

§542.19 What are the minimum internal control standards for accounting?

Note: It is proposed that “customer” be substituted for “patron” throughout the section for consistency.

(a) Each gaming operation shall prepare accurate, complete, legible, and permanent records of all transactions pertaining to revenue and gaming activities.

(b) Each gaming operation shall prepare general accounting records according to Generally Accepted Accounting Principles ~~on~~ using a double-entry system of accounting, and shall ~~maintain~~ maintaining detailed, supporting, subsidiary records, including, but not limited to:

(1) Detailed records identifying revenues, expenses, assets, liabilities, and equity for each gaming operation;

(2) Detailed records of all markers, IOU's, returned checks, ~~hold~~ held checks, or other similar credit instruments;

(3) Individual and statistical game records to reflect statistical drop, statistical win, and the percentage of statistical win to statistical drop by each table game, and ~~to reflect statistical drop, statistical win, and the percentage of statistical win to statistical drop~~ for each type of table game, by shift, by day, cumulative month-to-date, and year-to-date, and individual and statistical game records reflecting similar information for all other games;

(4) Gaming machine analysis reports which, by each machine, compare actual hold percentages to theoretical hold percentages;

Comment (July): Strike (5). Accounting record requirements are clearly specified in this section, the standard is redundant.

Response: Disagree. The term “part” refers to accounting record requirements contained throughout Part 542, not just in this section.

Comment (July): Replace “The” with “Other” to indicate that the standard refers to accounting record requirements in other sections of Part 542.

Response: Agree. Revised accordingly.

Revised proposal as a result of July comments:

- (5) ~~The~~ **Other** records required by this part and by the Tribal internal control standards;
- (6) Journal entries prepared by the gaming operation and by its independent accountants;
- and
- (7) Any other records specifically required to be maintained.

Justification: Revisions proposed to improve language and eliminate repetition.

Written Comment (March): (b) (5) and (b) (7) appear to be redundant. Please clarify the need for having both standards.

Response: The Committee reviewed the existing regulation and made no comment. (b)(5) refers only to records required by 542 and by the TICS. Other records could be required to be maintained by any external entity.

- (c) Each gaming operation shall establish administrative and accounting procedures for the purpose of determining effective control over a gaming operation's fiscal affairs. The procedures shall be designed to reasonably ensure that:

Comment: (October): Standard is too general, making it difficult to interpret and to design compliant policies and procedures.

Response: Disagree. Subsequent paragraphs (1) – (6) define the standard.

- (1) Assets are safeguarded;
- (2) Financial records are accurate and reliable;
- (3) Transactions are performed only in accordance with management's general and specific authorization;

(4) Transactions are recorded adequately to permit proper reporting of gaming revenue and of fees and taxes, and to maintain accountability of assets;

Comment (March): Replace “taxes” with “assessments”.

Response: The Committee reviewed the existing regulation and made no comment. In this context the standard is referring to excise taxes on certain types of gaming revenue.

Note (May): Although the word “taxes” is limited to taxes on specific types of gaming revenue, the word could cause confusion and therefore it is recommended to be struck.

Proposed revision incorporating May note:

(4) Transactions are recorded adequately to permit proper reporting of gaming revenue and ~~of fees and taxes~~, and to maintain accountability of assets;

(5) Recorded accountability for assets is compared with actual assets at reasonable intervals, and appropriate action is taken with respect to any discrepancies; and

(6) Functions, duties, and responsibilities are appropriately segregated in accordance with sound business practices.

(d) *Gross gaming revenue computations.* (1) For table games, gross revenue equals the closing table bankroll, plus credit slips for cash, chips, tokens or personal/payroll checks returned to the cage, plus drop, less opening table bankroll and fills to the table, and money transfers issued from the game through the use of a cashless wagering system.

(2) For gaming machines, gross revenue equals drop, less fills, jackpot payouts and personal property awarded to patrons as gambling winnings. Additionally, the initial hopper load is not a fill and does not affect gross revenue. The difference between the initial hopper load and the total amount that is in the hopper at the end of the gaming

operation's fiscal year should be adjusted accordingly as an addition to or subtraction from the drop for the year.

(3) For each counter game, gross revenue equals:

(i) The money accepted by the gaming operation on events or games that occur during the month or will occur in subsequent months, less money paid out during the month to

~~patrons~~ customers on winning wagers (“cash basis”); or

(ii) The money accepted by the gaming operation on events or games that occur during the month, plus money, not previously included in gross revenue, that was accepted by the gaming operation in previous months on events or games occurring in the month, less money paid out during the month to ~~patrons~~ customers as winning wagers (“modified accrual basis”).

