expected payout for all prize categories shall consist
4 of up to forty-five and nine hundred thirty-four thousandths percent (45.934%) of each Drawing
5 period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included
6 in the price of a lottery Play.

7 (ii) In Drawings where the ten (10X) multiplier is available, an additional
8 thirty-one thousandths percent (0.031%) of each Drawing period's sales, including any specific
9 statutorily mandated tax of a Selling Lottery to be included in the price of a lottery ticket, may be
10 collected and placed in trust in the Power Play Prize Pool, for the purpose of paying Power Play
11 prizes. In drawings where the ten (10X) multiplier is not available, an additional four and sixty-
12 six thousandths percent (4.066%) of each Drawing period's sales, including any specific statutorily
13 mandated tax of a Selling Lottery to be included in the price of a lottery ticket, may be collected
14 and placed in trust in the Power Play Prize Pool, for the purpose of paying Power Play Prizes.

15 (iii) The prize payout percentage per draw may vary. The Power Play Prize
16 Pool shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the
17 Power Play Prizes awarded in the current draw and held in the Power Play Prize Pool.

18 (B) End of Promotion. Any amount remaining in the Power Play Prize Pool when
19 the Powerball Group declares the end of this promotion shall be returned to the lotteries
20 participating in the account after the end of all claim periods of all Selling Lotteries, carried
21 forward to a replacement game or promotion, or otherwise expended in a manner at the election
22 of the individual Participating Lotteries of the Product Group in accordance with jurisdiction
23 statute.

1 (C) Expected Prize Payout. Except as provided in this section, all prizes awarded
 2 shall be paid as single payment cash prizes. Instead of the Powerball Set Prize amounts, qualifying
 3 winning Plays of Power Play will pay the amounts shown in paragraph (3) of this subsection,
 4 above. In certain rare instances, the Powerball Set Prize amount may be less than the amount shown
 5 in Figure: 16 TAC §401.317(k)(3). In such case, the eight lowest Power Play Prizes will be
 6 changed to an amount announced after the draw. For example, if the Match 4+1 Powerball Set
 7 Prize amount of \$50,000 becomes \$25,000 under the rules of the Powerball game, and a 5X Power
 8 Play Multiplier is drawn, then a Power Play winning Play prize amount would win \$125,000.

9 (D) Probability of Power Play Numbers Being Drawn. The following table sets
 10 forth the probability of the various Power Play numbers being drawn during a single Powerball
 11 Power Play Drawing. The Powerball Group may elect to run limited promotions that may modify
 12 the multiplier features. Power Play does not apply to the Powerball Grand Prize. Except as
 13 provided in subparagraph (C) of this paragraph, a Power Play Match 5 + 0 prize is set at two
 14 million dollars (\$2,000,000.00), regardless of the multiplier selected.

15 Figure: 16 TAC §401.317(k)(4)(D)

When the 10X multiplier is available:		
Power Play	Probability of Prize Increase	Chance of Occurrence
10X (Prize Won Times 10)	1 in 43	2.3255%
5X (Prize Won Times 5)	2 in 43	4.6512%
4X (Prize Won Times 4)	3 in 43	6.9767%
3X (Prize Won Times 3)	13 in 43	30.2326%
2X (Prize Won Times 2)	24 in 43	55.8140%
When the 10X multiplier is not available:		

Power Play	Probability of Prize Increase	Chance of Occurrence
10X (Prize Won Times 10)	0 in 42	0.0000%
5X (Prize Won Times 5)	2 in 42	4.7619%
4X (Prize Won Times 4)	3 in 42	7.1429%
3X (Prize Won Times 3)	13 in 42	30.9523%
2X (Prize Won Times 2)	24 in 42	57.1429%
Power Play does not apply to the Grand Prize. Except as provided in subparagraph (C) of this paragraph, a Power Play Match 5 prize is set at two million dollars (\$2 million), regardless of the multiplier selected.		

1

2 (5) Limitations on Payment of Power Play Prizes.

3 (A) Prize Pool Carried Forward. The prize pool percentage allocated to the Power
4 Play Set Prizes shall be carried forward to subsequent draws if all or a portion of it is not needed
5 to pay the Set Prizes awarded in the current draw.

6 (B) Pari-Mutuel Prizes--All Prize Amounts. If the total of the original Powerball
7 Set Prizes and the Power Play Prizes awarded in a Drawing exceeds the percentage of the prize
8 pools allocated to the Set Prizes, then the amount needed to fund the Set Prizes (including the
9 Power Play prize amounts) awarded shall first come from the amount available in the Set Prize
10 Pool and the Power Play Prize Pool, if any, second from the Powerball Group's Set Prizes Reserve
11 Account, if available, not to exceed forty million dollars (\$40,000,000.00) per Drawing, and third
12 from other amounts as agreed to by the Powerball Group in their sole discretion.

13 (C) If, after these sources are depleted, there are not sufficient funds to pay the Set
14 Prizes awarded (including Power Play prize amounts), then the highest Set Prize (including the
15 Power Play prize amounts) shall become a pari-mutuel prize. If the amount of the highest Set Prize,

1 when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still
2 not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize,
3 including the Power Play prize amount, shall become a pari-mutuel prize. This procedure shall
4 continue down through all Set Prizes levels, if necessary, until all Set Prize levels become pari-
5 mutuel prize levels. In that instance, the money available from the funding sources listed in this
6 section shall be divided among the winning Plays in proportion to their respective prize
7 percentages. Powerball and Power Play prizes will be reduced by the same percentage. By
8 agreement, the Licensee Lotteries shall independently calculate their set pari-mutuel prize
9 amounts, including the Power Play prize amounts. The Party Lotteries and the Licensee Lotteries
10 shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser
11 of the independently-calculated prize amounts.

12 (6) Prize Payment.

13 (A) Prize Payments. All Power Play prizes shall be paid in a single payment through
14 the Selling Lottery that sold the winning Power Play Play(s). A Selling Lottery may begin paying
15 Power Play prizes after receiving authorization to pay from the MUSL central office.

16 (B) Prizes Rounded. Prizes, which, under these rules, may become pari-mutuel
17 prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage
18 resulting from rounding these prizes shall be carried forward to the prize pool for the next Drawing.

19 §401.320. "All or Nothing" Draw Game Rule.

20 (a) ["]All or NothingTM["] The executive director is authorized to conduct a game known as "All
21 or Nothing." The executive director may issue further directives for the conduct of ["]All or
22 Nothing["] that are consistent with this rule. In the case of conflict, this rule takes precedence over
23 §401.304 of this title (relating to Draw Game Rules (General)).

1 (b) Object of the Game. The object of the game is to either select as many or as few numbers that
2 match the 12 numbers drawn in the drawing. If a player matches more than 7 (seven) or fewer than
3 5 (five) numbers drawn in the drawing, the player wins a prize. (See the prize schedule chart in
4 subsection (g) of this section.) If the player matches all 12 numbers drawn in the drawing, or does
5 not match any numbers drawn in the drawing, the player wins the Top Prize. If more than one
6 ticket has been sold in which a player has matched all or none of the numbers drawn in the drawing,
7 each player possessing such ticket shall win the Top Prize.

8 (c) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General
9 Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

10 (1) Play--The selection of twelve different numbers from 1 to ~~through~~ 24 for one
11 opportunity to win in ["All or Nothing"] and the purchase of a ticket evidencing that selection.

12 (2) Playboard--A field of 24 numbers from 1 to 24 found on the[a] playslip. ~~[for use in~~
13 ~~selecting numbers for an "All or Nothing" play.]~~

14 ~~[(3) Playslip--An optically readable card issued by the commission for use in selecting~~
15 ~~numbers for one or more "All or Nothing" plays.]~~

16 (d) Plays and tickets.

17 (1) A ticket may be sold only by a retailer and only at the location listed on the retailer's
18 license. A ticket sold by a person other than a retailer is not valid.

19 (2) The price of an individual play is \$2.

20 ~~[(3) A player may complete up to five playboards on a single playslip.]~~

21 (3) ~~[(4)]~~ A player may use a single playslip or other commission-approved method of play
22 to purchase the same play(s) for up to 24 consecutive drawings, to begin with the next drawing
23 after the purchase.

1 ~~[(5) Acceptable methods to select a play may include:]~~

2 ~~[(A) using a playslip to select numbers;]~~

3 ~~[(B) requesting a retailer to use Quick Pick;]~~

4 ~~[(C) by requesting a retailer to manually enter numbers;]~~

5 ~~[(D) by using a self-service terminal;]~~

6 ~~[(E) by using a previously generated "All or Nothing" ticket provided by the player;~~

7 ~~or]~~

8 ~~[(F) by using a QR code generated through a Texas Lottery Mobile Application~~
9 ~~offered and approved by the commission.]~~

10 ~~[(6) Playslips must be completed manually. A ticket generated from a playslip that was not~~
11 ~~completed manually, or using a selection method that is not approved by the commission, is not~~
12 ~~valid.]~~

13 ~~[(7) A retailer may only accept a request for a play using a commission-approved method~~
14 ~~of play, and if the request is made in person.]~~

15 (4) [(8)] A retailer shall issue a ticket as evidence of one or more plays. A ticket must show
16 the numbers selected for each play, the number of plays, the draw date(s) and time(s) for which
17 the plays were purchased, the cost of the ticket and the security and transaction serial numbers.
18 Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale
19 systems approved by the commission, printed on paper stock or otherwise issued in a manner
20 approved by the commission to provide tangible evidence of participation in a lottery game.

21 ~~[(9) A playslip, or any document other than a ticket issued as described in paragraph (8) of~~
22 ~~this subsection, has no monetary value and is not evidence of a play.]~~

1 (5) [(10)] It shall be the exclusive responsibility of the player to verify the accuracy of the
2 player's selection(s) and other data printed on the ticket.

3 (6) [(11)] An unsigned winning ticket is payable to the holder or bearer of the ticket if the
4 ticket meets all applicable validation requirements.

5 ~~[(12) The executive director may authorize promotions in connection with All or Nothing.]~~

6 (e) Drawings.

7 (1) ["All or Nothing"] drawings will be held four times a day, (at 10:00 a.m., 12:27 p.m.,
8 6:00 p.m., and 10:12 p.m. Central Time) six days a week (Monday through Saturday). The
9 executive director may change the drawing schedule, if it is deemed necessary.

10 (2) Twelve different numbers from 1 to [through] 24 shall be drawn at each ["All or
11 Nothing"] drawing.

12 (3) Numbers drawn must be certified by the commission in accordance with the
13 commission's draw procedures.

14 (4) The numbers selected in a drawing shall be used to determine all winners for that
15 drawing.

16 (5) A drawing will not be invalidated based on the financial liability of the lottery.

17 (f) Announcement of incentive or bonus program. The executive director shall announce each
18 incentive or bonus program prior to its commencement. The announcement shall specify the
19 beginning and ending time, if applicable, of the incentive or bonus program and the value for the
20 award.

21 (g) Prizes.

22 (1) The Top Prize.

1 (A) Each person who holds a valid ticket for a play matching (in any order) the
 2 twelve numbers drawn in a drawing, or matching none of the twelve numbers drawn in a drawing
 3 is entitled to a top prize in the amount of \$250,000; provided that, in any drawing where the number
 4 of top prize winning plays is greater than twenty (20), the top prize shall be paid on a pari-mutuel
 5 rather than fixed prize basis and a liability cap of \$5 million will be divided equally by the number
 6 of top prize winning plays. For purposes of prize calculation with respect to the pari-mutuel prize,
 7 the calculation shall be rounded down so that prizes shall be paid in multiples of one dollar. Any
 8 part of the top pari-mutuel prize for a drawing that is not paid in prizes (breakage) shall be applied
 9 to offset prize expense. All other prizes are in amounts for matching or non-matching selections
 10 as shown in the following chart. All prizes are paid in cash.

11 Figure: 16 TAC §401.320(g)(1)(A)

Match	Odds	Prize
0	1 in 2,704,156	\$250,000*
1	1 in 18,779	\$500
2	1 in 621	\$50
3	1 in 56	\$10
4	1 in 11	\$2
5	Not a winner	Not a winner
6	Not a winner	Not a winner
7	Not a winner	Not a winner
8	1 in 11	\$2
9	1 in 56	\$10
10	1 in 621	\$50
11	1 in 18,779	\$500
12	1 in 2,704,156	\$250,000*
	Overall odds of winning any prize: 1 in 4.54	

*In any drawing where the number of top prize winning plays is greater than twenty (20), the top prize shall be paid on a pari-mutuel rather than fixed prize basis and a liability cap of \$5 million will be divided equally by the number of top prize winning plays.

1
2 (B) All payments shall be made upon completion of commission validation
3 procedures.

4 (C) A claim for any prize of \$600 or more must be presented at a claim center.

5 (2) A person may win only one prize per play per drawing. A player who holds a valid
6 ticket for a winning play is entitled to the highest prize for that play.

7 §401.321. Scratch [~~Instant Game~~] Tickets Containing Non-English Words.

8 If a scratch [~~an instant game~~] ticket features five or more words in a language other than English,
9 then the ticket must include disclosures in the same non-English language used in addition to any
10 other disclosures provided.

11 [~~§401.322. "Texas Triple Chance" Draw Game Rule.~~]

12 [~~(a) "Texas Triple Chance." The executive director is authorized to conduct a game known as~~
13 ~~"Texas Triple Chance." The executive director may issue further directives for the conduct of~~
14 ~~"Texas Triple Chance" that are consistent with this rule. In the case of conflict, this rule takes~~
15 ~~precedence over §401.304 of this title (relating to Draw Game Rules (General)).]~~

16 [~~(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General~~
17 ~~Definitions), and unless the context in this rule otherwise requires, the following definitions apply.]~~

18 [~~(1) Chance—One of three sets of 7 numbers from 1 through 55 included in a play for the~~
19 ~~opportunity to win a prize in "Texas Triple Chance." There are three Chances in each play of~~
20 ~~"Texas Triple Chance."]~~

21 [~~(2) Play—The three separate Chances, each representing an opportunity to win a prize in~~
22 ~~"Texas Triple Chance," and the purchase of a ticket evidencing same. The first Chance consists of~~

1 ~~7 numbers either chosen by the player or by Quick Pick allowing a random number generator~~
2 ~~approved by the commission to select the numbers. The remaining two Chances consist of two sets~~
3 ~~of 7 numbers always automatically selected by Quick Pick.]~~

4 ~~[(3) Playboard—A field of 55 numbers on a playslip for use in selecting numbers for a~~
5 ~~"Texas Triple Chance" play. There are five playboards on each playslip. Each playboard will~~
6 ~~generate one play of three Chances (three sets of 7 numbers).]~~

7 ~~[(4) Playslip—An optically readable card issued by the commission for use in selecting~~
8 ~~numbers for one or more "Texas Triple Chance" plays.]~~

9 ~~[(c) Object of the Game. The object of the game is to match 3 or more numbers in a single Chance~~
10 ~~to the 10 numbers drawn in the drawing to win a prize.]~~

11 ~~[(d) How the Game is Played. For each play, the player gets three sets of 7 numbers, or three~~
12 ~~Chances to win. Each set is selected from a field of 55 (numbered 1-55). The player may choose~~
13 ~~the first 7 numbers (the first Chance), or select a Quick Pick. The second and third Chances are~~
14 ~~always selected using Quick Pick numbers and automatically printed on the player's ticket at the~~
15 ~~time of purchase. Since the second and third Chances are randomly generated Quick Pick numbers,~~
16 ~~any of the three Chances in a play may include duplicate numbers. Each Chance is an opportunity~~
17 ~~to win, and a player can win up to three times in each play. If the player matches all 7 numbers in~~
18 ~~any one Chance to the numbers drawn in the drawing, the player wins the top prize. If more than~~
19 ~~one Chance has been sold in which a player has matched all 7 numbers, each player possessing a~~
20 ~~ticket containing such a Chance(s) shall win the top prize, subject to subsection (h) of this section.]~~

21 ~~[(e) Plays and tickets.]~~

22 ~~[(1) A ticket may be sold only by a retailer and only at the location listed on the retailer's~~
23 ~~license. A ticket sold by a person other than a retailer is not valid.]~~

1 ~~[(2) The price of an individual play is \$2.]~~

2 ~~[(3) A player may complete up to five playboards on a single playslip.]~~

3 ~~[(4) A player may use a single playslip or other commission approved method of play to~~
4 ~~purchase the same play(s) for up to 12 consecutive drawings, to begin with the next drawing after~~
5 ~~the purchase.]~~

6 ~~[(5) Acceptable methods to select a play may include:]~~

7 ~~[(A) For the first Chance, the set of 7 numbers may be selected by:]~~

8 ~~[(i) using a playslip;]~~

9 ~~[(ii) requesting a retailer to use Quick Pick;]~~

10 ~~[(iii) requesting a retailer to manually enter numbers;]~~

11 ~~[(iv) using a self-service terminal;]~~

12 ~~[(v) using a previously generated "Texas Triple Chance" ticket provided by~~
13 ~~the player; or]~~

14 ~~[(vi) using a QR code generated through a Texas Lottery Mobile~~
15 ~~Application offered and approved by the commission.]~~

16 ~~[(B) For the second and third Chances, numbers will always be automatically~~
17 ~~selected using Quick Pick, or can be chosen by using a previously generated "Texas Triple~~
18 ~~Chance" ticket provided by the player.]~~

19 ~~[(6) Playslips must be completed manually. A ticket generated from a playslip that was not~~
20 ~~completed manually, or using a selection method that is not approved by the commission, is not~~
21 ~~valid.]~~

22 ~~[(7) A retailer may only accept a request for a play using a commission approved method~~
23 ~~of play, and if the request is made in person.]~~

1 ~~[(8) A retailer shall issue a ticket as evidence of one or more plays. A ticket must show the~~
2 ~~numbers selected for each play, the number of plays and the draw date(s) for which the plays were~~
3 ~~purchased, the cost of the ticket and the security and transaction serial numbers. Tickets must be~~
4 ~~printed on official Texas Lottery paper stock, or, for third party point of sale systems approved by~~
5 ~~the commission, printed on paper stock or otherwise issued in a manner approved by the~~
6 ~~commission to provide tangible evidence of participation in a lottery game.]~~

7 ~~[(9) A playslip, or any document other than a ticket issued as described in paragraph (8) of~~
8 ~~this subsection, has no monetary value and is not evidence of a play.]~~

9 ~~[(10) It shall be the exclusive responsibility of the player to verify the accuracy of the~~
10 ~~player's selection(s) and other data printed on the ticket.]~~

11 ~~[(11) An unsigned winning ticket is payable to the holder or bearer of the ticket if the ticket~~
12 ~~meets all applicable validation requirements.]~~

13 ~~[(12) The executive director may authorize promotions in connection with "Texas Triple~~
14 ~~Chance."]~~

15 ~~[(f) Drawings.]~~

16 ~~[(1) "Texas Triple Chance" drawings will be held daily at 10:12 p.m. Central Time,~~
17 ~~Monday through Saturday. The executive director may change the drawing schedule if it is deemed~~
18 ~~necessary.]~~

19 ~~[(2) Ten (10) different numbers from 1 through 55 shall be drawn at each "Texas Triple~~
20 ~~Chance" drawing.]~~

21 ~~[(3) Numbers drawn must be certified by the commission in accordance with the~~
22 ~~commission's draw procedures.]~~

1 ~~[(4) The numbers selected in a drawing shall be used to determine all winners for that~~
2 ~~drawing.]~~

3 ~~[(5) A drawing will not be invalidated based on the financial liability of the lottery.]~~

4 ~~[(g) Announcement of incentive or bonus program. The executive director shall announce each~~
5 ~~incentive or bonus program prior to its commencement. The announcement shall specify the~~
6 ~~beginning and ending time, if applicable, of the incentive or bonus program and the value for the~~
7 ~~award.]~~

8 ~~[(h) Prizes:]~~

9 ~~[(1) The Top Prize:]~~

10 ~~[(A) Each person who holds a valid ticket for a play in which all 7 numbers in a~~
11 ~~single Chance match any 7 of the 10 numbers drawn in the drawing is entitled to a top prize in the~~
12 ~~amount of \$100,000; provided that, in any drawing where the number of top prize winning~~
13 ~~Chances is greater than ten (10), the top prize shall be paid on a pari-mutuel rather than fixed prize~~
14 ~~basis and a liability cap of \$1 million will be divided equally by the number of top prize winning~~
15 ~~Chances. For purposes of prize calculation with respect to the pari-mutuel prize, the calculation~~
16 ~~shall be rounded down so that prizes shall be paid in multiples of one dollar. Any part of the top~~
17 ~~pari-mutuel prize for a drawing that is not paid in prizes (breakage) shall be applied to offset prize~~
18 ~~expense. All other prizes are in amounts for matching selections as shown in the following chart.~~
19 ~~All prizes are paid in cash.]~~

20 [Figure: 16 TAC §401.322(h)(1)(A)]

[Match in any one Chance	Odds 1 in-	Prize
7	1,691,064	\$100,000*
6	21,474	\$500
5	813	\$25

4	68	\$5
3	11	\$2
	Overall odds of winning a prize in each Chance is 1 in 9.6	
	One play offers three Chances to win. Overall odds of winning a prize in a play is 1 in 3.6	
*In any drawing where the number of top prize winning Chances is greater than ten (10), the top prize shall be paid on a pari mutuel rather than fixed prize basis and a liability cap of \$1 million will be divided equally by the number of top prize winning Chances.]		

1

2 ~~[(B) All payments shall be made upon completion of commission validation~~
3 ~~procedures.]~~

4 ~~[(C) A claim for any prize of \$600 or more must be presented at a Texas Lottery~~
5 ~~claim center.]~~

6 ~~[(2) A person may win only one prize per Chance per drawing. A player who holds a valid~~
7 ~~ticket for a winning play is entitled to the total of the winnings for all of the three Chances in that~~
8 ~~play, subject to the top prize liability limit. The value of each winning Chance is determined~~
9 ~~independently of the other Chances in the play.]~~

10 §401.351. Proceeds from Ticket Sales.

11 All proceeds from the sale of lottery tickets received by a retailer shall constitute a trust fund until
12 paid to the commission either directly or through the commission's authorized collection
13 representative. A retailer shall have a fiduciary duty to preserve and account for lottery proceeds
14 and retailers shall be personally liable for all proceeds. Proceeds shall include unsold scratch
15 ~~[instant]~~ tickets and commission and/or commission vendor property received by a retailer and
16 cash proceeds of sale of any lottery products, net of allowable sales commissions and credit for
17 lottery prizes to winners by retailers. Sales proceeds, unused scratch ~~[instant]~~ tickets, and
18 commission and/or commission vendor property shall be delivered to the commission or its

1 authorized collection representative on demand. Retailers shall place all lottery proceeds due the
2 commission in accounts in institutions insured by the United States government not later than the
3 close of the next banking day after the date of their collection by the retailer until the date that they
4 are paid over to the commission.

5 §401.353. Retailer Settlements, Financial Obligations, and Commissions.

6 (a) Each retailer shall provide authorization for an account with EFT (electronic funds transfer)
7 capability to be used for weekly billing of all lottery products.

8 (b) Each retailer shall maintain an account balance sufficient to cover monies due the commission
9 for the established billing period. The commission shall withdraw by EFT the amount due the
10 commission on the day specified by the executive director. In the event a bank holiday falls on or
11 before the day specified for withdrawal during the same business week, the withdrawal shall occur
12 one day later in the week than normally scheduled. "Business week" means Sunday through
13 Saturday. In the event the commission changes the beginning and ending days of the business
14 week, the commission shall notify the retailers prior to the change.

15 (c) Each retailer shall receive credit on the retailer's lottery account for redeeming winning tickets.

16 (d) Each retailer shall receive 5.0% compensation on all sales from lottery games. A retailer may
17 not accept compensation for the sale of lottery tickets other than compensation referenced in this
18 section, regardless of the source. At the sole discretion of the executive director, a retailer may
19 receive additional compensation which may include but is not limited to incentive or bonus
20 programs.

21 (e) If a retailer fails to maintain a sufficient account balance to cover monies due the commission
22 for the established billing period, the retailer's license shall be summarily suspended. If a retailer's

1 license is summarily suspended for insufficient funds or non-transfer of funds four times in a 12-
2 month period, the retailer's license shall be revoked.

3 ~~[(f) A retailer must retain all sign-on slips for a minimum of seven weeks from the date the sign-
4 on slip is produced. Sign-on slips must be surrendered to commission security personnel upon
5 request.]~~

6 §401.355. Restricted Sales.

7 (a) Retailers shall not sell lottery tickets by mail, phone, fax, or other similar method of
8 communications. Retailers shall not sell a lottery ticket or any other document evidencing a right,
9 privilege, or share in a lottery ticket from another jurisdiction by any means.

10 (b) Retailers shall not sell tickets to persons under the age of 18. Any ticket purchased by or sold
11 to an individual under the age of 18 years shall be void and the prize otherwise payable on the
12 ticket is treated as an unclaimed prize under §401.302(j)(3) of this title (relating to Scratch Ticket
13 ~~[Instant]~~ Game Rules).

14 (c) Retailers shall not sell a ticket or pay a lottery prize to another person that the retailer knows
15 is:

16 (1) an officer or an employee of the commission;

17 (2) an officer, member, or employee of a lottery operator;

18 (3) an officer, member, or employee of a contractor or subcontractor that is excluded by
19 the terms of its contract from playing lottery games;

20 (4) the spouse, child, brother, sister, or parent of a person described by paragraph (1), (2),
21 or (3) of this subsection who resides within the same household as that person.

22 (d) Retailers shall not sell tickets from a game after the game's closing date.

23 §401.363. Retailer Record.

1 Each retailer shall keep accurate and complete records of all tickets from active and settled packs
2 that have not sold. All commission records maintained by a retailer shall be open to inspection by
3 the commission [~~at all times during normal business hours~~]. The commission may make summaries
4 or notes of any such records and may copy any such records either at the retailer's place of business
5 or off such premises so long as such records are returned within 48 hours of the time they are
6 removed from such place of business.

7 §401.366. Compliance with All Applicable Laws.

8 Each retailer agrees to operate in a manner consistent with the State Lottery Act, applicable federal
9 laws, Texas laws, local ordinances, with all terms and conditions related to the retailer's license,
10 with all requirements set forth in the most recent Retailer Manual, the rules and regulations
11 promulgated by the commission, and with his/her or its license from [~~agreements with~~] the Texas
12 Lottery.

13 §401.368. Lottery Ticket Vending Machines.

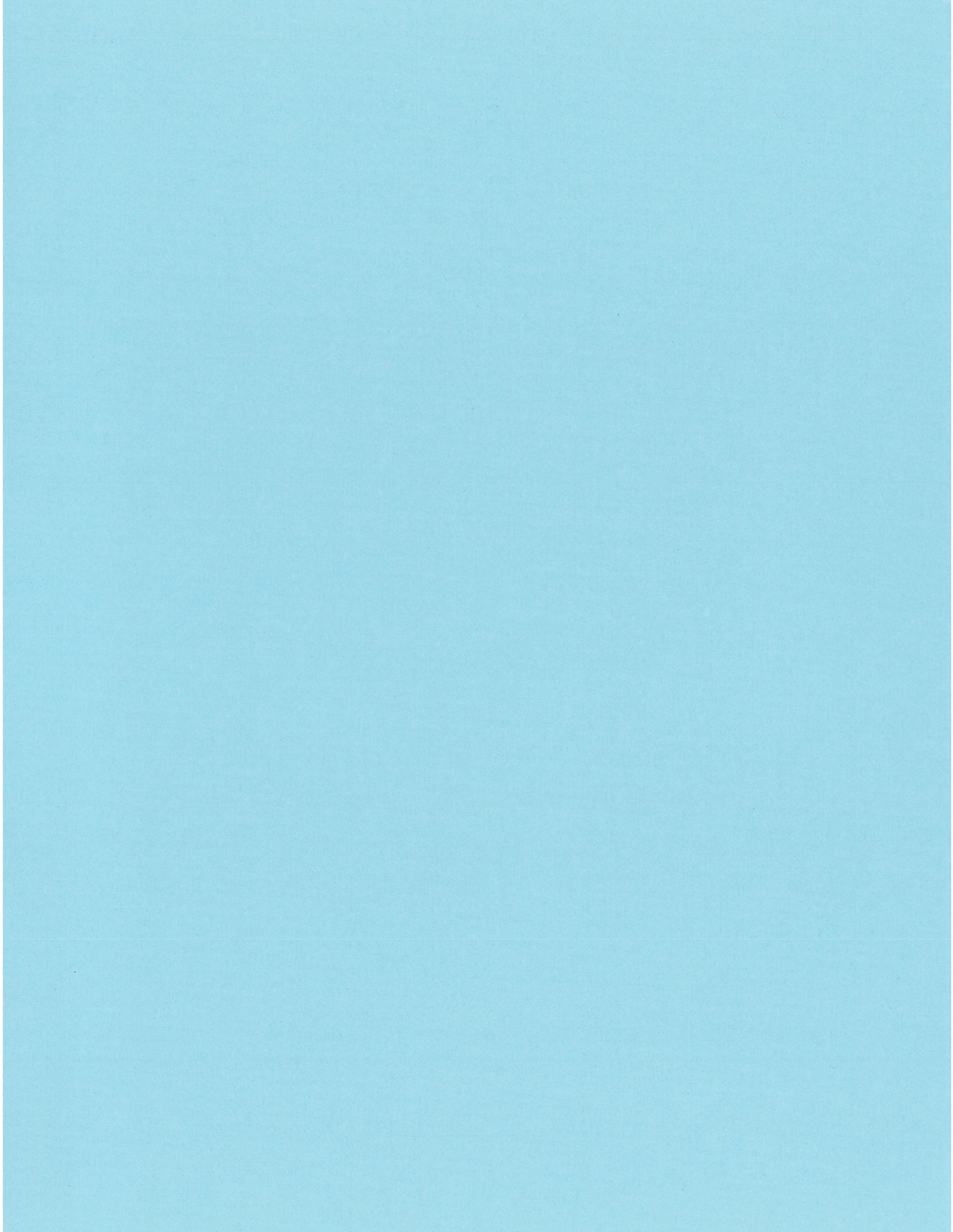
14 (a) No sales agent may distribute or sell lottery game tickets from a lottery ticket vending machine,
15 except those lottery ticket vending machines supplied and placed by the commission. For purposes
16 of this section lottery ticket vending machine is defined as a ticket dispensing machine that
17 dispenses lottery game tickets without the assistance of a sales agent's personnel.

