



INTEROFFICE MEMO

Gary Grief, Executive Director

Alfonso D. Royal III, Charitable Bingo Operations Director

Approved

Denied

To: J. Winston Krause, Chairman
Carmen Arrieta-Candelaria, Commissioner
Peggy A. Heeg, Commissioner
Doug Lowe, Commissioner
Robert Rivera, Commissioner

From: Deanne Rienstra, Assistant General Counsel *DR*

Date: October 5, 2017

Re: Consideration of and possible discussion and/or action, including proposal, on amendments to 16 TAC §401.317 ("Powerball®" On-Line Game Rule)

Attached for your consideration is Commission staff's proposal for amendments to 16 TAC §401.317 ("Powerball®" On-Line Game Rule). The purpose of the proposed amendments is to conform the Commission's rule to recent changes adopted by the Multi-State Lottery Association (MUSL). These changes include offering Winner Take All®, a promotional play option, which will give the player a chance to win the Winner Take All® Prize during bonus drawings to be held on Mondays and Thursdays.

The proposed amendments also include language to facilitate the potential future sale of lottery tickets using Commission-approved third-party point-of-sale systems, including updating how tickets are printed on such systems. Finally, the proposed amendments make conforming changes that match rule language to current Commission (and industry) practice and terminology, including changing the reference to the Powerball game from "on-line" to "draw" and other clarifications of meanings and terms. The Commission anticipates the new Powerball game changes to be implemented April 15, 2018.

Recommendation: Staff recommends the Commission initiate the rulemaking process by publishing the attached proposal in the *Texas Register* to receive public comment for a period of 30 days.

1 The Texas Lottery Commission (Commission) proposes amendments to 16 TAC
2 §401.317 “Powerball®” On-Line Game Rule. The purpose of the proposed amendments is to
3 conform the Commission’s rule to recent changes adopted by the Multi-State Lottery Association
4 (MUSL). These changes include offering Winner Take All®, a promotional play option the
5 player may purchase for an additional one dollar (\$1.00), which will give the player a chance to
6 win the Winner Take All® Prize during bonus drawings. The bonus drawings for this promotion
7 will be held on Mondays and Thursdays. The single prize, based upon the sales of the
8 promotional play feature, will be divided equally among all holders of winning plays. The
9 proposed amendments also include language to facilitate the potential future sale of lottery
10 tickets using Commission-approved third-party point-of-sale systems, including updating how
11 tickets are printed on such systems. Finally, the proposed amendments make conforming
12 changes that match rule language to current Commission (and industry) practice and
13 terminology, including changing the reference to the Powerball game from “on-line” to “draw”
14 and other clarifications of meanings and terms. The Commission anticipates the new Powerball
15 game changes to be implemented April 15, 2018.

16 Kathy Pyka, Controller, has determined that for each year of the first five years the
17 amendments will be in effect, there will be no significant fiscal impact for state or local
18 governments as a result of the proposed amendments. There will be no adverse effect on small
19 businesses or rural communities, micro businesses, or local or state employment. There will be
20 no additional economic cost to persons required to comply with the amendments, as proposed.
21 Furthermore, an Economic Impact Statement and Regulatory Flexibility Analysis is not required
22 because the proposed amendments will not have an adverse economic effect on small businesses
23 or rural communities as defined in Texas Government Code §2006.001(1-a) and (2).

1 Michael Anger, Director of Lottery Operations, has determined that for each year of the
2 first five years the proposed amendments will be in effect, the public benefit anticipated is
3 providing Texas Lottery players with notification of the changes to the Powerball game,
4 specifically the addition of new Powerball bonus drawings called Winner Take All®. The
5 addition of Winner Take All® offers players who chose to participate in these bonus drawings the
6 potential to win prizes in the additional drawings. Also, included in the anticipated public
7 benefit is allowing for increased convenience for lottery ticket purchasers through the use of
8 Commission-approved third-party point-of-sale systems, as well as a more understandable rule
9 aligned with Commission practice.

10 The Commission requests comments on the proposed amendments from any interested
11 person. Comments on the proposed amendments may be submitted to Deanne Rienstra,
12 Assistant General Counsel, by mail at Texas Lottery Commission, P.O. Box 16630, Austin,
13 Texas 78761-6630; by facsimile at (512) 344-5189; or by email at
14 *legal.input@lottery.state.tx.us*. Comments must be received within 30 days after publication of
15 this proposal in the Texas Register in order to be considered.

16 These amendments are proposed under Texas Government Code §466.015(c), which
17 authorizes the Commission to adopt rules governing the operation of the lottery; §466.451,
18 which authorizes the Commission to adopt rules relating to a multi-jurisdiction lottery game; and
19 §467.102, which authorizes the Commission to adopt rules for the enforcement and
20 administration of the laws under the Commission's jurisdiction.

21 This proposal is intended to implement Texas Government Code Chapter 466.

22 §401.317. "Powerball®" Draw On-Line Game Rule.

23 (a) Powerball. Powerball is a Multi-State Lottery Association (MUSL) lottery draw game offered
24 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 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 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.

~~(a) Powerball. Powerball is a Multi-State Lottery Association (MUSL) on-line game offered by all Lotteries that have agreed to MUSL's Powerball Group Rules. "Powerball" is authorized to be conducted by the 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~~

1 authorized to issue such further instructions and directives as may be necessary to conform the
2 conduct and play of Powerball to the requirements of the MUSL rules if, in the opinion of the
3 executive director, such instructions, directives, and procedures are in conformance with state
4 law. If a conflict arises between this section and §401.304 of this chapter (relating to On-Line
5 Game Rules (General)), this section shall have precedence. The purpose of the Powerball game
6 is the generation of revenue for MUSL Party Lottery members and Mega Millions Party
7 Lotteries participating under the Reciprocal Game Agreement, through the operation of a
8 specially designed multi-jurisdiction lottery game that will award prizes to ticket holders
9 matching specified combinations of numbers randomly selected in regularly scheduled drawings.
10 In addition to other applicable rules contained in Chapter 401, this section and definitions apply
11 unless the context requires a different meaning or is otherwise inconsistent with the intention of
12 the rules adopted by the MUSL or the MUSL Powerball Group. To be clear, the authority to
13 participate in the MUSL Powerball game is provided to the Texas Lottery by MUSL. The
14 conduct and play of Powerball must conform to the MUSL Powerball game.