(4) For each card game and any other game in which the gaming operation is not a party to a wager, gross revenue equals all money received by the operation as compensation for conducting the game.

(i) A gaming operation shall not include either skill win or loss in gross revenue computations.

(ii) [Reserved].

(5) ~~(ii)~~ In computing gross revenue for gaming machines, keno and bingo, the actual cost to the gaming operation of any personal property distributed as losses to patrons may be deducted from winnings (other than costs of travel, lodging, services, food, and beverages), if the gaming operation maintains detailed documents supporting the deduction.

Justification: This is considered a formatting correction as the standard in question does not belong under (4) but is a standalone requirement under (f).

Note: On review, strike portions of paragraph not applicable to class III games.

Revised proposal incorporating note:

(5) In computing gross revenue for gaming machines, keno and ~~bingo~~, the actual cost to the gaming operation of any personal property (other than costs of travel, lodging, services, food, and beverages) awarded as a payout to customers may be deducted if the gaming operation maintains detailed documents supporting the deduction.

(e) Each gaming operation shall establish internal control systems sufficient to ensure that currency (other than tips or gratuities) received from a ~~patron~~ customer in the gaming area is promptly placed in a locked box in the table, or, in the case of a cashier, in the appropriate place in the cashier's cage, or on those games which do not have a locked drop box, or on card game tables, in an appropriate place on the table, in the cash register or in another approved repository.

(f) If the gaming operation provides periodic payments to satisfy a payout resulting from a wager, the initial installment payment, when paid, and the actual cost of a payment plan, which is funded by the gaming operation, may be deducted from winnings. The gaming operation is required to obtain the approval of all payment plans from the ~~TGRA~~ Tribal gaming regulatory authority. For any funding method which merely guarantees the gaming operation's performance, and under which the gaming operation makes payments out of cash flow (e.g. irrevocable letters of credits, surety bonds, or other similar methods), the gaming operation may only deduct such payments when paid to the patron.

~~(g) For payouts by wide area progressive gaming machine systems, a gaming operation may deduct from winnings only its pro rata share of a wide area gaming machine system payout.~~

Justification: This subsection is proposed for removal because it is being replaced by item (j) (5) in this section which provides clarification of the deduction allowed.

~~(g)(h)~~ Cash-out tickets issued at a gaming machine or gaming device shall be deducted from gross revenue as jackpot payouts in the month the tickets are issued by the gaming machine or gaming device. Tickets deducted from gross revenue that are not redeemed within a period, not to exceed 180 days of issuance, shall be included in gross revenue. An unredeemed ticket previously included in gross revenue may be deducted from gross revenue in the month redeemed.

~~(h)(i)~~ A gaming operation may not deduct from gross revenues the unpaid balance of a credit instrument extended for purposes other than gaming.

~~(i)(j)~~ A gaming operation may deduct from gross revenue the unpaid balance of a credit instrument if the gaming operation documents, or otherwise keeps detailed records of, compliance with the following requirements. Such records confirming compliance shall be made available to the **TGRA Tribal gaming regulatory authority** or the Commission upon request:

(1) The gaming operation can document that the credit extended was for gaming purposes;

(2) The gaming operation has established procedures and relevant criteria to evaluate a **patron's customer's** credit reputation or financial resources and to then determine that there is a reasonable basis for extending credit in the amount or sum placed at the **patron's customer's** disposal;

- (3) In the case of personal checks, the gaming operation has established procedures to examine documentation, which would normally be acceptable as a type of identification when cashing checks, and has recorded the ~~patron's~~ customer's bank check guarantee card number or credit card number, or has satisfied paragraph ~~(j)~~ **(i)** (2) of this section, as management may deem appropriate for the check-cashing authorization granted;
- (4) In the case of third-party checks for which cash, chips, or tokens have been issued to the ~~patron~~ customer, or which were accepted in payment of another credit instrument, the gaming operation has established procedures to examine documentation, normally accepted as a means of identification when cashing checks, and has, for the check's maker or drawer, satisfied paragraph ~~(j)~~ **(i)** (2) of this section, as management may deem appropriate for the check-cashing authorization granted;
- (5) In the case of guaranteed drafts, procedures should be established to ensure compliance with the issuance and acceptance procedures prescribed by the issuer;
- (6) The gaming operation has established procedures to ensure that the credit extended is appropriately documented, not least of which would be the ~~patron's~~ customer's identification and signature attesting to the authenticity of the individual credit transactions. The authorizing signature shall be obtained at the time credit is extended.
- (7) The gaming operation has established procedures to effectively document its attempt to collect the full amount of the debt. Such documentation ~~would~~ includes, but is not ~~be~~ limited to, letters sent to the ~~patron~~ customer, logs of personal or telephone conversations, proof of presentation of the credit instrument to the ~~patron's~~ customer's bank for collection, settlement agreements, or other documents which demonstrate that the gaming operation has made a good faith attempt to collect the full amount of the debt.

