



**REGULATORY FRAMEWORK FOR THE ACCREDITATION OF GAMING SYSTEM SERVICE PROVIDERS FOR ELECTRONIC GAMES, ELECTRONIC BINGO, AND SPORTS BETTING (Version 24 November 2022)**

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This framework shall govern the accreditation of Electronic Games, Electronic Bingo, and Sports Betting Service Providers.

Operators may avail of the services of a Service Provider who shall provide the electronic gaming/electronic bingo gaming/electronic sports betting technology along with its gaming/betting systems and game contents that shall be utilized at the gaming sites.

By virtue of the foregoing, the following are laid down as the Regulatory Framework for the accreditation of Gaming System Service Providers:

**I. GENERAL PROVISIONS**

1. **Service Provider** is the entity accredited by PAGCOR to provide the necessary gaming service and/or game offering to PAGCOR-licensed gaming sites for a specific gaming activity.
2. **Operator** on the other hand is the entity duly licensed by PAGCOR to conduct gaming activities through the use of the technology and game offering as provided by a particular Service Provider.

Every Operator shall be required to post a performance cash bond (PCD) per gaming activity it operates in its gaming sites in the amount as prescribed in the Gaming Site Regulatory Manuals (GSRM) or other applicable regulatory framework.

By default, an Operator may offer and operate multiple game offerings simultaneously in its gaming site and any exclusivity contract between an Operator and a Service Provider shall not bind PAGCOR whatsoever.

3. **Gaming Activity** refers to conduct of any gaming operations regulated and sanctioned by PAGCOR, i.e. electronic gaming, sports betting, or electronic bingo gaming.

Accreditation of Service Providers for the above mentioned gaming activities shall be given independently and separately. In other words, separate accreditation shall be given to a Service Provider for each gaming activity.

4. **Gaming System** refers to the technology or the combination of various related software, servers and database/s, communications technology, and other proprietary hardware and software specifically designed or modified for, and intended for use in the conduct of gaming.

A gaming system may either be for Electronic Gaming, for Electronic Bingo, or for Sports Betting. These gaming systems include the Service Provider's Remote Gaming Platforms.

5. **Game Offering** refers to the brand of *gaming service* and/or *suite of games* offered by an accredited Service Provider duly recognized and approved by PAGCOR for the corresponding gaming activity under which the former was accredited for.

The Service Provider shall be under the obligation to establish or contract at least thirty (30) gaming sites which shall offer and operate its approved game offering.

For a newly accredited Service Provider, it shall be required to establish or contract at least ten (10) gaming sites prior to the commencement of its commercial operations and to complete the required thirty (30) gaming sites within eighteen (18) months thereafter.

For an existing Service Provider, it shall be required to establish or contract at least ten (10) gaming sites within six (6) months from notice and to complete the required thirty (30) gaming sites within one (1) year from the end of the first six months.

Noncompliance with the above shall be a ground for the imposition of penalties in the amount of two-hundred thousand pesos (PhP200,000.00) per lacking gaming site per month or any fraction thereof.

6. By virtue of the accreditation of PAGCOR, Service Providers are tasked, among others, to execute the following:
  - Provision and maintenance of an Electronic Gaming/Electronic Bingo/Sports Betting System;
  - a. Provision and maintenance of Electronic Games/Electronic Bingo Games/Sports Betting Games;
  - b. Provision of 24/7 Technical Support;
  - c. Provision of Marketing and Customer Account Management Services; and
  - d. Provision of Training Services for Front-Line Staff
7. The accreditation contractually binds the Service Provider to deliver to the Operators, on behalf of PAGCOR, all of the above required services, and any other services that PAGCOR may deem appropriate later on.
8. Operators shall procure gaming system and equipment and other gaming paraphernalia only from Accredited Service Providers.
9. The Service Provider's Gaming System shall not accept bets emanating outside the Philippines and shall not be accessible in any way whatsoever outside the Philippines.
10. The Service Provider's Remote Gaming Platform, if developed, shall comply with the *Regulatory Framework for the Remote Gaming Platform*.