15 (b) Definitions.

16 (1) "Agent" or "retailer" means a person or entity authorized by the commission Texas
17 Lottery Commission (TLC) to sell lottery Plays.

18 (2) A "Drawing" refers collectively to the formal draw event for randomly selecting the
19 Winning Numbers that winning numbers which determine the number of winning Plays winners
20 for each prize level of the Powerball game or a Powerball game promotion as described in this
21 section. and the Power Play multiplier.

22 (A) The Powerball Drawing (PB Drawing) shall determine the Winning Numbers
23 for the Powerball game and the Power Play multiplier.

1 (B) A Winner Take All® Drawing (WTA Drawing) is a separate Drawing event
2 from the PB Drawing and shall determine the Winning Numbers for the Winner Take All®
3 promotion.

4 (C) The PB Drawing Winning Numbers shall not be used for the WTA promotion,
5 and shall not be used to determine winning Winner Take All Play(s) (WTA Plays) or prizes.
6 Similarly, the WTA Winning Numbers shall not be used as the Winning Numbers for the
7 Powerball game or to determine the Powerball winning Play(s) or prizes.

8 (3) "Game board", "board", "panel", or "playboard" means that area of the playslip which
9 contains two sets of numbered squares to be marked by the player.

10 (3)(4) "Game ticket" or "ticket" means an acceptable evidence of Play, which is a ticket
11 produced in a manner that meets the specifications defined in the ~~MUSL rules or the rules of~~
12 each ~~member or participating~~ Selling Lottery and subsection (g) of this section, (~~Ticket~~
13 ~~Validation~~), and is a physical representation of the Play or Plays sold to the player.

14 (4)(5) "MUSL" means the Multi-State Lottery Association, a government-benefit
15 association wholly owned and operated by the MUSL Party Lotteries.

16 (5)(6) "MUSL Board" means the governing body of the MUSL, which is comprised of
17 the chief executive officer of each Party Lottery. "MUSL Finance and Audit Committee" shall
18 mean the committee of that name established by the MUSL Board.

19 (6)(7) "MUSL Annuity Factor" shall mean the annuity factor as determined by the MUSL
20 central office through a method approved by the MUSL Finance and Audit Committee and
21 which 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
3 section 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
8 requirements and has been authorized by the MUSL and by the Powerball Product Group to sell
9 the Powerball game. "Selling Lottery" or "Participating Lottery" shall mean a lottery authorized
10 by the Product Group to sell Powerball 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 as a
13 single lettered selection and are to be played by a player in the Powerball game as well as in the
14 WTA promotion if the WTA promotion is selected by the player. As used in this section, unless
15 otherwise indicated, "Play" includes both Powerball Plays and Winner Take All Plays.

16 (A) "Powerball Plays" (PB Plays) shall refer to Plays purchased as part of the
17 Powerball game, but shall not include WTA Plays or Power Play Plays.

18 (B) "Power Play Plays" shall refer to Plays purchased as part of the Power Play
19 promotion described in subsection (k) of this section.

20 (C) "Winner Take All Plays" (WTA Plays) shall refer to Plays purchased as part of the
21 WTA promotion as described in subsection (l) of this section.

22 (10) "Playslip" means a physical or electronic means by which a player communicates
23 their intended Play selection to the retailer as defined and approved by the Selling Lottery. A

1 playslip has no pecuniary value and shall not constitute evidence of ticket purchase or of
2 numbers selected.

3 ~~(10) "Playslip" means an optically readable card issued by the Texas Lottery used by~~
4 ~~players of Powerball to select Plays and to elect all features. There shall be five playboards on~~
5 ~~each playslip. A playslip has no pecuniary value and shall not constitute evidence of ticket~~
6 ~~purchase or of numbers selected.~~

7 (11) "Power Play" shall refer to the Power Play promotion as described in subsection (k)
8 of this section.

9 ~~(12)(14)~~ "Powerball Group" or "Product Group" means the MUSL member group of
10 lotteries which have joined together to offer the Powerball product pursuant to the terms of the
11 Multi-State Lottery Agreement and the Powerball Group's rules, including the MUSL Powerball
12 Drawing Procedures. In this rule, wherever either term is used it is referring to the MUSL
13 Powerball Group.

14 ~~(13)(12)~~ "Prize" means an amount paid to a person or entity holding a winning ticket.

15 (A) "The Grand Prize" "Grand Prize" shall refer to the top prize in the Powerball
16 game.

17 (B) The "Winner Take All Prize" (WTA Prize) means the Prize established by the
18 Product Group for the WTA promotion set forth in subsection (l) of this section.

19 (C) The Advertised Grand Prize "Advertised Grand Prize" shall mean the
20 estimated annuitized Grand Prize amount as determined by the MUSL Central Office by use of
21 the MUSL Annuity Factor and communicated through the Selling Lotteries prior to the Grand
22 Prize Drawing. The Advertised Grand Prize "Advertised Grand Prize" is not a guaranteed prize
23 amount and the actual Grand Prize amount may vary from the advertised amount, except in

1 circumstances where there is a guaranteed Grand Prize amount as described in paragraph (6) of
2 subsection (f) of this section.

3 (D) The "Set Prize" or "low-tier prize" means all other prizes, except the Grand
4 Prize and WTA Prize, and, except in instances outlined in this section, will be equal to the prize
5 amount established by the Product Group for the prize level.

6 ~~(13) "Set Prize" or "low tier prize" means all other prizes, except the Grand Prize, and,~~
7 ~~except in instances outlined in this section, will be equal to the prize amount established by the~~
8 ~~Product Group for the prize level.~~

9 ~~(14) "Terminal" means a device authorized by the commission for the purpose of issuing~~
10 ~~Powerball game tickets and as defined in §401.301 (General Definitions) of this chapter.~~

11 ~~a Selling Lottery to function in an on-line, interactive mode with the gaming computer system~~
12 ~~for the purpose of issuing lottery tickets and entering, receiving, and processing lottery~~
13 ~~transactions, including purchases, validating tickets, and transmitting reports.~~

14 (15) "Winner Take All" (WTA) shall refer to the Winner Take All® promotion as
15 described in subsection (l) of this section.

