



REGULATORY FRAMEWORK FOR ELECTRONIC SABONG (E-SABONG)

“*Sabong*” or the placing of bets on live cockfighting is an established tradition in the Philippines that dates as early as three thousand (3,000) years ago. The gaming activity is essentially placing two roosters/ cocks in an arena and betting on which between the two comes out victorious. Regulation of live cockfighting in cockpit arenas is regulated by the Local Government concerned. On the other hand, regulation of online sabong or E-Sabong is regulated by the Philippine Amusement and Gaming Corporation pursuant to the PAGCOR Charter which fact was clarified by the Office of the Solicitor General and the Department of Justice.

By virtue of the foregoing, the following are laid down as the Regulatory Framework for E-Sabong:

I. GENERAL PROVISIONS

1. *E-Sabong* is defined as the online/remote or off-site wagering/betting on live cockfighting matches, events, and/or activities streamed or broadcasted live from cockpit arena/s licensed or authorized by the Local Government Units having jurisdiction thereof.
2. For treatment purposes, E-Sabong shall be considered a distinct and independent sports betting content/ product of PAGCOR with its own regulatory framework herein after taking into account the following attributes:
 - a. Sabong has cultural and traditional value in the Philippines as a national pastime leisure;
 - b. Pool betting or pari-mutuel system of determining the payout or dividend rate is utilized as opposed to traditional bookmaking which is generally utilized in sports betting;
 - c. Sabong is a recurring match with a very short interval between each fight or match as opposed to the scheduled sporting events in sports betting, e.g. basketball, football, etc.;
 - d. In terms of pacing, results or outcome of a sabong fight or match in general is quick and fast; and
 - e. In terms of the betting behavior, sabong aficionados bet and re-bet in one fight or match after the other.
3. *Cockpit Owner/Operator* refers to the entity owning; the rightful proprietor, having the legal or rightful title to and has the exclusive right to hold, use, benefit from, enjoy, convey, transfer and otherwise dispose of the *cockpit arena*.
4. *E-Sabong Operator* refers to one who develops, maintains, and operates an E-Sabong betting platform or system.

5. *E-Sabong betting platform or system* (E-Sabong platform) refers to the system developed to allow the live streaming and/or broadcasting of cockfight feeds through the internet from an LGU-licensed cockpit arena which is then processed for wagering or betting on the outcome of each fight, match, or events; through the use of a remote device or an off-site betting station.
6. *E-Sabong brand* refers to the mark, tradename, logo, name, label, word, and/or other denomination that identifies the E-Sabong service, operations, and/or system of an E-Sabong Operator.
7. PAGCOR shall license E-Sabong Operators and approve their corresponding E-Sabong platform and brand.
8. Only a PAGCOR-accredited E-Sabong Operator with its approved E-Sabong Platform and brand is authorized to offer, activate, deploy, and/or operate E-Sabong.

II. LICENSING OF E-SABONG OPERATORS

1. The Applicant must submit a Letter of Intent (LOI) addressed to the Chairman and CEO of PAGCOR.
2. Only corporations duly registered with the Securities and Exchange Commission (SEC) may apply as an E-Sabong Operator, referred herein as the Applicant.
3. The Applicant must pass PAGCOR's standard probity check for gaming operator suitability and comply with all documentary and system requirements.
4. The E-Sabong Licensing Department (ESLD) shall process all applications for licensing as an E-Sabong Operator.
5. The Applicant shall submit a duly filled-out *E-Sabong Operator Registration Form – Application for License (ES Form No. 1)* 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 50 Million Pesos authorized capital stocks and 12.5 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. E-Sabong system and business-related requirements:

- i. E-Sabong Platform Documentations, i.e. website and/or desktop or mobile application documents indicating, among others, the main functions, web design and contents, accounting documents and other salient details
- ii. Certification from an independent gaming laboratory certifying that the betting system of the Applicant's E-Sabong platform was extensively tested and has been found compliant with the following standards:
 - a. All data are captured, accounted and reported by the system; and,
 - b. Game is fair, secure and able to be audited and operated correctly.
- iii. Detailed location sketch of the base of operations.
- iv. List of contracted local government unit (LGU)-licensed cockpit arena/s;
- v. Mayor's Permit/Business Permit/Municipal License of the cockpit arenas/venues where the E-Sabong feeds will be coming from;
- vi. Letter of No Objection (LONO), in any form, interposing no objection to the conduct of sabong operations in said cock-pit arenas/venues and the taking and broadcasting of feeds therefrom;
- vii. Certification from an independent gaming laboratory attesting to Internet Protocol (IP) blocking of all other IP addresses excluding Philippine IP addresses excluding the Philippine IP addresses designated by the applicant.

Note: The above certification is required to be submitted three (3) months after the commencement of live commercial operations.