## **II. ACCREDITATION OF SERVICE PROVIDERS**

1. Only corporations duly registered with the Securities and Exchange Commission (SEC) may apply for accreditation as a Service Provider either for Electronic Games, for Electronic Bingo, or for Sports Betting.
2. The Applicant must possess PAGCOR's probity standards for Service Provider and comply with all documentary and system requirements.
3. The E-Games/E-Bingo Licensing Department (EGEBLD) shall process all applications for accreditation as a Service Provider. Only applications with complete requirements shall be considered received. Applications with incomplete details and/or requirements shall be returned to the Applicant which shall resubmit the same after duly addressing all insufficiencies.
4. The Applicant shall submit the duly filled-out *Application Form for Service Provider Accreditation* together with the following requirements:
  - A. Company-related requirements:
    - i. Company profile;
    - ii. Detailed location sketch of company office;
    - iii. Copy of Registration Certificate from Securities and Exchange Commission (SEC) with required capitalization of 100 Million Pesos authorized capital stock and 25 Million Pesos paid-up capital;
    - iv. Articles of Incorporation, By-laws duly approved by the SEC;
    - v. Latest General Information Sheet (GIS) duly filed with SEC
    - vi. Photocopy of the following documents:
      - a. Mayor's Permit/Business Permit/Municipal License for the relevant gaming activities from the location of the company office;
      - b. BIR Registration Certificate;
  - B. Submission of an original bank certification with a minimum of Fifty Million Pesos (P50,000,000.00);
  - C. Payment of the non-refundable PhP5 Million Accreditation Fee for each gaming activity;
  - D. Has the capability to provide the services (outlined in Item III below) and electronic gaming equipment and paraphernalia, if need be, that are in accordance with PAGCOR's prescribed standards; and
  - E. Provide servers for the Gaming System that are either located physically in a Tier 1 Data Center within the Philippines or via cloud computing services.
5. Once the Application is evaluated as compliant with the above requirements, the PAGCOR Inspection Team shall conduct an ocular site inspection of the facility and testing of the Service Provider's gaming platform/system and games, player registration, income reporting, among others, to determine capability and readiness of the Gaming System to fulfill gaming services.

6. The Application shall only be recommended to the Board of Directors for approval upon compliance with the following:
  - a) Submission of complete documentary requirements;
  - b) Payment of the non-refundable PhP5 Million Accreditation Fee for each gaming activity;
  - c) Satisfactory results of ocular inspection of the Service Provider's facility and actual testing of Gaming System; and
  - d) Compliance with the prescribed probity requirements.
7. Once the Application is approved, the Service Provider shall post to PAGCOR the required cash bond of Fifty Million Pesos (P50,000,000.00). Once compliant with all pre-commencement requirements, EGEBLD shall then issue a Notice to Commence Gaming Operations in which case the Service Provider may now offer its services to PAGCOR's licensees for Electronic Games, Electronic Bingo, and Sports Betting.

### **III. SCOPE OF SERVICES**

The Service Provider must fulfill all of the following:

1. Provision and Maintenance of a Gaming System:

a. The Service Provider must:

- i. Provide the necessary hardware, system security resources, and hosting facilities required to operate the Gaming System, such as but not limited to routers, servers, hubbing equipment, power supply systems, encryption software and other requirements;
- ii. Update and improve the hardware/software components of the Gaming System from time to time. The Service Provider shall request PAGCOR's prior approval for any update or improvement of the hardware/software components. The specific changes to be done and their corresponding use and/or impact shall be documented.
- iii. Conduct preventive maintenance at least twice a year on the hardware equipment, communication systems and its adjuncts. A post-activity report shall be submitted to PAGCOR.
- iv. Design, develop, test, provide, implement and monitor the integrity and security of the Gaming System, which shall include all data collection and reporting capabilities specified by PAGCOR.
- v. Take all reasonable measures to ensure that Gaming System software is free of defects, where any losses and/or damages resulting therefrom shall be shouldered by the Service Provider.
- vi. Shoulder the cost of all software license fees, if any.
- vii. Provide website hosting, domain name registration and maintenance, internet connectivity and interconnectivity between the Service Provider and Operators.

