

Contact: Sarah Walters

(202) 632-7003

NIGC Announces Publication of Final Rules for Class II Gaming Regulations Parts 543 and 547

Revised Rules to Provide NIGC and Tribes with Essential Tools to Further Protect Indian Gaming

Washington, DC September 21, 2012 —Today, the National Indian Gaming Commission (NIGC/Commission) announced the publication of highly-anticipated revisions to two regulations crucial to safeguarding Indian gaming: 25 CFR Part 543 Minimum Internal Control Standards for Class II Gaming (MICS) and 25 CFR Part 547 Minimum Technical Standards for Class II Gaming Systems and Equipment.

The revised final rules make critical updates and changes to the regulations governing Class II MICS and gaming equipment. As the agency charged with Federal regulation of Indian gaming, the NIGC is responsible for protecting gaming revenue, helping to ensure that tribes are the primary beneficiaries of that revenue, and overall, keeping Indian gaming safe.

"Minimum Controls and Technical Standards provide a solid, comprehensive framework that the NIGC, Tribal Gaming Regulatory Authorities (TGRA) and operators alike can use to strengthen the security of their operations," Chairwoman Tracie Stevens stated. "The safeguarding of tribal assets, as well as game and player protection, is essential in ensuring the integrity of tribal gaming operations."

Part 543 and 547 establish standards that are designed to protect Class II gaming operations from theft, fraud, and loss, while also preserving safety and fairness to patrons. These final rules update and revise partial, outdated standards with comprehensive standards that take into account advances in technology and recognize the significant role of TGRAs.

In addition to updating sections that were previously included, Part 543 incorporates all aspects of Class II gaming, such as procedures for card games, drop and count, surveillance, gaming promotions and player tracking. The new

MICS also take into account the diverse Indian gaming industry by providing more flexibility to TGRAs.

"These newly revised regulations more clearly define the responsibilities of TGRAs and the NIGC. They better reflect the intent of Congress to incorporate a multi-tiered regulatory scheme for the establishment of Indian gaming," said Vice Chairwoman Steffani Cochran. "In these Standards," she continued, "the NIGC establishes the fundamental framework with which tribes are required to comply, while also recognizing TGRA's role as the day-to-day regulators to more closely meet individual tribes' regulatory needs. These rules are sufficiently detailed, yet flexible, so that they can be implemented by all Class II gaming operations, regardless of size."

Part 547 makes much-needed updates to account for advances in technology. In addition, by no longer referencing "Underwriters Laboratory," Part 547 increases flexibility and facilitates compliance. Finally, Part 547 revises the "grandfather clause" to allow machines that have been certified "grandfathered" an additional five years to come into full compliance with the technical standards, and allows certification of eligible Class II systems that may have missed the original certification deadline.

Like any other regulated community, stakeholders are afforded the opportunity to provide input regarding rules and regulations with which they must comply. For tribes that participate in gaming pursuant to IGRA, this is especially important, not only because tribes are part of a three layered gaming regulatory system, but also because of the unique government-to-government relationship tribes have with the Federal government.

"When drafting regulations, it is absolutely necessary to get insight from the regulated community--the people who implement the regulations on the ground, and know what works and doesn't work in real life," stated Chairwoman Stevens.

The finalized regulations are the result of a deliberative process that the Commission began in November 2010 as part of its Regulatory Review initiative. Using an improved consultation process that involved tribes and stakeholders early in the rulemaking process, the Commission was able to gather vital information before beginning the formal rulemaking process.

"Making regulations fit such a diverse industry did pose some challenges," Associate Commissioner Dan Little said. "However, working with tribal operators, regulators, manufacturers and other industry experts, the Commission was able to formulate regulations that establish clear direction, while taking into account varying types of gaming venues. The regulations were crafted with some flexibility so tribal gaming regulatory agencies can fully implement the regulations in a way that best protects their operations."

After engaging the help of a Tribal Advisory Committee (TAC), participating in informative conversations with tribes, and receiving public comments during the

informal drafting phase, the Commission released Notices of Proposed Rule Making (NPRM) for both Part 543 and Part 547 on June 1, 2012 with the comment period closing on July 31, 2012. In response to initial comments requesting an extension of the deadline, the Commission extended the deadline to August 15, 2012. The Commission reviewed and considered all comments on the NPRM received by August 15.

"The Tribal Advisory Committee, tribal, and public comments were extremely useful in developing these standards, but the TAC especially," Associate Commissioner Little stated further. "The Committee was comprised of 15 diverse and knowledgeable Indian gaming professionals who provided valuable and practical insight during the drafting process. While not all recommendations were included, the end product includes many components recommended by the industry. As a result, the final regulations reflect their experience and make the revised regulations relevant to today's gaming industry."

"These regulations help strengthen the foundation of Indian gaming by ensuring that solid controls and clear responsibilities are established, providing a strong Class II industry and stability to tribal government gaming," Chairwoman Stevens concluded.

The NIGC is dedicated to assisting tribes to maintain compliance with all NIGC regulations. At a later date, the NIGC intends to issue guidance and offer training and technical assistance to facilitate compliance with these rules. Information will be posted on the NIGC website and circulated to tribes in the near future.

Parts 543 and 547 are available for public inspection and comment by clicking here and here. Both rules will become effective on October 22, 2012. Existing facilities will have one year to come into compliance with the MICS; however, facilities opened after the effective date of the regulation must comply with the MICS upon opening. All related regulatory review information can be found on our website at www.nigc.gov under the Tribal Consultation/Regulatory Review 2011-12/Discussion Drafts.

The NIGC is an independent regulatory agency established within the Department of the Interior pursuant to the Indian Gaming Regulatory Act of 1988.

###