16 ~~(16)(15) "Winning Numbers" means the numbers randomly selected during a Drawing event~~
17 ~~which shall be used to determine the winning Plays for the Powerball game or the Powerball~~
18 ~~game promotion being drawn. contained on a game ticket. (c) Game Description.~~

19 (1) Powerball. Powerball is a five (5) out of sixty-nine (69) plus one (1) out of twenty-
20 six (26) numbers lottery game drawn every Wednesday and Saturday, as part of the Powerball
21 Drawing event, which pays the Grand Prize, at the election of the player made in accordance
22 with this section, rule, or by a default election made in accordance with this section, rule, either
23 on an annuitized pari-mutuel basis or as a single lump sum payment of the total funding held in

1 the Grand Prize Pool for the winning Drawing ~~drawing~~ on a pari-mutuel basis. Except as
2 provided in this section, all other prizes are paid on a single payment basis.

3 (A) Powerball Winning Numbers applicable to determine Powerball prizes will be
4 determined in the Powerball Drawing event. During the Powerball Drawing, five (5) numbers
5 shall be drawn from the first set of sixty-nine (69) and one (1) number shall be drawn from the
6 second set of twenty-six (26) numbers, which shall constitute the Powerball Winning Numbers.

7 (B) To play Powerball, a player shall select five (5) different numbers, from one
8 (1) through sixty-nine (69) and one (1) additional number from one (1) through twenty-six (26),
9 or request the retailer to generate a Quick Pick selection of numbers from the lottery terminal.
10 The additional number may be the same as one of the first five numbers selected by the player.

11 (C) Powerball Plays can be purchased for two dollars (U.S. \$2.00), including any
12 specific statutorily-mandated tax of a Selling Lottery to be included in the price of a PB Play.
13 PB Plays may be purchased from a Selling Lottery approved sales outlet in a manner as approved
14 by the Selling Lottery and in accordance with MUSL Rules. ~~The Drawing Procedures adopted by~~
15 ~~MUSL shall include procedures for randomly selecting the Powerball game Winning Numbers~~
16 ~~and the Power Play multiplier.~~

17 (2) Claims. A ticket shall be the only proof of a game Play or Plays and is subject to the
18 validation requirements set forth in subsection (g) of this section. The submission of a winning
19 ticket to the issuing Selling Lottery or its authorized agent shall be the sole method of claiming a
20 prize or prizes. A playslip has no pecuniary or prize value and shall not constitute evidence of
21 Play purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or
22 prize value and shall not constitute evidence of Play purchase or of numbers selected.

1 (3) Cancellations Prohibited. A Play may not be voided or canceled by returning the
2 ticket to the selling agent or to the lottery, including tickets that are printed in error. A Selling
3 Lottery may develop an approved method of compensating retailers for Plays that are not
4 transferred to a player for a reason acceptable to the Selling Lottery. No Play that is eligible for a
5 prize can be returned to the lottery for credit. Plays accepted by retailers as returned Plays and
6 which cannot be re-sold shall be deemed owned by the bearer thereof.

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

11 (5) Entry of Plays. Plays may only be entered manually using the lottery retailer terminal
12 touch screen, by means of an approved playslip, or by such other means as approved by the
13 commission. Retailers shall not permit the use of playslips that are not approved by the
14 commission. Retailers shall not permit any device to be physically or wirelessly connected to a
15 lottery terminal to enter Plays, except as approved by the commission.

16 ~~(5) Entry of Plays. Plays may only be entered manually using the lottery retailer terminal~~
17 ~~touch screen or by means of a playslip provided by the Texas Lottery and hand marked by the~~
18 ~~player or by such other means approved by the Texas Lottery. Retailers shall not permit the use~~
19 ~~of facsimiles of playslips, copies of playslips, or other materials that are inserted into the~~
20 ~~terminal's playslip reader that are not printed or approved by the Texas Lottery. Retailers shall~~
21 ~~not permit any device to be connected to a lottery terminal to enter Plays, except as approved by~~
22 ~~the Texas Lottery.~~

1 (A) A ticket generated using a selection method that is not approved by the
2 commission ~~Texas Lottery~~ is not valid.

3 (B) A selection of numbers for a Play may be made only if the request is made in
4 person. Acceptable methods of Play selection may include:

5 (i)(A) using a self-service terminal;

6 (ii)(B) using a playslip;

7 (iii)(C) using a previously-generated "Powerball" ticket provided by the
8 player;

9 (iv)(D) requesting a retailer to use a Quick Pick; ~~to select numbers;~~

10 (v)(E) requesting a retailer to manually enter numbers; or

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

13 (6) Subscription Sales. ~~sales.~~ A subscription sales program may be offered, at the
14 discretion of the executive director.

15 (7) Maximum Purchase. The maximum number of consecutive Drawings on a single Play
16 purchase is ten (10).

17 (d) Powerball Prize Pool.

18 (1) Powerball Prize Pool.

19 (A) The prize pool for all Powerball prize categories shall consist of fifty percent
20 (50%) of each Drawing period's Powerball sales, inclusive of any specific statutorily-mandated
21 tax of a Selling Lottery to be included in the price of a PB Play, and including contributions to
22 the prize pool accounts and prize reserve accounts.

1 (B) Powerball Prize Pool Accounts and Prize Reserve Accounts. The Product
2 Group shall set the contribution rates to the prize pool and to one or more prize reserve or pool
3 accounts established by the MUSL Powerball Group Rules.

4 (i) Prize Reserve Accounts. The Product Group has established the
5 following prize reserve accounts for the Powerball game: the Powerball Prize Reserve Account
6 (PRA), which is used to guarantee the payment of valid, but unanticipated, Grand Prize claims
7 that may result from a system error or other reason; and the Powerball Set Prize Reserve Account
8 (SPRA), which is used to fund deficiencies in low-tier Powerball prize payments, subject to the
9 limitations of the MUSL rules.