Such records documenting collection efforts shall be made available to the ~~TGRA~~ Tribal gaming regulatory authority or the Commission upon request.

(i) Deductions from gross revenue.

Comment: (July): The subsection is entitled deductions, but the first standard names non-deductible items.

Response: Agree and will re-title the subsection.

Revised proposal as a result of July comment:

(i) Allowable and non-allowable deductions from gross revenue. (1) Any prizes, premiums, drawings, benefits or tickets that are redeemable for money or merchandise or other promotional allowance, except money or tokens paid at face value or the cost of personal property awarded directly to a customer as the result of a specific wager, must not be deducted.

(2) Cash paid to fund periodic payments may be deducted.

(3) For gaming machines, keno, and bingo, the actual cost of any personal property distributed to a customer as the result of a specific legitimate wager may be deducted, but not travel expenses, food, refreshments, lodging, or services.

Note: On review, strike portions of paragraph not applicable to class III games.

Revised proposal incorporating note:

(3) For gaming machines and keno, the actual cost of any personal property distributed to a customer as the result of a specific legitimate wager may be deducted, but not travel expenses, food, refreshments, lodging, or services.

(4) A gaming operation that provides a customer with additional play at bingo as the result of an initial wager may deduct all money or tokens paid directly to that customer as a result of such additional play.

Note: On review, strike paragraph - not applicable to class III games.

Revised proposal incorporating note:

~~**(4) A gaming operation that provides a customer with additional play at bingo as the result of an initial wager may deduct all money or tokens paid directly to that customer as a result of such additional play.**~~

(4) A gaming operation may deduct its pro-rata share of a payout from a game played in a wide area linked system except for a payout made in conjunction with a card game. The amount of the deduction must be determined based upon the written agreement among the gaming establishments participating in the wide area linked system and the operator of the system. All cash prizes and the value of noncash prizes awarded during a contest or tournament conducted in conjunction with a wide area linked system are also deductible on a pro-rata basis to the extent of the compensation received for the right to participate in that contest or tournament.

Comment (July): The reason for exclusion of payouts made in conjunction with a card game is not evident. Recommend striking this exclusion.

Response: Disagree. The payouts arising from card games are not deductible from revenue because revenue from card games consists of compensation for the conduct of the game (rake) only.

Comment (March): Please clarify why there is a “card game” reference in this proposed standard? Is there a linked system or WAP for card games?

Response: The Committee reviewed the proposed revision and made no comment. The possibility exists for wide area linked poker games and for that reason the standard recognizes that the house has no interest in the payout that might arise from that operation and therefore, it would not be deductible.

(5) Deductibility of free play and promotional items:

Justification: The NIGC has received frequent questions regarding the deductibility of certain items from gross revenue. The proposed additions address this issue in detail, consistent with Generally Accepted Accounting Principles (GAAP) and regulations of established gaming jurisdictions.

Comment (July): Recommend formatting (j) (5) as a matrix or chart.

Response: Agree and will re-format for Committee review.

Note: This subsection was originally written in a narrative format. However, based on the Committee’s suggestion, it was reformatted as a matrix to facilitate readability.

Comment (July): Recommend structuring (j) (5) as separate deductible and non-deductible segments for easier reference.

Response: Disagree. The revised format will address this concern.

