



August 19, 2020

Puerto Rico Gaming Commission
Attn: Hon. José A. Maymó Azize, Executive Director
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Re: Comments to Draft Puerto Rico Sports Betting, Betting on E-Sports and Fantasy Contest Regulations

Dear Panel Members,

Thank you for providing the Puerto Rico Chamber of Commerce (hereinafter, the "Chamber" or the "PRCC") with the opportunity to provide its comments regarding the draft of the Puerto Rico Sports Betting, Betting on E-Sports and Fantasy Contest Regulations (hereinafter, the "Draft Regulations") prepared by Gaming Laboratories International ("GLI"). Any capitalized terms not defined herein shall have the respective meanings given to them in the Draft Regulations.

For more than 100 years, the Puerto Rico Chamber of Commerce has been the voice of Puerto Rico's private sector, focused on strengthening the development of its members by providing knowledge, representation of multiple industries of the economy and protecting the values of the free enterprise while promoting the sustainable economic development of Puerto Rico to ensure a better quality of life for all of its residents.

The Puerto Rico Chamber of Commerce has a special interest in the emerging sports betting, e-sports and fantasy contest industry, as it is expected to contribute to the island's economic development by creating a new market that will bring additional revenues to Puerto Rico's economy, as well as additional tax collections to the government, while creating new jobs. As part of such interest, the PRCC commissioned the drafting of a market study prepared by The Innovation Group, which estimated the market size and expected revenues for the government of Puerto Rico, and which was cited in the statement of motives of Act Number 81 of July 29, 2019, known as the "Puerto Rico Government Gaming Commission Law" (hereinafter, the "Act").

After reviewing the Draft Regulations, we have some comments we would like to submit to the panel of the Puerto Rico Gaming Commission (the "Gaming Commission").

(i) Licensing Waivers

The Act served the purpose of adopting the regulations and licensing requirements applicable to various regulated industries, including the creation of new industries: sports betting, eSports, and fantasy contests. However, the Act did not create a universal license to engage in all industries and businesses regulated by it and the Act

does not provide the Commission with the authority to waive licensing requirements. Therefore, the PRCC does not support the creation of a waiver mechanism for casinos and racetracks to obtain a Sports Betting Operator License without completing the application, as is currently being proposed by Section 2.2.A.1.b. of the Draft Regulations.

Sports betting operations are to be a highly regulated industry, as is evidenced by the Act and similar statutory provisions in other jurisdictions. Allowing a business to operate without undergoing an initial evaluation of the industry-specific and sophisticated protocols and policies would be dangerous for this new industry and for the general public, who will be allowed to carry out betting with a business that has not been fully vetted. This could open the door to violations to the Bank Secrecy Act ("BSA"), by allowing a financial business to operate without having anti-money laundering ("AML") and know your client ("KYC") protocols in place.

Additionally, the Commission, in the exercise of its authority, including the review of applications and the issuance of licenses, must act under the principle of equal protection of the laws and, in no case, it shall provide special advantages, that can undermine the security of the operation, to a specific group of operators. This should be a guiding principle for the regulations as a whole. Allowing a business to obtain a license without even completing an application for the Commission to review the information and other documents provided goes against the legislative intent of regulating the sports betting industry.

In conclusion, the proposed waiver is not consistent with the government's policy about regulating highly sensitive financial operations and the generation of new jobs. Such waiver could affect the local introduction of this industry, to the point of generating discomfort with the general public, therefore affecting its public perception.

(ii) Clarity as to Licensing Requirement

In line with the above discussion, the PRCC believes that the Draft Regulations need to be very clear about the requirement of obtaining a new and separate license in order to carry out sports betting and fantasy contests operations. Section 2.2 of the Draft Regulations should be redrafted accordingly.

(iii) Hours of Operations

Section 6.2 of the Draft Regulations establishes the hours of operations for Sports Betting and Fantasy Contests. However, this section does not include specifics, but provides a cross reference to the provisions of Section 3.2 of Regulation No. 8640 of September 9, 2015, as amended. In order to provide the required clarity and in consideration of the facts that these cross-referenced regulations may be amended or derogated, the PRCC would like to suggest that the applicable text provisions be integrated in whole into the Draft Regulations.

(iv) Safety in a Highly Regulated Industry

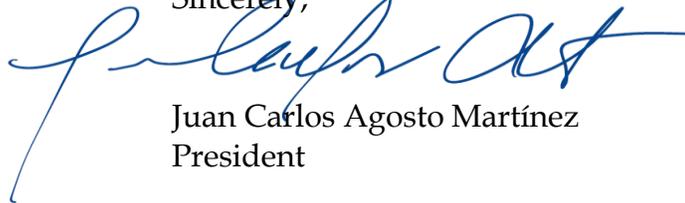
Both the Act and the Draft Regulations allow the online registration of players. By not requiring the physical registration of players, the government misses the opportunity to corroborate the identity of the player and that he is a person eighteen (18) years of age or older. The PRCC would like to take this opportunity to encourage the Commission to urge the government to reconsider its position regarding Senate Bill 1534, which proposed the elimination of online registration. By not approving Senate Bill 1534, the

government is not taking all available measures to ensure that all players are 18 years of age or older, endangering our youth and the public image of this new industry.

Section 5.1 of the Draft Regulations establishes that the Commission will consider the most advanced technological tools in order corroborate that authorized players are not minors. In contrast, the Act required responsible gambling technology. The Chamber of Commerce believes that the regulations should provide additional details and minimum standards for this technology in order to properly protect our youth, who are Puerto Rico's future.

We appreciate the opportunity to contribute our comments and suggestions to the economic development of Puerto Rico.

Sincerely,

A handwritten signature in blue ink, appearing to read "Juan Carlos Agosto Martínez". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Juan Carlos Agosto Martínez
President