



REGULATORY FRAMEWORK FOR E-SABONG AUXILIARY OPERATIONS (ESAO)

To support the traditional cockfighting industry which was greatly affected by this pandemic, the growing E-Sabong industry can do something to help this marginal group by allowing our licensed operators to conduct auxiliary operations in areas where no actual cockfights are being held.

This will also possibly eliminate the conduct of illegal cockfights (*Tupadas*) and the possibility of these organizations venturing into illegal E-Sabong operations.

In view of the foregoing, the following are laid down as the Regulatory Framework for E-Sabong Auxiliary Operations:

I. DEFINITIONS

a. E-Sabong Auxiliary Operations (ESAO)

This refers to small scale E-Sabong operations to be conducted by PAGCOR E-Sabong Licensees in various geographical areas, where only local fighting cocks are used with local bettors as intended clients. These operations are separate and distinct from the main operations of the licensees, utilizing a different set of cockfights, local fighting cocks in the area, a separate totalizator and website, and subjected to its own regulatory fees.

b. Geographical Areas

This refers to contiguous municipalities, cities, provinces or regions, where the licensed E-Sabong operator may opt to conduct its auxiliary operations.

c. Local Fighting Cocks

This refers to locally bred or raised stags, bullstags, bullcocks and cocks within the geographical area of the auxiliary operations.

II. GENERAL PROVISIONS

1. Only PAGCOR licensed E-Sabong Operators may conduct E-Sabong Auxiliary Operations (ESAO) in their chosen geographical areas with prior authorization from the E-Sabong Licensing Department (ESLD).

2. Only local fighting cocks from the geographical area shall be utilized, with the residents covered by the geographical area as target participants.
3. A Licensed E-Sabong Operator intending to conduct ESAO shall secure a permit from the ELSD and will be subjected to the same evaluation as their main operations before it shall be issued its permit.
4. Prior to the issuance of the permit, it is mandatory for the principal E-Sabong Operator to grant PAGCOR remote access to the back office and website used for the operations, for close monitoring of its day-to-day cockfighting activities.
5. Once permitted, the ESAO shall be a totally distinct and independent operation, using separate cockfights, totalizator, and website.
6. Regardless of how many geographical areas the E-Sabong operator may opt to conduct ESAO, only one totalizator and website will be used.
7. Considering that these are merely auxiliary operations, the average total bets or gross sales per fight, must not exceed 50% of the average total bets or gross sales in the main operations of the operator. Otherwise, it shall be subjected to the same rate of regulatory fee as with the main operations.

Illustration:

Operator X in its main operations, has an average total bet of PhP 1,000,000 per fight. This average total bet is based on the general average of all total bets garnered by the operator from all the fights conducted for the last three months of operation. Under its auxiliary operations, if the average total bet is P350,000 per fight (less than 50% of the average total bets in the main operation), then the rates as provided for in the table of regulatory fees under ESAO shall be imposed.

If the average total bets however in the auxiliary operation increases to PhP 600,000, which is more than 50% of the average total bets in the main operations, then it shall be charged P12,500 per fight or MGF of P75M whichever is higher, similar to the rate under its main operations.

8. The principal E-Sabong Operator shall utilize cockpit/s provided that:
 - The cockpit, licensed or authorized by the Local Government Units having jurisdiction thereof, is located within the geographical area of the ESAO;
 - The LGU issues a RONO, or Letter of No Objection (LONO) for the conduct of e-sabong.
9. The principal E-Sabong Operator shall submit a weekly report of the number of fights and total bets per fight on the ESAO, which shall be closely monitored by CMED I-Gaming.

10. The operations of ESAO are also subjected to demerits and penalties as may be applicable.
11. PAGCOR may terminate the auxiliary operations at any time as deemed necessary.
12. The ESAO must comply with the regulations imposed by the Local Government concerned as well as the IFT rules and regulations, if applicable, during the existence of the operations.

III. **DOCUMENTARY REQUIREMENTS**

1. The E-Sabong Operator (herein referred to as Applicant) must submit a Letter of Intent (LOI) addressed to the Chairman and CEO of PAGCOR indicating their interest to conduct auxiliary operations along with their selected specific geographical area and the website to be used in the conduct of the same.
2. The Applicant shall submit a duly filled-out E-Sabong Operational Request Form (*ES Form No. 3*) together with the following requirements:
 - a. Mayor's Permit/ Business Permit/ Municipal License of the cockpit arenas/venues and the taking and broadcasting of feeds therefrom; and
 - b. Letter of No Objection (LONO) or Resolution of No Objection interposing no objection to the conduct of sabong operations in said cock-pit arenas/venues and the taking and broadcasting of feeds therefrom.

IV. **FINANCIAL REQUIREMENTS**

- A. Permit Fee – A permit fee of P500,000 pesos per geographical area shall be assessed on the applicant.
- B. Regulatory Fees – The regulatory fees for these operations shall be graduated, based on the average total bets or gross sales per fight. The fees are graduated as follows:

TIER	AVERAGE TOTAL BETS FOR THE MONTH	REGULATORY FEE (Per Fight)
1	< or = PhP 200,000	PhP 1,000
2	> PhP 200,000 but < or = PhP 400,000	PhP 2,000
3	> PhP 400,000 but < or = PhP 600,000	PhP 3,000
4	> PhP 600,000 but < or = PhP 800,000	PhP 4,000
5	> PhP 800,000 but < or = PhP 1,000,000	PhP 5,000
6	> PhP 1,000,000 but < or = PhP 1,200,000	PhP 6,000
7	> PhP 1,200,000 but < or = PhP 1,400,000	PhP 7,000

8	> PhP 1,400,000 but < or = PhP 1,600,000	PhP 8,000
9	> PhP 1,600,000 but < or = PhP 1,800,000	PhP 9,000
10	> PhP 1,800,000 but < or = PhP 2,000,000	PhP 10,000
11	> PhP 2,000,000 but < or = PhP 2,200,000	PhP 11,000
12	> PhP 2,200,000 but < or = PhP 2,400,000	PhP 12,000

- C. Once the Average Total Bets in the ESAO exceeds 50% of the Average Total Bets in the main operation of the Licensee, it shall now be considered as another main operation, and will be subjected to the financial requirements as provided for in the E-Sabong Regulations, such as the payment of P500,000 as permit fee, regulatory fee of P12,500 per fight or a Minimum Guaranteed Fee of PhP75,000,000 pesos, whichever is higher.