10 (ii) Prize Pool Accounts. The Product Group has established the following
11 prize pool accounts for the Powerball game: the Grand Prize Pool, which is used to fund the
12 current Grand Prize; the Powerball Set Prize Pool, which is used to fund the Powerball Set
13 Prizes; the Powerball Set-Aside Pool, which is used to fund the payment of the awarded
14 minimum starting annuity Grand Prizes and minimum annuity Grand Prize increase, if necessary
15 (subject to the limitations in the MUSL Powerball Group Rules), as may be set by the Product
16 Group; and the Grand Prize Carry Forward Pool (GPCFP), which is used to fund the starting
17 minimum annuity Grand Prize, as may be set by the Product Group, if such funds are available,
18 and if sales do not fund the Grand Prize. The Power Play Prize Pool is described in subsection
19 (k)(4) of this section. The Powerball Set Prize Pool shall hold the temporary balances that may
20 result from having fewer than expected winners in the Powerball Set Prize (aka low-tier prize)
21 categories and the source of the Powerball Set Prize Pool is the Party Lottery's weekly prize
22 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

- 1 following expected prize payout percentages, although the prize payout percentage per draw may
 2 vary:
 3 Figure: 16 TAC §401.317(d)(2)

Number of Matches Per PB Play	Prize Payment	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%*	<u>34.0066%</u>
All five (5) of first set and none of second set.	\$1,000,000	8.5558%	<u>4.2779%</u>
Any four (4) of first set plus one (1) of second set.	\$50,000	5.4757%	<u>2.7378%</u>
Any four (4) of first set and none of second set.	\$100	0.2738%	<u>0.1369%</u>
Any three (3) of first set plus one (1) of second set.	\$100	0.6899%	<u>0.3450%</u>
Any three (3) of first set and none of second set.	\$7	1.2074%	<u>0.6037%</u>
Any two (2) of first set plus one (1) of second set.	\$7	0.9981%	<u>0.4990%</u>
Any one (1) of first set plus one (1) of second set.	\$4	4.3489%	<u>2.1744%</u>
None of first set plus one (1) of second set.	\$4	10.4373%	<u>5.2187%</u>
*The maximum contribution rate may include contributions to reserves and pools as described in this rule and the MUSL Powerball Group Rules.			

- 4
 5 (A) The prize money allocated to the Powerball Grand Prize category shall be
 6 divided on a pari-mutuel basis equally by the number of PB Plays winning the Powerball Grand
 7 Prize.

1 (B) Powerball Set Prize Pool Carried Forward. For Party Lotteries, the Powerball
2 Set Prize Pool (for single payment cash prizes of \$1,000,000 or less) shall be carried forward to
3 subsequent draws if all or a portion of it is not needed to pay the Powerball Set Prizes awarded in
4 the current draw.

5 (C) Pari-Mutuel Powerball Prize Determinations. Except as otherwise provided, if
6 the total of the Powerball Set Prizes (as multiplied by the respective Power Play multiplier, if
7 applicable) awarded in a Drawing exceeds the percentage of the prize pool allocated to the
8 Powerball Set Prizes, then the amount needed to fund the Powerball Set Prizes, including Power
9 Play prizes, awarded shall be drawn first from the amount available in the Powerball Set Prize
10 Pool and the Power Play Prize Pool, if any; second from the SPRA, if available, not to exceed
11 forty million dollars (\$40,000,000.00) per Drawing; and, third from other amounts as agreed to
12 by the Product Group in their sole discretion.

13 (D) If, after these sources are depleted, there are not sufficient funds to pay the
14 Set Prizes awarded, including Power Play Prizes, then the highest Set Prize shall become a pari-
15 mutuel prize. If the amount of the highest Set Prize, when paid on a pari-mutuel basis, drops to
16 or below the next highest Set Prize and there are still not sufficient funds to pay the remaining
17 Set Prizes awarded, then the next highest Set Prize, including Power Play prizes, shall become a
18 pari-mutuel prize. This procedure shall continue down through all Set Prize levels, if necessary,
19 until all Set Prize levels become pari-mutuel prize levels. In that instance, the money available
20 from the funding sources listed in this rule shall be divided among the winning PB Plays in
21 proportion to their respective prize percentages. Powerball Set Prizes and Power Play Prizes will
22 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. ~~Powerball Winning 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)

Number of Matches Per PB Play Ticket	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	

(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. ~~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.~~ If no selection is made, payment option will be as described in the chart below:

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."
GT Mini (Retailer Terminal)	Default to CVO; retailer toggles to choose Annuity.	Not Applicable.
Gemini (Self-service Terminal)	CVO only - designated on on- line game Quick Pick buttons.	Playslip Rejected with message "Playslip Rejected. Select Payment Option."
<u>Third-party POS systems</u>	<u>CVO only – Quick Pick selections through authorized third-party POS systems.</u>	N/A

1 (A) A player's selection of the payment option at the time of purchase from the
2 Texas Lottery is final and cannot be revoked, withdrawn, or otherwise changed.

3 (B) The Grand Prize available in the Grand Prize Pool shall be determined on a
4 pari-mutuel basis among all winning PB Plays of the Grand Prize. A player(s) who elects a cash
5 value option payment shall be paid their share(s) in a single lump sum payment. Shares of the
6 Grand Prize shall be determined by dividing the cash available in the Grand Prize Pool equally
7 among all winning Plays of the Grand Prize. A player(s) who elects a cash value option payment
8 shall be paid his/her share(s) in a single cash payment. The annuitized option prize shall be
9 determined by multiplying the winning Play's share of the Grand Prize Pool by the annuity factor
10 established in accordance with Texas law and the rules of the Texas Comptroller of Public
11 Accounts. The MUSL Annuity Factor will not be used for Texas Lottery players. Neither MUSL
12 nor any Selling Lottery shall be responsible or liable for changes in the advertised or estimated
13 annuity prize amount and the actual amount purchased after the prize payment method is actually
14 known to MUSL.

15 (C) In certain instances announced by the Powerball Group, the Grand Prize shall
16 be a guaranteed amount and shall be determined pursuant to paragraph (6) of this subsection.

17 (D) If individual shares of the Grand Prize Pool funds held to fund an annuity is
18 less than \$250,000.00, the Powerball Group, in its sole discretion, may elect to pay the winners
19 their share of the funds held in the Grand Prize Pool. All annuitized prizes shall be paid annually
20 in thirty (30) payments with the initial payment being made in a single payment, to be followed
21 by twenty-nine (29) payments funded by the annuity.