18 (b) Lottery ticket vending machines may be placed by the commission in a sales agent's location
19 based upon criteria established by the executive director. The criteria may include consideration
20 of the location of the sales agent, the type of the sales agent's location, e.g., grocery store, the size
21 of the sales agent's location, and minimum sales criteria that shall be provided to the sales agents
22 prior to implementation of such criteria.

- 1 (c) A lottery sales agent must maintain the minimum sales criteria established by the executive
2 director in order to obtain and retain a lottery ticket vending machine. A sales agent who does not
3 maintain minimum sales in accordance with such sales criteria may be placed in a sales review
4 period unless good cause exists as determined by the executive director. After the sales agent's
5 sales review period has expired, the sales agent's sale of lottery game tickets shall be reviewed. If
6 the sales agent has not maintained the minimum sales in accordance with the minimum ticket sales
7 criteria during such sales review period, the commission or commission's designated representative
8 may remove the lottery ticket vending machine.
- 9 (d) The minimum sales criteria established by the executive director shall be provided to the sales
10 agents at least 30 days prior to imposition of such minimum sales criteria.
- 11 (e) Lottery ticket vending machines may only be placed within the sales agent's location in a site
12 approved by the commission.
- 13 (f) A lottery sales agent may redeem any lottery prize of less than \$600.
- 14 (g) Every lottery sales agent location equipped with a lottery ticket vending machine(s) will be
15 provided a remote shut off device to allow for the control of sales transactions.
- 16 (h) A lottery sales agent shall keep the lottery ticket vending machine stocked with printer supplies
17 and tickets.
- 18 (i) A lottery sales agent shall provide designated sales reports to the commission or the
19 commission's designated representative(s).
- 20 (j) A lottery sales agent shall undergo required training relating to the use and maintenance of
21 lottery ticket vending machines prior to ticket sales from the lottery ticket vending machine.

1 (k) A lottery sales agent shall allow commission designated service technicians access to the lottery
2 ticket vending machine [~~during normal business hours~~] to allow service and repair of the lottery
3 ticket vending machine.

4 (l) A sales agent is expected to make every reasonable effort to provide player resolution at the
5 retail location if a player's lottery purchase, or attempted purchase, from a lottery vending machine
6 results in a need to refund the player's money. The sales agent is to contact the Lottery Operations
7 Division for service to resolve a mechanical error and the commission to request any refund due
8 to player reimbursement. Resolution due to player errors or requests for ticket cancellations must
9 follow the specific lottery game rule for the game played.



lead to an increase or decrease in fees paid to a state agency; will not create a new regulation; will not repeal an existing regulation; and will not result in an increase or decrease in the number of individuals subject to the rule. During the first five years that the amendments would be in effect, the proposed amendments will not positively or adversely affect the Texas economy.

TAKINGS IMPACT ASSESSMENT. The Commission has determined that no private real property interests are affected by this proposal and the proposal does not restrict or limit an owner's right to his or her property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking under Texas Government Code §2007.043.

REQUEST FOR PUBLIC COMMENT. Written comments on the proposed amendments may be directed to Megan Carey, Manager, Records Management Assistance, via email rules@tsl.texas.gov, or mail, P.O. Box 12927, Austin, Texas, 78711-2927. Comments will be accepted for 30 days after publication in the *Texas Register*.

STATUTORY AUTHORITY. The amended section is proposed under Government Code, §441.158, which requires the Commission to adopt records retention schedules by rule and requires the Commission to provide records retention schedules to local governments, and Government Code, §441.160, which allows the commission to revise the schedules.

CROSS REFERENCE TO STATUTE. Government Code, Chapter 441.

§7.125. Records Retention Schedules.

(a) The following records retention schedules, required to be adopted by rule under Government Code §441.158(a) are adopted.

(1) Local Schedule GR: Records Common to All Local Governments, Revised 5th Edition.

Figure: 13 TAC §7.125(a)(1) (No change.)

(2) Local Schedule PW: Records of Public Works and Other Government Services, 2nd Edition.

Figure: 13 TAC §7.125(a)(2) (No change.)

(3) Local Schedule CC: Records of County Clerks, Revised 3rd Edition.

Figure: 13 TAC §7.1259(a)(3) (No change.)

(4) Local Schedule DC: Records of District Clerks, Revised 3rd Edition.

Figure: 13 TAC §7.125(a)(4) (No change.)

(5) Local Schedule PS: Records of Public Safety Agencies, Revised 4th Edition.

Figure: 13 TAC §7.125(a)(5) (No change.)

(6) Local Schedule SD: Records of Public School Districts, 3rd Edition.

Figure: 13 TAC §7.125(a)(6) (No change.)

(7) Local Schedule JC: Records of Public Junior Colleges, 2nd Edition.

Figure: 13 TAC §7.125(a)(7) (No change.)

(8) Local Schedule LC: Records of Justice and Municipal Courts, Revised 2nd Edition.

Figure: 13 TAC §7.125(a)(8) (No change.)

(9) Local Schedule TX: Records of Property Taxation, 3rd Edition.

Figure: 13 TAC §7.125(a)(9) (No change.)

(10) Local Schedule EL: Records of Elections and Voter Registration, 4th [3rd] Edition.

Figure: 13 TAC §7.125(a)(10)

[Figure: 13 TAC §7.125(a)(10)]

(11) Local Schedule HR: Records of Public Health Agencies, 2nd Edition.

Figure: 13 TAC §7.125(a)(11) (No change.)

(12) Local Schedule UT: Records of Utility Services, 2nd Edition.

Figure: 13 TAC §7.125(a)(12) (No change.)

(b) The retention periods in the records retention schedules adopted under subsection (a) of this section serve to amend and replace the retention periods in all editions of the county records manual published by the commission between 1978 and 1988. The retention periods in the manual, which were validated and continued in effect by Government Code §441.159, until amended, are now without effect.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on June 11, 2020.

TRD-202002338

Sarah Swanson

General Counsel

Texas State Library and Archives Commission

Earliest possible date of adoption: July 26, 2020

For further information, please call: (512) 463-5591

◆ ◆ ◆
TITLE 16. ECONOMIC REGULATION

PART 9. TEXAS LOTTERY COMMISSION

CHAPTER 401. ADMINISTRATION OF STATE LOTTERY ACT

The Texas Lottery Commission (Commission) proposes amendments to 16 TAC §401.158 (Suspension or Revocation of License), §401.160 (Standard Penalty Chart), §401.301 (General Definitions), §401.302 (Scratch Ticket Game Rules), §401.304 (Draw Game Rules (General)), §401.305 ("Lotto Texas®" Draw Game Rule), §401.307 ("Pick 3" Draw Game Rule), §401.308 ("Cash Five" Draw Game Rule), §401.312 ("Texas Two Step" Draw Game Rule), §401.315 ("Mega Millions" Draw Game Rule), §401.316 ("Daily 4" Draw Game Rule), §401.317 ("Powerball®" Draw Game Rule), §401.320 ("All or Nothing" Draw Game Rule), §401.321 (Instant Game Tickets Containing Non-English Words), §401.322 ("Texas Triple Chance" Draw Game Rule), §401.351 (Proceeds from Ticket Sales), §401.353 (Retailer Settlements, Financial Obligations, and Commissions), §401.355 (Restricted Sales), §401.363 (Retailer Record) §401.366 (Compliance with All Applicable Laws), and §401.368 (Lottery Ticket Vending Machines).

The proposed rule amendments are a result of the Commission's recent rule review conducted in accordance with Texas Government Code §2001.039. The proposed amendments will simplify and update the rules to conform to industry best practices. The proposed amendments also include updates and clarifications of certain terms to conform usage of those terms throughout the

rules (e.g., replacing the terms "instant ticket" and "instant game" with "scratch ticket" and "scratch ticket game").

Among the more significant changes, the proposed amendments move the draw game "playslip" and "entry of play" provisions from various specific draw game rules to the definitions and general draw game rule with language that will apply consistently to all draw games. Likewise, the proposed amendments move the general provisions regarding authorized promotions and retail bonus/incentives from individual draw game rules to the general draw game rule. The proposed amendments also update the various game trademarks and definitions of "playboard" for consistency purposes.

The proposed amendments to Rule 401.158 (Suspension or Revocation of License) and the penalty chart in Rule 401.160 (Standard Penalty Chart) update and clarify lottery enforcement policy and practice. The proposed amendments also remove certain outdated requirements from the licensing rules and retailer rules.

Additionally, the proposed amendments include the repeal of §401.322 ("Texas Triple Chance" Draw Game Rule) because that draw game is no longer offered. The proposed amendments also remove references to "Lotto Texas® Winner Take All®" from §401.305 ("Lotto Texas®" Draw Game Rule) because that promotion was never implemented. The proposed removal of the foregoing provisions will further streamline and simplify the Commission's rules.

Kathy Pyka, Controller, has determined that for each year of the first five years the amendments will be in effect, there will be no significant fiscal impact for state or local governments as a result of the proposed amendments. There will be no adverse effect on small businesses or rural communities, micro businesses, or local or state employment. There will be no additional economic cost to persons required to comply with the amendments, as proposed. Furthermore, an Economic Impact Statement and Regulatory Flexibility Analysis is not required because the proposed amendments will not have an adverse economic effect on small businesses or rural communities as defined in Texas Government Code §2006.001(1-a) and (2).

Ryan Mindell, Lottery Operations Director, has determined that for each year of the first five years the proposed amendments will be in effect, the anticipated public benefit expected is a greater understanding of the Commission's rules and games by licensed lottery retailers and lottery players based on the removal of obsolete language and the use of updated and consistent terminology. By simplifying the rules, an increase in understanding should lead to increased compliance by retailers and increased play by players.

Pursuant to Texas Government Code §2001.0221, the Commission provides the following Government Growth Impact Statement for the proposed amendments. For each year of the first five years the proposed amendments will be in effect, Kathy Pyka, Controller, has determined the following:

- (1) The proposed amendments do not create or eliminate a government program.
- (2) Implementation of the proposed amendments does not require the creation of new employee positions or the elimination of existing employee positions.
- (3) Implementation of the proposed amendments does not require an increase or decrease in future legislative appropriations to the Commission.

(4) The proposed amendments do not require an increase or decrease in fees paid to the Commission.

(5) The proposed amendments do not create a new regulation.

(6) The proposed amendments do not expand or limit an existing regulation.

(7) The proposed amendments do not increase or decrease the number of individuals subject to the rule's applicability.

(8) The proposed amendments do not positively or adversely affect this state's economy.

The Commission requests comments on the proposed amendments from any interested person. Comments on the proposed amendments may be submitted to Kyle Wolfe, Assistant General Counsel, by mail at Texas Lottery Commission, P.O. Box 16630, Austin, Texas 78761-6630; by facsimile at (512) 344-5189; or by email at legal.input@lottery.state.tx.us. Comments must be received within 30 days after publication of this proposal in the *Texas Register* to be considered.

SUBCHAPTER B. LICENSING OF SALES AGENTS

16 TAC §401.158, §401.160

These amendments are proposed under Texas Government Code §466.015, which authorizes the Commission to adopt rules governing the operation of the lottery, and §467.102, which authorizes the Commission to adopt rules for the enforcement and administration of the laws under the Commission's jurisdiction.

This proposal is intended to implement Texas Government Code Chapter 466.

§401.158. *Suspension or Revocation of License.*

(a) The commission may suspend or revoke any license issued under this subchapter if the commission finds that any factor listed as grounds for denial of a license under §401.153(b) of this title (relating to Qualifications for License) or any factor listed in subsection (b) of this section apply to the licensee. The commission shall inform the sales agent in writing of the decision to suspend or revoke a license for any of these reasons. In addition, in the event of a license suspension under this section, the director of the Lottery Operations Division shall also inform the licensee of the terms under which the suspended license may be reissued.

(b) Without limiting the commission's ability to consider factors listed in §401.153(b) of this title as grounds for suspension or revocation of a license issued under this subchapter, the commission may also suspend or revoke a license for reasons including, but not limited to, any of the following:

(1) licensee engages in telecommunication or printed advertising that the director determines to have been false, deceptive or misleading;

(2) licensee conditions redemption of a lottery prize upon the purchase of any other item or service;

(3) licensee imposes a restriction upon the redemption of a lottery prize not specifically authorized by the director;

(4) licensee fails to follow instructions and procedures for the conduct of any [particular] lottery game, lottery special event or promotion;

(5) licensee and/or its employee(s) exhibit discourteous treatment including, but not limited to, abusive language toward customers, commission employees or commission vendors;

(6) licensee fails to establish or maintain reasonable security precautions regarding ~~[with regard to]~~ the handling of lottery tickets and other materials;

(7) licensee fails to deface a validated ticket;

(8) licensee sells a draw game ticket for a draw that has already taken place;

(9) licensee fails to follow validation procedures, including, but not limited to, paying a claim without validating the ticket, failing to pay a valid prize after validating a customer's winning ticket, or retaining a customer's winning ticket that has not been validated;

~~[(7) licensee endangers the security and/or integrity of the lottery games operated by the commission;]~~

(10) ~~[(8)]~~ licensee violates any directive or instruction issued by the director of the Lottery Operations Division;

(11) ~~[(9)]~~ licensee violates any express term or condition of its license not specifically set forth in this subchapter;

~~[(10) licensee incurs four (4) notices of nonsufficient fund transfers or non-transfer of funds within a 12-month period;]~~

(12) ~~[(11)]~~ licensee sells a scratch ticket from a game that has closed after the date designated for the end of the game;

~~[(12) licensee fails to pay a valid prize in the amount specified on the validation slip generated on the licensee's terminal or to pay the authorized amount;]~~

~~[(13) licensee fails to pay a valid prize the licensee is required to pay;]~~

~~[(14) licensee refuses or fails to sell lottery tickets during all normal business hours of the lottery retailer;]~~

(13) ~~[(15)]~~ licensee refuses to refund or properly cancel ~~[and/or fails to properly cancel]~~ a Pick 3 or Daily 4 ticket;

(14) ~~[(16)]~~ licensee fails to return an exchange ticket to a prize claimant claiming a prize on a multi-draw ticket if an exchange ticket is produced by the licensee's terminal;

(15) ~~[(17)]~~ licensee fails to keep accurate and complete records of all tickets that have not been sold from confirmed, active, and settled packs; ~~[from confirmed, active, and settled packs that have not been sold;]~~

~~[(18) licensee fails or refuses to meet minimum sales criteria;]~~

(16) ~~[(19)]~~ licensee fails to meet any requirement under §401.368 of this title (relating to Lottery Ticket Vending Machines), if the licensee has been supplied with a self-service lottery ticket vending machine by the commission;

(17) ~~[(20)]~~ licensee fails to take readily achievable measures within the allowed time period to comply with the barrier removal requirements regarding the ADA;

(18) ~~[(21)]~~ licensee fails to prominently post license;

(19) Licensee sells tickets that were assigned to another licensed location;

(20) ~~[(22)]~~ licensee knowingly sells a ticket or pays a lottery prize to another person who is:

(A) an officer or an employee of the commission;

(B) an officer, member, or employee of a lottery operator;

(C) an officer, member, or employee of a contractor or subcontractor that is excluded by the terms of its contract from playing lottery games;

(D) the spouse, child, brother, sister, or parent of a person described by subparagraph (A), (B), or (C) of this paragraph who resides within the same household as that person;

(21) Licensee endangers the security and/or integrity of the lottery games operated by the commission;

(22) ~~[(23)]~~ licensee intentionally or knowingly sells a ticket at a price the licensee knows is greater than the price set by the executive director;

(23) Licensee charges a fee for lottery ticket purchases using a debit card and/or requires a minimum dollar amount for debit card purchases of only lottery tickets;

(24) licensee sells tickets at a location ~~[issued to a licensed location at another location]~~ that is not licensed;

(25) licensee intentionally or knowingly sells a ticket by extending credit or lends money to enable a person to buy a ticket;

(26) licensee intentionally or knowingly sells a ticket to a person that the licensee knows is younger than 18 years;

(27) licensee intentionally or knowingly sells a ticket and accepts anything for payment not specifically allowed under the State Lottery Act;

(28) licensee sells tickets over the telephone or via mail order sales, establishes or promotes a group purchase or pooling arrangement under which tickets are purchased on behalf of the group or pool and any prize is divided among the members of the group or pool, and the licensee intentionally or knowingly:

(A) uses any part of the funds solicited or accepted for a purpose other than purchasing tickets on behalf of the group or pool; or

(B) retains a share of any prize awarded as compensation for establishing or promoting the group purchase or pooling arrangement;

(29) licensee intentionally or knowingly alters or forges a ticket;

(30) licensee intentionally or knowingly influences or attempts to influence the selection of a ~~[the]~~ winner of a lottery game;

(31) licensee intentionally or knowingly claims a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation; or aids or agrees to aid another person or persons to claim a lottery prize or a share of a lottery prize by means of fraud, deceit, or misrepresentation;

(32) licensee intentionally or knowingly tampers with, damages, defaces, or renders inoperable any vending machine, electronic computer terminal, or other mechanical device used in a lottery game, or fails to exercise due care in the treatment of commission property;

(33) licensee:

(A) induces another person to assign or transfer a right to claim a prize;

(B) initiates or accepts an offer to sell the right to claim a prize;

(C) initiates or accepts an offer of compensation from another person to claim a lottery prize; or

(D) purchases, for anything of value, a lottery ticket from a person who is not a licensed lottery retailer;

(34) licensee intentionally or knowingly makes a statement or entry that the person knows to be false or misleading on a required report;

(35) licensee fails to maintain or make an entry the licensee knows is required to be maintained or made for a required report;

(36) licensee knowingly refuses to permit the director of the Lottery Operations Division, the executive director, commission, the lottery operator, the employees or agents of the lottery operator, or the state auditor to examine the agent's books, records, papers or other objects, or refuses to answer any question authorized under the State Lottery Act;

(37) licensee intentionally or knowingly makes a material and false or incorrect, or deceptive statement, written or oral, to a person conducting an investigation under the State Lottery Act or a commission rule;

(38) licensee commits an offense of conspiracy as defined in the State Lottery Act;

(39) licensee sells or offers for sale any interest in a lottery of another state or state government or an Indian tribe or tribal government, including an interest in an actual lottery ticket, receipt, contingent promise to pay, order to purchase, or other record of the interest; ~~or~~

(40) licensee incurs four (4) notices of nonsufficient fund transfers or non-transfer of funds within a 12-month period;

(41) licensee fails to pay the full amount of money owed to the commission after a nonsufficient funds transfer or non-transfer of funds to the commission's account; or

(42) ~~[(40)]~~ licensee has violated a provision of the State Lottery Act, Government Code, Chapter 466, or a commission rule adopted under the State Lottery Act.

§401.160. *Standard Penalty Chart.*

(a) The commission, through the director of the Lottery Operations Division, may offer settlements to persons charged with violating the provisions of the State Lottery Act or rules of the commission. Settlement of those cases, unless otherwise provided for elsewhere in this rule, shall be in compliance with the following standard penalty chart. A settlement will be in the form of an Agreement and Consent Order of the commission.

(b) A repeat violation by a licensee justifies the penalty for a second or third violation if it occurs within 12 months of the first violation. Violations need not be the same or similar in nature to previous violations to be considered repeat violations.

(c) A penalty for an alleged repeat violation shall not be assessed unless the alleged violation occurs after the licensee has been notified, in writing, of the first alleged violation. Notwithstanding the preceding sentence, if an alleged violation is discovered during an undercover operation, then no notice of any prior alleged violations may be necessary to assess a penalty for a repeat violation. The requirement that written notice be given to a licensee shall not be interpreted to require that a notice of hearing for the violation be delivered to the licensee.

(d) The list of violations in the standard penalty chart is not an exclusive list of violations of the commission or rules of the commission. The commission is authorized to assess penalties for any violation of any of the foregoing statutes or rules for which a penalty is not provided on the chart. Any penalty assessed for a violation not provided for on the standard penalty chart shall be approved by the director of the Lottery Operations Division or his/her designee prior to its assessment.

(e) Any person responsible for assessing a penalty for a violation may deviate from the standard penalty chart if mitigating circumstances are involved and consideration will be given to all the factors listed in subsection (g) of this section. If a recommendation deviating from the standard penalty chart is made, it must be made in writing and be filed with the case report. Final approval shall be made by the director of the Lottery Operations Division or his/her designee.

(f) The standard penalty chart does not bind an administrative law judge or the commission as to penalties for any violation determined to have occurred by the facts presented in an administrative hearing and the record of that proceeding shall be the determining factor as to the sufficiency of the penalty assessed.

(g) Based upon consideration of the following factors, the commission may impose penalties other than the penalties recommended in §401.158 of this title (relating to Suspension or Revocation of License) and/or this section:

- (1) Severity of the offense;
- (2) Danger to the public;
- (3) Number of repetition of offenses;
- (4) Number of complaints previously found justified against the licensee;
- (5) Length of time the licensee has held a license;
- (6) Actual damage, physical or otherwise, caused by the violations;
- (7) Deterrent effect of the penalty imposed;
- (8) Attempts by licensee to correct or stop violations or refusal by licensee to correct or stop violations;
- (9) Penalties imposed for related offenses; or
- (10) Any other mitigating or aggravating circumstances.

(h) Standard Penalty Chart.

Figure: 16 TAC §401.160(h)

~~[Figure: 16 TAC §401.160(g)(10)]~~

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on June 15, 2020.

TRD-202002380

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Texas Lottery Commission

Earliest possible date of adoption: July 26, 2020

For further information, please call: (512) 344-5392



SUBCHAPTER D. LOTTERY GAME RULES

16 TAC §§401.301, 401.302, 401.304, 401.305, 401.307, 401.308, 401.312, 401.315 - 401.317, 401.320, 401.321

These amendments are proposed under Texas Government Code §466.015, which authorizes the Commission to adopt rules governing the operation of the lottery, and §467.102, which authorizes the Commission to adopt rules for the enforcement and administration of the laws under the Commission's jurisdiction.

This proposal is intended to implement Texas Government Code Chapter 466.

§401.301. General Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) **Caption**--The letters appearing below the play symbols in the play area of a ticket that verify the correctness of the play symbols.

(2) **Certified drawing**--A drawing in which a lottery drawing representative and an independent certified public accountant attest that the drawing equipment functioned properly and that a random selection of a winning combination occurred.

(3) **Claim center**--A claims office of the commission at which a claimant may claim a prize.

(4) **Claim form**--The printed form authorized and provided by the commission that a claimant shall complete and submit to the commission when claiming a prize.

(5) **Claimant**--A player who has submitted a valid claim for payment within the required time frame.

(6) **Commission**--The Texas Lottery Commission. Unless the context clearly requires otherwise, "commission" includes authorized Texas Lottery commission staff members/employees.

(7) **Current draw period**--The period of time in which the player selections and Quick Pick selections are accumulated into a pool of plays eligible for winning in a drawing held at the end of the designated period.

(8) **Director**--The director of Lottery Operations [~~Director~~] of the Texas Lottery Commission [~~Lottery Operations~~].

(9) **Direct prize category contribution**--A specified percentage of net sales allocated to the prize categories as described in the rules of the specific game being played.

(10) **Division**--Lottery Operations of the Texas Lottery Commission.

(11) **Draw break**--Time periods [A period of time] before a drawing for a draw game during which no request for plays for that drawing [player selections for that drawing may not be entered into the lottery gaming system and during which no requests for Quick Pick selections for that drawing] may be entered into the lottery gaming system.

(12) **Draw game**--A lottery game which utilizes a computer system to administer plays, the type of game, and amount of play for a specified drawing date, and in which a player either selects a combination of numbers or allows number selection by a random number generator approved by the commission, referred to as Quick Pick. The commission, or other authorized entity, will conduct a drawing to determine the winning combination(s) in accordance with the rules of the specific game being played and the draw procedures for the specific game. Sometimes, draw games are called "on-line games."

(13) **Draw game ticket**--A ticket issued to a player, by a retailer, and generated by a terminal provided by the commission or commission's vendor on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game. That ticket shall be the only acceptable evidence of the combination of digits, numbers, or symbols selected. Draw game tickets may be purchased only from retailers.

(14) **Drawing**--The procedure by which the commission randomly selects winning combinations of digits, numbers, or symbols in accordance with the rules of the game as set forth in the rules of the specific game being played and the draw procedures for the specific game.

(15) **Drawing pool**--The amount of money available for all prize categories for a specific drawing.

(16) **Draw procedures**--The written document approved by the executive director that specifies the draw procedures for a particular game, if a drawing is designed as part of the game.

(17) **Duplicate ticket**--A ticket produced by photograph, xerography, or any other method other than a ticket generated by a terminal.

(18) **Executive director**--The executive director of the Texas Lottery Commission.

(19) **Game number**--The number on the back of the scratch ticket which refers to the number associated with the particular scratch ticket game.

(20) **Game procedures**--The written document approved by the director that includes, among other things, the game name, how a prize is won, game prize structure, play style, and eligibility for a drawing, if any.

(21) **High-tier prize**--A prize of \$600 or more.

(22) **Indirect prize category contribution**--Amounts allocated from the [~~prize reserve fund,~~] roll-over and prize breakage for a specific draw game drawing.

(23) **Invalid ticket**--Any ticket that fails to meet all validation requirements of the commission.

(24) **Lottery gaming system**--The commission or commission's vendor's computer system consisting of terminals, central processing equipment, and a communication network.

(25) **Lottery retailer or retailer**--A licensed sales agent, as contemplated by Chapter 466, Government Code.

(26) **Low-tier prize**--A prize of less than \$25.

(27) **Mid-tier prize**--A prize of \$25 or more but less than \$600.

(28) **Minor**--An individual younger than 18 years of age.

(29) **Pack number**--The unique number on the back of the scratch ticket that designates the number of the pack within a specific scratch ticket game.

(30) **Play**--A set of numbers that appear on a ticket that are to be wagered by a player in a lottery game, or as otherwise defined in a particular draw game rule.

(31) **Playslip**--The physical or electronic means by which a player communicates their intended Play selection, plus any game specific add-on features, to the retailer. A playslip has no pecuniary

value and shall not constitute evidence of ticket purchase or of numbers selected.

(32) [(30)] Play area--The [latex] covered area of a scratch ticket that when removed, reveals the ticket play symbols.

(33) [(31)] Play style--The method of play to determine a winner for an individual game.

(34) [(32)] Play symbol--The printed data [under the latex] on a scratch ticket that is used to determine eligibility for a prize. The symbols for individual games will be specified in individual scratch ticket game procedures.

[(33)] Present at the terminal--A player remains physically present at the terminal from the time the player's order for the purchase of draw game tickets is paid for and accepted by the retailer until the processing of the order is completed and the tickets are delivered to the player at the retailer terminal location.]

(35) [(34)] Prize amounts--The amount of money payable to each share in a prize category, the annuitized future value of each share in a prize category, or the net present cash value of each share in a prize category for each draw game drawing. Prize amounts are calculated by dividing the prize category contribution, the annuitized future value of the prize category contribution, or the net present cash value of the prize category contribution by the number of shares determined for the prize category.