(5) Deductibility of free play and promotional items:

(i) Gaming machines	
(A) Free pulls on a promotional gaming machine or other gaming device	No effect on drop and no deduction of payouts
(B) Free pulls on a gaming machine	No effect on drop and all payouts deductible
(C) Free play wagering (negotiable, including free coin/tokens) if distinguishable and accounted for separately in the drop	No effect on drop and all payouts deductible
(D) Free play wagering (non-negotiable)	No effect on drop for free play and all payouts deductible
(E) Gaming machine negotiable wagering credits (If tracked electronically when wagered)	No effect on drop and all payouts deductible
(F) Gaming machine negotiable wagering credits (If not tracked electronically when wagered)	Add cash value to drop and all payouts deductible
(G) Non-cash prizes awarded for winning wagers	Cost to gaming operation deductible Written comment: We recommend changing “cost” to “fair market value” in order to be consistent with IRS reporting requirements. Response: The Committee reviewed the proposed revision and made no comment. The MICS are not intended to address IRS income-reporting requirements. If the fair market value is greater than the cost, that issue falls outside the scope of the MICS. The standard is Intended to address the cost of the transaction to the casino.
(H) Premium points awarded in accordance	Cash or cost of prizes for redeemed

with a payout schedule as the result of a winning wager	points deductible (Appropriate tracking and documentation required)
(I) Premium points not awarded in accordance with a payout schedule or as the result of a winning wager	Cash or cost of prizes for redeemed points not deductible
(J) Promotional activity reimbursed by an external party Written comment: Propose the following wording “Promotional activity in connection with a wager that is reimbursed by an external party.” Response: The Committee reviewed the proposed revision and made no comment. Based on the context of the standard, it is self-evident that pertains it pertains to a wager.	Total amount wagered included in drop and all payouts deductible
(K) Gold or silver coins paid out (legal tender)	Purchase cost to gaming operation deductible
(L) Gold or silver tokens paid out (not legal tender)	Face value deductible
(M) Tournaments/contests/drawings	Include total amount received in drop and payouts deductible (limited to amount received)
(N) Bonus payouts	Bonus payouts resulting from a winning wager deductible
(O) Mystery jackpots (Only if selected by random number generator) Written Comment: Please explain the purpose and intent of this statement. Response: The Committee reviewed the proposed revision and made no comment. The parenthetical is intended to preclude the applicability to mystery jackpots that are paid out as a result of a predetermined sequence or routine such as promotional payouts unrelated to the specific machine.	All mystery jackpot payouts reflected on the payout schedule deductible
(P) Appeasement payouts (payments made on non-winning wagers in response to customer complaints)	Not deductible
(ii) Table Games	
(A) Match play (e.g., wager five dollars and receive a ten dollar bet)	Include cash received in drop and all payouts deductible
(B) Discount wagering (negotiable)	Discounted dollar amount (if distinguishable) included in drop and all payouts deductible
(C) Discount wagering (non-negotiable)	Discounted dollar amount included in drop and all payouts deductible

(D) Free play wagering (negotiable)	If distinguishable, no effect on drop, all payouts deductible
(E) Free play wagering (non-negotiable)	No effect on drop and all payouts deductible
(F) Promotional activity reimbursed by an external party	Total amount wagered included in drop and all payouts deductible
(G) Tournaments/contests/drawings	Include total amount received in drop and payouts deductible (limited to amount received)
(H) Tournaments which include purchase and redemption of negotiable chips. Written Comment: Please explain this statement. This may conflict with the definition of net revenue in IGRA; what is the effect of this statement on a player's pool? Written Comment: An example would be Blackjack played in tournament format. The game is played against the house. Whichever player has the most chips at a predetermined time, wins the prize. No conflict with the definition of net revenue. There would be no effect on player's pools as they have the same treatment as any other table game.	Include total amount wagered in drop, payouts deductible, tournament prizes not deductible
(iii) Card Games	
(A) Buy-in coupons (e.g., \$25 in chips for \$20 buy-in)	No effect on revenue Written Comment: Does "no effect on revenue" mean deductible or non-deductible? Response: The Committee reviewed the proposed revision and made no comment. Card game revenue is derived from the rake. Therefore it is neither deductible nor non-deductible.
(B) Tournaments played with negotiable chips and rake is taken	Rake is included in revenue
(C) Tournaments played with non-negotiable chips, contests and drawings	No effect on revenue Written Comment: Does "no effect on revenue" mean deductible or non-deductible? Response: The Committee reviewed the proposed revision and made no comment. Card game revenue is derived from the rake. Therefore it is neither deductible nor non-deductible.
(D) Prizes (e.g., \$100 prize for high hand of the week)	No effect on revenue Written Comment: Does "no effect