- viii. Update and improve the software components of the Gaming System from time to time. The Service Provider shall request PAGCOR's prior approval for any update or improvement of the software. The specific changes to be done and their corresponding use and/or impact shall be documented.
  - ix. Conduct preventive maintenance of the software and its adjuncts.
  - x. Be solely responsible for any action or suit brought about by any third party for violation of such party's intellectual property rights
- b. Required Capabilities of the Gaming System

*i. Data Collection/Reporting Capabilities, pertaining to the Gaming System*

1. The Gaming System must be able to extract data from licensed operators and generate reports specified by PAGCOR on demand or for the interval defined for each required report.
  2. All required reports must be generated by the system, even if the period specified contain no data to be presented.
  3. The report generated shall indicate all required information and contain an indication of "No Activity" or similar message if no data appears for the period specified.
  4. The Gaming System must provide a mechanism to export the data generated for any report to an acceptable format (i.e. PDF, CSV, etc.) as specified by PAGCOR for purposes of data analysis and auditing/verification.
  5. The system must be capable of retaining the report data for a period of time as specified by PAGCOR. The Gaming System Clock must be used for all time stamping.
  6. The Gaming System must have the ability to restore the system from the last back up in case of failure or shutdown.
  7. The Gaming System must be able to recover all critical information from the time of the last back up to the point in time at which the Gaming System failure or shutdown occurred.
  8. The Gaming System must be able to retrieve all critical information from time of failure or shutdown to the point in time at which the Gaming System was re-started.
- ii. *Player Registration* – the Gaming System must be able to collect/store player information as defined/directed by the existing Gaming Site Regulatory Manual.
1. The Gaming System must be able to collect player session information.

2. The Gaming System must be able to administratively exclude players upon order of PAGCOR.
3. The Gaming System must be capable of applying regulatory limits set by PAGCOR either to individual Players, a class of Players, a class of Operators, or a class of Games.
4. The administrative-exclusion method must be such that upon exclusion, no bets or deposits can be made by the Player. Notwithstanding such, the system may allow to withdraw funds during the period of administrative-exclusion.
5. The Gaming System must be able to disable or enable all gaming on command.
6. The Gaming System must be able to disable or enable individual games on command.
7. The Gaming System must be able to disable or enable individual player session on command.
8. A player account is considered inactive if the player has not logged into the account for a period specified by PAGCOR.

*iii. Player Activity*

1. The Gaming System must be able to collect and maintain records for all player deposits, withdrawals, transfers, and adjustments.
2. The Gaming System must be able to collect and maintain records for all player winnings, payouts and bonuses.

*iv. Reporting*

1. The Gaming System must be able to provide reports for analytical purposes.
2. The Gaming System with respect to player accounts must be capable of generating the following reports:
  - a. Active player accounts;
  - b. Inactive player accounts including reasons for deactivation;
  - c. Accounts which the player has self-exclusion;
  - d. Accounts for which the player has administrative inclusion; and
  - e. Other player account information that may be required by PAGCOR.
3. The Gaming System with respect to games must be capable of generating the following reports:
  - a. Information on the games hosted on the servers;
  - b. Performance of game titles; and
  - c. Other game information that may be required by PAGCOR.