(36) [(35)] Prize breakage--The money which is left over from the rounding down of the pari-mutuel prize levels to the next lowest whole dollar amount or money which is in excess of the amount needed to pay a prize.

(37) [(36)] Prize category--The matching combinations of numbers and their corresponding prize levels as described in rules for the specific game being played.

(38) [(37)] Prize category contributions--Refers to contributions for each drawing to each prize category, including direct and indirect prize category contributions.

(39) [(38)] Prize fund--The monies allocated to be returned to players in winning tickets within a specific scratch ticket game.

(40) [(39)] Prize pool--In a draw game, the total amount of money available for prizes as a percentage of the total sales for the current draw period.

(41) [(40)] Prize structure--The number, value, prize payout [pay out] percentage, and odds of winning prizes for an individual game as approved by the executive director.

(42) [(41)] Promotion--One or more events coordinated or conducted by the commission at retail sites, fairs, festivals and other appropriate venues, or in conjunction with one or more particular Texas Lottery games, to educate players about Texas Lottery products and/or sell Texas Lottery games through a retailer in specific markets to maximize Texas Lottery sales and statewide awareness.

(43) [(42)] Promotional drawing--A drawing in which qualified contestants are awarded prizes in a random manner in accordance with the procedures set forth for a specific promotion. [promotional event.]

(44) [(43)] Quick Pick--A play option that generates random numbers in a manner approved by the commission.

(45) [(44)] Roll-over--The amount in a specific draw game prize pool category resulting from no matching combinations and/or prize breakage from the previous drawing.

(46) [(45)] Sales agent--A person licensed under the State Lottery Act to sell Texas Lottery tickets.

(47) [(46)] Scratch ticket--A scratch ticket lottery game, developed and offered for sale to the public in accordance with commission rules, that is played by revealing [removing the latex covered play area on a scratch ticket to reveal] the ticket play symbols. [Sometimes, scratch ticket games are called "instant games."]

(48) [(47)] Shares--In a draw game, the total number of matching combinations within each prize category as determined for each drawing.

[(48)] Sign-on slip--The receipt produced by a dedicated lottery ticket terminal when the retailer signs on to the lottery gaming system.]

(49) Terminal--A device authorized by the commission for the purpose of issuing draw game tickets and/or validating claims, including the commission or commission's vendor's computer hardware as well as commission-authorized third-party point-of-sale systems.

(50) Third-party point-of-sale systems--Self-contained computerized equipment (not owned or operated by the commission or lottery operator) that performs sales-related tasks at a licensed lottery ticket retailer's checkout counter and that has the sole Texas Lottery-related purpose of selling lottery [draw game] tickets [printed on paper]. Third-party point-of-sale systems will only perform the same lottery-related tasks as terminals owned or operated by the commission or lottery operator and may not issue electronic tickets or display outcomes for draw games using casino-style graphics of any kind. Third-party point-of-sale systems do not include any gambling device.

(51) Ticket--Any tangible evidence issued to provide participation in a lottery game or activity authorized by the State Lottery Act.

(52) Ticket bearer--The person who has signed the ticket or who has possession of an unsigned ticket.

(53) Ticket number--The number on the back of the scratch ticket that refers to the ticket sequence within a specific pack of a scratch ticket game.

(54) Validation number--The unique number sequence printed on a ticket that provides for the verification of the ticket as a valid winner.

(55) Valid ticket--A ticket which meets all specifications and validation requirements and entitles the holder to a specific prize amount.

(56) Void ticket--Any ticket that is stolen, unissued, illegible, mutilated, altered, counterfeit in whole or part, misregistered, defective, incomplete, printed or produced in error, multiply printed, fails any of the commission's confidential validation tests, or is a ticket produced by or for the commission for education and training purposes.

(57) Winning combination--One or more digits, numbers, or symbols randomly selected by the commission in a drawing which has been certified.

§401.302. *Scratch Ticket Game Rules.*

(a) Sale of scratch tickets.

(1) Only retailers who have been licensed by the commission are authorized to sell scratch tickets, and tickets may be sold only at a licensed location.

(2) Each scratch ticket shall sell for the retail sales price authorized by the executive director and stated in the individual game

procedures; provided that, the purchase price for promotional groups of tickets shall be determined by the executive director.

(3) Each scratch ticket shall state the overall estimated odds of winning a prize of any kind, including a break-even prize.

(b) Game procedures.

(1) The director may approve and publish individual game procedures prior to each scratch ticket game being introduced for sale to the public. Game procedures shall be published in the *Texas Register* and shall be made available upon request to the public.

(2) At a minimum, the game procedures for each game shall contain the following information:

- (A) confirming captions;
- (B) game name;
- (C) game number;
- (D) prize structure;
- (E) play style;
- (F) play symbols;
- (G) ticket order quantity;
- (H) retail sales price;
- (I) dollar amount of prizes that may be paid by retailers;

and

(J) eligibility requirements for a prize or promotional drawing, if any.

(3) The play style for an individual game shall be fully described in the game procedures and may take the form of one of the following methods of play:

- (A) match up;
- (B) add up;
- (C) three in a line;
- (D) key number/symbol match;
- (E) yours beats theirs;
- (F) prize legend;
- (G) cards;
- (H) bingo;
- (I) directional arrows through maze;
- (J) bonus game features; or

(K) any other approved play style or bonus game feature developed by the commission.

(c) Determination of prize winner.

(1) The play symbols shall be used by a player to determine eligibility for prizes. Qualifying play symbols are stated in the game procedures.

(2) A player's eligibility to win a prize is subject to the ticket validation requirements provided in subsection (d) of this section.

(3) For each individual game, the player shall ~~rub off the latex covering on the ticket to~~ reveal the play symbols according to the play instructions for the game. Eligibility to win a prize is based on the approved play style as follows.

(A) Match up. If the designated number of identical play symbols is revealed on the ticket, the player shall win the prize indicated.

(B) Add up. If the player adds up all of the play symbols printed on the ticket and the amount is greater than or equal to the required total amount printed on the ticket, the player shall win the prize indicated.

(C) Three in a line. If the player reveals three identical play symbols, either diagonally, vertically, or horizontally, on the same ticket, the player shall win the prize indicated.

(D) Key number/symbol match. If the player reveals a play symbol that matches the designated key play symbol, the player shall win the prize indicated.

(E) Yours beats theirs. If the player reveals a play symbol designated as yours that is greater than the play symbol(s) designated as theirs, the player shall win the prize indicated.

(F) Prize legend. If the player reveals the designated number of play symbols, the player wins the prize amount that corresponds to the legend.

(G) Cards. If the player reveals the play symbol needed for that particular card game in a winning combination, the player shall win the prize indicated.

(H) Bingo. If the player matches their Bingo card numbers with all of the Caller's Card numbers and reveals certain patterns as specified on the ticket, the player shall win the prize indicated for that Bingo card and pattern.

(I) Directional arrows through maze. If the player follows the directional arrows to make a path or paths through a maze and the path(s) leads to a prize amount, the player shall win that prize.

(J) Bonus game features. These features are added to the game for extra play value and entertainment. The specific variants, as described below, are used for a particular game and are described in the individual game procedures:

(i) Doubler. If the player reveals the designated play symbol as part of the winning combination of the game, the player doubles their prize. The player may also reveal the "doubler" play symbol in a prize box, in which case the prize amount that the player won is doubled.

(ii) Wild card. The player may use this designated play symbol as part of the winning combination of the game.

(iii) Double and Double Doubler. If the player reveals one of these designated play symbols as part of the winning combination of the game, the player either doubles or quadruples their prize respectively, as stated in the game card itself. The player may also reveal the "double" or "double doubler" play symbols in a prize box, in which case the prize amount that the player won is either doubled or quadrupled respectively, as stated in the game card itself.

(iv) Tripler. If the player reveals the designated play symbol as part of the winning combination of the game, the player triples their prize. The player may also reveal the "trippler" play symbol in a prize box, in which case the prize amount that the player won is tripled.

(v) Auto win. If the player reveals the designated play symbol, the player wins the corresponding prize automatically.

(vi) Entry ticket. If the player reveals the designated play symbol, the player may use the ticket as a means of entering a drawing, subject to the game procedures for each game.

(K) Any other approved play style or bonus game feature developed by the commission. If the player reveals the designated play symbols or bonus play features, the player shall win the prize(s) as indicated.

(d) Ticket validation requirements.

(1) Each scratch ticket shall be validated according to validation procedures prior to payment of a prize.

(2) A scratch ticket shall comply with all of the following.

(A) The ticket shall not be stolen or appear on any list of omitted tickets on file with the commission.

(B) The ticket shall not be counterfeit or forged, in whole or in part.

(C) The ticket shall not be mutilated, altered, unreadable, reconstituted, or tampered with in any manner.

(D) The ticket shall have been issued by the commission in an authorized manner.

(E) The ticket shall have been received or recorded by the commission by applicable deadlines.

(F) The ticket shall pass all the confidential validation and security tests appropriate to the applicable play style.

(G) The validation number of an apparent winning ticket shall appear on the commission's official list of validation numbers of winning tickets for the particular game and pack. A ticket with that validation number shall not have been paid previously.

(3) The commission may pay the prize for a ticket that is partially mutilated or not intact if the ticket can still be verified as a valid ticket and validated by the other validation requirements and procedures.

(4) Any ticket not passing all of the validation tests and requirements is void and ineligible for any prize and shall not be paid. The executive director may, at his/her exclusive determination, reimburse the player for the cost of the void ticket.

(5) If a defective ticket is purchased and is void, the sole remedy available against the commission and the commission's sole liability shall be, at the executive director's sole discretion, reimbursement for the cost of the void ticket, or replacement of the defective ticket with another unplayed ticket in that scratch ticket game (or a ticket of equivalent sales price from any other current scratch ticket game).

(e) Payment of low-tier and mid-tier prizes.

(1) Any prize less than \$600 may [~~Low-tier and mid-tier prizes shall~~] be paid by any retailer [~~or claim center~~].

(2) Retailers may pay cash prizes in cash. If acceptable to the claimant, retailers may also pay cash prizes [~~or~~] by business check, certified check, cashier's check, money order, gift card, stored-value card, or store merchandise. [~~Retailers may also pay prizes by business check if acceptable to the claimant.~~] If a retailer decides to pay with anything other than cash, it is the responsibility of the retailer to ensure the claimant has voluntarily agreed to the non-cash prize payment. [~~a prize with a business check, the retailer shall inform the claimant prior to ticket validation.~~]

(3) Retailers may pay claims for prizes [~~during their normal business hours~~], if the commission's validation system is operational.

(4) Before paying a prize, retailers shall validate the winning ticket according to established validation requirements and procedures.

(5) Payment of a prize by a retailer will be made to the bearer of the validated winning ticket for that prize upon presentation of proper identification, if appropriate.

(6) If a low- or mid-tier claim is presented to the commission, the claimant shall follow all procedures of the commission related to claiming a prize, including but not limited to filling out a claim form, presenting appropriate identification if required, completing the back of the ticket, and submitting these items including the apparent winning ticket to the commission by mail or in person. [~~Upon validation of a winning ticket, the commission shall present or mail a check to the claimant in payment of the amount due.~~] If the ticket is determined to be a non-winning ticket, the claim shall be denied and the claimant shall be promptly notified. Tickets will not be returned to the claimant.

(f) Payment of high-tier prizes.

(1) High-tier prizes must be presented for payment to the commission. For purposes of this provision, the term "commission" includes claim centers located throughout Texas. In connection with certain scratch ticket games, the top-level prizes must be claimed at commission headquarters.

(2) If a high-tier claim is presented to the commission, the claimant shall follow all procedures of the commission related to claiming a prize, including but not limited to filling out a claim form, presenting appropriate identification as required, completing the back of the ticket, and submitting these items including the apparent winning ticket to the commission by mail or in person. Upon validation of the ticket as a winning ticket, the commission shall pay the claimant the amount due in accordance with commission procedures. If the ticket is determined to be a non-winning ticket, the claim shall be denied and the claimant shall be promptly notified. Tickets will not be returned to the claimant.

(3) Before paying any prize, claim center personnel shall validate the winning ticket according to established validation requirements and procedures.

(4) All prizes shall be subject to tax withholding, offsets, and other withholdings as provided by law.

(5) If a person is indebted or owes delinquent taxes to the state, other than those specified in paragraph (4) of this subsection, the winnings of a person shall be withheld until the debt or taxes are paid.

(6) When paying a prize of \$600 or more, the commission shall file the appropriate income reporting form with the Internal Revenue Service.

(7) Payment of a prize will be made to the bearer of the validated winning ticket for that prize upon presentation of proper identification.

(8) The director shall recognize only one person as claimant of a particular prize. A claim may be made in the name of a person other than an individual only if the person possesses a federal employer identification number (FEIN) issued by the Internal Revenue Service and such number is shown on the claim form. Groups, family units, clubs, organizations, or other persons without an FEIN shall designate one individual in whose name the claim is to be filed. If a claim is erroneously entered with multiple claimants, the claimants shall designate one of them as the individual recipient of the prize, or, if they fail to designate an individual recipient, the director may designate any one of the claimants as the sole recipient. In either case, the claim shall then be considered as if it were originally entered in

the name of the designated individual and payment of any prizes won shall be made to that single individual. Once a ticket is submitted as a claim, it will not be returned to the winner.

(9) The executive director has discretion to set a maximum total cash amount or maximum payment time period for each prize level.

(g) Payment of prize awarded to minor.

(1) A person 18 years of age or older may purchase a ticket to give as a gift to another person, including a minor.

(2) If a minor is entitled to a cash prize of less than \$600, the commission shall deliver to an adult member of the minor's family or to the minor's guardian a check or warrant in the amount of the prize payable to the order of the minor.

(3) If a minor is entitled to a cash prize of ~~more than~~ \$600 or more, the commission shall deposit the amount of the prize in a custodial bank account, with an adult member of the minor's family or the minor's guardian serving as custodian for the minor.

(4) If a minor is entitled to a prize other than money, the commission shall pay the cash equivalent of such prize in the manner provided by paragraphs (2) and (3) of this subsection.

(5) A retailer is not authorized to pay a prize claimed by a minor.

(h) Ticket responsibility.

(1) A ticket is a bearer instrument until signed on the back by the ticket holder.

(2) The commission shall not be responsible for lost, stolen, or destroyed tickets.

(3) The commission shall not be responsible for erroneous or mutilated tickets.

(4) The commission shall not be responsible for tickets claimed by a player in error for a lower prize at a retailer.

(5) The commission shall not be responsible for tickets delivered to any address other than that designated by the commission for such purpose.

(i) Disputed ticket. If a dispute arises between the commission and a ticket claimant concerning whether the ticket is a winning ticket and if the ticket prize has not been paid, the executive director may, exclusively at his/her determination, reimburse the claimant for the cost of the disputed ticket. This shall be the claimant's exclusive remedy.

(j) Game closing.

(1) The executive director or his/her designee shall determine the closing date for an individual scratch ticket game in accordance with a scratch ticket game closing procedure that defines the criteria used to monitor scratch ticket sales performance and that identifies when scratch ticket games should be closed.

(A) The procedure shall provide for the timely closing of a scratch ticket game after all top-level prizes in the game have been claimed or on an earlier date as determined by the executive director.

(B) The procedure shall provide for ending ticket sales in a scratch ticket game within 45 days after game closing procedures have been initiated.

(2) No tickets in a scratch ticket game may be sold after the scratch ticket game closing date.

(k) Governing law. In purchasing a scratch ticket, the lottery player agrees to comply with and abide by Texas law, all rules, procedures, and final decisions of the commission, and all procedures and instructions established by the executive director for the conduct of the scratch ticket game.

§401.304. Draw Game Rules (General).

(a) Price of tickets and prizes.

(1) The purchase price of each draw game ticket shall be as set forth in the rules of the specific game being played; provided that, the purchase price for promotional groups of tickets shall be determined by the executive director.

~~[(2) The total amount of prize money allocated to the prize pool for draw games from the total of draw game sales shall be a minimum of 50%.]~~

~~(2) [(3)]~~ The prize pool for draw games shall have contributions to prize categories as set forth in the rules of the specific game being played.

(b) Sale of tickets.

(1) Entry of Plays. Plays may be entered using the lottery retailer terminal keypad or touch screen, by means of a playslip, using authorized third-party point-of-sale ("POS") systems, or by other means approved by the commission. Retailers shall not permit any device to be physically or wirelessly connected to a lottery terminal to enter Plays, except as approved by the commission. A ticket generated using a selection method that is not approved by the commission is not valid. Acceptable methods of Play selection may include:

(A) using a self-service lottery ticket vending machine;

(B) using a playslip;

(C) using a previously-generated draw game ticket, from the game being played, provided by the player;

(D) selecting a Quick Pick;

(E) requesting a retailer to manually enter numbers; or

(F) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission.

~~(2) [(4)]~~ Except to the extent that sales in draw games are impeded by draw breaks, draw game tickets may be sold ~~during all normal business hours of the lottery retailer~~ during draw game operating hours. Retailers must give prompt service to lottery customers present and waiting at the terminal to purchase tickets for draw games. ~~[Prompt service includes interrupting processing of draw game ticket orders for which the customer is not present at the terminal.]~~

~~(3) [(2)]~~ Draw game tickets shall be sold only at the location listed on each retailer's license from the commission. For purposes of this section, the sale of a draw game lottery ticket at the licensed location means a lottery transaction in which all elements of the sale between the retailer and the purchaser must take place at the retailer location using their terminal, including the exchange of consideration, the exchange of the playslip if one is used, and the exchange of the draw game ticket. ~~[No part of the sale may take place away from the terminal.]~~

(4) The executive director may authorize promotions in connection with any draw game.

(5) Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning

and ending time, if applicable, of the incentive or bonus program and the value for the award.

(c) Drawings and end of sales prior to drawings.

(1) The manner and frequency of drawings shall be as set forth in the rules of the specific game being played and the draw procedures for the specific game.

(2) The drawings shall be conducted at times and locations to be announced by the executive director.

(3) The executive director shall establish the times for draw breaks for each draw game.

(4) The executive director or his/her designee shall designate the type of drawing equipment to be used and shall establish draw procedures to randomly select the winning combination for each type of draw game. Draw procedures shall include provisions for the substitution of backup drawing equipment in the event the primary drawing equipment malfunctions or fails for any reason.

(5) A lottery drawing representative and an independent certified public accountant, shall be responsible for conducting the drawing in compliance with the lottery's draw procedures. A lottery drawing representative and an independent certified public accountant, shall attest whether the drawing was conducted in accordance with proper draw procedures at the end of each drawing.

(d) Procedures for claiming draw game prizes.

(1) All apparent winning tickets presented for payment to the lottery or a retailer must meet the commission's validation requirements as set forth in subsection (e) of this section.

(2) To claim a draw game prize of less than \$600, the claimant may [shall] present the winning draw game ticket to a retailer or to the commission. All tickets validated by a retailer must be paid by that retailer. If the retailer chooses not to validate the winning draw game ticket, the retailer does not have to pay the draw game prize. The commission will pay all winning draw game tickets pursuant to this section.

~~[(3) If a claim of less than \$600 is presented to a retailer, the retailer must validate the claim, and, if determined to be a winning ticket, make payment of the amount due the claimant.]~~

(3) [(4)] To claim a draw game prize of \$600 or more, the claimant shall present the winning draw game ticket to the commission. For purposes of this provision, the term "commission" includes claim centers located throughout Texas. In connection with certain draw games, the top-level prizes must be claimed at commission headquarters. For any claim presented to the commission, the claimant shall follow all procedures of the commission related to claiming a prize, including but not limited to filling out a claim form, presenting appropriate identification as required, completing the back of the ticket, and submitting these items including the apparent winning ticket to the commission by mail or in person. Upon validation of the ticket as a winning ticket, the commission shall pay the claimant the amount due in accordance with commission procedures. If the ticket is determined to be a non-winning ticket, the claim shall be denied and the claimant shall be promptly notified. Tickets will not be returned to the claimant.

(4) [(5)] Before paying any prize, claim center personnel shall validate the winning ticket according to established validation requirements and procedures.

(5) [(6)] All prizes shall be subject to tax withholding, offsets, and other withholdings as provided by law.

(6) [(7)] If a person is indebted or owes delinquent taxes to the state, other than those specified in paragraph (5) [(6)] of this subsection, the winnings of a person shall be withheld until the debt or taxes are paid.

(7) [(8)] When paying a prize of \$600 or more, the commission shall file the appropriate income reporting form with the Internal Revenue Service.

(8) [(9)] Payment of a prize will be made to the bearer of the validated winning ticket for that prize upon presentation of proper identification following the completion of all procedures of the commission related to claiming a prize.

(9) [(10)] The commission shall recognize only one person as claimant of a particular prize. A claim may be made in the name of a person other than an individual only if the person possesses a federal employer identification number (FEIN) issued by the Internal Revenue Service and such number is shown on the claim form. Groups, family units, clubs, organizations, or other persons without an FEIN shall designate one individual in whose name the claim is to be filed. If a claim is erroneously entered with multiple claimants, the claimants shall designate one of them as the individual recipient of the prize, or, if they fail to designate an individual recipient, the director may designate any one of the claimants as the sole recipient. In either case, the claim shall then be considered as if it were originally entered in the name of the designated individual and payment of any prizes won shall be made to that single individual. Once a ticket is submitted as a claim, it will not be returned to the winner.

(10) [(11)] The executive director has discretion to set a maximum total cash amount or maximum payment time period for each prize level.

(e) Validation requirements.

(1) To be a valid winning draw game ticket, all of the following conditions must be met.

(A) All printing on the ticket shall be present in its entirety, be legible, and correspond, using the computer validation file, to the combination and data printed on the ticket. The ticket must have been produced prior to the drawing.

(B) The ticket shall not be mutilated, altered, unreadable, reconstituted, misregistered, defective, incomplete, or tampered with in any manner.

(C) The ticket shall not be counterfeit or forged, in whole or in part, or an exact duplicate of another winning ticket.

(D) The ticket must have been issued by an authorized retailer in an authorized manner on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

(E) The ticket shall not be stolen. Neither the commission nor its retailers shall be responsible for the payment of prizes for lost or stolen tickets.

(F) The ticket shall not have been previously paid.

(G) The ticket data shall have been recorded on the central computer system prior to the drawing, and the ticket data must match the computer record data in every respect.

(H) The ticket shall pass all other confidential security checks of the commission.

(2) The commission may pay the prize for a draw game ticket that is partially mutilated or not intact if the ticket can still be validated by the other validation requirements.

(3) Liability for void tickets, if any, is limited to the replacement of ticket or refund of the sales price.

(4) A ticket shall be the only valid receipt for claiming a prize. A copy of a ticket or a playslip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected.

(5) In submitting an official draw game ticket for validation, the player agrees to abide by applicable laws, all commission rules, regulations, policies, directives, instructions, conditions, procedures, and final decisions of the executive director.

(6) All prizes shall be subject to tax withholdings, offsets, and other withholdings as provided by law.

(f) Payment of prizes by retailers.

(1) A retailer may pay to the ticket bearer game prizes of an amount less than \$600 [\$599 or less] for any valid claims presented to that retailer. All tickets validated by a retailer must be paid by that retailer. Retailers may pay claims for prizes if the commission's validation system is operational. [These prizes may be paid during normal business hours of a retailer, provided the lottery gaming system is operational and claims can be validated.] The [on-line] retailer shall not charge the claimant any fee for payment of the prize or for cashing a business check drawn on the licensed retailer's account.

(2) Retailers may pay prizes in cash. If acceptable to the claimant, retailers may also pay cash prizes [or] by business check, certified check, cashier's check, [or] money order, gift card, stored-value card, or store merchandise. [Retailers may also pay prizes by business check if acceptable to the claimant.] If a retailer decides to pay with anything other than cash, it is the responsibility of the retailer to ensure the claimant has voluntarily agreed to the non-cash prize payment. [a prize with a business check, the retailer shall inform the claimant prior to ticket validation. A retailer that pays a prize with a check that is dishonored may be subject to suspension or revocation of its license.]

(g) Payment of prize awarded to minor.

(1) A person 18 years of age or older may purchase a ticket to give as a gift to another person, including a minor.

(2) If a minor is entitled to a cash prize of less than \$600, the commission shall deliver to an adult member of the minor's family or to the minor's guardian a check or warrant in the amount of the prize payable to the order of the minor.

(3) If a minor is entitled to a cash prize of [more than] \$600 or more, the commission shall deposit the amount of the prize in a custodial bank account, with an adult member of the minor's family or the minor's guardian serving as custodian for the minor.

(4) If a minor is entitled to a prize other than money, the commission shall pay the cash equivalent of such prize in the manner provided by paragraphs (2) and (3) of this subsection.

(5) A retailer is not authorized to pay a prize claimed by a minor.

(h) Game termination and prize claim period.

(1) The executive director or his/her designee, at any time, may announce the termination date for a draw game. If this occurs, no tickets for that draw game shall be sold past the termination date.

(2) Draw game prizes shall be claimed no later than 180 days after the applicable draw date of the draw game. In the event any player who has a valid winning ticket does not claim the prize within 180 days after the drawing in which the prize was won, the prize amount shall be deposited in accordance with Government Code, §466.408.

§401.305. "Lotto Texas[®]]" Draw Game Rule.

(a) Lotto Texas[®]. The executive director is authorized to conduct a game known as "Lotto Texas." The executive director may issue further directives for the conduct of Lotto Texas that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this title (relating to Draw Game Rules (General)). Lotto Texas consists of a base game for which plays may be purchased for the opportunity to win prizes during drawings in accordance with this section. Lotto Texas With Extra![®] is an add-on feature that allows players who purchase this feature to increase non-jackpot prize amounts. [Lotto Texas[®] Winner Take All[®] (LTWTA) is a promotional play option which offers the players who purchase this option the opportunity to win the Lotto Texas Winner Take All Prize (LTWTA Prize) in a promotional drawing conducted in accordance with this section.]

(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply:

(1) Lotto Texas Play--A Lotto Texas Play refers to the selection of six different numbers from 1 to [through] 54 for one opportunity to win a prize in the Lotto Texas base game and the purchase of a ticket evidencing that selection. A Lotto Texas With Extra! Play refers to a play purchased as part of the Extra! feature fully described in subsection (g) of this section. [A Lotto Texas Winner Take All Play (LTWTA Play) refers to a play purchased as part of the LTWTA promotion fully described in subsection (i) of this section.]

(2) Playboard--A [panel on a Playslip containing a] field of 54 numbers from 1 to 54 found on the playslip. [for use in selecting numbers for a Lotto Texas Play.]

[(3) Playslip--An optically readable card issued by the commission for use in selecting numbers for one or more Lotto Texas Plays.]

(3) [(4)] Roll cycle--A series of drawings that ends when there is a drawing for which one or more tickets are sold that match the six numbers drawn in the Lotto Texas base game drawing. A new roll cycle begins with the next Lotto Texas base game drawing after one or more tickets are sold that match the six numbers drawn in the drawing. [The LTWTA promotion does not contribute to increases in the Lotto Texas base game jackpot roll cycle.]

[(5) Lotto Texas Winner Take All Drawing (LTWTA Drawing)--The LTWTA Drawing refers to the drawing event separate from the Lotto Texas base game drawing which determines the winning combination of numbers for the LTWTA promotion. The numbers selected during the Lotto Texas base game drawing will not be used to determine the winning combination of numbers for the LTWTA Prize.]

[(6) Lotto Texas Winner Take All Prize (LTWTA Prize)--The LTWTA Prize refers to the prize for the LTWTA promotion set forth in subsection (i) of this section. The LTWTA Prize is determined by the sales of LTWTA Plays.]

(c) Lotto Texas Plays and tickets.

(1) A Lotto Texas base game ticket may be sold only by a retailer and only at the location listed on the retailer's license. A ticket sold by a person other than a retailer is not valid.

(2) The price of a single play for the Lotto Texas base game is \$1.