22 (E) All annuitized prizes shall be paid annually in thirty (30) graduated payments,
23 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.

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

8 (5) Powerball Prize Rollover. If the Grand Prize is not won in a Drawing, the prize
9 money allocated for the Grand Prize shall roll over and be added to the Grand Prize Pool for the
10 following Drawing.

11 (6) Funding of Guaranteed Powerball Prizes. The Powerball Group may offer guaranteed
12 minimum Grand Prize amounts or minimum increases in the Grand Prize amount between
13 Drawings or make other changes in the allocation of prize money where the Powerball Group
14 finds that it would be in the best interest of the game. If a minimum Grand Prize amount or a
15 minimum increase in the Grand Prize amount between Drawings is offered by the Powerball
16 Group, then the Grand Prize shares shall be determined as follows:

17 (A) If there are multiple Grand Prize winning PB Plays during a single Drawing,
18 each selecting the annuitized option prize, then a winning PB Play's share of the guaranteed
19 annuitized Grand Prize shall be determined by dividing the guaranteed annuitized Grand Prize by
20 the number of Grand Prize winning PB Plays.

21 (B) If there are multiple Grand Prize winning PB Plays during a single Drawing
22 and at least one of the Grand Prize ticket holders has elected the annuitized option prize, then the
23 MUSL Annuity Factor may be utilized to determine the cash pool. The cost of the annuitized

1 prize(s) will be determined at the time the annuity is purchased through a process as approved by
2 the MUSL Board. If the annuitized option prize is selected by a Texas Lottery player, the amount
3 shall be determined by multiplying the winning PB Play's share of the Grand Prize Pool by the
4 annuity factor established in accordance with Texas law and the rules of the Texas Comptroller
5 of Public Accounts. The MUSL Annuity Factor will not be used for Texas Lottery players.

6 (C) If there are multiple Grand Prize winning PB Plays during a single Drawing,
7 and no claimant of the Grand Prize has elected the annuitized option prize, then the amount of
8 cash in the Grand Prize Pool shall be an amount equal to the guaranteed annuitized amount
9 divided by the MUSL Annuity Factor.

10 (D) Minimum guaranteed prizes or increases may be waived upon approval of the
11 Powerball Group if the alternate funding mechanism set out in subsection (d)(2)(D) of this
12 section becomes necessary.

13 (7) Limited to Highest Powerball Prize Won. The holder of a winning PB Play may win
14 only one (1) prize per PB Play in connection with the Winning Numbers drawn, and shall be
15 entitled only to the prize won by those numbers in the highest matching prize category. All
16 liabilities for a Powerball game or Powerball game promotional prize are discharged upon
17 payment of a prize claim.

18 (8) Powerball Prize Claim Period. Prizes must be claimed no later than 180 days after the
19 draw date.

20 (g) Ticket Validation. To be a valid Play and eligible to receive a prize, a Play's ticket shall
21 satisfy all the requirements established by the commission ~~Texas Lottery~~ for validation of
22 winning tickets sold through its lottery ~~computer~~ gaming system and any other validation
23 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.

(A) 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.

(B) In order to be deemed a valid, winning Play, all of the following conditions must be met:

(i) 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 Drawing date(s) printed on the ticket.

(ii) The ticket must be intact.

(iii) The ticket must not be mutilated, altered, reconstituted, or tampered with in any manner.

(iv) The ticket must not be counterfeit or an exact duplicate of another winning ticket.

(v) 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.

(vi) The ticket must not have been stolen, to the knowledge of the commission.

1 (vii) The Play data must have been recorded on the commission's lottery
2 gaming system prior to the Drawing and the Play data must match this lottery record in every
3 respect. In the event of a conflict between information as printed on the ticket and as accepted by
4 the commission's lottery gaming system, the wager accepted by the commission's lottery gaming
5 system shall be the valid wager.

6 (viii) The player or computer pick number selections, validation data and
7 the Drawing date(s) of an apparent winning Play must appear on the official file of winning
8 Plays, and a Play with that exact data must not have been previously paid.

9 (ix) The play must not be misregistered, and the Play's ticket must not be
10 defectively printed or printed or produced in error to an extent that it cannot be processed by the
11 commission.

12 (x) In submitting a Play for validation, the claimant agrees to abide by
13 applicable laws, all rules and regulations, instructions, conditions and final decisions of the
14 executive director.

15 (xi) There must not be any other breach of the Powerball Game Rules in
16 relation to the Play that, in the opinion of the executive director, justifies invalidation.

17 (xii) The Play must be submitted to the Selling Lottery that issued it.

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

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

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

4 (iii) In the event a 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 clause (i) of this subparagraph. This shall be the sole and exclusive remedy
7 of the claimant.

8 (h) Ticket Responsibility.

9 (1) Signature. Until such time as a signature is placed upon a ticket in the area designated
10 for signature, a ticket shall be owned by the bearer of the ticket. When a signature is placed on
11 the ticket in the place designated, the person whose signature appears in such area shall be the
12 owner of the ticket and shall be entitled (subject to the validation requirements in subsection (g)
13 of this section (Ticket Validation) and state or district law) to any prize attributable thereto.

14 (2) Multiple Claimants. The issue of multiple claimants shall be handled in accordance
15 with Texas Government Code Chapter 466 and §401.304 of this chapter.

16 (3) Stolen Tickets. The Powerball Group, the MUSL and the Party Lotteries shall not be
17 responsible for lost or stolen tickets.

18 (4) Prize Claims. Prize claim procedures shall be governed by the rules of the
19 commission ~~Commission~~ as set out in §401.304 of this subchapter and any internal procedures
20 used by the commission. ~~Texas Lottery~~. The MUSL and the Party Lotteries shall not be
21 responsible for prizes that are not claimed following the proper procedures as determined by the
22 Selling Lottery.

1 (5) The MUSL and the Participating Lotteries shall not be responsible to a prize claimant
2 for Plays redeemed in error by a selling agent, sales agent or retailer.

3 (6) Winning Plays are determined by the numbers drawn and certified by the
4 independent auditor responsible for auditing the Drawing. MUSL and the Participating Lotteries
5 are not responsible for Winning Numbers reported in error.

