

LAW AND PUBLIC SAFETY

DIVISION OF GAMING ENFORCEMENT

GAMING OPERATION ACCOUNTING CONTROLS AND STANDARDS

Casino Computer Systems

Proposed Amended Rules: N.J.A.C. 13:69D-2.1, 2.2, 2.3 and 2.4

Authorized By: David Rebuck, Director, Division of Gaming Enforcement.

Authority: N.J.S.A. 5:12-69a, -70a, -76y, -100b, h

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2017-

Submit written comments by _____, to:

Charles F. Kimmel, Deputy Attorney General

Division of Gaming Enforcement

1300 Atlantic Avenue

Atlantic City, NJ 08401

Or electronically at: rulecomments@njdge.org

The agency proposal follows:

Summary

The Division of Gaming Enforcement (Division) proposes the following rule amendments:

A proposed amendment to the definition of “Critical data” in N.J.A.C. 13:69D-2.1 to clarify that critical data is a subset of controlled data, and a proposed technical amendment to the definition of "Critical hardware" to remove the language “by a casino.”

A proposed amendment to N.J.A.C. 13:69D-2.2(h)3 makes it clear that the backup data for a controlled computer system shall be maintained in a separate location.

Proposed amendments to N.J.A.C.13:69D-2.3(d)3 and 4 are intended to clarify the requirements of those subsections. As amended, it will be clear that N.J.A.C. 13:69D-2.3(d)3 means that software utilized to perform a regulated function must operate in accordance with the Division’s rules applicable to that function. For example if a casino licensee has a piece of software used to issue counterchecks that software must operate in accordance with the Division’s rules regarding the issuance of counter checks. The proposed amendment to N.J.A.C. 13:69D-2.3(d)4 clarifies that all software governed by this section should be reviewed for security weaknesses.

A proposed amendment to N.J.A.C. 13:69D-2.3(f) requires Release Notes to be submitted for controlled hardware and software rather than just critical software. Additionally, the release notes will be required to be submitted three business days prior to the change rather than twenty-four hours.

A proposed amendment to N.J.A.C. 13:69D-2.3(g) changes the timing requirements for emergency Release Notes from twenty-four hours to one business day and from seventy-two hours to three business days.

A proposed amendment to N.J.A.C. 13:69D-2.4(e) requires all casino licensees to conduct an annual system integrity and security assessment of their networks. Previously, the rule stated that such an assessment was Division best practice; however, as amended it will be required. This requirement is similar to the Division's rules that apply to Internet gaming systems and is designed to make sure land based systems are secure.

This notice of proposal is not required to be referenced in a rulemaking calendar since a public comment period of 60 days is being provided. See N.J.A.C. 1:30-3.3(a)5.

Social Impact

The proposed amendments clarify existing rules for casino computer systems. There is one additional requirement proposed in N.J.A.C. 13:69D-2.4(e) that casinos must now perform a mandatory penetration test on their computer systems, even for land-based casino operations. This was previously deemed a "best practice," offering safe harbor to casinos which performed it. This mandatory requirement may impose an additional burden on licensees, but not

members of the public. By making the test mandatory, the proposed amendment may help ensure that data breaches are better protected against. The additional security could allow casino patrons to have further confidence in the New Jersey casino industry.

Economic Impact

The proposed amendments to N.J.A.C. 13:69D-2.4(e) will cause casinos to expend funds on an annual penetration test of their computer systems. Previously this was optional but recommended as a "best practice." The funds expended could prevent a costly data breach. The increased confidence in the casino industry may help increase business at Atlantic City casinos. The remaining sections impacted by the proposal, N.J.A.C. 13:69D-2.1; -2.2; -2.3 will not have a significant economic impact as these changes clarify existing language and do not impose any additional requirements on casino licensees. The amendment to N.J.A.C. 13:69D-2.3(d)(4) is not a new requirement but a summary of what the remaining sections of this rule require and will therefore not have a significant economic impact.

Federal Standards Statement

A Federal standards analysis is not required because the proposed amendments are authorized by the provisions of the Casino Control Act, N.J.S.A. 5:12-1 et seq., and are not subject to Federal law.

Jobs Impact

The proposed amendments will have very minimal impact on the number of jobs in the state of New Jersey. The proposed N.J.A.C. 13:69D-2.4(e) requirement of an additional security test, performed once each year, could produce several job opportunities, but only for the short duration required to perform the tests.