~~[(3) A player may complete up to five playboards on a single playslip.]~~

~~(3) [(4)] A player may use a single playslip or other commission-approved method of play to purchase the same Lotto Texas or Lotto Texas With Extra! play(s) for up to 10 consecutive drawings, to begin with the next drawing after the purchase. [Advanced purchases are prohibited for the LTWTA promotion described in subsection (i) of this section.]~~

~~[(5) Acceptable methods to select numbers for a play may include:]~~

~~[(A) using a self-service terminal;]~~

~~[(B) using a playslip;]~~

~~[(C) requesting a retailer to use Quick Pick;]~~

~~[(D) requesting a retailer to manually enter numbers;]~~

~~[(E) using a previously-generated "Lotto Texas" ticket provided by the player; or]~~

~~[(F) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission.]~~

~~[(6) Playslips must be completed manually. A ticket generated from a playslip that was not completed manually, or using a selection method that is not approved by the commission, is not valid.]~~

~~[(7) A retailer may only accept a request for play using a commission-approved method of play, and if the request is made in person.]~~

~~(4) [(8)] At the time of making a play, a player may select the option for payment of the cash value or annuitized payments of a share of the jackpot if the play is a winning play. If no selection is made, payment option will be as described in the chart below:~~

~~Figure: 16 TAC §401.305(c)(4)~~

~~[Figure: 16 TAC §401.305(e)(8)]~~

~~(5) [(9)] A retailer shall issue a ticket as evidence of one or more plays. A ticket must show the numbers selected for each play, the number of plays, the draw date(s) for which the plays were purchased, the cost of the ticket, the jackpot payment option, and the security and transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.~~

~~[(10) A playslip, or any document other than a ticket issued as described in paragraph (9) of this subsection, has no monetary value and is not evidence of a play.]~~

~~(6) [(11)] It shall be the exclusive responsibility of the player to verify the accuracy of the player's selection(s) and other data printed on the ticket.~~

~~(7) [(12)] An unsigned winning ticket is payable to the holder or bearer of the ticket if the ticket meets all applicable validation requirements.~~

~~[(13) The executive director may authorize promotions in connection with Lotto Texas.]~~

(d) Drawings.

(1) Lotto Texas base game drawings shall be held each week on Wednesday and Saturday at 10:12 p.m. Central Time. The

executive director may change the drawing schedule, if it is deemed necessary.

(2) Six different numbers from 1 to [through] 54 shall be drawn at each drawing.

(3) Numbers drawn must be certified by the commission in accordance with the commission's draw procedures.

(4) The numbers selected in each drawing shall be used to determine all winning plays for that drawing.

(5) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by a commission drawings representative and the independent certified public accountant immediately before each drawing and immediately after each drawing.

(e) Lotto Texas Advertised Jackpots. For the Lotto Texas base game drawing, the commission shall approve a jackpot amount to be advertised in a manner prescribed by written procedure. The advertised amount shall be an amount payable in 30 annual installments. To the extent that advertised amount is based on projected sales, the projections shall be fair and reasonable. The commission may approve an increase in the amount of the jackpot originally advertised for a drawing if the increase is supported by reasonable sales projections and is prescribed by written procedure.

(f) Lotto Texas Prizes. The following prizes are intended for the Lotto Texas base game drawing only. [These prizes do not apply to LTWTA promotional drawings.]

(1) Jackpot prize (first prize).

(A) A person who holds a valid ticket for a play matching (in any order) the six numbers drawn in a drawing is entitled to a share of the jackpot prize (first prize) for the drawing.

(B) The jackpot prize for a drawing is the greater of:

(i) 40.47 percent of the proceeds from Lotto Texas ticket sales for all drawings in the roll cycle and any earnings on an investment of all or part of the proceeds from ticket sales, paid in 30 annual installments; or

(ii) The amount advertised in accordance with subsection (e) of this section as the estimated jackpot for the drawing, paid in 30 annual installments.

(C) Except as provided by subparagraph (F) of this paragraph, a person who is entitled to a share of a jackpot prize and who opted for annualized installment payments, shall receive payment in 30 annual installments.

(D) The first installment payment shall be made upon completion of commission validation procedures. The subsequent 29 installment payments shall be made annually on the 15th day of the month in which the applicable drawing occurred.

(E) The second through 29th installment payments shall be in equal amounts. The first installment payment may be equal to or higher than the subsequent installment payments.

(F) If a person would otherwise receive total installment payments of \$2 million or less, the commission shall pay the person, upon completion of all validation procedures, a single payment in the amount of the cash value of those total installment payments. The cash value is the cost on the first business day after the applicable drawing of funding those installment payments.

(G) A person who is entitled to a share of the jackpot and who selected the cash value option, or for whom the cash value

option was automatically selected shall receive the greater of the following two amounts:

(i) a share of 40.47 percent of the proceeds from Lotto Texas ticket sales; or

(ii) the cost on the day after the drawing of funding a share of installment payments under subparagraph (B)(ii) of this paragraph.

(H) A payment under subparagraph (G) of this paragraph shall be made upon completion of commission validation procedures.

(I) Any investment necessary to fund a jackpot prize shall be made on the first business day after a drawing for which one or more tickets were sold that match the six numbers drawn in the drawing.

(J) A claim for a jackpot prize must be presented at the Austin claim center.

(K) If 40.47 percent of the proceeds from Lotto Texas ticket sales is not sufficient to pay a jackpot prize, the commission shall use funds from other authorized sources, including the State Lottery Account as identified in Government Code, §466.355.

(2) Second prize.

(A) A person who holds a valid ticket for a play matching (in any order) five of the six numbers drawn in a drawing is entitled to a share of the second prize for that drawing.

(B) The second prize consists of 2.23 percent of the proceeds from Lotto Texas ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this paragraph.

(C) A payment made to a person for a share of the second prize for a drawing shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded up to the nearest whole dollar amount.

(D) Any part of the second prize for a drawing that is not paid in prizes shall be carried forward and shall become part of the second prize for the next drawing.

(3) Third prize.

(A) A person who holds a valid ticket for a play matching (in any order) four of the six numbers drawn in a drawing is entitled to a share of the third prize for that drawing.

(B) The third prize consists of 3.28 percent of the proceeds from Lotto Texas ticket sales for the drawing and any amounts carried forward under subparagraphs (C) and (D) of this paragraph.

(C) A payment made to a person for a share of the third prize for a drawing shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded up to the nearest whole dollar amount.

(D) Any part of the third prize for a drawing that is not paid in prizes shall be carried forward and shall become part of the third prize for the next drawing.

(4) Fourth prize.

(A) A person who holds a valid ticket for a play matching (in any order) three of the six numbers drawn in a drawing is entitled to a guaranteed prize of \$3.

(B) If 4.02 percent of the proceeds from Lotto Texas ticket sales is not sufficient to pay all fourth prizes for a draw, the com-

mission shall use funds from other authorized sources, including the State Lottery Account as identified in Government Code, §466.355.

(C) To the extent that the total amount of fourth prizes for a drawing is less than 4.02 percent of the proceeds from ticket sales for the drawing, the difference shall be carried forward to fund future fourth prize payments.

(5) A person may win only one prize per play per drawing. A player who holds a valid ticket for a winning play is entitled to the highest prize for that play.

(6) A share of a prize is determined by dividing the prize by the number of winning plays for that prize.

(7) Jackpot payment amounts are calculated on the first business day after the applicable drawing. A claimant is not entitled to interest or other earnings on those amounts, regardless of when the claim is actually presented and regardless of the dates on which payments are made.

(g) Lotto Texas With Extra! [§].

(1) A Lotto Texas player may purchase the Extra! feature by paying an additional \$1 per play at the time of his/her Lotto Texas base game ticket purchase.

(2) Extra! offers players a chance to increase the amount of any of the non-jackpot prizes won in a Lotto Texas base game drawing, and to win a prize for matching two of the six numbers drawn. The Extra! feature does not apply to a Lotto Texas base game jackpot prize (match six-of-six) [or the LTWTA Prize].

(3) A Lotto Texas Play that wins one of the non-jackpot prizes or matches two of the six numbers drawn, and for which the player paid an additional \$1 for Extra!, shall be paid as follows:

Figure: 16 TAC §401.305(g)(3)

[Figure: 16 TAC §401.305(g)(3)]

(h) Lotto Texas Jackpot information on commission website.

(1) After the commission has approved an advertised estimated annuitized jackpot under subsection (e) of this section, the commission shall post the following information on the agency website:

(A) the amount of ticket sales, if any, for previous drawings in the roll cycle;

(B) the amount of projected ticket sales for the upcoming drawing;

(C) investment information used to determine the advertised estimated jackpot; and

(D) other information used to determine the advertised estimated jackpot.

(2) After the commission determines that one or more tickets have been sold that match the six numbers drawn in a drawing, the commission shall post on the agency website information used to calculate the Lotto Texas base game jackpot prize.

{(i) Lotto Texas® Winner Take All® - LTWTA is a promotional play option for the Lotto Texas base game and is conducted in accordance with this Lotto Texas draw game rule.}

{(1) The promotion will begin at a time announced by the commission and will continue until discontinued by the commission.}

{(2) This promotion will offer to the holders of a qualifying LTWTA Play a chance to win the LTWTA Prize as a result of the selection of the winning combination of numbers in the LTWTA Drawing.}

{(3) To participate in the LTWTA promotion, a player must first purchase a Lotto Texas Play, as well as a Lotto Texas With Extra! Play, and then must pay an additional one dollar (\$1.00) per LTWTA Play for each Lotto Texas Play and Lotto Texas With Extra! Play purchased.}

{(4) LTWTA is a six (6) out of fifty-four (54) play option promotion, to be drawn weekly on Mondays and/or Thursdays, as determined by the executive director, and which pays a single LTWTA Prize paid as a pari-mutuel single lump sum payment. The Lotto Texas base game numbers selected by the player (or randomly generated as a Quick Pick selection) in the qualifying purchase shall be used as the LTWTA Play numbers if the LTWTA promotion has been purchased. The ticket evidencing the LTWTA Play shall conspicuously indicate the LTWTA Play numbers and shall indicate the date of drawing(s) for which the LTWTA Play is applicable. This information shall be on a separate ticket from the Lotto Texas Play and Lotto Texas With Extra! Play.}

{(5) A LTWTA Drawing shall determine the winning combination of numbers for this promotion. During the drawing, six (6) numbers shall be drawn from a set of fifty-four (54) numbers, which shall constitute the winning combination of numbers.}

{(6) All LTWTA Play purchases shall qualify for the Drawing as indicated to the Player on the ticket as recorded on the commission's lottery gaming system. LTWTA Play(s) shall qualify for the next scheduled LTWTA Drawing, regardless of the date of the Drawing(s) for the qualifying purchased Lotto Texas Plays. A LTWTA Play purchased before the close of sales on the day of the scheduled LTWTA Drawing will be eligible for that day's Drawing; otherwise, the LTWTA Play is eligible only for the next scheduled LTWTA Drawing. Advanced purchase for consecutive LTWTA Drawings is not available for the LTWTA promotion. Examples: (a) If a Player purchases one (1) Lotto Texas and Lotto Texas With Extra! Play applicable for the next five (5) consecutive Lotto Texas Drawings, and selects the LTWTA option, the Player will receive one (1) LTWTA Play for the next scheduled LTWTA Drawing in addition to the one (1) Lotto Texas and Lotto Texas With Extra! Play for the next five (5) Lotto Texas Drawings. The purchase price for this selection would be eleven dollars (\$11.00), reflecting ten dollars (\$10.00) for the five (5) advanced purchased Lotto Texas and Lotto Texas With Extra! Plays, and one dollar (\$1.00) for the LTWTA Play; (b) If a Player purchases two (2) Lotto Texas and Lotto Texas With Extra! Plays applicable for the next five (5) consecutive Lotto Texas Drawings, and selects the LTWTA option, the Player will receive two (2) LTWTA Plays for the next scheduled LTWTA drawing in addition to the two (2) Lotto Texas and Lotto Texas With Extra! Plays for the next five (5) Lotto Texas Drawings. The purchase price for this selection would be twenty-two dollars (\$22.00), reflecting twenty dollars (\$20.00) for the five (5) advanced purchased Lotto Texas and Lotto Texas With Extra! Plays, and two dollars (\$2.00) for the LTWTA Plays.}

{(7) The winning LTWTA Play(s) are determined as the play(s) matching the highest LTWTA winning combination of numbers drawn in the applicable LTWTA Drawing (see paragraph (10) of this subsection). There is only one LTWTA Prize for each LTWTA Drawing and the LTWTA Prize will be divided on a pari-mutuel basis among all winning LTWTA Plays. For instance, if a LTWTA Play matching five (5) of six (6) numbers is the highest level of matching combination of numbers, then all Plays of that level will divide the entire LTWTA Prize, and all remaining LTWTA Plays matching any combination of numbers will not qualify for a prize.}

{(8) The Lotto Texas With Extra! add-on feature is not applicable to the LTWTA promotional drawings and prize.}

{(9) LTWTA Prize Pool. The prize pool for the LTWTA Prize shall consist of fifty percent (50%) of each LTWTA Drawing period's sales of LTWTA Plays.}

{(10) LTWTA Expected Prize Payout Percentage and Winning Numbers Match Determination.}

{(A) Pari-Mutuel Determination. The LTWTA Prize payout shall be determined on a pari-mutuel basis. The LTWTA Prize awarded will consist of 100% of the allocated prize pool and shall be paid as a single lump sum payment to the LTWTA Play(s) matching the most winning numbers in a LTWTA Drawing as indicated below:}

{(i) The LTWTA Prize will be paid to the holder(s) of the LTWTA Play(s) that matches all six (6) of the numbers selected in the LTWTA Drawing.}

{(ii) If the LTWTA Prize has not been awarded under clause (i), then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches five (5) of the six (6) numbers selected in the LTWTA Drawing.}

{(iii) If the LTWTA Prize has not been awarded under clauses (i) or (ii), then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches four (4) of the six (6) numbers selected in the LTWTA Drawing.}

{(iv) If the LTWTA Prize has not been awarded under clauses (i) through (iii), then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches three (3) of the six (6) numbers selected in the LTWTA Drawing.}

{(v) If the LTWTA Prize has not been awarded under clauses (i) through (iv), then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches two (2) of the six (6) numbers selected in the LTWTA Drawing.}

{(vi) If the LTWTA Prize has not been awarded under clauses (i) through (v), then the LTWTA Prize will be awarded to the holder(s) of any LTWTA Play(s) that matches one (1) of the six (6) numbers selected in the LTWTA Drawing.}

{(vii) If all or a portion of the LTWTA Prize pool has not been awarded under clauses (i) through (vi), then the prize pool shall be carried forward to the subsequent LTWTA Drawing.}

{(B) LTWTA Prize Pool Allocation. The LTWTA Prize Pool money allocated to the LTWTA Prize shall be divided on a pari-mutuel basis by the number of winning LTWTA Plays.}

{(C) LTWTA Prize Rounded; Breakage Carried Forward. The LTWTA Prize is a single prize that will be divided on a pari-mutuel basis among all holders of winning LTWTA Plays and shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded up to the nearest whole dollar amount. A LTWTA Prize will never be less than one dollar (\$1.00). Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next LTWTA Drawing.}

{(11) LTWTA Probabilities. The odds of winning a prize in the LTWTA promotion depend on the highest prize level at which the LTWTA Prize is won. As fully described in subparagraph (10) above, the winning LTWTA Play(s) are determined as the LTWTA Play(s) matching the highest LTWTA Winning Numbers drawn in the applicable Drawing. The following table sets forth the probability of a LTWTA Play matching the winning numbers from the LTWTA Drawing.}

{Figure: 16 TAC §401.305(i)(11)}
§401.307. "Pick 3" Draw Game Rule.

(a) Pick 3[™]. The executive director is authorized to conduct a game known as "Pick 3." The executive director may issue further

directives and procedures for the conduct of Pick 3 that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this title (relating to Draw Game Rules (General)).

(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

(1) Pick 3 Play--A play other than a Pick 3 *plus* FIREBALL^[a] play consists of:

- (A) the selection of a play type;
- (B) the selection of a Pick 3 base play amount of \$.50, \$1, \$2, \$3, \$4 or \$5;
- (C) the selection of a draw date and time;
- (D) the selection of numbers in accordance with this section; and
- (E) the purchase of a ticket evidencing those selections.

(2) Pick 3 *plus* FIREBALL Play--A Pick 3 *plus* FIREBALL play refers to a play purchased as part of the Pick 3 *plus* FIREBALL add-on feature fully described in subsection (h) [(j)] of this section. A Pick 3 FIREBALL number is the additional number drawn from [zero to nine (0 to 9)] that is used to replace any one [(+)] of the three [(3)] Pick 3 winning numbers to make FIREBALL prize winning combinations. The Pick 3 *plus* FIREBALL option cannot be purchased independently of a Pick 3 play.

(3) Playboard--Three [A panel on a Pick 3 playslip containing three] fields of numbers found on the playslip, with each field containing 10 numbers from 0 to 9. [for use in selecting numbers for a Pick 3 play; with each field of numbers containing the numbers 0, 1, 2, 3, 4, 5, 6, 7, 8 and 9.]

[(4) Playslip--An optically readable card issued by the commission for use in making selections for one or more Pick 3 plays and the option to select the Pick 3 *plus* FIREBALL feature.]

(c) Play types.

(1) Pick 3 may include the following play types: exact order, any order, exact/any order, combo, and Pick 3 *plus* FIREBALL.

(A) An "exact order" play is a winning play if the player's three single-digit numbers match in exact order the three single-digit numbers drawn in the applicable drawing.

(B) An "any order" play is a winning play if the player's three single-digit numbers match in any order the three single-digit numbers drawn in the applicable drawing.

(C) An "exact order/any order" play is a winning play if either the player's three single-digit numbers match in exact order the numbers drawn in the applicable drawing or the player's three single-digit numbers match in any order the numbers drawn in the applicable drawing.

(i) An exact order/any order play is a 3-way play when exact order/any order play is selected as the play type in connection with a set of three single-digit numbers that includes two occurrences of one single-digit number and one occurrence of one other single-digit number. An exact order/3-way any order play involves three possible winning combinations.

(ii) An exact order/any order play is a 6-way play when exact order/any order play is selected as the play type in connection with a set of three single-digit numbers that includes a single occurrence of three different single-digit numbers. An exact order/6-way any order play involves six possible winning combinations.

(iii) An exact order/any order play is not permitted in connection with a set of numbers that includes three occurrences of one single-digit number.

(D) A "combo" play combines all of the possible straight (exact) plays that can be played with the three single-digit numbers selected for the play.

(i) A combo play may be a 3-way combo play or a 6-way combo play.

(ii) 3-way combo play is a combo play in connection with a set of three single-digit numbers that includes two occurrences of one single-digit number and one occurrence of one other single-digit number. A 3-way combo play involves three possible winning combinations.

(iii) 6-way combo play is a combo play in connection with a set of three single-digit numbers that includes a single occurrence of three different single-digit numbers. A 6-way combo play involves six possible winning combinations.

(iv) Combo play is not permitted in connection with a set of numbers that includes three occurrences of one single-digit number.

(E) A Pick 3 *plus* FIREBALL play wins a FIREBALL prize for each winning combination of numbers created by replacing any one [(+)] of the three [(3)] Pick 3 winning numbers with the Pick 3 FIREBALL number for that drawing, as determined by the selected play type and wager amount.

(2) The executive director may allow or disallow any type of play described in this subsection.

(d) Plays and tickets.

(1) A ticket may be sold only by a retailer and only at the location listed on the retailer's license. A ticket sold by a person other than a retailer is not valid.

(2) A Pick 3 play involves the selection of three single-digit numbers, with each selected from the numbers 0 to [1, 2, 3, 4, 5, 6, 7, 8, and] 9.

(3) The cost of an exact order play is the same as the Pick 3 base play amount selected for the play.

(4) The cost of an any order play is the same as the Pick 3 base play amount selected for the play.

(5) The cost of an exact order/any order play is:

(A) \$1 if the Pick 3 base play amount selected for the play is \$.50;

(B) \$2 if the Pick 3 base play amount selected for the play is \$1;

(C) \$4 if the Pick 3 base play amount selected for the play is \$2;

(D) \$6 if the Pick 3 base play amount selected for the play is \$3;

(E) \$8 if the Pick 3 base play amount selected for the play is \$4; or

(F) \$10 if the Pick 3 base play amount selected for the play is \$5.

(6) The cost of a combo play is determined by multiplying the Pick 3 base play amount selected for the play by the number

of winning combinations possible with the three single-digit numbers selected for the play.

(7) The cost of a Pick 3 *plus* FIREBALL play is equal to the cost of the connected Pick 3 wager for the base game, thereby doubling the purchase. The cost of a Pick 3 *plus* FIREBALL play is in addition to the cost of the connected Pick 3 play.

(8) The cost of a ticket is determined by the total cost of the plays evidenced by the ticket.

~~[(9) A player may complete up to five playboards on a single playslip.]~~

~~[(10) Acceptable methods to select numbers for a play, play type, base play amount, and draw date and time for a play may include:]~~

~~[(A) using a self-service terminal;]~~

~~[(B) using a playslip;]~~

~~[(C) requesting a Quick Pick;]~~

~~[(D) requesting a retailer to manually enter numbers;]~~

~~[(E) using a previously-generated "Pick 3" ticket provided by the player; or]~~

~~[(F) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission.]~~

~~[(11) Playslips must be completed manually. A ticket generated from a playslip that was not completed manually, or using a selection method that is not approved by the commission, is not valid.]~~

~~[(12) A retailer may only accept a request for a play using a commission-approved method of play, and if the request is made in person.]~~

(9) ~~[(13)]~~ Consecutive plays. A player may purchase one or more plays for any one or more of the next 24 drawings after the purchase and may purchase up to 24 consecutive plays for a particular drawing time.

(10) ~~[(14)]~~ A retailer shall issue a ticket as evidence of one or more plays. A ticket must show the numbers, play type and base play amount selected for each play; the number of plays, the draw date(s) for which the plays were purchased; ~~cost of the ticket,~~ and the security and transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

~~[(15) A playslip has no monetary value and is not evidence of a play.]~~

(11) ~~[(16)]~~ The purchaser is responsible for verifying the accuracy of the numbers and other selections shown on a ticket.

(12) ~~[(17)]~~ An unsigned winning ticket is payable to the holder or bearer of the ticket if the ticket meets all applicable validation requirements.

(e) Cancellation of plays. A retailer may cancel a Pick 3 play only in accordance with the following provisions:

(1) the ticket evidencing the play must have been sold at the retail location at which it is cancelled;

(2) the retailer must have possession of the ticket evidencing the play;

(3) all Pick 3 plays evidenced by a single ticket must be cancelled;

(4) cancellation may occur no later than 60 minutes after sale of the ticket evidencing the play;

(5) cancellation must occur before the beginning of the next draw break after the sale of the ticket evidencing the play; ~~[and]~~

(6) cancellation must occur before midnight on the day the ticket evidencing the play was sold; ~~and[-]~~

~~(7) the play was not generated as part of a promotion.~~

(f) Drawings.

(1) Pick 3 drawings shall be held four times a day, Monday through Saturday, at 10:00 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time. The executive director may change the drawing schedule, if necessary.

(2) At each Pick 3 drawing, three single-digit numbers shall be drawn for the base game. Each single-digit number will be drawn from a set that includes a single occurrence of all 10 ~~[ten]~~ single-digit numbers (0 to ~~[, 1, 2, 3, 4, 5, 6, 7, 8, and] 9~~). After the Pick 3 base game drawing, the Pick 3 FIREBALL number will be randomly drawn from a set of 10 numbered balls (0 to ~~[-] 9~~).

(3) Numbers drawn and the order in which the numbers are drawn must be certified by the commission in accordance with the commission's draw procedures.

(4) The numbers selected in a drawing and the order of the numbers selected in the drawing shall be used to determine all winners for that drawing.

(5) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by a lottery drawing representative and the independent certified public accountant immediately before each drawing and immediately after each drawing.

(g) Prizes.

(1) Prize payments shall be made upon completion of commission validation procedures.

(2) A Pick 3 *plus* FIREBALL play is a separate play from the exact order play, any order play, exact order/any order play, or combo play with which it is connected.

(3) The executive director may temporarily increase any prize set out in this paragraph for promotional or marketing purposes.

(4) A person who holds a valid ticket for a winning exact order play is entitled to a prize as shown.
Figure: 16 TAC §401.307(g)(4) (No change.)

(5) A person who holds a valid ticket for a winning 3-way any order play is entitled to a prize as shown.
Figure: 16 TAC §401.307(g)(5) (No change.)

(6) A person who holds a valid ticket for a winning 6-way any order play is entitled to a prize as shown.
Figure: 16 TAC §401.307(g)(6) (No change.)

(7) A person who holds a valid ticket for a winning exact order/3-way any order play is entitled to a prize as shown.
Figure: 16 TAC §401.307(g)(7) (No change.)

(8) A person who holds a valid ticket for a winning exact order/6-way any order play is entitled to a prize as shown.
Figure: 16 TAC §401.307(g)(8) (No change.)

(9) A person who holds a valid ticket for a winning combo play is entitled to a prize as shown.
Figure: 16 TAC §401.307(g)(9) (No change.)

~~[(h)]~~ The executive director may authorize promotions in connection with Pick 3-]

~~[(i)]~~ Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award-]

~~[(h)]~~ ~~[(j)]~~ Pick 3 plus FIREBALL^[*].

(1) Pick 3 plus FIREBALL is an add-on feature to the Pick 3 base game. Adding the Pick 3 plus FIREBALL option doubles the cost of wager and creates more possible winning combinations. For instance, if a player purchases a Pick 3 play with an exact order play type for \$1.00, the Pick 3 plus FIREBALL play will cost an additional \$1.00. If a player purchases a Pick 3 "6-way combo" for \$6, the Pick 3 plus FIREBALL play will cost an additional \$6. The Pick 3 FIREBALL number will be randomly drawn from a set of ~~[ten (10)]~~ numbers from ~~[zero to nine (0 to 9)]~~. The Pick 3 FIREBALL number drawn will apply exclusively to the Pick 3 base game drawing and prizes. The Pick 3 plus FIREBALL option cannot be purchased independently of a Pick 3 play.

(2) The Pick 3 FIREBALL number is used to replace any one ~~[(4)]~~ of the three ~~[(3)]~~ drawn Pick 3 winning numbers to create FIREBALL prize winning combinations.

(3) If the player's selected numbers match any of the FIREBALL prize winning combinations, the Pick 3 plus FIREBALL play wins in accordance with the charts in Figures 401.307(g)(4) through 401.307(g)(9).

(4) All FIREBALL prizes are in addition to any Pick 3 base game wins. Specifically, if a player purchases the Pick 3 plus FIREBALL option, then if the Pick 3 FIREBALL number is the same as one of the three numbers drawn in the Pick 3 base game drawing, and the player's numbers already match the numbers drawn for the player's play type, the player will be awarded the FIREBALL prize in addition to the Pick 3 prize as identified in subsection (g) of this section (relating to the Pick 3 prize charts). For instance, assume a player selects an exact order \$1.00 base game play of 1, 2, and 3, and purchases a Pick 3 plus FIREBALL play for an additional \$1.00 (total \$2.00 wager). If the Pick 3 winning numbers drawn are 1-2-3, and the Pick 3 FIREBALL number is 1, the play will win the base game prize of \$500 and the FIREBALL prize of \$180 for a total of \$680. As another example, assume the player selects an exact order 1-2-2 for \$1.00 and purchases a Pick 3 plus FIREBALL play for an additional \$1.00 (total \$2.00 wager). If the Pick 3 winning numbers drawn are 1-2-2 and the Pick 3 FIREBALL number is 2, then the play will win the base game prize of \$500 and win the FIREBALL prize of \$180 twice for a total of \$860.

§401.308. "Cash Five" Draw Game Rule.

(a) Cash Five^{*}. A Texas Lottery draw game to be known as "Cash Five" is authorized to be conducted by the executive director under the following rules and under such further instructions and directives as the executive director may issue in furtherance thereof. If a conflict arises between this rule and §401.304 of this title (relating to Draw Game Rules (General)), this section shall have precedence.

(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

(1) Multi-draw--A player may purchase a Cash Five play for up to 12 consecutive drawings beginning with the current draw.

~~[(2)]~~ Number--Any play integer from one through 35 inclusive-]

~~[(3)]~~ Play--The five numbers selected and printed on the ticket.

~~[(4)]~~ Playboard [Play board]--A field of ~~[the]~~ 35 numbers from 1 to 35 found on the playslip.

~~[(5)]~~ Playslip--An optically readable card issued by the commission used by players of Cash Five to elect plays. There shall be five play boards on each playslip identified as A, B, C, D, and E. A playslip has no pecuniary value and shall not constitute evidence of play purchase or of numbers selected-]

(c) Play for Cash Five.

(1) Type of play. A Cash Five player must select ~~[(5)]~~ five] numbers out of a field of 35 ~~[(thirty-five)]~~ numbers in each play or allow number selection by a random number generator approved by the commission, referred to as Quick Pick. A winning play is achieved only when two, three, four, or five of the numbers selected by the player match, in any order, two, three, four or five, respectively, of the five winning numbers drawn by the lottery.

(2) The price of a single Cash Five play for the Cash Five game is \$1.00.