6 (i) Ineligible Players.

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

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

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

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

15 (D) an immediate family member (parent, stepparent, child, stepchild, spouse, or
16 sibling) of an individual described in subparagraphs (A), (B), and (C) of this paragraph and
17 residing in the same household.

18 (2) Those persons designated by a Selling Lottery's law as ineligible to play its games
19 shall also be ineligible to Play the Powerball game in that Selling Lottery's jurisdiction.

20 (j) Applicable Law.

21 (1) In purchasing a Play, as evidenced by a ticket, or attempting to claim a
22 prize, the purchasers and prize claimants agree to comply with and abide by all applicable laws,

1 rules, regulations, procedures, and decisions of the Selling Lottery where the ticket was
2 purchased, and by directives and determinations of the director of that Party Lottery.

3 (2) A prize claimant agrees, as its sole and exclusive remedy, that claims arising out of a
4 Powerball game or a Powerball game promotion (as described in this section) Play can only be
5 pursued against the Selling Lottery which issued the Play. Litigation, if any, shall only be
6 maintained within the jurisdiction in which the ~~Powerball~~ Play was purchased and only against
7 the Selling Lottery that issued the Play. No claim shall be made against any other Participating
8 Lottery or against the MUSL.

9 (3) Nothing in these Rules shall be construed as a waiver of any defense or claim the
10 Selling Lottery which issued the Play, any other Participating Lottery or MUSL may have in any
11 litigation, including in the event a player or prize claimant pursues litigation against the Selling
12 Lottery, any other Participating Lottery or MUSL, or their respective officers, directors or
13 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
17 jurisdiction where the ~~Powerball~~ 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
21 decisions of that Selling Lottery; any such prize claimed but unpaid shall constitute an unclaimed
22 prize under these Rules and the laws, rules, regulations, procedures, and decisions of that Selling
23 Lottery.

1 (k) Powerball Special Game Rules: Powerball Power Play®.

2 (1) Power Play® Description. The Powerball Power Play® is a promotional limited
3 extension of the Powerball game and is conducted in accordance with the Powerball game rules
4 and other lottery rules applicable to the Powerball game except as may be amended herein.
5 Power Play will begin at a time announced by the commission ~~Selling Lottery~~ and will continue
6 until discontinued by the commission. ~~lottery~~. Power Play will offer to the owners of a qualifying
7 Play a chance to increase the amount of any of the eight Low-Tier Set Prizes (the Low-Tier
8 prizes normally paying \$4 to \$1,000,000) won in a Power Play Drawing. The Grand Prize is not
9 a Set Prize and will not be increased. MUSL will conduct a separate random "Power Play"
10 Drawing and announce results during each of the regular Powerball Drawings held during the
11 promotion. During each Power Play Drawing a single number (2, 3, 4, 5 and sometimes 10)
12 shall be drawn. The ten (10X) multiplier shall be available for all Drawings in which the initially
13 Advertised Grand Prize amount is one hundred fifty million dollars (\$150,000,000.00) or less.
14 The probability of the possible Power Play numbers being drawn is indicated in Figure 16 TAC
15 §401.317(k)(4)(D). The Powerball Group may modify the multiplier features for special
16 promotions from time to time.

17 (2) Qualifying Play. A qualifying Play is any single PB ~~Powerball~~ Play for which the
18 player pays an extra dollar (\$1.00) for the Power Play option Play and which is recorded at the
19 commission's lottery ~~Selling Lottery's~~ computer gaming system as a qualifying Power Play Play.
20 A Power Play Play purchase will not multiply a WTA Play.

21 (3) Prizes to be Increased. Except as provided in the MUSL Powerball game rules and
22 this section, a qualifying Play which wins one of the seven lowest Set Prizes (excluding the
23 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)

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

(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 and placed in the Power Play Prize Pool for the payment of prizes.

1 (i) In Drawings where the ten (10X) multiplier is available, the expected
2 payout for all prize categories shall consist of up to forty-nine and nine hundred sixty-nine
3 thousandths percent (49.969%) of each Drawing period's sales, including any specific statutorily
4 mandated tax of a Selling Lottery to be included in the price of a lottery Play. In Drawings
5 ~~drawings~~ where the ten (10X) multiplier is not available, the expected payout for all prize
6 categories shall consist of up to forty-five and nine hundred thirty-four thousandths percent
7 (45.934%) of each Drawing period's sales, including any specific statutorily mandated tax of a
8 Selling Lottery to be included in the price of a lottery Play.

9 (ii) In Drawings ~~drawings~~ where the ten (10X) multiplier is available, an
10 additional thirty-one thousandths percent (0.031%) of each Drawing ~~drawing~~ period's sales,
11 including any specific statutorily mandated tax of a Selling Lottery to be included in the price of
12 a lottery ticket, may be collected and placed in trust in the Power Play Prize Pool, for the purpose
13 of paying Power Play prizes. In drawings where the ten (10X) multiplier is not available, an
14 additional four and sixty-six thousandths percent (4.066%) of each Drawing ~~drawing~~ period's
15 sales, including any specific statutorily mandated tax of a Selling Lottery to be included in the
16 price of a lottery ticket, may be collected and placed in trust in the Power Play Prize Pool, for the
17 purpose of paying Power Play Prizes.

18 (iii) The prize payout percentage per draw may vary. The Power Play
19 Prize Pool shall be carried forward to subsequent draws if all or a portion of it is not needed to
20 pay the Power Play Prizes awarded in the current draw and held in the Power Play Prize Pool.

21 (B) End of Promotion. ~~Game.~~ Any amount remaining in the Power
22 Play Prize Pool when the Powerball Group declares the end of this promotion ~~game~~ shall be
23 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 ~~Members~~ 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)

When the 10X 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 ~~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 or the WTA 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.

(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~~ 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

1 ~~Drawing drawing~~, and third from other amounts as agreed to by the Powerball Group in their
2 sole discretion.