Agriculture Industry Impact

The proposed amendments will have no impact on the agriculture industry in New Jersey.

Regulatory Flexibility Analysis

The proposed amendments will only affect the operations of New Jersey casino licensees and slot machine manufacturers, none of which qualifies as a "small business" as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16

et seq., because they employ more than 100 persons full-time in the State of New Jersey. Accordingly, a regulatory flexibility analysis is not required.

Housing Affordability Impact Analysis

The proposed amendments will have an insignificant impact on affordable housing in New Jersey and there is an extreme unlikelihood that the proposed amendments would evoke a change in the average costs associated with housing because the rule concerns the conduct of gambling at New Jersey casinos. The proposed amendments address casino computer systems, including their location in a casino facility and the security requirements for such systems, and are not concerned with residential housing issues.

Smart Growth Development Impact Analysis

The proposed amendments will not have an impact on smart growth and there is an extreme unlikelihood that the proposed amendments would evoke a change in housing production in Planning Areas 1 or 2 or within designated centers under the State Development and Redevelopment plan in New Jersey because the proposed amendment concerns the conduct of gambling at New Jersey casinos. The proposed amendments address casino computer systems, including their

location in a casino facility and the security requirements for such systems, and are not concerned with issues regarding housing production or residential growth.

Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

13:69D-2.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

...

"Critical data" **is a subset of controlled data and** means any record that is used in the calculation of gross gaming revenue and does not include marketing data.

"Critical hardware" means any device that is used [by a casino] to store critical data.

...

13:69D-2.2 Use of controlled computer systems

(a) - (g) (No change.)

(h) Each controlled computer system shall be capable of recovering from an outage or loss of service and shall utilize, at a minimum, the following:

1. - 2. (No change)

3. Backup capability that enables the casino licensee to create periodic copies of controlled data on a storage device which shall be [separate from the device containing the data] **maintained in a separate location.**

(i) – (v) (No change.)

13:69D-2.3 Installation and change controls for controlled computer systems

(a) – (c) (No change.)

(d) The casino licensee shall ensure all software utilized works as intended and functions properly in compliance with the Division's rules prior to installation.

Division best practice is to evaluate the functionality and integrity of the software by utilizing a test that:

1. - .2 (No change.)

3. Ensures the software operates in accordance with [the] **applicable**[Division's] rules **of the Division**[and that potential weaknesses cannot be exploited for fraud or theft];

4. **Ensures the software is free from potential security weaknesses and cannot be exploited for fraud or theft;**

5. Is completed within three business days following an emergency installation;
and

[5.] 6. Is documented using a method to identify the date the test was complete, the person(s) who performed the test, and any findings or concerns that were observed.

(e) (No change.)

(f) Prior to the installation, change, or upgrade of [critical] **controlled** hardware and software, the casino licensee shall ensure that:

1. It has the ability to revert back to the previous state without impacting the integrity of any critical data and software; and

2. The Division is provided with Release Notes [24 hours] **three business days** in advance except as provided in (g) below.

(g) The casino licensee may install or replace controlled [computer system] hardware or software without prior notification to the Division when an

unexpected event critically impacts the integrity or functionality of the system. The casino licensee shall provide notice to the Division within [24 hours] **one business day**, and shall provide Release Notes within [72 hours] **three business days** of installation.

13:69D-2.4 Networks

(a) - (d) (No change.)

(e) Each casino licensee shall [ensure network devices are working as intended. Division best practice is to perform an annual integrity assessment to ensure all components such as firewalls, routers, and switches adequately protect controlled computer systems from unauthorized access and malicious attack. Such network assessment is documented and includes] **perform an annual system integrity and security assessment conducted by an independent professional selected by the licensee, subject to the approval of the Division. The independent professional's report on the assessment shall be submitted to the Division annually and shall include:**

[1. The scope of the assessment;

2. The name and company affiliation of the individual(s) who conducted the assessment;

3. The date of the assessment;

4. The recommended corrective action; and

5. The casino licensee's response to the recommended corrective action.]

1. Scope of review;

2. Name and company affiliation of the individual(s) who conducted the assessment;

3. Date of the assessment;

4. Findings;

5. Recommended corrective action, if applicable; and

6. Casino licensee's response to the findings and recommended corrective action.

David Rebuck
Director