~~[(3)]~~ Method of play. The player may use playslips, or other commission-approved method of play, to make number selections. A ticket generated using a selection method that is not approved by the commission is not valid. A selection of a play may be made only if the request is made in person. Acceptable methods to select numbers for a play may include-]

~~[(A)]~~ using a self-service terminal-]

~~[(B)]~~ using a playslip-]

~~[(C)]~~ using a previously-generated "Cash Five" ticket provided by the player-]

~~[(D)]~~ requesting a retailer to use Quick Pick-]

~~[(E)]~~ requesting a retailer to manually enter numbers; or]

~~[(F)]~~ using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission-]

~~[(4)]~~ Except as provided in paragraph (3) of this subsection, Cash Five plays must be purchased using official Cash Five playslips. Playslips which have been mechanically completed are not valid. Cash Five tickets must be printed on official Texas Lottery paper stock or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game-]

~~[(5)]~~ Cash Five plays may be purchased only at a licensed location from a lottery retailer authorized to sell draw game tickets.

~~[(4)]~~ A retailer shall issue a ticket as evidence of one or more plays. A ticket must show the numbers selected for each play, the number of plays, the draw date(s) for which the plays were purchased, the cost of the ticket, and the security and transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

~~[(6)]~~ Cash Five tickets shall show the player's selection of numbers; or Quick Pick (QP) numbers; boards played; drawing date(s); and serial numbers. It shall be the exclusive responsibility of the player to verify the accuracy of the player's selection(s) and other data printed on the ticket. A ticket is a bearer instrument until signed-]

(5) ~~[(7)]~~ One prize per play. The holder of a winning play may win only one prize per play in connection with the winning numbers drawn and shall be entitled only to the highest prize category won by those numbers.

(d) Prizes for Cash Five. The first, second, and third prize amounts, for each drawing, paid to each Cash Five player who selects a matching combination of numbers is a fixed amount shown in the chart below, Figure: 16 TAC §401.308(d). The Match 5 top prize is a guaranteed (fixed) amount of \$25,000; provided that, in any drawing where the number of top prize winning plays is greater than three (3), the top prize shall be paid on a pari-mutuel rather than fixed prize basis and a liability cap of \$75,000 (Seventy-Five Thousand Dollars) will be divided equally by the number of top prize winning plays. In this case, the calculation of the Match 5 top prize shall be rounded down so that prizes can be paid in multiples of whole dollars. Any part of the top pari-mutuel prize for a drawing that is not paid in prizes (breakage) shall be applied to offset prize expense. The Match 2 (fourth prize) is a guaranteed free Cash Five Quick Pick ticket. All other prizes are paid in cash.

Figure: 16 TAC §401.308(d) (No change.)

(e) Drawings.

(1) The Cash Five drawings shall be held each week on Monday, Tuesday, Wednesday, Thursday, Friday, and Saturday evenings at 10:12 p.m. Central Time except that the drawing schedule may be changed by the executive director, if necessary.

(2) The drawings will be conducted by lottery officials.

(3) Each drawing shall determine, at random, five winning numbers in accordance with Cash Five draw procedures. Any numbers drawn are not declared winning numbers until the drawing is certified by the lottery in accordance with the draw procedures. The winning numbers shall be used in determining all Cash Five winners for that drawing.

(4) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by a lottery drawing representative and the independent certified public accountant immediately prior to a drawing and immediately after the drawing.

(5) A drawing will not be invalidated based on the financial liability of the lottery.

~~[(f)]~~ The executive director may authorize promotions in connection with Cash Five.

~~[(g)]~~ Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award.

§401.312. "Texas Two Step" Draw Game Rule.

(a) Texas Two Step*. The executive director is authorized to conduct a game known as "Texas Two Step." The executive director may issue further directives for the conduct of Texas Two Step that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this title (relating to Draw Game Rules (General)).

(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

(1) Play--The selection of four different numbers from 1 to ~~[one through]~~ 35 and the selection of an additional number from 1 to

~~[one through]~~ 35 for one opportunity to win in Texas Two Step, and the purchase of a ticket evidencing that selection.

(2) Playboard--Two fields found on the [a] playslip. ~~[each]~~ with each field containing 35 numbers from 1 to 35. ~~[; for use in selecting numbers for a Texas Two Step play.]~~

~~[(3)]~~ Playslip--An optically readable card issued by the commission for use in selecting numbers for one or more Texas Two Step plays.

(3) ~~[(4)]~~ Roll cycle--A series of one or more drawings that ends when there is a drawing for which one or more tickets are sold that match, in accordance with the provisions of subsection (e)(1)(A) of this section, the numbers drawn in the drawing. A new roll cycle begins with the next drawing after a drawing for which one or more jackpot tickets are sold that match, in accordance with the provisions of subsection (e)(1)(A) of this section, the numbers drawn in the drawing.

(c) Plays and tickets.

(1) A ticket may be sold only by a retailer and only at the location listed on the retailer's license. A ticket sold by a person other than a retailer is not valid.

(2) The price of a play is \$1.

~~[(3)]~~ A player may complete up to five playboards on a single playslip.

(3) ~~[(4)]~~ A player may use a single playslip, or other commission-approved method of play, to purchase the same play(s) for up to 10 consecutive drawings, to begin with the next drawing after the purchase.

~~[(5)]~~ Acceptable methods to select a play may include:

~~[(A)]~~ using a self-service terminal;

~~[(B)]~~ using a playslip;

~~[(C)]~~ requesting a retailer to use Quick Pick;

~~[(D)]~~ requesting a retailer to manually enter numbers;

~~[(E)]~~ using a previously-generated "Texas Two Step" ticket provided by the player; or

~~[(F)]~~ using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission.

(6) Playslips must be completed manually. A ticket generated from a playslip that was not completed manually, or using a selection method that is not approved by the commission, is not valid.

(7) A retailer may only accept a request for a play using a commission-approved method of play, and if the request is made in person.

(4) ~~[(8)]~~ A retailer shall issue a ticket as evidence of one or more plays. A ticket must show the numbers selected for each play, the number of plays, the draw date(s) for which the plays were purchased, the cost of the ticket, and the security and transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

~~[(9)]~~ A playslip has no monetary value and is not evidence of a play.

(5) ~~[(10)]~~ The purchaser is responsible for verifying the accuracy of the numbers and other selections shown on a ticket.

(6) [(H)] An unsigned winning ticket is payable to the holder or bearer of the ticket if the ticket meets all applicable validation requirements.

(d) Drawings.

(1) Texas Two Step drawings shall be held each week on Monday and Thursday at 10:12 p.m. Central Time. The executive director may change the drawing schedule, if necessary.

(2) At each Texas Two Step drawing, the commission shall draw four different numbers from a set of numbers from 1 to [one through] 35, and the commission shall draw a single number from a separate set of numbers from 1 to [one through] 35.

(3) Numbers drawn must be certified by the commission in accordance with the commission's draw procedures.

(4) The numbers selected in a drawing shall be used to determine all winners for that drawing.

(5) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by a lottery drawing representative and the independent certified public accountant immediately before each drawing and immediately after each drawing.

(e) Prizes.

(1) Jackpot prize (first prize).

(A) A person who holds a valid ticket for a Texas Two Step play is entitled to a share of the jackpot prize (first prize) for a drawing if:

(i) the four numbers the player selected from a field of 35 numbers match (in any order) the four numbers selected from a set of 35 numbers at the drawing; and

(ii) the single number the player selected from a field of 35 numbers matches the single number selected from a set of 35 numbers at the drawing.

(B) The jackpot prize for a Texas Two Step drawing is the amount the commission establishes and authorizes vendors to publicize for the drawing.

(C) If 23.78 percent of Texas Two Step sales proceeds for a roll cycle are not sufficient to pay a jackpot prize, [~~the commission shall use remaining funds in the Texas Two Step prize reserve fund to pay the prize. If 23.78 percent of Texas Two Step sales proceeds for a roll cycle and any remaining funds in the Texas Two Step prize reserve fund are not sufficient to pay a jackpot prize;~~] the commission shall use funds from other authorized sources, including the State Lottery Account established by Government Code §466.355, to pay the prize.

(2) Second prize.

(A) A person who holds a valid ticket for a Texas Two Step play is entitled to a share of the second prize for a drawing if:

(i) the four numbers the player selected from a field of 35 numbers match (in any order) the four numbers selected from a set of 35 numbers at the drawing; and

(ii) the single number the player selected from a field of 35 numbers does not match the single number selected from a set of 35 numbers at the drawing.

(B) The second prize consists of 2.79 percent of the proceeds from Texas Two Step ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this paragraph.

(C) A payment made to a person for a share of the second prize for a drawing shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded up to the nearest whole dollar amount.

(D) Any part of the second prize for a drawing that is not paid in prizes shall be carried forward and shall become part of the second prize for the next drawing.

(3) Third prize.

(A) A person who holds a valid ticket for a Texas Two Step play is entitled to a share of the third prize for a drawing if:

(i) three of the four numbers the player selected from a field of 35 numbers match (in any order) three of the four numbers selected from a set of 35 numbers at the drawing; and

(ii) the single number the player selected from a field of 35 numbers matches the single number selected from a set of 35 numbers at the drawing.

(B) The third prize consists of 0.34 percent of the proceeds from Texas Two Step ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this paragraph.

(C) A payment made to a person for a share of the third prize for a drawing shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded up to the nearest whole dollar amount.

(D) Any part of the third prize for a drawing that is not paid in prizes shall be carried forward and shall become part of the third prize for the next drawing.

(4) Fourth prize.

(A) A person who holds a valid ticket for a Texas Two Step play is entitled to a share of the fourth prize for a drawing if:

(i) three of the four numbers the player selected from a field of 35 numbers match (in any order) three of the four numbers selected at the drawing from a set of 35 numbers; and

(ii) the single number the player selected from a field of 35 numbers does not match the single number selected from a set of 35 numbers at the drawing.

(B) The fourth prize consists of 4.60 percent of the proceeds from Texas Two Step ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this paragraph.

(C) A payment made to a person for a share of the fourth prize for a drawing shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded up to the nearest whole dollar amount.

(D) Any part of the fourth prize for a drawing that is not paid in prizes shall be carried forward and shall become part of the fourth prize for the next drawing.

(5) Fifth prize.

(A) A person who holds a valid ticket for a Texas Two Step play is entitled to a share of the fifth prize for a drawing if:

(i) two of the four numbers the player selected from a field of 35 numbers match (in any order) two of the four numbers selected from a set of 35 numbers at the drawing; and

(ii) the single number the player selected from a field of 35 numbers matches the single number selected from a set of 35 numbers at the drawing.

(B) The fifth prize consists of 3.04 percent of the proceeds from Texas Two Step ticket sales for the drawing and any amounts carried forward under subparagraph (D) of this paragraph.

(C) A payment made to a person for a share of the fifth prize for a drawing shall be rounded to the closest whole dollar amount. An amount of exactly fifty cents shall be rounded up to the nearest whole dollar amount.

(D) Any part of the fifth prize for a drawing that is not paid in prizes shall be carried forward and shall become part of the fifth prize for the next drawing.

(6) Sixth prize.

(A) A person who holds a valid ticket for a Texas Two Step play is entitled to a \$7 prize for a drawing if:

(i) one of the four numbers the player selected from a field of 35 numbers matches one of the four numbers selected from a set of 35 numbers at the drawing; and

(ii) the single number the player selected from a field of 35 numbers matches the single number selected from a set of 35 numbers at the drawing.

(B) If 6.87 percent of sales proceeds for the drawing are not sufficient to pay all of the sixth prizes for that drawing, [the commission shall use remaining funds in the Texas Two Step prize reserve fund to pay the prizes. If 6.87 percent of sales proceeds for a drawing and any remaining funds in the Texas Two Step prize reserve fund are not sufficient to pay all of the sixth prizes for a drawing,] the commission shall use funds from other authorized sources, including the State Lottery Account established by Government Code §466.355, to pay the prize.

(C) To the extent that the total amount of sixth prizes for a Texas Two Step drawing is less than 6.87 percent of the proceeds from ticket sales for the drawing, the difference shall be carried forward to fund future sixth prize payments.

(7) Seventh prize.

(A) A person who holds a valid ticket for a Texas Two Step play is entitled to a \$5 prize for a drawing if:

(i) none of the four numbers the player selected from a field of 35 numbers match any of the four numbers selected from a set of 35 numbers at the drawing; and

(ii) the single number the player selected from a field of 35 numbers matches the single number selected from a set of 35 numbers at the drawing.

(B) If 8.58 percent of sales proceeds for the drawing are not sufficient to pay all of the seventh prizes for that drawing, [the commission shall use remaining funds in the Texas Two Step prize reserve fund to pay the prizes. If 8.58 percent of sales proceeds for a drawing and any remaining funds in the Texas Two Step prize reserve fund are not sufficient to pay all of the seventh prizes for a drawing,] the commission shall use funds from other authorized sources, including the State Lottery Account established by Government Code §466.355, to pay the prize.

(C) To the extent that the total amount of seventh prizes for a Texas Two Step drawing is less than 8.58 percent of the proceeds from ticket sales for the drawing, the difference shall be carried forward to fund future seventh prize payments.

(8) A person may win only one prize per play per drawing. A player who holds a valid ticket for a winning play is entitled to the highest prize for that play.

(9) A share of a prize is determined by dividing the prize by the number of winning plays for that prize.

(10) A Texas Two Step prize payment shall be made upon completion of commission validation procedures.

(11) A claimant is not entitled to interest or other earnings on a prize, regardless of when a claim is actually presented and regardless of when payment is made.

~~[(f) Texas Two Step prize reserve fund.]~~

~~(f) [(g)]~~ Jackpot information on commission website. After the commission has approved an advertised estimated jackpot under subsection (e) of this section, the commission shall post the following information on the agency website:

(1) the amount of ticket sales, if any, for previous drawings in the roll cycle; and

(2) the amount of projected ticket sales for the upcoming drawing.

~~[(h) The executive director may authorize promotions in connection with Texas Two Step.]~~

~~[(i) Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award.]~~

§401.315. "Mega Millions" Draw Game Rule.

(a) Mega Millions*. The Multi-State Lottery Association ("MUSL") has entered into an Agreement ("Cross-Sell Agreement") with those U.S. lotteries operating under an agreement to sell a draw game known as Mega Millions ("Mega Millions Lotteries") to permit the MUSL Party Lotteries who are members of the MUSL Mega Millions Product Group ("Product Group"), including the Texas Lottery Commission (commission), to sell the Mega Millions lottery game. The purpose of the Mega Millions game is the generation of revenue for Mega Millions Lotteries and Product Group members participating under the Cross-Sell Agreement, through the operation of a specially designed multi-jurisdiction lottery game that will award prizes to ticket holders matching specified combinations of numbers randomly selected in regularly scheduled drawings. The Mega Millions game is authorized to be conducted by the commission executive director (executive director) under the conditions of the Cross-Sell Agreement, MUSL rules, the laws of the State of Texas, this section, and under such further instructions, directives, and procedures as the executive director may issue in furtherance thereof. In this regard, the executive director is authorized to issue such further instructions and directives as may be necessary to conform the conduct and play of the Mega Millions game to the requirements of the MUSL rules and the Cross-Sell Agreement, if, in the opinion of the executive director, such instructions, directives, and procedures are in conformance with state law. To be clear, the authority to participate in the Mega Millions game is provided to the commission by MUSL through the Cross-Sell Agreement. The conduct and play of the Mega Millions game must conform to the Product Group's Mega Millions game rules ("MUSL MM Rules"). Further, if a conflict arises between this section and §401.304 of this chapter, this section shall have precedence. In addition to other applicable rules contained in Chapter 401, this section and definitions herein apply unless the context requires a different meaning or is otherwise inconsistent with the intent of the MUSL MM Rules adopted by the Product Group.

(b) Definitions. In addition to the definitions provided in §401.301 of this subchapter (relating to General Definitions), and

unless the context in this section otherwise requires, the following definitions apply.

(1) "Agent" or "retailer" means a person or entity authorized by the commission to sell lottery Plays.

(2) "Drawing" refers collectively to the formal draw event for randomly selecting the winning numbers that determine the number of winning Plays for each prize level of the Mega Millions game and Megaplier® Promotion.

(3) "Game ticket" or "ticket" means an acceptable evidence of Play, which is a ticket produced in a manner that meets the specifications defined in the MUSL rules or the rules of each Selling Lottery, and is a physical representation of the Play or Plays sold to the player as described in subsection (g) of this section (Ticket Validation).

(4) "Just the Jackpot*~~[[2]]~~ Play" ("JJ Play") shall refer to a wager purchased which includes two (2) Plays as part of the Just the Jackpot Promotion as described in subsection (l) of this section.

(5) "Megaplier Plays" shall refer to Plays purchased as part of the Megaplier Promotion described in subsection (k) of this section.

(6) "Mega Millions Lotteries" refers to those lotteries that have joined under the Mega Millions Lottery Agreement and that have entered into the Cross-Sell Agreement with MUSL for the selling of the Mega Millions game by the Product Group. "Mega Millions Finance Committee" refers to a Committee of the Mega Millions Lotteries that determines the Grand Prize amount (cash value option and annuity).

(7) "Mega Millions Plays" ("MM Plays") shall refer to Plays purchased as part of the Mega Millions game, but shall not include JJ Plays or Megaplier Plays.

(8) "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the MUSL Party Lotteries.

(9) "MUSL Board" means the governing body of the MUSL, which is comprised of the chief executive officer of each Party Lottery.

(10) "Party Lottery" means a state lottery or lottery of a political subdivision or entity that has joined MUSL and, in the context of the Product Group rules, has joined in selling the games offered by the Product Group. "Selling Lottery" or "Participating Lottery" shall mean a state lottery or lottery of a political subdivision or entity that is participating in selling the Mega Millions game and that may be a member of either the Product Group or the Mega Million Lotteries.

(11) "Play" means a set of six (6) numbers, the first five (5) from a field of seventy (70) numbers and the last one (1) from a field of twenty-five (25) numbers, that appear on a ticket and are to be played by a player in the game. As used in this section, unless otherwise indicated, "Play" includes both Mega Millions Plays ("MM Plays") and Just the Jackpot Plays ("JJ Play"). "Megaplier Plays" are separately described in subsection (k) of this section.

~~[(12) "Playslip" means a physical or electronic means by which a player communicates their intended Play selection to the retailer as defined and approved by the commission. A playslip has no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.]~~

(12) ~~[(13)]~~ "Prize" means an amount paid to a person or entity holding a winning ticket. The terms "Grand Prize" or "Jackpot" may be used interchangeably and shall refer to the top prize in the Mega Millions game. "Advertised Grand Prize" or "Advertised Jackpot" shall mean the estimated annuitized Grand Prize amount as determined by the Mega Millions Finance Committee and communicated through the

Selling Lotteries prior to the next Mega Millions Drawing. The Advertised Grand Prize is not a guaranteed prize amount and the actual Grand Prize amount may vary from the advertised amount, except in circumstances where there is a guaranteed Grand Prize amount as described in subsection (f)(1) of this section.

(13) ~~[(14)]~~ "Product Group" means the MUSL Party Lotteries who are members of the MUSL Mega Millions Product Group and who offer the Mega Millions game product pursuant to the terms of the Cross-Sell Agreement between MUSL and the Mega Millions Lotteries, and in accordance with the Multi-State Lottery Agreement and the MUSL MM Rules.

(14) ~~[(15)]~~ "Set Prize" or "low-tier prize" means all other prizes, except the Grand Prize and, except in instances outlined in this section, or the MUSL MM Rules, will be equal to the prize amount established by the MUSL Board for the prize level.

(15) ~~[(16)]~~ "Terminal" means a device authorized by the commission for the purpose of issuing Mega Millions game tickets and as defined in §401.301 (General Definitions) of this chapter.

(16) ~~[(17)]~~ "Winning Numbers" means the indicia or numbers randomly selected during a Drawing event which shall be used to determine the winning Plays for the Mega Millions game contained on a game ticket.

(c) Game Description. Mega Millions is a five (5) out of seventy (70) plus one (1) out of twenty-five (25) lottery game drawn on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries, and which pays the Grand Prize, at the election of the player made in accordance with this section, or by a default election made in accordance with this section, either on a graduated annuitized annual pari-mutuel basis or as a cash value option using a rate determined by the Mega Millions Finance Committee on a pari-mutuel basis. Except as provided in this section, all other prizes are paid on a single payment basis. During the Drawing event, five (5) numbers shall be drawn from the first set of seventy (70) numbers, and one (1) number shall be drawn from the second set of twenty-five (25) numbers, which shall constitute the Winning Numbers.

(1) Mega Millions Play. To play Mega Millions, a player shall select (or request a Quick Pick) five (5) different numbers, from one (1) through seventy (70) and one (1) additional number from one (1) through twenty-five (25). The additional number may be the same as one of the first five numbers selected by the player. MM Plays can be purchased for two dollars (U.S. \$2.00), including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery Play. Plays may be purchased from a Party Lottery approved sales outlet in a manner as approved by the Party Lottery and in accordance MUSL rules.

(2) Claims. A ticket shall be the only proof of a game Play or Plays and is subject to the validation requirements set forth in subsection (g) of this section. The submission of a winning ticket to the commission or its authorized agent shall be the sole method of claiming a prize or prizes. A playslip has no pecuniary or prize value and shall not constitute evidence of Play purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or prize value and shall not constitute evidence of Play purchase or of numbers selected.

(3) Cancellations Prohibited. In all instances, a Play recorded on the Lottery gaming system may not be voided or cancelled by returning the ticket to the selling agent or to the commission, including tickets that are misprinted, illegible, printed in error, or for any reason not successfully transferred to an authorized selling entity or player. A Selling Lottery may develop an approved method of compensating retailers for Plays that are not transferred to a player for

a reason acceptable to the Selling Lottery and not prohibited by the Mega Millions Product Group. No Play that is eligible for a prize can be returned to the commission for credit. Plays accepted by retailers as returned Plays and which cannot be re-sold shall be deemed owned by the bearer thereof.

(4) **Player Responsibility.** It shall be the sole responsibility of the player to verify the accuracy of the game Play or Plays and other data printed on the ticket. The placing of Plays is done at the player's own risk through the licensed sales agent who is acting on behalf of the player in entering the Play or Plays.

~~{(5) **Entry of Plays.** Plays may only be entered manually using the lottery retailer terminal keypad or touch screen, by means of a commission-approved playslip, or by such other means as approved by the commission, including entry using authorized third-party point-of-sale ("POS") systems. Retailers shall not permit the use of playslips that are not approved by the commission. Retailers shall not permit any device to be physically or wirelessly connected to a lottery terminal to enter Plays, except as approved by the commission. A ticket generated using a selection method that is not approved by the commission is not valid. A selection of numbers for a Play may be made only if the request is made in person. Acceptable methods of Play selection may include:}~~

~~{(A) using a self-service terminal;}~~

~~{(B) using a playslip;}~~

~~{(C) using a previously-generated "Mega Millions" ticket provided by the player;}~~

~~{(D) selecting a Quick Pick;}~~

~~{(E) requesting a retailer to manually enter numbers; or}~~

~~{(F) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission.}~~

(5) ~~{(6)}~~ **Maximum Purchase.** The maximum number of consecutive drawings on a single Play purchase is ten (10).

(6) ~~{(7)}~~ **Subscription sales.** A subscription sales program may be offered, at the discretion of the executive director.

(d) **Mega Millions Prize Pool.** The prize pool for all prize categories offered by the Party Lotteries shall consist of up to fifty-five percent (55%) of each Drawing period's sales, inclusive of any specific statutorily-mandated tax of a Party Lottery to be included in the price of a MM Play, and inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower based upon the number of winning Plays at each prize level, as well as the funding required to meet a guaranteed Annuity Grand Prize as may be required by subsection (f)(1) of this section.

(1) **Mega Millions Prize Pool Accounts and Prize Reserve Accounts.** The Product Group shall set the contribution rates to the Prize Pool and Prize Reserve Accounts established by this section.

(A) The following Prize Reserve Account for the Mega Millions game is hereby established: the Prize Reserve Account (PRA) which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that may result from a system error or other reason, to fund deficiencies in the Set-Aside Pool, and to fund pari-mutuel prize deficiencies as defined and limited in subsections (d)(3)(A) and (k)(9)(B)(i) of this section.

(B) The following Prize Pool Accounts for the Mega Millions game are hereby established:

(i) The Grand Prize Pool (GPP), which is used to fund the current Grand Prize;

(ii) The Set Prize Pool (SPP), which is used the fund the Set Prizes. The SPP shall hold the temporary balances that may result from having fewer than expected winners in the Set Prize (aka low-tier prize) categories. The source of the SPP is the Party Lottery's weekly prize contributions less actual Set Prize liability; and

(iii) The Set-Aside Pool (SAP), which is used to fund the payment of the awarded minimum starting Annuity Grand Prizes and the minimum Annuity Grand Prize increase, if necessary (subject to the limitations in this section or the MUSL MM Rules), as may be set by the Product Group. The source of the SAP funding shall accumulate from the difference between the amount in the Grand Prize Pool at the time of a Grand Prize win and the amount needed to fund Grand Prize payments as determined by the Mega Millions Lotteries.

(C) The above Prize Reserve Account shall have maximum balance amounts or balance limiter triggers that are set by the Product Group and are detailed in the *Comments* to MUSL MM Rule 28. The maximum balance amounts and balance limit triggers are subject to review by the MUSL Board Finance and Audit Committee. The Finance and Audit Committee shall have two weeks to state objections, if any, to the approved maximum balance amounts or balance limiter triggers. Approved maximum balance amounts or balance limiter triggers shall become effective no sooner than two weeks after notice is given to the Finance and Audit Committee and no objection is stated or sooner if the Committee affirmatively approves the maximum balance amounts or balance limiter triggers. The Product Group may appeal the Committee's objections to the full Board. Group approved changes in the maximum balance amounts or balance limiter triggers set by the Product Group shall be effective only after the next Grand Prize win.

(D) The contribution rate to the GPP from MM Plays shall be 37.6509% of sales. An amount up to five percent (5%) of a Party Lottery's sales, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery play, shall be added to a Party Lottery's Mega Millions Prize Pool contribution and placed in trust in one or more prize pool and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of the PRA is below the amounts designated by the Product Group. Details shall be noted in the *Comments* to MUSL MM Rule 28.

(E) The Product Group may determine to expend all or a portion of the funds in the prize pools (except the GPP) and the prize reserve accounts:

(i) for the purpose of indemnifying the Party Lotteries in the payment of prizes to be made by the Selling Lotteries; and

(ii) for the payment of prizes or special prizes in the game, limited to prize pool and prize reserve contributions from lotteries participating in the special prize promotion, subject to the approval of the Board's Finance & Audit Committee or that Committee's failure to object after given two weeks' notice of the planned action, which actions may be appealed to the full Board by the Product Group.

(F) The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and sales percentage shares of the Party Lotteries.

(G) A Party Lottery may contribute to its sales percentage share of prize reserve accounts over time, but in the event of a draw down from a reserve account, a Party Lottery is responsible for its full sales percentage share of the prize reserve account, whether or not it has been paid in full.

(H) Any amount remaining in the Mega Millions prize pool accounts or prize reserve accounts when the Product Group declares the end of the game shall be returned to the lotteries participating

in the prize pool and prize reserve accounts after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game, or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.

(2) Expected Prize Payout Percentages. The Grand Prize payout shall be determined on a pari-mutuel basis. Except as otherwise provided in this section, all other prizes awarded shall be paid as single payment prizes. All prize payouts are made with the following expected prize payout percentages, which does not include an additional amount held in prize reserves, although the prize payout percentages per draw may vary:

Figure: 16 TAC §401.315(d)(2) (No change.)

(A) The Grand Prize amount shall be divided equally by the number of MM Plays and JJ Plays winning the Grand Prize.

(B) The SPP (for payment of single payment prizes of one million dollars (\$1,000,000.00) or less) shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the set prizes awarded in the current draw.

(3) Pari-mutuel Prize Determinations. Except as otherwise provided for in subparagraph (C) of this paragraph below:

(A) If the total of the Mega Millions Set Prizes (as multiplied by the respective Megaplier multiplier, if applicable) awarded in a drawing exceeds the percentage of the prize pool allocated to the Mega Millions Set Prizes, then the amount needed to fund the Mega Millions Set Prizes, including Megaplier prizes, awarded shall be drawn from the following sources, in the following order:

(i) the amount available in the SPP and the Megaplier Prize Pool, if any;

(ii) an amount from the PRA, if available, not to exceed forty million dollars (\$40,000,000.00) per drawing.

(B) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes, including Megaplier prizes, then the highest Set Prize shall become a pari-mutuel prize. If the amount of the highest Set Prize, including Megaplier prizes, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this section shall be divided among the winning MM Plays in proportion to their respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same percentage.