3 (C) If, after these sources are depleted, there are not sufficient funds to pay the Set
4 Prizes awarded (including Power Play prize amounts), then the highest Set Prize (including the
5 Power Play prize amounts) shall become a pari-mutuel prize. If the amount of the highest Set
6 Prize, when paid on a pari-mutuel basis, drops to or below the next highest Set Prize and there
7 are still not sufficient funds to pay the remaining Set Prizes awarded, then the next highest Set
8 Prize, including the Power Play prize amount, shall become a pari-mutuel prize. This procedure
9 shall continue down through all Set Prizes levels, if necessary, until all Set Prize levels become
10 pari-mutuel prize levels. In that instance, the money available from the funding sources listed in
11 this section shall be divided among the winning Plays in proportion to their respective prize
12 percentages. Powerball and Power Play prizes will be reduced by the same percentage. By
13 agreement, the Licensee Lotteries shall independently calculate their set pari-mutuel prize
14 amounts, including the Power Play prize amounts. The Party Lotteries and the Licensee Lotteries
15 shall then agree to set the pari-mutuel prize amounts for all lotteries selling the game at the lesser
16 of the independently-calculated prize amounts.

17 (6) Prize Payment.

18 (A) Prize Payments. All Power Play prizes shall be paid in a single payment
19 through the Selling Lottery that sold the winning Power Play Play(s). A Selling Lottery may
20 begin paying Power Play prizes after receiving authorization to pay from the MUSL central
21 office.

22 (B) Prizes Rounded. Prizes, which, under these rules, may become pari-mutuel
23 prizes, may be rounded down so that prizes can be paid in multiples of whole dollars. Breakage

1 resulting from rounding these prizes shall be carried forward to the prize pool for the next
2 Drawing.

3 (I) Powerball Special Game Rules: Powerball Winner Take All®.

4 (1) Winner Take All® (WTA) is a promotional add-on game element for the Powerball
5 game and is conducted in accordance with the Powerball game rules and commission rules
6 applicable to the Powerball game, except as may be amended herein.

7 (A) The promotion will begin at a time announced by the commission and will
8 continue until discontinued by the MUSL Product Group and the commission.

9 (B) This promotion will offer to the owners of a qualifying WTA Play a chance to
10 win the WTA Prize as a result of the selection of Winner Take All Winning Numbers.

11 (C) All rules applicable to the Powerball game in this section are applicable to
12 the WTA promotion unless otherwise indicated.

13 (D) WTA is a five (5) out of sixty-nine (69) plus one (1) out of twenty-six (26)
14 add-on promotion, drawn every Monday and Thursday, which pays a single WTA Prize paid as a
15 pari-mutuel single lump sum payment.

16 (E) A WTA Drawing shall determine the Winning Numbers for the WTA
17 promotion. During the WTA Drawing, five (5) numbers shall be drawn from the first set of
18 sixty-nine (69) numbers, and one (1) number shall be drawn from the second set of twenty-six
19 (26) numbers, which shall constitute the Winning Numbers.

20 (F) A single purchased WTA Play shall qualify for the next scheduled WTA
21 Drawing; advance WTA Play purchases shall qualify for the Drawings as indicated to the Player
22 on the ticket as recorded on the commission's lottery gaming system. For example, if a player
23 purchases a Powerball Play and a WTA Play on Thursday prior to the close of WTA sales for

1 that Thursday WTA Drawing, the Powerball Play shall qualify for the next Saturday Powerball
2 Drawing and the WTA Play shall qualify for the Thursday WTA Drawing; if the Powerball Play
3 and WTA Play are purchased on Thursday after the close of sales for the Thursday WTA
4 Drawing, the Powerball Play shall qualify for the next Saturday Powerball Drawing and the
5 WTA Play shall qualify for the next Monday WTA Drawing; if a Player purchases a Powerball
6 Play and a WTA Play on a Sunday, the Powerball Play shall qualify for the next Wednesday
7 Powerball Drawing, and the WTA Play shall qualify for the next Monday WTA Drawing.

8 (G) The winning WTA Play(s) are determined as the Play(s) matching the highest
9 WTA Winning Numbers (see subparagraph (A) of paragraph (4) of this subsection). There is
10 only one WTA Prize for each WTA Drawing and the WTA Prize will be divided on a pari-
11 mutuel basis among all winning WTA Plays.

12 (H) The Powerball Play numbers selected by the player (or randomly generated as
13 a Quick Pick selection) in the qualifying purchase, shall be used as the WTA Play numbers if the
14 WTA promotion has been purchased. The ticket evidencing the WTA Play shall conspicuously
15 indicate the WTA Play numbers and shall indicate the date of Drawing(s) for which the WTA
16 Play is applicable. This information may be on the same ticket as the PB Play(s) or on a separate
17 ticket, as determined by the commission.

18 (I) The Power Play multiplier is not applicable to the WTA promotion.

19 (2) Winner Take All Qualifying Play. To participate in the WTA add-on promotion, a
20 player must first purchase a PB Play and Power Play, and then must pay an additional one dollar
21 (\$1.00) per WTA Play per each PB Play and Power Play Play purchased, including any specific
22 statutorily mandated tax of a Selling Lottery to be included in the price of a lottery ticket. The
23 WTA Play shall be recorded on the commission's lottery gaming system as a WTA Play.

1 (A) A Power Play purchase is required for each WTA Play purchase.

2 (B) Advance Plays are permitted per paragraph (7) of subsection (e) of this
3 section.

4 (3) Winner Take All Prize Pool. The prize pool for the WTA Prize shall consist of fifty
5 percent (50%) of each WTA Drawing period's WTA Play sales, inclusive of any specific
6 statutorily mandated tax of a Selling Lottery to be included in the price of a WTA Play, and
7 including contributions to the prize pool accounts. For the WTA promotion, the Winner Take
8 All Prize Pool (WTAPP), which is used to fund the WTA Prize, is hereby established. The
9 contribution rate to the WTAPP shall be 100% of the prize pool (50.0% of WTA Play sales from
10 each WTA Drawing period). Any amount remaining in the WTAPP when the Product Group
11 declares the end of the promotion shall be returned to the Selling Lotteries participating in the
12 accounts after the end of all claim periods of all Selling Lotteries, carried forward to a
13 replacement game or promotion, or otherwise expended in a manner at the election of the
14 individual Participating Lotteries in accordance with jurisdiction statute. No amount of the
15 WTAPP shall be used to fund Powerball or Power Play prizes. No Powerball or Power Play
16 prize pool accounts or prize reserve accounts shall be used to fund WTA Prizes.