*v. Audit*

1. The Gaming System must be able to provide records pertaining to Electronic Games operations for purposes of audit.
  2. The Gaming System must be capable of integration with PAGCOR's Third Party Audit Platform
2. Provision and maintenance of gaming system/platform and its game contents:
- a. A Service Provider's Gaming System/Platform must meet all requirements outlined in the applicable Regulations of the corresponding Gaming Site Regulatory Manual.
3. Provision of 24/7 Technical Support:
- a. The Service Provider must have the facility to provide 24/7 technical support to the Operators.
    - i. First level support: Phone and Email
    - ii. Second-level support: Field Technicians to go on-site to resolve technical matters.
  - b. The Service Provider must have facility to provide 24/7 customer service to players through a live, call center.
    - i. The Service Provider's Call Center must have a ticketing system to facilitate tracking and resolution of player complaints and disputes.
4. Provision of Marketing and Customer Account Management Services:
- a. The Service Provider must allocate resources to grow the Business through:
    - i. An Operator Account Management Team to assist Operators in efforts to increase membership and activity.
    - ii. Conduct and assist in various retention and rewards activities directed to Customers.
  - b. The Service Provider's Marketing Activities must conform to all Membership, Marketing and Responsible Gaming Regulations as outlined in the Gaming Site Regulatory Manual.
5. Provision of Training Services for Front-Line Staff:
- a. The Service Provider must allocate dedicated training resources for the frontline staff of Operators.

**IV. MONETARY OBLIGATIONS**

As PAGCOR Share, Operators shall remit, based on the schedule as imposed by the Compliance Monitoring and Enforcement Department (CMED), the following:

1. For Electronic Bingo Games – 55% of Gross Gaming Revenue (GGR)
2. For Electronic Games – 47.50% of GGR
3. For Sports Betting, as follows:

Period Covered	PAGCOR Share*	Monthly MGF
First Year	For <b>Live Sports</b> using <i>bookmaking</i> in determining payoff odds - 25.00% of GGR  For <b>Live Sports</b> using methods of determining payoff odds <i>other than bookmaking (e.g. pari-mutuel)</i> - At least 25.00% of GGR or the sharing percentage as may be approved by PAGCOR, whichever is higher.	PhP500,000.00 plus PhP50,000.00 per additional approved site beyond ten (10) sites.
Succeeding years	For <b>Virtual Sports</b> - 47.50% of GGR	Additional PhP500,000.00 per year up to Year 5

\*In the event that the sum remittance of all client Operators falls below the above aggregated monthly MGF, the concerned SB Service Provider shall be under obligation to remit to PAGCOR the difference between the total monthly remittances and the applicable monthly MGF.

**V. MULTIPLE ACCREDITATION**

In the event that an entity applied and was accredited as a Service Provider in multiple or in all of the above-mentioned gaming activities, the following conditions shall apply:

1. The Service Provider may develop and implement a unified or single remote gaming platform to host these gaming activities. Provided that:
  - a. The Service Provider may only contract Operators who are qualified to host these gaming activities in their gaming site operations, as partners; or
  - b. The Service Provider may implement a functionality in its unified gaming platform such that its partner-Operators and respective registered players may only be given the permission to access the gaming console the latter are qualified with.
2. Notwithstanding the above, the unified gaming platform may implement a single player account and wallet or separate accounts and wallets for each gaming activity.



3. PAGCOR Share as stated in Item IV above shall still be imposed individually per gaming activity.

## **VI. MISCELLANEOUS PROVISIONS**

1. Any misrepresentation, breach and/or circumvention, directly or indirectly, of any of the conditions/requirements set in this regulatory framework, any other relevant communication or memorandum issued by PAGCOR, and/or any law, local or national, of the Philippines shall be sufficient ground for the immediate blacklisting of the erring Service Provider and shall be cause for the imposition of suspension, penalties, and revocation, as approved by PAGCOR management.
2. The above are general provisions regulating PAGCOR's Accredited Service Providers which are still subject to continuous review and to changes, revisions, modifications, or amendments from time to time, as the case may be.
3. Finally, this regulatory framework shall repeal previous issuances the independent provisions of which are inconsistent with the same.

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