(C) By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amount for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

(4) Except as may be required by subsection (f)(1) of this section, the official advertised Grand Prize annuity amount is subject to change based on sales forecasts and/or actual sales.

(5) Subject to the laws and rules governing each Party Lottery, the number of prize categories and the allocation of the prize fund among the prize categories may be changed at the discretion of the Mega Millions Lotteries, for promotional purposes. Such change shall be announced by Mega Millions Lotteries.

(e) Probability of Winning Mega Millions Prizes. The following table sets forth the probability of winning and the probable distribution of winning Plays in and among each prize category for MM Plays, based upon the total number of possible combinations in Mega Millions.

Figure: 16 TAC §401.315(e) (No change.)

(f) Mega Millions Prize Payment.

(1) Mega Millions Grand Prize. The prize money allocated from the current Mega Millions prize pool for the Grand Prize, plus any previous portions of prize money allocated to the Grand Prize category in which no matching MM Plays or JJ Plays were sold will be divided equally among all Grand Prize winning MM Plays and JJ Plays in all Participating Lotteries. The Annuity Grand Prize amount will be paid in thirty (30) graduated annual installments. Grand Prizes won shall be funded by the Selling Lotteries in accordance with the formula set by the Mega Millions Lotteries. The Mega Millions Lotteries may set a minimum guaranteed annuitized Grand Prize amount that shall be advertised by the Selling Lotteries as the starting guaranteed annuitized Grand Prize amount. At the time of ticket purchase, a player must select a payment option of either a single cash value payment or annuitized payments of a share of the Grand Prize if the Play is a winning Play. A player's selection of the payment option at the time of purchase from the commission is final and cannot be revoked, withdrawn, or otherwise changed. If no selection is made, payment option will be as described in the chart below:

Figure: 16 TAC §401.315(f)(1)

[Figure: 16 TAC §401.305(g)(3)]

(2) Mega Millions Prize Rollover. If in any Mega Millions Drawing there are no MM Plays or JJ Plays that qualify for the Grand Prize category, the portion of the prize fund allocated to such Grand Prize category shall remain in the Grand Prize category and be added to the amount allocated for the Grand Prize category in the next consecutive Mega Millions Drawing.

(3) A player(s) who elects a cash value option payment shall be paid his/her share(s) in a single cash payment upon completion of validation procedures determined by the commission. The cash value option amount shall be determined by the Mega Millions Lotteries.

(4) All annuitized prizes shall be paid annually in thirty (30) graduated annual installments upon completion of validation procedure determined by the commission. The initial payment shall be paid upon completion of the validation procedures and the subsequent twenty-nine (29) payments shall be paid annually to coincide with the winning draw date, and shall escalate by a factor of 5% annually. Prize payments may be rounded down to the nearest one thousand dollars (\$1,000) increment. The annuitized option prize shall be determined by multiplying the winning Play's share of the Grand Prize Pool by the annuity factor established in accordance with Texas law and the rules of the Texas Comptroller of Public Accounts.

(5) If individual shares of the Grand Prize Pool funds held to fund an annuity is less than \$250,000.00, the Product Group, in its sole discretion, may elect to pay the winners their share of the cash held in the Grand Prize Pool.

(6) Funds for the initial payment of an annuitized prize or the lump sum cash value option payment shall be made available by MUSL for payment by the Party Lottery on a schedule approved by the Product Group. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full cash value option payment amount may be delayed pending receipt of funds from the Party Lotteries or other lotteries participating in the Mega

Millions game. A Party Lottery may elect to make the initial payment from its own funds after validation, with notice to MUSL.

(7) Payment of Prize Payments upon the Death of a Prize Winner. In the event of the death of a prize winner, payments may be made in accordance with §401.310 of this chapter (relating to Payment of Prize Payments Upon Death of Prize Winner), otherwise, payment of prize payments will be made to the estate of a deceased prize winner in accordance with Texas Government Code §466.406.

(8) Prize Payments. All prizes shall be paid through the Selling Lottery that sold the winning Play(s). All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in cash or warrants in accordance with Texas statutes and these rules. A Selling Lottery may begin paying low-tier cash prizes after receiving authorization to pay from the MUSL central office.

(9) Prizes Rounded. Annuitized payments of the Grand Prize or a share of the Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Grand Prize win shall be added to the first payment to the winner or winners. Prizes other than the Grand Prize, which, under this section, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next Drawing.

(10) Limited to Highest Prize Won. The holder of a winning MM Play may win only one (1) prize per Play in connection with the Winning Numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category. A JJ Play is not eligible to win non-Grand Prize category prizes. All liabilities for a Mega Millions prize are discharged upon payment of a prize claim.

(11) Claim Period. Prizes must be claimed no later than 180 days after the draw date, or in accordance with Texas Government Code §466.408(e).

(g) Ticket Validation.

(1) To be a valid Play and eligible to receive a prize, a Play's ticket shall satisfy all the requirements established by the commission for validation of winning Plays sold through the computer gaming system, as well as any other validation requirements adopted by the Product Group, the MUSL Board and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Party Lotteries shall not be responsible for Plays or tickets that are altered in any manner.

(2) Under no circumstances will a claim for any prize be paid without an official Mega Millions ticket issued as authorized by the commission and matching all game Play, serial number and other validation data residing in the commission's computer gaming system and such ticket shall be the only valid proof of the wager placed and the only valid receipt for claiming or redeeming such prize.

(3) In addition to the above, in order to be deemed a valid, winning Mega Millions Play, all of the following conditions must be met:

(A) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the applicable drawing date(s);

(B) The ticket must be intact;

(C) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner;

(D) The ticket must not be counterfeit or an exact duplicate of another winning ticket;

(E) The ticket must have been issued by an authorized sales agent on official Texas Lottery paper stock or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game;

(F) The ticket must not have been stolen, to the knowledge of the commission;

(G) The ticket must be submitted for payment in accordance with the prize claim procedures of the commission as set out in §401.304 of this subchapter and any internal procedures used by the commission;

(H) The Play data on the ticket must have been recorded on the computer gaming system prior to the drawing and the Play data must match this computer record in every respect. In the event of a contradiction between information as printed on the ticket and as accepted by the commission's computer gaming system, the wager accepted by the commission's computer gaming system shall be the valid wager;

(I) The player or Quick Pick number selections, validation data and the drawing date(s) of an apparent winning Play must appear in the official file of winning Plays, and a Play with that exact data must not have been previously paid;

(J) The Play must not be misregistered, and the Play's ticket must not be defectively printed or printed or produced in error to an extent that it cannot be processed by the commission;

(K) The ticket must pass confidential validation tests in accordance with the MUSL MM Rules. In addition, the ticket must pass all other confidential security checks of the commission;

(L) In submitting a ticket for validation, the claimant agrees to abide by applicable laws, all rules and regulations, instructions, conditions and final decisions of the executive director of the commission;

(M) There must not be any other breach of the MUSL MM Rules, or this subchapter, in relation to the Play, which, in the sole and final opinion of the executive director of the commission, justifies invalidation; and

(N) The Ticket must be submitted to the commission, or the Selling Lottery that issued it.

(4) A Play submitted for validation that fails any of the preceding validation conditions shall be considered void, subject to the following determinations:

(A) In all cases of doubt, the determination of the commission shall be final and binding; however, the commission may, at its option, replace an invalid Play with a Mega Millions Play of equivalent sales price;

(B) In the event a defective ticket is purchased or in the event the commission determines to adjust an error, the claimant's sole and exclusive remedy shall be the replacement of such defective or erroneous ticket(s) with a Mega Millions Play of equivalent sales price; and

(C) In the event a Mega Millions Play is not paid by the commission and a dispute occurs as to whether the Play is a winning Play, the commission may, at its option, replace the Play as provided in subparagraph (A) of this paragraph. This shall be the sole and exclusive remedy of the claimant.

(h) Ticket Responsibility.

(1) Prize Claims. Prize claim procedures shall be governed by the rules of the commission. The MUSL and the Selling Lotteries

shall not be responsible for prizes that are not claimed following the proper procedures as determined by the commission.

(2) Stolen Plays. The Product Group, the MUSL, the Party Lotteries and the commission shall not be responsible for lost or stolen Plays.

(3) The Party Lotteries shall not be responsible to a prize claimant for Mega Millions Plays redeemed in error by a Texas Lottery sales agent.

(4) Winning Plays are determined by the numbers drawn and certified by the independent auditor responsible for auditing the Mega Millions draw. MUSL, the Party Lotteries and the commission are not responsible for Mega Millions winning numbers reported in error.

(i) Ineligible Players.

(1) A Play, or share of a Play, for a MUSL game issued by the MUSL or any of its Party Lotteries shall not be purchased by, and a prize won by any such Play, or share of a Play, 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) of this section and residing in the same household.

(2) Those persons designated by the State Lottery Act, Texas Government Code, Chapter 466, as ineligible to play its games shall also be ineligible to play any MUSL lottery game sold in the state of Texas.

(3) A Play, or share of a Play, of the Mega Millions game may not be purchased in any lottery jurisdiction by any Party Lottery board member; commissioner; officer; employee; or spouse, child brother, sister or parent residing as a member of the same household in the principle place of residence of any such person. Prizes shall not be paid to any persons prohibited from playing Mega Millions in a particular jurisdiction by rules, governing law, or any contract executed by the Selling Lottery.

(j) Applicable Law.

(1) In purchasing a Play, or attempting to claim a prize, purchasers and prize claimants agree to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the commission and by directives and determinations of the commission's executive director. Additionally, the player shall be bound to all applicable provisions in the MUSL MM Rules.

(2) A prize claimant agrees, as its sole and exclusive remedy, that claims arising out of a Play can only be pursued against the Party Lottery which issued the Play. Litigation, if any, shall only be maintained within the jurisdiction in which the Play was purchased and only against the Party Lottery that issued the Play. No claim shall be made against any other Party Lottery or against the MUSL.

(3) Nothing in this section or the MUSL MM Rules shall be construed as a waiver of any defense or claim the commission, which issued the Play, any other Party Lottery, or MUSL may have in any litigation, including in the event a player or prize claimant pursues lit-

igation against a Party Lottery or MUSL, or their respective officers, directors or employees.

(4) All decisions made by the commission, including the declaration of prizes and the payment thereof and the interpretation of MUSL MM Rules, shall be final and binding on all Play purchasers and on every person making a prize claim in respect thereof, but only in the jurisdiction where the Play was issued.

(5) Unless the laws, rules, regulations, procedures, and decisions of the commission, which issued the Play, provide otherwise, no prize shall be paid upon a Play purchased, claimed or sold in violation of this section, the MUSL MM Rules, or the laws, rules, regulations, procedures, and decisions of the commission; any such prize claimed but unpaid shall constitute an unclaimed prize under this section and the laws, rules, regulations, procedures, and decisions of the commission.

(k) Mega Millions Megaplier Promotion.

(1) Promotion Description. The Mega Millions Megaplier Promotion is a limited extension of the Mega Millions game and is conducted in accordance with the MUSL MM Rules and other lottery rules applicable to the Mega Millions game except as may be amended herein. The Promotion will begin at a time announced by the commission and will continue until discontinued by the commission. The Promotion will offer to the owners of a qualifying Megaplier Play a chance to multiply or increase the amount of any of the Set Prizes (the prizes normally paying two dollars (\$2.00) to one million dollars (\$1,000,000.00) won in a Drawing held during the Promotion. The Grand Prize is not a Set Prize and will not be multiplied or increased by means of the Megaplier Promotion or the Just the Jackpot Promotion.

(2) Qualifying Megaplier Play. A qualifying Megaplier Play is any single Mega Millions Play for which the player pays an extra one dollar (\$1.00) for the Megaplier option and that is recorded at on the commission's computer gaming system as a qualifying Megaplier Play. Just the Jackpot Plays do not qualify to purchase a Megaplier Play.

(3) Prizes To Be Multiplied Or Increased. A qualifying Megaplier Play that wins one of the Set Prizes will be multiplied by the number selected, either two, three, four, or five (2, 3, 4, or 5), in a separate random Megaplier Drawing announced in a manner approved by the Product Group.

(4) Megaplier Draws. MUSL will either itself conduct, or authorize a U.S. Lottery to conduct on its behalf, a separate random "Megaplier" Drawing. Before each Mega Millions Drawing a single number (2, 3, 4 or 5) shall be drawn. The Product Group may change one or more of the multiplier features for special promotions from time to time. In the event the Megaplier Drawing does not occur prior to the Mega Millions Drawing, the multiplier number will be a 5 (five), which shall solely be determined by the lottery authorized to conduct the "Megaplier" Drawing.

(5) Megaplier Prize Pool.

(A) The Megaplier Prize Pool (MPP) is hereby created, and shall be used to fund Megaplier prizes. The MPP shall hold the temporary balances that may result from having fewer than expected winning Megaplier Plays. The source of the MPP is the Party Lottery's weekly prize contributions less actual Megaplier Prize liability.

(B) Up to fifty-five percent (55%) of each Drawing period's sales, as determined by the Product Group, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery ticket, shall be collected for the payment of Megaplier prizes.

(C) Prize payout percentages per draw may vary. The MPP shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Megaplier prizes awarded in the current draw and held in the MPP.

(6) End of Game. Any amount remaining in the MPP when the Product Group declares the end of this game shall be returned to the lotteries participating in the account after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction law.

(7) Expected Prize Payout. Except as provided in this section, all prizes awarded shall be paid as single payment Set Prizes. Instead of the Mega Millions Set Prize amounts, qualifying Megaplier Plays will pay the amounts shown below when matched with the Megaplier number drawn. In certain rare instances, the Mega Millions Set Prize amount may be less than the amount shown. In such case, the Megaplier prizes will be a multiple of the changed Mega Millions prize amount announced after the draw. For example, if the Match 4+1 Mega Millions set prize amount of ten thousand dollars (\$10,000.00) becomes two thousand dollars (\$2,000.00) under the rules of the Mega Millions game, then a Megaplier player winning that prize amount with a 4X multiplier would win eight thousand dollars (\$8,000); two thousand dollars multiplied by four (\$2,000.00 x 4).
Figure: 16 TAC §401.315(k)(7) (No change.)

(8) Probability of Winning. The following table sets forth the probability of the various Megaplier numbers being drawn during a single Mega Millions Drawing. The Product Group may elect to run limited promotions that may modify the multiplier features.
Figure: 16 TAC §401.315(k)(8) (No change.)

(9) Limitation on Payment of Megaplier Prizes.

(A) Prize Pool Carried Forward. The prize pool percentage allocated to the Megaplier Set Prizes shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Set Prizes awarded in the current draw or may be held in a prize reserve account.

(B) Pari-Mutuel Prizes--All Prize Amounts. Except as otherwise provided for in subparagraph (C) of this paragraph below:

(i) If the total of the original Mega Millions Set Prizes and the Megaplier prize amounts awarded in a drawing exceeds the percentage of the prize pools allocated to the set prizes, then the amount needed to fund the Set Prizes (including the Megaplier prize amounts) awarded shall be drawn from the following sources, in the following order:

(I) the amount available in the SPP and the MPP, if any;

(II) an amount from the PRA, if available in the account, not to exceed forty million dollars (\$40,000,000.00) per drawing.

(ii) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded (including Megaplier prize amounts), then the highest Set Prize (including the Megaplier prize amounts) shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize (including the Megaplier prize amount) shall become a pari-mutuel prize. This procedure shall continue down through all Set Prizes levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this

section shall be divided among the winning MM Plays in proportion to their respective prize percentages. Mega Millions and Megaplier prizes will be reduced by the same percentage.

(C) By agreement with the Mega Millions Lotteries, the Mega Millions Lotteries shall independently calculate their set pari-mutuel prize amounts, including the Megaplier prize amounts. The Party Lotteries and the Mega Millions Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

(10) Prize Payment. All Megaplier prizes shall be paid in one single payment through the Party Lottery that sold the winning Megaplier Play(s). A Party Lottery may begin paying Megaplier prizes after receiving authorization to pay from the MUSL central office. Prizes that, under this section, may become pari-mutuel prizes, may be rounded down so that prizes can be paid in whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the MPP for the next drawing.

(1) Just the JackpotTM Promotion.

(1) Promotion Description. The Mega Millions Just the Jackpot Promotion is a limited extension of the Mega Millions game and is conducted in accordance with the MUSL MM Rules and other lottery rules applicable to the Mega Millions game except as may be amended herein, and any other lottery rules applicable to this Promotion. All rules applicable to the Mega Millions game in subsections (a) through (j) of this section are applicable to the Just the Jackpot Promotion unless otherwise indicated. The Promotion will begin at a time announced by the commission and will continue until discontinued by the commission. The Promotion will offer to players a chance to purchase a Just the Jackpot Play ("JJ Play") which will qualify a player for two (2) chances (each a "Play") to win the Grand Prize, and no other prize levels. If the player matches any non-Grand Prize (any prize level other than the Grand Prize) numbers with his or her JJ Play(s), the player who purchased the JJ Play is not eligible to win or claim the non-Grand Prizes in the Just the Jackpot Promotion.

(2) Winning JJ Plays will be paid the Mega Millions Grand Prize, at the election of the player made in accordance with subsection (f) of this section or by a default election made in accordance with this section, either on a graduated annuitized annual pari-mutuel basis or as a cash value option using a rate determined in accordance with subsection (f)(4) of this section. All provisions in subsections (a) through (j) of this section regarding payment of the Mega Millions Grand Prize are applicable to winning JJ Play(s). The Grand Prize amount shall be divided equally by the number of MM Plays and JJ Plays winning the Grand Prize.

(3) Just the Jackpot shall use the Mega Millions winning numbers. Mega Millions winning numbers applicable to determine Just the Jackpot prizes will be determined on the day(s), time(s) and location(s) as determined by the Mega Millions Lotteries.

(4) To play Just the Jackpot, a player shall select (or request a Quick Pick) two (2) sets of five (5) different numbers, from one (1) through seventy (70) and one (1) additional number from one (1) through twenty-five (25). The additional number may be the same as one of the first five numbers selected by the player. Each set of numbers shall constitute a single "Play" as that term is defined in subsection (b)(11) of this section. The two (2) Plays for each three dollar (\$3.00) JJ Plays purchase shall be for the same drawing, although the commission may sell multi-draw JJ Plays as well.

(5) The purchase price of a single JJ Play shall be three dollars (US \$3.00) for two (2) Plays, including any specific statutorily-mandated tax of a Party Lottery to be included in the price of a

lottery JJ Play. JJ Plays must be printed on separate tickets from MM Plays and must clearly indicate the Plays are for the Just the Jackpot Promotion. Each JJ Play is played separately in determining matches to winning numbers and prize amounts. JJ Plays may be purchased from any authorized Texas Lottery sales agent in a manner as approved by the commission and in accordance with this section and the MUSL rules. The winning numbers for the JJ Plays will be the winning numbers drawn in the applicable Mega Millions Drawing. The Grand Prize will not be multiplied or increased by means of the Megaplier Promotion.

(6) Just the Jackpot Prize Pool Contributions.

(A) Mega Millions Prize Pool. The prize pool for JJ Plays shall consist of up to fifty-five percent (55%) of each Drawing period's sales, inclusive of any specific statutorily-mandated tax of a Party Lottery to be included in the price of a lottery's JJ Play, and inclusive of contributions to the prize pool accounts and prize reserve accounts, but may be higher or lower based on the funding required to meet a guaranteed Annuity Grand Prize as may be required by the MUSL MM Rules.

(B) Mega Millions Prize Pool Account and Prize Reserve Account contributions. The Product Group shall set the contribution rates to the Just the Jackpot prize pool and prize reserve accounts established by this section.

(i) The contribution rate for JJ Plays to the GPP shall be 50.2012% of sales. An amount up to five percent (5%) of a Party Lottery's JJ Play sales, including any specific statutorily mandated tax of a Party Lottery to be included in the price of a lottery's JJ Play, shall be added to a Party Lottery's Just the Jackpot Prize Pool contribution and placed in trust in one or more prize pool and prize reserve accounts held by the Product Group at any time that the Party Lottery's share of the PRA is below the amounts designated by the Product Group. Details shall be noted in the Comments to the MUSL MM Rule JJ5.2.

(ii) All provisions regarding the Grand Prize Pool and Prize Reserve Account as described herein are applicable to JJ Play contributions to the Grand Prize Pool and Prize Reserve Account.

(7) Expected Prize Payout Percentage. The Mega Millions Grand Prize payout shall be determined on a pari-mutuel basis. The Grand Prize amount shall be divided equally by the number of MM Plays and JJ Plays winning the Mega Millions Grand Prize. All prize payouts are made with the following expected prize payout percentages, which does not include any additional amount held in prize reserves:

Figure: 16 TAC §401.315(1)(7) (No change.)

§401.316. "Daily 4" Draw Game Rule.

(a) Daily 4™. The executive director is authorized to conduct a game known as "Daily 4." The executive director may issue further directives and procedures for the conduct of Daily 4 that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this title (relating to Draw Game Rules (General)).

(b) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

(1) Daily 4 Play--A play other than a Daily 4 *plus* FIREBALL play consists of:

- (A) the selection of a play type;
- (B) the selection of a Daily 4 base play amount of \$.50, \$1, \$2, \$3, \$4 or \$5;
- (C) the selection of a draw date and time;

(D) the selection of numbers in accordance with this section; and

(E) the purchase of a ticket evidencing those selections.

(2) Daily 4 *plus* FIREBALL Play--A Daily 4 *plus* FIREBALL play refers to a play purchased as part of the Daily 4 *plus* FIREBALL add-on feature fully described in subsection (h)(4) of this section. A Daily 4 FIREBALL number is the additional number drawn from [zero to nine (0 to 9)] that is used to replace any one [(1)] of the four [(4)] Daily 4 winning numbers to make FIREBALL prize winning combinations. The Daily 4 *plus* FIREBALL option cannot be purchased independently of a Daily 4 play.

(3) Playboard--Four [A panel on a Daily 4 playslip containing four] fields of numbers found on the playslip, with each field containing 10 numbers from 0 to 9. [for use in selecting numbers for a Daily 4 play, with each field of numbers containing the numbers 0, 1, 2, 3, 4, 5, 6, 7, 8 and 9.]

[(4) Playslip--An optically readable card issued by the commission for use in making selections for one or more Daily 4 plays and the option to select the Daily 4 *plus* FIREBALL feature.]

(c) Play types.

(1) Daily 4 may include the following play types: straight, box, straight/box, combo, front-pair, mid-pair, back-pair, and Daily 4 *plus* FIREBALL.

(A) A "straight" play is a winning play if the player's four single-digit numbers match in exact order the four single-digit numbers drawn in the applicable drawing.

(B) A "box" play is a winning play if the player's four single-digit numbers match in any order the four single-digit numbers drawn in the applicable drawing.

(i) A box play may be a 4-way box play, a 6-way box play, a 12-way box play, or a 24-way box play.

(I) A box play is a 4-way box play when box play is selected as the play type in connection with a set of four single-digit numbers that includes three occurrences of one single-digit number and one occurrence of one other single-digit number. A 4-way box play involves four possible winning combinations.

(II) A box play is a 6-way box play when box play is selected as the play type in connection with a set of four single-digit numbers that includes two occurrences of one single-digit number and two occurrences of another single-digit number. A 6-way box play involves six possible winning combinations.

(III) A box play is a 12-way box play when box play is selected as the play type in connection with a set of four single-digit numbers that includes two occurrences of one single-digit number and one occurrence of two other single-digit numbers. A 12-way box play involves 12 possible winning combinations.

(IV) A box play is a 24-way box play when box play is selected as the play type in connection with a set of four single-digit numbers that includes a single occurrence of four different single-digit numbers. A 24-way box play involves 24 possible winning combinations.

(ii) Box play is not permitted in connection with a set of numbers that includes four occurrences of one single-digit number.

(C) A "straight/box" play is a winning play either if the player's four single-digit numbers match in exact order the numbers

drawn in the applicable drawing or if the player's four single-digit numbers match in any order the numbers drawn in the applicable drawing. The prize amount is greater if the player's four single-digit numbers match in exact order the numbers drawn in the applicable drawing.

(i) A straight/box play may be a 4-way straight/box play, a 6-way straight/box play, a 12-way straight/box play, or a 24-way straight/box play.

(I) A straight/box play is a 4-way straight/box play when straight/box play is selected in connection with a set of four single-digit numbers that includes three occurrences of one single-digit number and one occurrence of one other single-digit number. A 4-way straight/box play involves four possible winning combinations.

(II) A straight/box play is a 6-way straight/box play when straight/box play is selected in connection with a set of four single-digit numbers that includes two occurrences of one single-digit number and two occurrences of another single-digit number. A 6-way straight/box play involves six possible winning combinations.

(III) A straight/box play is a 12-way straight/box play when straight/box play is selected in connection with a set of four single-digit numbers that includes two occurrences of one single-digit number and one occurrence of two other single-digit numbers. A 12-way straight/box play involves 12 possible winning combinations.

(IV) A straight/box play is a 24-way straight/box play when straight/box play is selected in connection with a set of four single-digit numbers that includes a single occurrence of four different single-digit numbers. A 24-way straight/box play involves 24 possible winning combinations.

(ii) Straight/box play is not permitted in connection with a set of numbers that includes four occurrences of one single-digit number.

(D) A "combo" play combines into a single play all of the possible straight plays that can be played with the four single-digit numbers selected for the play.

(i) A combo play may be a 4-way combo play, a 6-way combo play, a 12-way combo play, or a 24-way combo play.

(I) 4-way combo play is a combo play in connection with a set of four single-digit numbers that includes three occurrences of one single-digit number and one occurrence of one other single-digit number. A four-way combo play involves four possible winning combinations.

(II) 6-way combo play is a combo play in connection with a set of four single-digit numbers that includes two occurrences of one single-digit number and two occurrences of another single-digit number. A six-way combo play involves six possible winning combinations.

(III) 12-way combo play is a combo play in connection with a set of four single-digit numbers that includes two occurrences of one single-digit number and one occurrence of two other single-digit numbers. A 12-way combo play involves 12 possible winning combinations.

(IV) 24-way combo play is a combo play in connection with a set of four single-digit numbers that includes a single occurrence of four different single-digit numbers. A 24-way combo play involves 24 possible winning combinations.

(ii) Combo play is not permitted in connection with a set of numbers that includes four occurrences of one single-digit number.

(E) Pair play.

(i) A "front-pair" play is a winning play if the player's two single-digit numbers match in exact order the first two single-digit numbers drawn in the applicable drawing.

(ii) A "mid-pair" play is a winning play if the player's two single-digit numbers match in exact order the second and third single-digit numbers drawn in the applicable drawing.

(iii) A "back-pair" play is a winning play if the player's two single-digit numbers match in exact order the last two single-digit numbers drawn in the applicable drawing.

(F) A Daily 4 *plus* FIREBALL play wins a FIREBALL prize for each winning combination of numbers created by replacing any one [(+)] of the four [(4)] Daily 4 winning numbers with the Daily 4 FIREBALL number for that drawing, as determined by the selected play type and wager amount.

(2) The executive director may allow or disallow any type of play described in this subsection.

(d) Plays and tickets.

(1) A ticket may be sold only by a retailer and only at the location listed on the retailer's license. A ticket sold by a person other than a retailer is not valid.

(2) The selection of numbers for a straight play, a box play, a straight/box play, or a combo play involves the selection of four single-digit numbers, with each selected from the numbers 0 to [1; 2; 3; 4; 5; 6; 7; 8; and] 9.

(3) The selection of numbers for a front-pair play, a mid-pair play, or a back-pair play involves the selection of two single-digit numbers, with each selected from the numbers 0 to [1; 2; 3; 4; 5; 6; 7; 8; and] 9.

(4) The cost of a play varies according to the play type selected for the play and the base play amount selected for the play.

(A) The cost of a straight play is the same as the base play amount selected for the play.

(B) The cost of a box play is the same as the base play amount selected for the play.

(C) The cost of a straight/box play is:

(i) \$1 if the base play amount selected for the play is \$.50;

(ii) \$2 if the base play amount selected for the play is \$1;

(iii) \$4 if the base play amount selected for the play is \$2;

(iv) \$6 if the base play amount selected for the play is \$3;

(v) \$8 if the base play amount selected for the play is \$4; or

(vi) \$10 if the base play amount selected for the play is \$5.

(D) The cost of a combo play is determined by multiplying the base play amount selected for the play by the number of winning combinations possible with the four single-digit numbers selected for the play.

(E) The cost of a front-pair, mid-pair, or back-pair play is the same as the base play amount selected for the play.

(F) The cost of a Daily 4 *plus* FIREBALL play is equal to the cost of the connected Daily 4 wager for the base game, thereby doubling the purchase. The cost of a Daily 4 *plus* FIREBALL play is in addition to the cost of the Daily 4 play with which the Daily 4 *plus* FIREBALL play is connected.