17 (4) Winner Take All® Expected Prize Payout Percentage and Winning Numbers Match
18 Determination.

19 (A) Pari-Mutuel Determination. The WTA Prize payout shall be determined on a
20 pari-mutuel basis. Except as otherwise mandated by jurisdiction statute or judicial requirements,
21 or provided for in the MUSL Powerball game rules, the WTA Prize awarded will consist of
22 100% of the allocated prize pool and shall be paid as a single lump sum payment to the WTA
23 Play(s) matching the most Winning Numbers in a WTA Drawing as indicated below:

(i) The WTA Prize will be paid to the holder(s) of the winning WTA Play(s) that matches all five (5) of the first set, plus one (1) of the second set selected in the WTA Drawing.

(ii) If the WTA Prize has not been awarded under (i), then the WTA Prize will be awarded to the WTA Play(s) that matches all five (5) of the first set and none (0) of the second set.

(iii) If the WTA Prize has not been awarded under (i) or (ii), then the WTA Prize will be awarded to the WTA Play(s) that matches any four (4) of the first set plus one (1) of the second set.

(iv) If the WTA Prize has not been awarded under (i) through (iii), then the WTA Prize will be awarded to the WTA Play(s) that matches any four (4) of the first set and none (0) of the second set.

(v) If the WTA Prize has not been awarded under (i) through (iv), then the WTA Prize will be awarded to the WTA Play(s) that matches any three (3) of the first set plus one (1) of the second set.

(vi) If the WTA Prize has not been awarded under (i) through (v), then the WTA Prize will be awarded to the WTA Play(s) that matches any three (3) of the first set and none (0) of the second set.

(vii) If the WTA Prize has not been awarded under (i) through (vi), then the WTA Prize will be awarded to the WTA Play(s) that matches any two (2) of the first set plus one (1) of the second set.

1 (viii) If the WTA Prize has not been awarded under (i) through (vii), then
2 the WTA Prize will be awarded to the WTA Play(s) that matches any one (1) of the first set plus
3 one (1) of the second set.

4 (ix) If the WTA Prize has not been awarded under (i) through (viii), then
5 the WTA Prize will be awarded to the WTA Play(s) that matches none (0) of the first set plus
6 one (1) of the second set.

7 (x) If the WTA Prize has not been awarded under (i) through (ix), then the
8 WTA Prize will be awarded to the WTA Play(s) that matches any two (2) of the first set and
9 none (0) of the second set.

10 (xi) If the WTA Prize has not been awarded under (i) through (x), then the
11 WTA Prize will be awarded to the WTA Play(s) that matches any one (1) of the first set and
12 none (0) of the second set.

13 (xii) If the WTA Prize has not been awarded under (i) through (xi) above,
14 then the WTAPP shall be carried forward to the subsequent Drawing.

15 (B) WTA Prize Pool Allocation. The WTAPP money allocated to the WTA Prize
16 shall be divided on a pari-mutuel basis by the number of winning WTA Plays. The WTA Prize
17 shall not be multiplied by the Power Play multiplier.

18 (C) WTA Prize Pool Carried Forward. The WTAPP shall be carried forward to
19 subsequent draws if all or a portion of it is not needed to pay the WTA Prize(s) awarded in the
20 current draw (See clause (xi) of subparagraph (4)(A) of subsection (l) and subparagraph (D) of
21 paragraph (6) of subsection (l) of this section).

22 (5) Winner Take All Probabilities. The following table sets forth the probability of a
23 WTA Play matching the Winning Numbers from the WTA Drawing:

1 Figure: 16 TAC 401.317(1)(5)

<u>Number of Matches Per WTA Play</u>	<u>Probability of Matching (Not a Probability of Winning) (Not a Probability of Winning)</u>
<u>All five (5) of first set plus one (1) of second set</u>	<u>1:292,201,338.0000</u>
<u>All five (5) of first set and none (0) of second set</u>	<u>1:11,688,053.5200</u>
<u>Any four (4) of first set plus one (1) of second set</u>	<u>1:913,129.1813</u>
<u>Any four (4) of first set and none (0) of second set</u>	<u>1:36,525.1673</u>
<u>Any three (3) of first set plus one (1) of second set</u>	<u>1:14,494.1140</u>
<u>Any three (3) of first set and none (0) of second set</u>	<u>1:579.7646</u>
<u>Any two (2) of first set plus one (1) of second set</u>	<u>1:701.3281</u>
<u>Any one (1) of first set plus one (1) of second set</u>	<u>1:91.9775</u>
<u>None (0) of first set plus one (1) of second set</u>	<u>1:38.3239</u>
<u>Two (2) of the first set plus none (0) of the second set</u>	<u>1:28.0531</u>
<u>One (1) of the first set plus none (0) of the second set</u>	<u>1:3.6791</u>

2
3 (6) Winner Take All Prize Payment. The WTA Prize shall be paid with a single lump
4 sum payment and will be divided on a pari-mutuel basis among all winning WTA Plays.

5 (A) WTA Prize payments (whether described as “cash” payment prizes or
6 otherwise) shall be paid through the Selling Lottery(ies) that sold the winning WTA Play(s) and
7 at the discretion of the Selling Lottery(ies) that sold the winning WTA Play(s) may be paid by
8 cash, check, warrant or electronic transfer.

9 (B) A Selling Lottery may begin making WTA Prize payment(s) after receiving
10 confirmation from MUSL of the WTA prize winning Play(s) and WTA Prize amount(s) to be
11 paid.

1 (C) A lottery may elect to make WTA Prize payment(s) from its own funds after
2 validation, without having received a transfer from MUSL, with prior notice to MUSL.

3 (D) WTA Prize Rounded; Breakage Carried Forward. The WTA Prize is a single
4 prize that will be divided on a pari-mutuel basis among all holders of winning WTA Plays, is
5 therefore, a pari-mutuel prize and may be rounded down so that amounts may be paid in
6 multiples of whole dollars. Breakage resulting from rounding these prizes shall be carried
7 forward to the prize pool for the next Drawing.

8 (E) WTA Prize Claim Period. WTA Prize claims shall be submitted within one
9 hundred eighty (180) days after the Drawing date.