	on revenue” mean deductible or non-deductible? Response: The Committee reviewed the proposed revision and made no comment. Card game revenue is derived from the rake. Therefore it is neither deductible nor non-deductible.
(E) Promotional progressive pot and/or pool payouts	No effect on revenue Written Comment: Does “no effect on revenue” mean deductible or non-deductible? Response: The Committee reviewed the proposed revision and made no comment. Card game revenue is derived from the rake. Therefore it is neither deductible nor non-deductible.
(F) Skill wins and losses	No effect on revenue Written Comment: Does “no effect on revenue” mean deductible or non-deductible? Response: The Committee reviewed the proposed revision and made no comment. Card game revenue is derived from the rake. Therefore it is neither deductible nor non-deductible.
(iv) Keno	
(A) Match play/discount wagering only	Include cash received in write, all payouts deductible
(B) Free play wagering (negotiable and non-negotiable)	No effect on write, all payouts deductible Written Comment: Does “no effect on revenue” (sic) mean deductible or non-deductible? Response: The Committee reviewed the proposed revision and made no comment. The comment has no relevance to the standard.
(C) Non-cash prizes awarded for winning wagers	Cost to gaming operation deductible Written comment: We recommend changing “cost” to “fair market value” in order to be consistent with IRS reporting requirements. Response: The Committee reviewed the proposed revision and made no comment. The MICS are not intended to address IRS income-reporting

	requirements. If the fair market value is greater than the cost, that issue falls outside the scope of the MICS. The standard is Intended to address the cost of the transaction to the casino.
(D) Promotional activity reimbursed by external party	Include total amount in write, all payouts deductible
(E) Tournaments/contests/drawings	No effect on write unless part of wide area linked system
(F) Tournaments which include elements of a normal wager	Include total amount wagered in write, all payouts deductible, tournament prizes not deductible
(G) Appeasement payouts (payments made on non-winning tickets in response to customer complaints)	Not deductible
(v) Pull Tabs	
(A) Match play/discount wagering	Include cash received in sales and all payouts deductible
(B) Free play wagering (negotiable and non-negotiable)	No effect on sales and all payouts deductible
(C) Non-cash prizes	Include cash received in sales and purchase cost of prizes deductible
(D) Promotional activity reimbursement by external party	Include cash received in sales and all payouts deductible
(E) Appeasement payouts (payments made on non-winning pull tabs in response to customer complaints)	Not deductible
(vi) Baccarat	
Uncollected baccarat commission	No effect on drop Written Comment: Deductible or Not Deductible? Response: The Committee reviewed the proposed revision and made no comment. Because there is no effect on the drop, the comment is erroneous.

(i) Gaming machines:

(A) Free pulls on a promotional gaming machine or other gaming device - No effect on drop and no deduction of payouts.

Comment (July): Strike the phrase “or other gaming device” as overly broad and unclear.

Response: Agree.

Revised proposal (j) (5) (i) (A) as a result of July comment: Change incorporated in matrix (above).

(H) Premium points awarded in accordance with a payout schedule as the result of a winning wager – Cash or cost of prizes for redeemed points deductible. Appropriate tracking and documentation required.

Comment (July): Deductibility could provide incentive for a gaming operation to award only premium points for winning wagers in place of points for all wagers.

Response: Disagree. The desirability of deductible premium points is outweighed by the benefits associated with a player club point system based on amount wagered.

Comment (July): Deductibility of gaming machine appeasement payouts should also be addressed in matrix.

Response: Agree.

Revised proposal (j) (5) (i) (P) as a result of July comments: Change incorporated in matrix (above).

(ii) ~~(H) Tournaments which include elements of a normal wager – Include total amount wagered in drop, payouts deductible, tournament prizes not deductible.~~

Comment (July): “Elements of a normal wager” is not clearly defined or understood.

Response: Agree.

Revised proposal (j) (5) (ii) (H) as a result of July comments: Change incorporated in matrix (above).

(iii) Card Games:

(A) Buy-in coupons (\$22 in chips for \$20 buy-in) – No effect on revenue.

Comment (July): Identify contents within parentheses as an example by preceding with “e.g.”

Response: Agree.

Revised proposal (j) (5) (iii) (A) as a result of July comments: Change incorporated in matrix (above).

Comment (July): \$25 for \$20 is a more realistic example.

Response: Agree.

Revised proposal (j) (5) (iii) (A) as a result of July comments: Change incorporated in matrix (above).