(5) The cost of a ticket is determined by the total cost of the plays evidenced by the ticket.

~~[(6) A player may complete up to five playboards on a single playslip.]~~

~~[(7) Acceptable methods to select numbers for a play; play type; base play amount; and draw date and time for a play may include:]~~

~~[(A) using a self-service terminal;]~~

~~[(B) using a playslip;]~~

~~[(C) requesting a Quick Pick;]~~

~~[(D) requesting a retailer to manually enter numbers;]~~

~~[(E) using a previously-generated "Daily 4" ticket provided by the player; or]~~

~~[(F) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission.]~~

~~[(8) Playslips must be completed manually. A ticket generated from a playslip that was not completed manually, or using a selection method that is not approved by the commission, is not valid.]~~

~~[(9) A retailer may only accept a request for a play using a commission-approved method of play, and if the request is made in person.]~~

~~(6) [(10) A player may purchase one or more plays for any one or more of the next 24 drawings after the purchase and may purchase up to 24 consecutive plays for a drawing time.~~

~~(7) [(11) A retailer shall issue a ticket as evidence of one or more plays. A ticket must show the numbers, play type and base play amount selected for each play; the number of plays, the draw date(s) for which the plays were purchased; the cost of the ticket, and the security and transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.~~

~~[(12) A playslip has no monetary value and is not evidence of a play.]~~

~~(8) [(13) The purchaser is responsible for verifying the accuracy of the numbers and other selections shown on a ticket.~~

~~(9) [(14) An unsigned winning ticket is payable to the holder or bearer of the ticket if the ticket meets all applicable validation requirements.~~

(e) Cancellation of plays. A retailer may cancel a Daily 4 play, including a Daily 4 *plus* FIREBALL play, only in accordance with the following provisions:

(1) The ticket evidencing the play must have been sold at the retail location at which it is cancelled;

(2) The retailer must have possession of the ticket evidencing the play;

(3) All Daily 4 plays evidenced by a single ticket must be cancelled;

(4) Cancellation must occur no later than 60 minutes after sale of the ticket evidencing the play;

(5) Cancellation must occur before the beginning of the next draw break after the sale of the ticket evidencing the play; ~~[and]~~

(6) Cancellation must occur before midnight on the day the ticket evidencing the play was sold; ~~and [.]~~

~~(7) the play was not generated as part of a promotion.~~

(f) Drawings.

(1) Daily 4 drawings shall be held four times a day, Monday through Saturday, at 10:00 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time. The executive director may change the drawing schedule, if necessary.

(2) At each Daily 4 drawing, four single-digit numbers shall be drawn for the base game. Each single-digit number will be drawn from a set that includes a single occurrence of all ten single-digit numbers (0 to [1; 2; 3; 4; 5; 6; 7; 8; and] 9). After the base game drawing, the Daily 4 FIREBALL number will be randomly drawn from a set of 10 numbered balls (0 to [-] 9).

(3) Numbers drawn and the order in which the numbers are drawn must be certified by the commission in accordance with the commission's draw procedures.

(4) The numbers selected in a drawing and the order of the numbers selected in the drawing shall be used to determine all winners for that drawing.

(5) Each drawing shall be witnessed by an independent certified public accountant. All drawing equipment used shall be examined by a lottery drawing representative and the independent certified public accountant immediately before each drawing and immediately after each drawing.

(g) Prizes.

(1) Prize payments shall be made upon completion of commission validation procedures.

(2) A Daily 4 *plus* FIREBALL play is a separate play from the straight play, box play, straight/box play, combo play or pairs play with which it is connected.

(3) The executive director may temporarily increase any prize set out in this subsection for promotional or marketing purposes.

(4) A person who holds a valid ticket for a winning straight play is entitled to a prize as shown.
Figure: 16 TAC §401.316(g)(4) (No change.)

(5) A person who holds a valid ticket for a winning 4-way box play is entitled to a prize as shown.
Figure: 16 TAC §401.316(g)(5) (No change.)

(6) A person who holds a valid ticket for a winning 6-way box play is entitled to a prize as shown.
Figure: 16 TAC §401.316(g)(6) (No change.)

(7) A person who holds a valid ticket for a winning 12-way box play is entitled to a prize as shown.
Figure: 16 TAC §401.316(g)(7) (No change.)

(8) A person who holds a valid ticket for a winning 24-way box play is entitled to a prize as shown.
Figure: 16 TAC §401.316(g)(8) (No change.)

(9) A person who holds a valid ticket for a winning straight/4-way box play is entitled to a prize as shown.
Figure: 16 TAC §401.316(g)(9) (No change.)

(10) A person who holds a valid ticket for a winning straight/6-way box play is entitled to a prize as shown. Figure: 16 TAC §401.316(g)(10) (No change.)

(11) A person who holds a valid ticket for a winning straight/12-way box play is entitled to a prize as shown. Figure: 16 TAC §401.316(g)(11) (No change.)

(12) A person who holds a valid ticket for a winning straight/24-way box play is entitled to a prize as shown. Figure: 16 TAC §401.316(g)(12) (No change.)

(13) A person who holds a valid ticket for a winning combo play is entitled to a prize as shown. Figure: 16 TAC §401.316(g)(13) (No change.)

(14) A person who holds a valid ticket for a winning front-pair, mid-pair, or back-pair play is entitled to a prize as shown. Figure: 16 TAC §401.316(g)(14) (No change.)

~~{(h) The executive director may authorize promotions in connection with Daily 4.}~~

~~{(i) Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award.}~~

~~(h) [(j)] Daily 4 plus FIREBALL^[*].~~

(1) Daily 4 plus FIREBALL is an add-on feature to the Daily 4 base game. Adding the Daily 4 plus FIREBALL option doubles the cost of the wager and creates more possible winning combinations. For instance, if a player purchases a Daily 4 play with a straight order play type for \$1.00, the Daily 4 plus FIREBALL play will cost an additional \$1.00. If a player purchases a Daily 4 "6-way combo" for \$6, the Daily 4 plus FIREBALL play option will cost an additional \$6. The Daily 4 FIREBALL number will be randomly drawn from a set of ~~{ten (10)}~~ numbers from ~~{zero to nine (0 to 9)}~~. The Daily 4 FIREBALL number drawn will apply exclusively to the Daily 4 base game drawing and prizes. The Daily 4 plus FIREBALL option cannot be purchased independently of a Daily 4 play.

(2) The Daily 4 FIREBALL number is used to replace any one ~~{4}~~ of the four ~~{4}~~ drawn Daily 4 winning numbers to create FIREBALL prize winning combinations.

(3) If the player's selected numbers match any of the FIREBALL prize winning combinations, the Daily 4 plus FIREBALL play wins in accordance with the charts in Figures 401.316(g)(4) through 401.316(g)(14).

(4) All FIREBALL prizes are in addition to any Daily 4 base game wins. Specifically, if a player purchases the Daily 4 plus FIREBALL option, then if the Daily 4 FIREBALL number is the same as one of the four numbers drawn in the Daily 4 base game drawing, and the player's numbers already match the numbers drawn for the player's play type, the player will be awarded the FIREBALL prize, in addition to the Daily 4 prize as identified in subsection (g) of this section (relating to the Daily 4 prize charts). For instance, assume a player selects 1, 2, 3, and 4 in a straight play order for the base game at \$1.00 and purchases a Daily 4 plus FIREBALL play for an additional \$1.00 (total \$2.00 wager). If the numbers drawn are 1, 2, 3, and 4 and the Daily 4 FIREBALL number is 4, the play will win the base game prize of \$5000 and the FIREBALL prize of \$1350, for a total of \$6350.

~~§401.317. "Powerball^[*]" Draw Game Rule.~~

~~(a) Powerball^[*]. Powerball is a Multi-State Lottery Association (MUSL) lottery draw game offered by all Lotteries that have~~

agreed to MUSL's Powerball Group Rules. The purpose of the Powerball game is the generation of revenue for MUSL Party Lottery members and Mega Millions Party Lotteries participating under the Cross-Sell Agreement, through the operation of a specially designed multi-jurisdiction lottery game that will award prizes to ticket holders of validated winning tickets matching specified combinations of numbers randomly selected in regularly scheduled Drawings. The Powerball game is authorized to be conducted by the commission executive director (executive director) under the conditions of the MUSL rules, the laws of the State of Texas, this section, and under such further instructions, directives, and procedures as the executive director may issue in furtherance thereof. In this regard, the executive director is authorized to issue such further instructions and directives as may be necessary to conform the conduct and play of the Powerball game to the requirements of the MUSL rules if, in the opinion of the executive director, such instructions, directives, and procedures are in conformance with state law. To be clear, the authority to participate in the Powerball game is provided to the Texas Lottery Commission (commission) by MUSL. The conduct and play of the Powerball game must conform to the MUSL Powerball Group Rules. Further, if a conflict arises between this section and §401.304 of this chapter (relating to Draw Game Rules (General)), this section shall have precedence. In addition to other applicable rules contained in Chapter 401, this section and definitions herein apply unless the context requires a different meaning or is otherwise inconsistent with the intent of the rules adopted by the MUSL or the MUSL Powerball Group.

(b) Definitions.

(1) "Agent" or "retailer" means a person or entity authorized by the commission to sell lottery Plays.

(2) A "Drawing" refers collectively to the formal draw event for randomly selecting the Winning Numbers that determine the number of winning Plays for each prize level of the Powerball game and Power Play promotion.

(3) "Game ticket" or "ticket" means an acceptable evidence of Play, which is a ticket produced in a manner that meets the specifications defined in the rules of the Selling Lottery and subsection (g) of this section, and is a physical representation of the Play or Plays sold to the player.

(4) "MUSL" means the Multi-State Lottery Association, a government-benefit association wholly owned and operated by the MUSL Party Lotteries.

(5) "MUSL Board" means the governing body of the MUSL, which is comprised of the chief executive officer of each Party Lottery. "MUSL Finance and Audit Committee" shall mean the committee of that name established by the MUSL Board.

(6) "MUSL Annuity Factor" shall mean the annuity factor as determined by the MUSL central office through a method approved by the MUSL Finance and Audit Committee and which is used as described in this rule.

(7) "Pari-Mutuel" or "pari-mutuel" as used in this section shall mean wagered funds that are pooled and then paid in equal shares to the holders of winning Plays as described in this section and the MUSL Rules.

(8) "Party Lottery" means a state lottery or lottery of a political subdivision or entity that has joined MUSL and is authorized to sell the Powerball game. "Licensee Lottery" shall mean a state lottery or lottery of a governmental unit, political subdivision, or entity thereof that 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 the Powerball Product Group to sell the Powerball

game. "Selling Lottery" or "Participating Lottery" shall mean a lottery authorized by the Product Group to sell Plays, including Party Lotteries and Licensee Lotteries.

(9) "Play" means the six (6) numbers, the first five (5) from a field of sixty-nine (69) numbers and the last one (1) from a field of twenty-six (26) numbers, that appear on a ticket and are to be played by a player in the Powerball game.

(A) "Powerball Plays" (PB Plays) shall refer to Plays purchased as part of the Powerball game, but shall not include Power Play Plays.

(B) "Power Play Plays" shall refer to Plays purchased as part of the Power Play promotion described in subsection (k) of this section.

~~[(10) "Playslip" means a physical or electronic means by which a player communicates their intended Play selection to the retailer as defined and approved by the commission. A playslip has no pecuniary value and shall not constitute evidence of ticket purchase or of numbers selected.]~~

(10) ~~[(44)]~~ "Power Play" shall refer to the Power Play promotion as described in subsection (k) of this section.

(11) ~~[(42)]~~ "Powerball Group" or "Product Group" means the MUSL member group of lotteries which have joined together to offer the Powerball product pursuant to the terms of the Multi-State Lottery Agreement and the Powerball Group's rules, including the MUSL Powerball Drawing Procedures. In this rule, wherever either term is used it is referring to the MUSL Powerball Group.

(12) ~~[(43)]~~ "Prize" means an amount paid to a person or entity holding a winning ticket.

(A) "The Grand Prize" shall refer to the top prize in the Powerball game.

(B) The Advertised Grand Prize shall mean the estimated annuitized Grand Prize amount as determined by the MUSL Central Office by use of the MUSL Annuity Factor and communicated through the Selling Lotteries prior to the Grand Prize Drawing. The Advertised Grand Prize is not a guaranteed prize amount and the actual Grand Prize amount may vary from the advertised amount, except in circumstances where there is a guaranteed Grand Prize amount as described in paragraph (6) of subsection (f) of this section.

(C) The "Set Prize" or "low-tier prize" means all other prizes, except the Grand Prize, and, except in instances outlined in this section, will be equal to the prize amount established by the Product Group for the prize level.

(13) ~~[(44)]~~ "Terminal" means a device authorized by the commission for the purpose of issuing Powerball game tickets and as defined in §401.301 (General Definitions) of this chapter.

(14) ~~[(45)]~~ "Winning Numbers" means the numbers randomly selected during a Drawing event which shall be used to determine the winning Plays for the Powerball game or the Powerball game promotion being drawn.

(c) Game Description.

(1) Powerball Game. Powerball is a five (5) out of sixty-nine (69) plus one (1) out of twenty-six (26) numbers lottery game drawn every Wednesday and Saturday, as part of the Powerball Drawing, which pays the Grand Prize, at the election of the player made in accordance with this section, or by a default election made in accordance with this section, either on an annuitized pari-mutuel basis or as a single lump sum payment of the total funding held in the Grand Prize

Pool for the winning Drawing on a pari-mutuel basis. Except as provided in this section, all other prizes are paid on a single payment basis.

(A) Powerball Winning Numbers applicable to determine Powerball prizes will be determined in the Powerball Drawing. During the Powerball Drawing, five (5) numbers shall be drawn from the first set of sixty-nine (69) and one (1) number shall be drawn from the second set of twenty-six (26) numbers, which shall constitute the Powerball Winning Numbers.

(B) To play Powerball, a player shall select five (5) different numbers, from one (1) through sixty-nine (69) and one (1) additional number from one (1) through twenty-six (26), or request the retailer to generate a Quick Pick selection of numbers from the lottery terminal. The additional number may be the same as one of the first five numbers selected by the player.

(C) Powerball Plays can be purchased for two dollars (U.S. \$2.00), including any specific statutorily-mandated tax of a Selling Lottery to be included in the price of a PB Play. PB Plays may be purchased from a Selling Lottery approved sales outlet in a manner as approved by the Selling Lottery and in accordance with MUSL Rules.

(2) Claims. A ticket shall be the only proof of a game Play or Plays and is subject to the validation requirements set forth in subsection (g) of this section. The submission of a winning ticket to the issuing Selling Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. A playslip has no pecuniary or prize value and shall not constitute evidence of Play purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or prize value and shall not constitute evidence of Play purchase or of numbers selected.

(3) Cancellations Prohibited. In all instances, a Play recorded on the Lottery gaming system may not be voided or cancelled by returning the ticket to the selling agent or to the commission, including tickets that are misprinted, illegible, printed in error, or for any reason not successfully transferred to an authorized selling entity or player. A Selling Lottery may develop an approved method of compensating retailers for Plays that are not transferred to a player for a reason acceptable to the Selling Lottery and not prohibited by the Powerball Product Group. No Play that is eligible for a prize can be returned to the commission for credit. Plays accepted by retailers as returned Plays and which cannot be re-sold shall be deemed owned by the bearer thereof.

(4) Player Responsibility. It shall be the sole responsibility of the player to verify the accuracy of the game Play or Plays and other data printed on the ticket. The placing of Plays is done at the player's own risk through the licensed sales agent who is acting on behalf of the player in entering the Play or Plays.

~~[(5) Entry of Plays. Plays may only be entered manually using the lottery retailer terminal keypad or touch screen, by means of a commission-approved playslip, or by such other means as approved by the commission, including entry using authorized third-party point-of-sale ("POS") systems. Retailers shall not permit the use of playslips that are not approved by the commission. Retailers shall not permit any device to be physically or wirelessly connected to a lottery terminal to enter Plays, except as approved by the commission. A ticket generated using a selection method that is not approved by the commission is not valid. A selection of numbers for a Play may be made only if the request is made in person. Acceptable methods of Play selection may include:]~~

~~[(A) using a self-service terminal;]~~

~~[(B) using a playslip;]~~

~~[(C) using a previously-generated "Powerball" ticket provided by the player;]~~

~~[(D) selecting a Quick Pick;]~~

~~[(E) requesting a retailer to manually enter numbers; or]~~

~~[(F) using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission.]~~

(5) ~~[(6)]~~ Subscription Sales. A subscription sales program may be offered, at the discretion of the executive director.

(6) ~~[(7)]~~ Maximum Purchase. The maximum number of consecutive Drawings on a single PB Play purchase is ten (10), including Power Play Plays if purchased.

(d) Powerball Prize Pool.

(1) Powerball Prize Pool.

(A) The prize pool for all Powerball prize categories shall consist of fifty percent (50%) of each Drawing period's Powerball sales, inclusive of any specific statutorily-mandated tax of a Selling Lottery to be included in the price of a PB Play, and including contributions to the prize pool accounts and prize reserve accounts.

(B) Powerball Prize Pool Accounts and Prize Reserve Accounts. The Product Group shall set the contribution rates to the prize pool and to one or more prize reserve or pool accounts established by the MUSL Powerball Group Rules.

(i) Prize Reserve Accounts. The Product Group has established the following prize reserve accounts for the Powerball game: the Powerball Prize Reserve Account (PRA), which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims that may result from a system error or other reason; and the Powerball Set Prize Reserve Account (SPRA), which is used to fund deficiencies in low-tier Powerball prize payments, subject to the limitations of the MUSL rules.

(ii) Prize Pool Accounts. The Product Group has established the following prize pool accounts for the Powerball game: the Grand Prize Pool, which is used to fund the current Grand Prize; the Powerball Set Prize Pool, which is used to fund the Powerball Set Prizes; the Powerball Set-Aside Pool, which is used to fund the payment of the awarded minimum starting annuity Grand Prizes and minimum annuity Grand Prize increase, if necessary (subject to the limitations in the MUSL Powerball Group Rules), as may be set by the Product Group; and the Grand Prize Carry Forward Pool (GPCFP), which is used to fund the starting minimum annuity Grand Prize, as may be set by the Product Group, if such funds are available, and if sales do not fund the Grand Prize. The Power Play Prize Pool is described in subsection (k)(4) of this section. The Powerball Set Prize Pool shall hold the temporary balances that may result from having fewer than expected winners in the Powerball Set Prize (aka low-tier prize) categories and the source of the Powerball Set Prize Pool is the Party Lottery's weekly prize contributions less actual Powerball Set Prize liability.

(iii) The above prize reserve accounts, the GPCFP and the Set-Aside Pool shall have maximum balance amounts or balance limiter triggers that are set by the Product Group and are detailed in the Comments to the MUSL Rule. The maximum balance amounts and balance limiter triggers are subject to review by the MUSL Board Finance and Audit Committee. The Finance and Audit Committee shall have two weeks to state objections, if any, to the approved maximum balance amounts or balance limiter triggers. Approved maximum balance amounts or balance limiter triggers shall become effective no sooner than two weeks after notice is given to the Finance and Audit

Committee and no objection is stated or sooner if the Committee affirmatively approves the maximum balance amounts or balance limiter triggers. The Group may appeal the Committee's objections to the full Board. Group approved changes in the maximum balance amounts or balance limiter triggers set by the Product Group shall be effective only after the next Grand Prize win.

(iv) The maximum contribution rate to the Grand Prize Pool shall be 68.0131% of the prize pool (34.0066% of sales). An amount up to five percent (5%) of a Party Lottery's sales shall be deducted from a Party Lottery's Grand Prize Pool contribution and placed in trust in one or more prize pool accounts and prize reserve accounts held by the Product Group (hereinafter the "prize pool and reserve deduction") at any time that the prize pool accounts and Party Lottery's share of the prize reserve accounts is below the amounts designated by the Product Group. An additional amount up to twenty percent (20%) of a Party Lottery's sales shall be deducted from a Party Lottery's Grand Prize Pool contribution and placed in trust in the GPCFP to be held by the Product Group at a time as determined by the Product Group.

(v) The Product Group may determine to expend all or a portion of the funds in the Powerball prize pool accounts (except the Powerball Grand Prize Pool account and the GPCFP) and the prize reserve accounts: (1) for the purpose of indemnifying the Selling Lotteries for the payment of prizes to be made by the Selling Lottery; and, (2) for the payment of prizes or special prizes in the game, limited to prize pool and prize reserve contributions from lotteries participating in the special prize promotion, subject to the approval of the Board's Finance and Audit Committee or that Committee's failure to object after given two weeks' notice of the planned action, which actions may be appealed to the full MUSL Board by the Product Group. The GPCFP may only be expended to fund the starting minimum annuity Grand Prize.

(vi) The prize reserve shares of a Party Lottery may be adjusted with refunds to the Party Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and sales percentage shares of the Party Lotteries.

(vii) A Party Lottery may contribute to its sales percentage share of prize reserve accounts over time, but in the event of a draw down from a prize reserve account, a Party Lottery is responsible for its full sales percentage share of the prize reserve account, whether or not it has been paid in full.

(viii) Any amount remaining in the Powerball prize pool accounts or prize reserve accounts when the Product Group declares the end of this game shall be returned to the lotteries participating in the accounts after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game or otherwise expended in a manner at the election of the individual Members of the Product Group in accordance with jurisdiction statute.

(2) Expected Powerball Prize Payout Percentages. The Grand Prize payout shall be determined on a pari-mutuel basis. Except as otherwise provided in this section, all other prizes awarded shall be paid as single payment set cash prizes. All prize payouts are made with the following expected prize payout percentages, although the prize payout percentage per draw may vary:
Figure: 16 TAC §401.317(d)(2) (No change.)

(A) The prize money allocated to the Powerball Grand Prize category shall be divided on a pari-mutuel basis by the number of PB Plays winning the Powerball Grand Prize.

(B) Powerball Set Prize Pool Carried Forward. For Party Lotteries, the Powerball Set Prize Pool (for single payment prizes of \$1,000,000 or less) shall be carried forward to subsequent

draws if all or a portion of it is not needed to pay the Powerball Set Prizes awarded in the current draw.

(C) **Pari-Mutuel Powerball Prize Determinations.** Except as otherwise provided, if the total of the Powerball Set Prizes (as multiplied by the respective Power Play multiplier, if applicable) awarded in a Drawing exceeds the percentage of the prize pool allocated to the Powerball Set Prizes, then the amount needed to fund the Powerball Set Prizes, including Power Play prizes, awarded shall be drawn first from the amount available in the Powerball Set Prize Pool and the Power Play Prize Pool, if any; second from the SPRA, if available, not to exceed forty million dollars (\$40,000,000.00) per Drawing; and, third from other amounts as agreed to by the Product Group in their sole discretion.

(D) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded, including Power Play Prizes, then the highest Set Prize shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize, including Power Play prizes, shall become a pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning PB Plays in proportion to their respective prize percentages. Powerball Set Prizes and Power Play Prizes will be reduced by the same percentage.

(E) By agreement, the Licensee Lotteries shall independently calculate their Set Prize pari-mutuel prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

(e) **Probability of Winning Powerball Plays.** The following table sets forth the probability of winning PB Plays and the probable distribution of winning PB Plays in and among each prize category, based upon the total number of possible combinations in the Powerball game. The Set Prize Amount shall be the prizes set for all Selling Lotteries unless prohibited or limited by a jurisdiction's statute or judicial requirements.

Figure: 16 TAC §401.317(e) (No change.)

(f) **Powerball Prize Payment.**

(1) **Powerball Grand Prizes.** The Advertised Grand Prize in a Powerball game is not a guaranteed amount; it is an estimated amount, and all advertised prizes, even advertised Set Prizes, are estimated amounts. At the time of ticket purchase, a player must select a payment option of either a single lump sum payment (cash value option or CVO) or annuitized payments (Annuity) of a share of the Grand Prize if the PB Play is a winning Play. If no selection is made, payment option will be as described in the chart below:

Figure: 16 TAC §401.317(f)(1)

[Figure: 16 TAC §401.317(f)(1)]

(A) A player's selection of the payment option at the time of purchase is final and cannot be revoked, withdrawn, or otherwise changed.

(B) The Grand Prize available in the Grand Prize Pool shall be determined on a pari-mutuel basis among all winning PB Plays of the Grand Prize. A player(s) who elects a cash value option payment shall be paid their share(s) in a single lump sum payment. The annuitized option prize shall be determined by multiplying the winning Play's share of the Grand Prize Pool by the annuity factor established in accordance with Texas law and the rules of the Texas Comptroller

of Public Accounts. The MUSL Annuity Factor will not be used for Texas Lottery players. Neither MUSL nor any Selling Lottery shall be responsible or liable for changes in the advertised or estimated annuity prize amount and the actual amount purchased after the prize payment method is actually known to MUSL.

(C) In certain instances announced by the Powerball Group, the Grand Prize shall be a guaranteed amount and shall be determined pursuant to paragraph (6) of this subsection.

(D) If individual shares of the Grand Prize Pool funds held to fund an annuity is less than \$250,000.00, the Powerball Group, in its sole discretion, may elect to pay the winners their share of the funds held in the Grand Prize Pool. All annuitized prizes shall be paid annually in thirty (30) payments with the initial payment being made in a single payment, to be followed by twenty-nine (29) payments funded by the annuity.

(E) All annuitized prizes shall be paid annually in thirty (30) graduated payments, as provided by the MUSL rules, (increasing each year) at a rate as determined by the MUSL Product Group. Prize payments may be rounded down to the nearest one thousand dollars (\$1,000).

(F) Funds for the initial payment of an annuitized prize or the lump sum cash value option payment shall be made available by MUSL for payment by the Selling Lottery no earlier than the fifteenth calendar day (or the next banking day if the fifteenth day is a holiday) following the Drawing. If necessary, when the due date for the payment of a prize occurs before the receipt of funds in the prize pool trust sufficient to pay the prize, the transfer of funds for the payment of the full lump sum cash value option payment amount may be delayed pending receipt of funds from the Selling Lotteries. The identification of the securities to fund the annuitized prize shall be at the sole discretion of the State of Texas. If the State of Texas purchases the securities, or holds the prize payment annuity for a Powerball prize won in this state, the prize winner will have no recourse on the MUSL or any other Party Lottery for payment of that prize.

(2) **Payment of Prize Payments upon the Death of a Prize Winner.** In the event of the death of a prize winner, payments may be made in accordance with §401.310 of this chapter (relating to Payment of Prize Payments Upon Death of Prize Winner), otherwise, payment of prize payments will be made to the estate of a deceased prize winner in accordance with Texas Government Code §466.406.

(3) **Powerball Prize Payments.** All prizes shall be paid through the Selling Lottery that sold the winning Play(s). All low-tier cash prizes (all prizes except the Grand Prize) shall be paid in cash or warrants in accordance with Texas statutes and these rules. A Selling Lottery may begin paying low-tier cash prizes after receiving authorization to pay from the MUSL central office.

(4) **Powerball Prizes Rounded.** Annuitized payments of the Grand Prize or a share of the Grand Prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on an annuitized Grand Prize win shall be added to the first cash payment to the winner or winners. Prizes other than the Grand Prize, which, under this section, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next Drawing.

(5) **Powerball Prize Rollover.** If the Grand Prize is not won in a Drawing, the prize money allocated for the Grand Prize shall roll over and be added to the Grand Prize Pool for the following Drawing.

(6) **Funding of Guaranteed Powerball Prizes.** The Powerball Group may offer guaranteed minimum Grand Prize amounts or

minimum increases in the Grand Prize amount between Drawings or make other changes in the allocation of prize money where the Powerball Group finds that it would be in the best interest of the game. If a minimum Grand Prize amount or a minimum increase in the Grand Prize amount between Drawings is offered by the Powerball Group, then the Grand Prize shares shall be determined as follows:

(A) If there are multiple Grand Prize winning PB Plays during a single Drawing, each selecting the annuitized option prize, then a winning PB Play's share of the guaranteed annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by the number of Grand Prize winning PB Plays.

(B) If there are multiple Grand Prize winning PB Plays during a single Drawing and at least one of the Grand Prize ticket holders has elected the annuitized option prize, then the MUSL Annuity Factor may be utilized to determine the cash pool. The cost of the annuitized prize(s) will be determined at the time the annuity is purchased through a process as approved by the MUSL Board. If the annuitized option prize is selected by a Texas Lottery player, the amount shall be determined by multiplying the winning PB Play's share of the Grand Prize Pool by the annuity factor established in accordance with Texas law and the rules of the Texas Comptroller of Public Accounts. The MUSL Annuity Factor will not be used for Texas Lottery players.