C. Payment of the non-refundable PhP2.5 Million Accreditation Fee.

III. E-SABONG PLATFORM REQUIREMENTS AND STANDARDS

1. The Applicant's gaming protocols must comply with minimum requirements and standards provided set forth hereunder.
2. The E-Sabong platform shall not accept bets emanating outside the Philippines and shall not be accessible in any way whatsoever outside the Philippines.
3. The proposed E-Sabong system or service must comply with the following standards:

A. Player Registration

The E-Sabong system's player registration or Know Your Customer (KYC) process must have the following minimum capabilities and/or functionalities:

- i. Requires the prospective Player to submit his/her Full Name, Date of Birth, Contact Number, Current Address, Nationality, Occupation and/or Source of Income. Only persons twenty-one (21) years of age and above shall be allowed to register.
- ii. Requires the prospective Player to submit a recent photo of himself/herself;
- iii. Requires the prospective Player to submit a copy of one valid government-issued ID (Driver's License, Passport, SSS, TIN ID, Postal ID, Voters ID, UMID, etc.);
- iv. With a verification process, for those applying through an online facility, where video calling is utilized to verify and confirm the identity and the submitted information and IDs of the player prior to confirmations of his/her account. Said verification process must utilize PAGCOR's National Database of Restricted Persons (NDRP) where persons listed therein shall not be registered;
- v. A registered player shall only have one (1) account per E-Sabong brand or service.
- vi. Prior to account confirmation, each player must read and accept the Terms of Use of the E-Sabong service. Each operator shall submit its respective E-Sabong Terms of Use and must be approved by ESLD prior to implementation in the E-Sabong platform. A Player's violation of any provisions of the Terms of Use shall be a ground for the cancellation of his/her E-Sabong account.

B. Account Funding and Withdrawal

- i. Account Funding and Withdrawal shall be done only through AMLC-compliant channels, such as over-the-counter and online banking, eWallet systems, and through other legitimate money transfer services. Only those payment solutions or money transfer services accredited by the *Banko Sentral ng Pilipinas* shall be considered legitimate and shall be utilized under this framework.
- ii. For the above purpose, the E-Sabong Operator and its authorized agents/coordinators shall regularly submit an updated list of all accounts they are using in receiving bets from its players. They shall likewise ensure, that their players may only place bets, collect their winnings or withdraw their betting credits, through an account duly registered with them and only under the name of the registered player.

Funding, withdrawals, and transfers from and to an account other than these registered accounts are hereby strictly prohibited

- iii. For proper monitoring, the E-Sabong Platform shall be required to be integrated with PAGCOR's third party audit platform.

Membership Verification and Monitoring

The E-Sabong system shall have the capability to ensure that only the registered player is using his/her account to bet on E-Sabong. Hence, either of the following functionalities for membership verification must be implemented in the platform:

- i. Video calling prior to log-in
- ii. Biometrics verification
 - a. Facial verification;
 - b. Fingerprint scanning; or,
 - c. Iris scanning.
- iii. OTP Verification where the system sends a randomly-generated one-time-PIN (OTP) to the registered number of the player which must be inputted by the player to allow access to the platform.

C. Minimum Buy-in and Betting Limits

- i. The Player's initial minimum buy-in/deposit/top-up amount shall be PhP1,000.00. This minimum buy-in/deposit/top-up requirement shall be maintained for thirty (30) days.
- ii. Minimum Bet shall be PhP100.00 per fight.

D. Responsible Gaming

- i. The E-Sabong platform must show an infographics or short video clip to the player upon log-in which must discuss the responsible gaming reminders of PAGCOR including the prohibition to play in open and public places.

IV. COMMENCEMENT OF OPERATIONS

1. Once the application is Board-approved, the applicant shall now be regarded as a licensed E-Sabong Operator whereby it shall be issued a *License Certificate*. The license is valid for three (3) years from date of approval and is renewable for another three (3) years and thereafter. The Renewal Requirements shall include the Renewal Fee of PhP2,500,000.00 and other renewal documents as deemed necessary by the ESLD.
2. The PAGCOR Inspection Team shall then conduct a site inspection of the Applicant's office/s and all its related facilities, whether owned or outsourced, and testing of the E-Sabong platform, from its player registration up to income reporting, to determine the compliance of its system with the regulations and its capability and readiness to fulfill the prescribed scope of service. The E-Sabong Platform is required to be integrated with PAGCOR's third party audit platform.

3. Only upon consolidated satisfactory results of the inspection and testing shall the Applicant be informed and instructed to post the required PhP75M Performance Cash Bond. Thereafter ESLD shall issue a *Notice to Commence* E-Sabong Operations.
4. The operator shall strictly ensure that bets emanating from outside Philippine Territory shall not be allowed and that streaming feeds for E-Sabong shall strictly be sourced live from invitational cockfighting derbies held in the Philippines and only from cock-pit arenas/venues duly licensed by the LGUs and registered with PAGCOR.

V. FINANCIAL CONSIDERATIONS AND OBLIGATIONS

1. The E-Sabong system may implement pool betting or pari-mutuel and/or bookmaking in determining the payout or dividend rate for each of the bet options. Provided, that should the system implement a pari-mutuel system, the Plasada/Commission rate must not exceed 8.00% of the Gross/Total Bets.
2. The Plasada/Commission is subject to 5% Franchise Tax (FT) which shall be remitted by the operator to the Bureau of Internal Revenue.
3. The E-Sabong Operator, by virtue of the license granted herein, shall initially be charged with a fixed regulatory fee in the amount of PhP12,500 per fight or a minimum guaranteed fee of PhP75,000,000 per month, whichever is higher. This shall be paid within five (5) days from the end of every month and will be in effect until the implementation of PAGCOR's third party audit platform.