(7) Credit instruments written off as uncollectible are deductible unless any of the following applies:

Comment (July): The standards for deductibility of credit instruments represent an intrusion on tribal authority.

Response: Disagree. The standards are currently silent on the subject. These new standards clarify that uncollectible gaming credit instruments, with few exceptions, are deductible, allowing the gaming operation to avoid paying NIGC fees on such amounts.

Written Comment (March): Why is there no counterpart in 542 to 543.19 (j) (7)?

Response: Scrivener error. Corrected below.

Correction as a result of March comment:

(6) Credit instruments written off as uncollectible are deductible unless any of the following applies:

- (i) The instrument was not signed by the patron;
- (ii) The gaming operation did not have an address for the patron at the time of accepting the instrument;
- (iii) The gaming operation does not maintain evidence that it has made a reasonable effort to collect the debt;
- (iv) The gaming operation does not maintain evidence that it checked the credit history of the patron before extending the credit;
- (v) The signature of the patron on the instrument was forged and the gaming operation has not made a written report of the forgery to the appropriate law enforcement agency;
- or
- (vi) The gaming operation is unable to produce the credit instrument within a reasonable time after a request by the Commission. (Note: However, this shall not pertain to circumstances beyond the control of the gaming operation e.g., custody of court, stolen, etc.)
- (k) *Maintenance and preservation of books, records, and documents.* (1) All original books, records, and documents pertaining to the conduct of wagering activities shall be

retained by a gaming operation in accordance with the following schedule. A record that summarizes gaming transactions is sufficient, provided that all documents containing an original signature(s) attesting to the accuracy of a gaming related transaction are independently preserved. Original books, records, or documents shall not include copies of originals, except for copies that contain original comments or notations on parts of multi-part forms. The following original books, records, and documents shall be retained by a gaming operation for a minimum of five (5) years:

- (i) Casino cage documents;
- (ii) Documentation supporting the calculation of table game win;
- (iii) Documentation supporting the calculation of gaming machine win;
- (iv) Documentation supporting the calculation of revenue received from the games of keno, pari-mutuel, bingo, pull-tabs, card games, and all other gaming activities offered by the gaming operation;

Note: On review, strike portions of paragraph not applicable to class III games.

Revised proposal incorporating note:

- (iv) Documentation supporting the calculation of revenue received from the games of keno, pari-mutuel, ~~bingo~~, pull-tabs **(if applicable)**, card games, and all other gaming activities offered by the gaming operation;
- (v) Table games statistical analysis reports;
- (vi) Gaming machine statistical analysis reports;
- (vii) Bingo, pull-tab, keno, and pari-mutuel wagering statistical reports;

Note: On review, strike portions of paragraph not applicable to class III games.

Revised proposal incorporating note:

- (vii) **Bingo, Pull-tab (if applicable)**, keno and pari-mutuel wagering statistical reports;
- (viii) Internal audit documentation and reports;

Written Comment (March): Recommend deleting “documentation” from this standard as the entity that conducts the internal audit will have to comply with the internal audit portion of the MICS. This will vary from one jurisdiction to another.

Response: The Committee reviewed the standard and had no comment. Disagree. Removing the reference to documentation would imply that only the report needs to be retained for five years.

- (ix) Documentation supporting the write-off of gaming credit instruments and named credit instruments;
- (x) All other books, records, and documents pertaining to the conduct of wagering activities that contain original signature(s) attesting to the accuracy of the gaming related transaction.
- (2) Unless otherwise specified in this part, all other books, records, and documents shall be retained until such time as the accounting records have been audited by the gaming operation's independent certified public accountants.
- (3) The above definition shall apply without regards to the medium by which the book, record or document is generated or maintained (paper, computer-generated, magnetic media, etc.).

Comment (March): Replace “definition” with “standard”.

Response: The Committee reviewed the existing language and made no comment. Disagree. “Definition” refers to (k) (1) “original books, records and documents” not to the standards for retention.

Written Comment (March): Replace “definition” with “standard”.

Response: The Committee reviewed the proposed revision and had no comment. Disagree with comment. “Definition” refers to original books, records and

documents” not to the standards for retention. This comment has no bearing on the transition from 542 to 543.

Note (May): As a result of the discussion during the conference call, it was decided to substitute “standards” for “definition” to improve clarity.

(3) The above ~~definition~~ **standards** shall apply without regard to the medium by which the book, record or document is generated or maintained (paper, computer-generated, magnetic media, etc.).