(C) If there are multiple Grand Prize winning PB Plays during a single Drawing, and no claimant of the Grand Prize has elected the annuitized option prize, then the amount of cash in the Grand Prize Pool shall be an amount equal to the guaranteed annuitized amount divided by the MUSL Annuity Factor.

(D) Minimum guaranteed prizes or increases may be waived upon approval of the Powerball Group if the alternate funding mechanism set out in subsection (d)(2)(D) of this section becomes necessary.

(7) Limited to Highest Powerball Prize Won. The holder of a winning PB Play may win only one (1) prize per PB Play in connection with the Winning Numbers drawn, and shall be entitled only to the prize won by those numbers in the highest matching prize category. All liabilities for a Powerball game or Powerball game promotional prize are discharged upon payment of a prize claim.

(8) Powerball Prize Claim Period. Prizes must be claimed no later than 180 days after the draw date.

(g) Play Validation. To be a valid Play and eligible to receive a prize, a Play's ticket shall satisfy all the requirements established by the commission for validation of winning tickets sold through its lottery gaming system and any other validation requirements adopted by the Powerball Group, the MUSL Board, and published as the Confidential MUSL Minimum Game Security Standards. The MUSL and the Selling Lotteries shall not be responsible for tickets which are altered in any manner.

(1) Under no circumstances will a claim be paid for any prize without an official ticket matching all game Play, serial number and other validation data residing in the selling Party Lottery's lottery gaming system and such ticket shall be the only valid proof of the wager placed and the only valid evidence for purposes of claiming or redeeming such prize.

(2) In addition to the above condition, in order to be deemed a valid winning Play, all of the following conditions must be met:

(A) The validation data must be present in its entirety and must correspond, using the computer validation file, to the number selections printed on the ticket for the applicable Drawing date(s).

(B) The ticket must be intact.

(C) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner.

(D) The ticket must not be counterfeit or an exact duplicate of another winning ticket.

(E) The ticket must have been issued by an authorized sales agent, selling agent or retailer on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

(F) The ticket must not have been stolen, to the knowledge of the commission.

(G) The Play data must have been recorded on the commission's lottery gaming system prior to the Drawing and the Play data must match this lottery record in every respect. In the event of a conflict between information as printed on the ticket and as accepted by the commission's lottery gaming system, the wager accepted by the commission's lottery gaming system shall be the valid wager.

(H) The player or Quick Pick number selections, validation data and the Drawing date(s) of an apparent winning Play must appear in the official file of winning Plays, and a Play with that exact data must not have been previously paid.

(I) The play must not be misregistered, and the Play's ticket must not be defectively printed or printed or produced in error to an extent that it cannot be processed by the commission.

(J) In submitting a Play for validation, the claimant agrees to abide by applicable laws, all rules and regulations, instructions, conditions and final decisions of the executive director.

(K) There must not be any other breach of the Powerball Game Rules in relation to the Play that, in the opinion of the executive director, justifies invalidation.

(L) The Play must be submitted to the Selling Lottery that issued it.

(3) A Play submitted for validation that fails any of the validation conditions shall be considered void, subject to the following determinations:

(A) In all cases of doubt, the determination of the commission shall be final and binding; however, the commission may, at its option, replace an invalid Play with a Play of equivalent sales price;

(B) In the event a defective ticket is purchased or in the event the commission determines to adjust an error, the claimant's sole and exclusive remedy shall be the replacement of such defective or erroneous ticket(s) with a Play of equivalent sales price;

(C) In the event a Play is not paid by the commission and a dispute occurs as to whether the Play is a winning Play, the commission may, at its option, replace the Play as provided in subparagraph (A) of this paragraph. This shall be the sole and exclusive remedy of the claimant.

(h) Ticket Responsibility.

(1) Signature. Until such time as a signature is placed upon a ticket in the area designated for signature, a ticket shall be owned by the bearer of the ticket. When a signature is placed on the ticket in the place designated, the person whose signature appears in such area shall be the owner of the ticket and shall be entitled (subject to the validation

requirements in subsection (g) of this section (Ticket Validation) and state or district law) to any prize attributable thereto.

(2) Multiple Claimants. The issue of multiple claimants shall be handled in accordance with Texas Government Code Chapter 466 and §401.304 of this chapter.

(3) Stolen Tickets. The Powerball Group, the MUSL and the Party Lotteries shall not be responsible for lost or stolen tickets.

(4) Prize Claims. Prize claim procedures shall be governed by the rules of the commission as set out in §401.304 of this subchapter and any internal procedures used by the commission. The MUSL and the Party Lotteries shall not be responsible for prizes that are not claimed following the proper procedures as determined by the Selling Lottery.

(5) The MUSL and the Participating Lotteries shall not be responsible to a prize claimant for Plays redeemed in error by a selling agent, sales agent or retailer.

(6) Winning Plays are determined by the numbers drawn and certified by the independent auditor responsible for auditing the Drawing. MUSL and the Participating Lotteries are not responsible for Winning Numbers reported in error.

(i) Ineligible Players.

(1) A Play or share for a MUSL game issued by the MUSL or any of its Selling Lotteries shall not be purchased by, and a prize won by any such Play 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 subparagraphs (A), (B), and (C) of this paragraph and residing in the same household.

(2) Those persons designated by a Selling Lottery's law as ineligible to play its games shall also be ineligible to Play the Powerball game in that Selling Lottery's jurisdiction.

(j) Applicable Law.

(1) In purchasing a Play, as evidenced by a ticket, or attempting to claim a prize, the purchasers and prize claimants agree to comply with and abide by all applicable laws, rules, regulations, procedures, and decisions of the Selling Lottery where the ticket was purchased, and by directives and determinations of the director of that Party Lottery.

(2) A prize claimant agrees, as its sole and exclusive remedy, that claims arising out of a Powerball game or a Powerball game promotion (as described in this section) can only be pursued against the Selling Lottery which issued the Play. Litigation, if any, shall only be maintained within the jurisdiction in which the Play was purchased and only against the Selling Lottery that issued the Play. No claim shall be made against any other Participating Lottery or against the MUSL.

(3) Nothing in these Rules shall be construed as a waiver of any defense or claim the Selling Lottery which issued the Play, any other Participating Lottery or MUSL may have in any litigation, including in the event a player or prize claimant pursues litigation against the

Selling Lottery, any other Participating Lottery or MUSL, or their respective officers, directors or employees.

(4) All decisions made by a Selling Lottery, including the declaration of prizes and the payment thereof and the interpretation of Powerball Rules, shall be final and binding on all Play purchasers and on every person making a prize claim in respect thereof, but only in the jurisdiction where the Play was issued.

(5) Unless the laws, rules, regulations, procedures, and decisions of the Lottery which issued the Play provide otherwise, no prize shall be paid upon a Play purchased, claimed or sold in violation of the MUSL Powerball Rules or the laws, rules, regulations, procedures, and decisions of that Selling Lottery; any such prize claimed but unpaid shall constitute an unclaimed prize under these Rules and the laws, rules, regulations, procedures, and decisions of that Selling Lottery.

(k) Powerball Special Game Rules: Powerball Power Play*^[®].

(1) Power Play^[®] Description. The Powerball Power Play^[®] is a promotional limited extension of the Powerball game and is conducted in accordance with the Powerball game rules and other lottery rules applicable to the Powerball game except as may be amended herein. Power Play will begin at a time announced by the commission and will continue until discontinued by the commission. Power Play will offer to the owners of a qualifying Play a chance to increase the amount of any of the eight Low-Tier Set Prizes (the Low-Tier prizes normally paying \$4 to \$1,000,000) won in a Power Play Drawing. The Grand Prize is not a Set Prize and will not be increased. MUSL will conduct a separate random "Power Play" Drawing and announce results during each of the regular Powerball Drawings held during the promotion. During each Power Play Drawing a single number (2, 3, 4, 5 and sometimes 10) shall be drawn. The ten (10X) multiplier shall be available for all Drawings in which the initially Advertised Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00) or less. The probability of the possible Power Play numbers being drawn is indicated in Figure 16 TAC §401.317(k)(4)(D). The Powerball Group may modify the multiplier features for special promotions from time to time.

(2) Qualifying Play. A qualifying Play is any single PB Play for which the player pays an extra dollar (\$1.00) for the Power Play option and which is recorded at the commission's lottery gaming system as a qualifying Power Play Play.

(3) Prizes to be Increased. Except as provided in the MUSL Powerball game rules and this section, a qualifying Play which wins one of the seven lowest Set Prizes (excluding the Match 5 + 0) will be multiplied by the number drawn, either two (2), three (3), four (4), five (5), or sometimes ten (10), in a separate random Power Play Drawing announced during the official Powerball Drawing show. The ten (10X) multiplier will be available for Drawings in which the initially advertised annuitized Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00) or less. The announced Match 5+0 prize, for players selecting the Power Play option, shall be paid two million dollars (\$2,000,000.00) unless a higher limited promotional dollar amount is announced by the Powerball Group.

Figure: 16 TAC §401.317(k)(3) (No change.)

(4) Prize Pool.

(A) Power Play Prize Pool. The Power Play Prize Pool is created to be used to fund Power Play Prizes and shall hold the temporary balances that may result from having fewer than expected winners in the Power Play. The source of the Power Play Prize Pool is the Party Lottery's weekly prize contributions less actual Power Play Prize

liability. In total, fifty percent (50%) of each draw's sales shall be collected for the payment of prizes.

(i) In Drawings where the ten (10X) multiplier is available, the expected payout for all prize categories shall consist of up to forty-nine and nine hundred sixty-nine thousandths percent (49.969%) of each Drawing period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery Play. In Drawings where the ten (10X) multiplier is not available, the expected payout for all prize categories shall consist of up to forty-five and nine hundred thirty-four thousandths percent (45.934%) of each Drawing period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery Play.

(ii) In Drawings where the ten (10X) multiplier is available, an additional thirty-one thousandths percent (0.031%) of each Drawing period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery ticket, may be collected and placed in trust in the Power Play Prize Pool, for the purpose of paying Power Play prizes. In drawings where the ten (10X) multiplier is not available, an additional four and sixty-six thousandths percent (4.066%) of each Drawing period's sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the price of a lottery ticket, may be collected and placed in trust in the Power Play Prize Pool, for the purpose of paying Power Play Prizes.

(iii) The prize payout percentage per draw may vary. The Power Play Prize Pool shall be carried forward to subsequent draws if all or a portion of it is not needed to pay the Power Play Prizes awarded in the current draw and held in the Power Play Prize Pool.

(B) End of Promotion. Any amount remaining in the Power Play Prize Pool when the Powerball Group declares the end of this promotion shall be returned to the lotteries participating in the account after the end of all claim periods of all Selling Lotteries, carried forward to a replacement game or promotion, or otherwise expended in a manner at the election of the individual Participating Lotteries of the Product Group in accordance with jurisdiction statute.

(C) Expected Prize Payout. Except as provided in this section, all prizes awarded shall be paid as single payment cash prizes. Instead of the Powerball Set Prize amounts, qualifying winning Plays of Power Play will pay the amounts shown in paragraph (3) of this subsection, above. In certain rare instances, the Powerball Set Prize amount may be less than the amount shown in Figure: 16 TAC §401.317(k)(3). In such case, the eight lowest Power Play Prizes will be changed to an amount announced after the draw. For example, if the Match 4+1 Powerball Set Prize amount of \$50,000 becomes \$25,000 under the rules of the Powerball game, and a 5X Power Play Multiplier is drawn, then a Power Play winning Play prize amount would win \$125,000.

(D) Probability of Power Play Numbers Being Drawn. The following table sets forth the probability of the various Power Play numbers being drawn during a single Powerball Power Play Drawing. The Powerball Group may elect to run limited promotions that may modify the multiplier features. Power Play does not apply to the Powerball Grand Prize. Except as provided in subparagraph (C) of this paragraph, a Power Play Match 5 + 0 prize is set at two million dollars (\$2,000,000.00), regardless of the multiplier selected. Figure: 16 TAC §401.317(k)(4)(D) (No change.)

(5) Limitations on Payment of Power Play Prizes.

(A) Prize Pool Carried Forward. The prize pool percentage allocated to the Power Play Set Prizes shall be carried forward

to subsequent draws if all or a portion of it is not needed to pay the Set Prizes awarded in the current draw.

(B) Pari-Mutuel Prizes--All Prize Amounts. If the total of the original Powerball Set Prizes and the Power Play Prizes awarded in a Drawing exceeds the percentage of the prize pools allocated to the Set Prizes, then the amount needed to fund the Set Prizes (including the Power Play prize amounts) awarded shall first come from the amount available in the Set Prize Pool and the Power Play Prize Pool, if any, second from the Powerball Group's Set Prizes Reserve Account, if available, not to exceed forty million dollars (\$40,000,000.00) per Drawing, and third from other amounts as agreed to by the Powerball Group in their sole discretion.

(C) If, after these sources are depleted, there are not sufficient funds to pay the Set Prizes awarded (including Power Play prize amounts), then the highest Set Prize (including the Power Play prize amounts) shall become a pari-mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set Prize, including the Power Play prize amount, shall become a pari-mutuel prize. This procedure shall continue down through all Set Prizes levels, if necessary, until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this section shall be divided among the winning Plays in proportion to their respective prize percentages. Powerball and Power Play prizes will be reduced by the same percentage. By agreement, the Licensee Lotteries shall independently calculate their set pari-mutuel prize amounts, including the Power Play prize amounts. The Party Lotteries and the Licensee Lotteries shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser of the independently-calculated prize amounts.

(6) Prize Payment.

(A) Prize Payments. All Power Play prizes shall be paid in a single payment through the Selling Lottery that sold the winning Power Play Play(s). A Selling Lottery may begin paying Power Play prizes after receiving authorization to pay from the MUSL central office.

(B) Prizes Rounded. Prizes, which, under these rules, may become pari-mutuel prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried forward to the prize pool for the next Drawing.

§401.320. "All or Nothing" Draw Game Rule.

(a) ["]All or Nothing["] The executive director is authorized to conduct a game known as "All or Nothing." The executive director may issue further directives for the conduct of ["]All or Nothing["] that are consistent with this rule. In the case of conflict, this rule takes precedence over §401.304 of this title (relating to Draw Game Rules (General)).

(b) Object of the Game. The object of the game is to either select as many or as few numbers that match the 12 numbers drawn in the drawing. If a player matches more than 7 (seven) or fewer than 5 (five) numbers drawn in the drawing, the player wins a prize. (See the prize schedule chart in subsection (g) of this section.) If the player matches all 12 numbers drawn in the drawing, or does not match any numbers drawn in the drawing, the player wins the Top Prize. If more than one ticket has been sold in which a player has matched all or none of the numbers drawn in the drawing, each player possessing such ticket shall win the Top Prize.

(c) Definitions. In addition to the definitions provided in §401.301 of this title (relating to General Definitions), and unless the context in this rule otherwise requires, the following definitions apply.

(1) Play--The selection of twelve different numbers from 1 to [through] 24 for one opportunity to win in ["All or Nothing"] and the purchase of a ticket evidencing that selection.

(2) Playboard--A field of 24 numbers from 1 to 24 found on the[a] playslip. [for use in selecting numbers for an "All or Nothing" play.]

~~[(3) Playslip--An optically readable card issued by the commission for use in selecting numbers for one or more "All or Nothing" plays.]~~

(d) Plays and tickets.

(1) A ticket may be sold only by a retailer and only at the location listed on the retailer's license. A ticket sold by a person other than a retailer is not valid.

(2) The price of an individual play is \$2.

~~[(3) A player may complete up to five playboards on a single playslip.]~~

(3) ~~[(4)]~~ A player may use a single playslip or other commission-approved method of play to purchase the same play(s) for up to 24 consecutive drawings, to begin with the next drawing after the purchase.

~~[(5) Acceptable methods to select a play may include:]~~

~~[(A) using a playslip to select numbers;]~~

~~[(B) requesting a retailer to use Quick Pick;]~~

~~[(C) by requesting a retailer to manually enter numbers;]~~

~~[(D) by using a self-service terminal;]~~

~~[(E) by using a previously-generated "All or Nothing" ticket provided by the player; or]~~

~~[(F) by using a QR code generated through a Texas Lottery Mobile Application offered and approved by the commission.]~~

~~[(6) Playslips must be completed manually. A ticket generated from a playslip that was not completed manually, or using a selection method that is not approved by the commission, is not valid.]~~

~~[(7) A retailer may only accept a request for a play using a commission-approved method of play, and if the request is made in person.]~~

(4) ~~[(8)]~~ A retailer shall issue a ticket as evidence of one or more plays. A ticket must show the numbers selected for each play, the number of plays, the draw date(s) and time(s) for which the plays were purchased, the cost of the ticket and the security and transaction serial numbers. Tickets must be printed on official Texas Lottery paper stock, or, for third-party point-of-sale systems approved by the commission, printed on paper stock or otherwise issued in a manner approved by the commission to provide tangible evidence of participation in a lottery game.

~~[(9) A playslip, or any document other than a ticket issued as described in paragraph (8) of this subsection, has no monetary value and is not evidence of a play.]~~

(5) ~~[(10)]~~ It shall be the exclusive responsibility of the player to verify the accuracy of the player's selection(s) and other data printed on the ticket.

~~[(6) [(11)] An unsigned winning ticket is payable to the holder or bearer of the ticket if the ticket meets all applicable validation requirements.~~

~~[(12) The executive director may authorize promotions in connection with All or Nothing.]~~

(e) Drawings.

(1) ["All or Nothing"] drawings will be held four times a day, (at 10:00 a.m., 12:27 p.m., 6:00 p.m., and 10:12 p.m. Central Time) six days a week (Monday through Saturday). The executive director may change the drawing schedule, if it is deemed necessary.

(2) Twelve different numbers from 1 to [through] 24 shall be drawn at each ["All or Nothing"] drawing.

(3) Numbers drawn must be certified by the commission in accordance with the commission's draw procedures.

(4) The numbers selected in a drawing shall be used to determine all winners for that drawing.

(5) A drawing will not be invalidated based on the financial liability of the lottery.

(f) Announcement of incentive or bonus program. The executive director shall announce each incentive or bonus program prior to its commencement. The announcement shall specify the beginning and ending time, if applicable, of the incentive or bonus program and the value for the award.

(g) Prizes.

(1) The Top Prize.

(A) Each person who holds a valid ticket for a play matching (in any order) the twelve numbers drawn in a drawing, or matching none of the twelve numbers drawn in a drawing is entitled to a top prize in the amount of \$250,000; provided that, in any drawing where the number of top prize winning plays is greater than twenty (20), the top prize shall be paid on a pari-mutuel rather than fixed prize basis and a liability cap of \$5 million will be divided equally by the number of top prize winning plays. For purposes of prize calculation with respect to the pari-mutuel prize, the calculation shall be rounded down so that prizes shall be paid in multiples of one dollar. Any part of the top pari-mutuel prize for a drawing that is not paid in prizes (breakage) shall be applied to offset prize expense. All other prizes are in amounts for matching or non-matching selections as shown in the following chart. All prizes are paid in cash.
Figure: 16 TAC §401.320(g)(1)(A) (No change.)

(B) All payments shall be made upon completion of commission validation procedures.

(C) A claim for any prize of \$600 or more must be presented at a claim center.

(2) A person may win only one prize per play per drawing. A player who holds a valid ticket for a winning play is entitled to the highest prize for that play.

§401.321. *Scratch [Instant Game] Tickets Containing Non-English Words.*

If a scratch [an instant game] ticket features five or more words in a language other than English, then the ticket must include disclosures in the same non-English language used in addition to any other disclosures provided.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on June 15, 2020.
TRD-202002381
Bob Biard
General Counsel
Texas Lottery Commission
Earliest possible date of adoption: July 26, 2020
For further information, please call: (512) 344-5392

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16 TAC §401.322

This repeal is proposed under Texas Government Code §466.015, which authorizes the Commission to adopt rules governing the operation of the lottery, and §467.102, which authorizes the Commission to adopt rules for the enforcement and administration of the laws under the Commission's jurisdiction.

This proposal is intended to implement Texas Government Code Chapter 466.

§401.322. "Texas Triple Chance" Draw Game Rule.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on June 15, 2020.
TRD-202002405
Bob Biard
General Counsel
Texas Lottery Commission
Earliest possible date of adoption: July 26, 2020
For further information, please call: (512) 344-5392

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SUBCHAPTER E. RETAILER RULES

16 TAC §§401.351, 401.353, 401.355, 401.363, 401.366, 401.368

STATUTORY AUTHORITY

These amendments are proposed under Texas Government Code §466.015, which authorizes the Commission to adopt rules governing the operation of the lottery, and §467.102, which authorizes the Commission to adopt rules for the enforcement and administration of the laws under the Commission's jurisdiction.

This proposal is intended to implement Texas Government Code Chapter 466.

§401.351. *Proceeds from Ticket Sales.*

All proceeds from the sale of lottery tickets received by a retailer shall constitute a trust fund until paid to the commission either directly or through the commission's authorized collection representative. A retailer shall have a fiduciary duty to preserve and account for lottery proceeds and retailers shall be personally liable for all proceeds. Proceeds shall include unsold scratch [~~instant~~] tickets and commission and/or commission vendor property received by a retailer and cash proceeds of sale of any lottery products, net of allowable sales commissions and credit for lottery prizes to winners by retailers. Sales proceeds, unused scratch [~~instant~~] tickets, and commission and/or commission vendor property shall be delivered to the commission or its authorized collection representative on demand. Retailers shall place all lottery proceeds due the commission in accounts in institutions insured by the United

States government not later than the close of the next banking day after the date of their collection by the retailer until the date that they are paid over to the commission.

§401.353. *Retailer Settlements, Financial Obligations, and Commissions.*

(a) Each retailer shall provide authorization for an account with EFT (electronic funds transfer) capability to be used for weekly billing of all lottery products.

(b) Each retailer shall maintain an account balance sufficient to cover monies due the commission for the established billing period. The commission shall withdraw by EFT the amount due the commission on the day specified by the executive director. In the event a bank holiday falls on or before the day specified for withdrawal during the same business week, the withdrawal shall occur one day later in the week than normally scheduled. "Business week" means Sunday through Saturday. In the event the commission changes the beginning and ending days of the business week, the commission shall notify the retailers prior to the change.

(c) Each retailer shall receive credit on the retailer's lottery account for redeeming winning tickets.

(d) Each retailer shall receive 5.0% compensation on all sales from lottery games. A retailer may not accept compensation for the sale of lottery tickets other than compensation referenced in this section, regardless of the source. At the sole discretion of the executive director, a retailer may receive additional compensation which may include but is not limited to incentive or bonus programs.

(e) If a retailer fails to maintain a sufficient account balance to cover monies due the commission for the established billing period, the retailer's license shall be summarily suspended. If a retailer's license is summarily suspended for insufficient funds or non-transfer of funds four times in a 12-month period, the retailer's license shall be revoked.

[(f) A retailer must retain all sign-on slips for a minimum of seven weeks from the date the sign-on slip is produced. Sign-on slips must be surrendered to commission security personnel upon request.]

§401.355. *Restricted Sales.*

(a) Retailers shall not sell lottery tickets by mail, phone, fax, or other similar method of communications. Retailers shall not sell a lottery ticket or any other document evidencing a right, privilege, or share in a lottery ticket from another jurisdiction by any means.

(b) Retailers shall not sell tickets to persons under the age of 18. Any ticket purchased by or sold to an individual under the age of 18 years shall be void and the prize otherwise payable on the ticket is treated as an unclaimed prize under §401.302(j)(3) of this title (relating to Scratch Ticket [~~Instant~~] Game Rules).

(c) Retailers shall not sell a ticket or pay a lottery prize to another person that the retailer knows is:

- (1) an officer or an employee of the commission;
- (2) an officer, member, or employee of a lottery operator;
- (3) an officer, member, or employee of a contractor or subcontractor that is excluded by the terms of its contract from playing lottery games;

(4) the spouse, child, brother, sister, or parent of a person described by paragraph (1), (2), or (3) of this subsection who resides within the same household as that person.

(d) Retailers shall not sell tickets from a game after the game's closing date.

§401.363. *Retailer Record.*

Each retailer shall keep accurate and complete records of all tickets from active and settled packs that have not sold. All commission records maintained by a retailer shall be open to inspection by the commission [at all times during normal business hours]. The commission may make summaries or notes of any such records and may copy any such records either at the retailer's place of business or off such premises so long as such records are returned within 48 hours of the time they are removed from such place of business.

§401.366. *Compliance with All Applicable Laws.*

Each retailer agrees to operate in a manner consistent with the State Lottery Act, applicable federal laws, Texas laws, local ordinances, with all terms and conditions related to the retailer's license, with all requirements set forth in the most recent Retailer Manual, the rules and regulations promulgated by the commission, and with his/her or its license from [agreements with] the Texas Lottery.

§401.368. *Lottery Ticket Vending Machines.*

(a) No sales agent may distribute or sell lottery game tickets from a lottery ticket vending machine, except those lottery ticket vending machines supplied and placed by the commission. For purposes of this section lottery ticket vending machine is defined as a ticket dispensing machine that dispenses lottery game tickets without the assistance of a sales agent's personnel.

(b) Lottery ticket vending machines may be placed by the commission in a sales agent's location based upon criteria established by the executive director. The criteria may include consideration of the location of the sales agent, the type of the sales agent's location, e.g., grocery store, the size of the sales agent's location, and minimum sales criteria that shall be provided to the sales agents prior to implementation of such criteria.

(c) A lottery sales agent must maintain the minimum sales criteria established by the executive director in order to obtain and retain a lottery ticket vending machine. A sales agent who does not maintain minimum sales in accordance with such sales criteria may be placed in a sales review period unless good cause exists as determined by the executive director. After the sales agent's sales review period has expired, the sales agent's sale of lottery game tickets shall be reviewed. If the sales agent has not maintained the minimum sales in accordance with the minimum ticket sales criteria during such sales review period, the commission or commission's designated representative may remove the lottery ticket vending machine.

(d) The minimum sales criteria established by the executive director shall be provided to the sales agents at least 30 days prior to imposition of such minimum sales criteria.

(e) Lottery ticket vending machines may only be placed within the sales agent's location in a site approved by the commission.

(f) A lottery sales agent may redeem any lottery prize of less than \$600.

(g) Every lottery sales agent location equipped with a lottery ticket vending machine(s) will be provided a remote shut off device to allow for the control of sales transactions.

(h) A lottery sales agent shall keep the lottery ticket vending machine stocked with printer supplies and tickets.

(i) A lottery sales agent shall provide designated sales reports to the commission or the commission's designated representative(s).

(j) A lottery sales agent shall undergo required training relating to the use and maintenance of lottery ticket vending machines prior to ticket sales from the lottery ticket vending machine.

(k) A lottery sales agent shall allow commission designated service technicians access to the lottery ticket vending machine [during normal business hours] to allow service and repair of the lottery ticket vending machine.

(l) A sales agent is expected to make every reasonable effort to provide player resolution at the retail location if a player's lottery purchase, or attempted purchase, from a lottery vending machine results in a need to refund the player's money. The sales agent is to contact the Lottery Operations Division for service to resolve a mechanical error and the commission to request any refund due to player reimbursement. Resolution due to player errors or requests for ticket cancellations must follow the specific lottery game rule for the game played.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on June 15, 2020.

TRD-202002382

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Earliest possible date of adoption: July 26, 2020

For further information, please call: (512) 344-5392

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TITLE 19. EDUCATION

**PART 7. STATE BOARD FOR
EDUCATOR CERTIFICATION**

**CHAPTER 228. REQUIREMENTS FOR
EDUCATOR PREPARATION PROGRAMS**

19 TAC §228.1

The State Board for Educator Certification (SBEC) proposes an amendment to §228.1, concerning general provisions for educator preparation programs. The proposed amendment would provide additional flexibility for educator preparation programs (EPPs) and candidates to fulfill educator preparation requirements related to clinical teaching, internships, and practicums when those assignments occur at least partially in virtual settings due to campus and district modifications in response to COVID-19 during the 2020-2021 academic year.

BACKGROUND INFORMATION AND JUSTIFICATION: The SBEC rules in 19 Texas Administrative Code (TAC) Chapter 228, Requirements for Educator Preparation Programs, establish the requirements for EPPs. The proposed amendment in new §228.1(e) would allow EPPs to provide internships, clinical teaching, practicum assignments, and related educator observations in a virtual setting for the 2020-2021 academic year to manage the impact of the public health crisis on educator candidates and EPPs. Current SBEC rules require these activities to be conducted in an actual school setting with face-to-face observations and do not permit virtual settings. If public health conditions in the upcoming academic year necessitate providing instruction through virtual platforms, educator candidates will be unable to complete the required experience in actual, face-to-face school settings. Allowing clinical assignments and observations to occur in virtual school settings will minimize disruptions to the educator production pipeline.