Cancelled fights or fights resulting to a draw or any other analogous circumstances where there is no declared winner, shall not be included in the count of fights for purposed of computing the regulatory fee.

CMED for I-Gaming will be in-charge of checking and validating the actual number of fights offered for betting by the operator per day.

4. Failure to remit the amounts due to PAGCOR on time shall result in surcharge penalty of one percent (1%) of the amount due on all remittances made after the prescribed remittance schedule up to the time of payment, prorated on a daily basis.
5. All costs that an E-Sabong operator incurred whether essential and/or incidental for the operation of the E-Sabong platform, must be shouldered by them.
6. All claims by any contractee of the E-Sabong operator or by a third-party shall be shouldered by the operator and the latter shall hold PAGCOR free from all claims and obligations.

7. The table below is the schedule of fees that will govern the operations of E-Sabong:

Application Fee	Php 2,500,000.00 (non-refundable)
Printing of License	Php 10,000.00
Re-printing of License	Php 5,000.00
Certified True Copy of License	Php 1,000.00
<i>*Request for CTCs should be for valid reasons only so as to prevent misuse of the PAGCOR License.</i>	
Renewal Fee	Php 2,500,000.00
Performance Cash Bond	Php 75,000,000.00
Monthly Guaranteed Fee	Php 75,000,000.00
Fixed Regulatory Fee	Php 12,500.00 per fight
Additional E-Sabong Platform/System/Brand	Php 500,000.00

VI. MISCELLANEOUS PROVISIONS

1. The regulations herein are designed specifically for online E-Sabong. However, if the E-Sabong operator desires to establish off-site E-Sabong betting stations, it must comply with the requirements of and is subject to the Gaming Site Regulatory Manual for Electronic Games, except as regards the minimum number of terminals and spacing requirements.
2. As a licensed E-Sabong operator, it is allowed to develop, operate and maintain its one (1) registered and approved E-Sabong Platform/System/Brand. Any additional E-Sabong Platform/System/Brand that it desires to operate shall be subject to evaluation by ESLD with corresponding registration and approval fee in the amount Php500,000.00 and be separately subjected to the MGF.
3. The E-Sabong operator must submit monthly to CMED for I-Gaming its list of newly registered players.
4. The E-Sabong operator must maintain in its records the files including the copies of IDs of its players for PAGCOR's use upon demand.
5. Operations shall be monitored by CMED for I-Gaming, as well as operations at the source, i.e. at the registered cock-pit arenas without prejudice to the guidelines and requirements of the concerned LGU. The CMED for I-Gaming, together with PAGCOR's third-party audit platform, must continuously monitor and ensure that the E-Sabong platform captures all data, and properly accounts and reports the same. For this purpose, the CMED shall create its own Implementing Rules and Guidelines for the proper monitoring of E-Sabong.

6. The E-Sabong operator shall design and implement a registration process for its agents, coordinators, or promoters to ensure the identity, probity, as well as the responsibility and accountability of the latter.
7. The E-Sabong operator shall maintain in its records the files, the application and contracts, including the copies of IDs of its active agents, coordinators, or promoters for PAGCOR's use upon demand.
8. The E-Sabong operator shall submit to ESLD the updated list of all its currently accredited agents, coordinators, or promoters with their complete names and addressed in CSV or Excel format.
9. The E-Sabong operator shall subsequently submit a list of newly accredited agents with their complete names and addressed in CSV or Excel format daily.
10. All acts including violations with rules and guidelines by the agents, coordinators, promoters, etc. shall be attributed to the principal E-Sabong operator and both parties may be jointly and severally liable.
11. The E-Sabong operator shall comply with all Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Laws, and Rules and Regulations issued and shall be issued by the Anti-Money Laundering Council (AMLA), PAGCOR, and other relevant government agencies, including but not limited to, Republic Act No. (RA) 10927, an Act Designating Casinos as Covered Persons under RA 9160, as amended, and its Casino Implementing Rules and Regulations; AML/CFT Guidelines for Casinos; and Customer Due Diligence Guidelines for Land-based Casinos.
12. Any misrepresentation, breach and/or circumvention, directly or indirectly, of any of the conditions set in this regulatory framework for E-Sabong, 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 E-Sabong operator and shall be cause for the imposition of suspension, penalties, and revocation of the operator's license.
13. The above are general provisions regulating PAGCOR's E-Sabong gaming product which are still subject to continuous review and to changes, revisions, modifications, or amendments from time to time, as the case may be, considering the novelty of the gaming product and the rapid changes in technology that require to be updated.
14. Finally, this regulatory framework shall repeal previous issuances the independent provisions of which are inconsistent with the same.

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In God We Trust.