

# **“RULES AND REGULATIONS FOR PHILIPPINE OFFSHORE GAMING OPERATIONS”**

## ***Philippine Amusement and Gaming Corporation***

### ***Title I***

#### ***Policies and Objectives***

**Section 1. Statement of Policy** – This regulation on “*Philippine Offshore Gaming Operations*” is promulgated pursuant to the state policy of centralizing and integrating into one corporate entity all games of chance not heretofore authorized by existing franchises or permitted by laws;

**Section 2. Licensing Objectives**– PAGCOR is mandated under P.D. 1869, to centralize and integrate all games of chance, and granted under the same law with corporate powers, to do anything and everything necessary, proper, desirable, convenient or suitable for the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of any of its powers, hence in furtherance thereof, these regulations are issued with the following objectives:

- a.) Curtail the proliferation of illegal online games operating within the territorial jurisdiction of the Philippines whether on land or sea;
- b.) Ensure that online games are properly regulated and monitored, especially those which operate under the guise of a valid franchise but are in fact operating outside the territorial limits of its franchisor/regulator;
- c.) Provide an avenue for these operators who are wanting to operate within legal bounds but are without recourse because of the absence of a regulating body, willing and legally capable to issue them franchises;
- d.) Safeguard the welfare of the Filipino people by ensuring that no Filipino, whether minor or of age, are able to place bets on or are being exploited by these online games;
- e.) Be able to monitor that these online games are not being used as means of committing crimes, or used as schemes to circumvent anti money-laundering laws;

**Section 3. Nature of Offshore Gaming License** – Offshore gaming license is a mere privilege and not a vested right. Such license may be suspended or cancelled at any time upon the discretion of the Board of Directors of PAGCOR for grounds provided for under this regulations;

## Title II

### ***Definition of Terms***

**Section 4. *Definition of Terms*** - When used in this regulation the following terms are to be understood as:

- a.) *Licensing Body or PAGCOR* - regulator of gaming licensees operating within the territorial jurisdiction of the Philippines whether on land or on sea;
- b.) *Offshore Gaming* - refers to the offering by a licensee of PAGCOR authorized online games of chance via the internet using a network and software or program, exclusively to offshore authorized players excluding Filipinos abroad, who have registered and established an online gaming account with the licensee. Offshore gaming shall have three components as follows:
  - b.1.) prize consisting of money or something else of value which can be won under the rules of the game.
  - b.2.) a player who:
    - b.2.a) being located outside of the Philippines and not a Filipino citizen, enters the game remotely or takes any step in the game by means of a communication device capable of accessing an electronic communication network such as the internet.
    - b.2.b) gives or undertakes to give, a monetary payment or other valuable consideration to enter in the course of, or for, the game; and
  - b.3.) the winning of a prize is decided by chance.
- c.) *Philippine Offshore Gaming Operators (POGO)* - refers to entities which provide and participate in offshore gaming services i.e., provides the game to players, takes bets and pays players' winnings.
- d.) *Licensee* - refers to a POGO, duly licensed and authorized by PAGCOR to provide offshore gaming services.

Entities such as POGO gaming agents, service providers and gaming support providers, who provide only a particular or specific component of the offshore gaming activities to the POGO are not considered as the licensee, but will require a separate registration with PAGCOR.

- e.) *Authorized Players* -refers to players of the licensee who can access its games through the latter's website with the following criteria:
  - e.1.) Offshore individuals - defined as any individual who are physically in another country other than the Philippines; This excludes Filipino citizens even if abroad and individuals in countries which have laws prohibiting participation of their citizens in online gaming activities
  - e.2.) Foreign nationals while within the Philippine territory are not allowed to participate in the online gaming activity offered by the licensees;
  - e.3.) Age of at least 21 years old / or applicable legal age in foreign countries where the players reside;
  - e.4.) Players must be registered.
- f.) *POGO Gaming Agent* -refers to the representatives in the Philippines of offshore-based licensees;
- g.) *Service Providers* -refers to the entities who provide components of offshore online gaming operations:
  - g.1.) *Gaming Software / Platform Provider* -for gaming systems and games, sports book, pool betting etc.
  - g.2.) *Business Process Outsourcing Provider*- for call centers and IT support services. Their service excludes the taking of actual bets.
  - g.3.) *Data/Content Streaming Provider*- The data/content streaming service refers to the real time streaming of casino games produced from a live dealer studio set-up, streamed via the internet to the website of the Licensees.
- h.) *Gaming Support Provider* -refers to a company that produces proprietary products and services that may or may not be found in the gaming system of the Licensee, but is an important part of the online gaming set-up, e.g. payment solutions, player registration, rewards and marketing modules.

### **Title III**

#### ***Licensing***

**Section 5.***Licensing Structure* - The following are the types of licenses, accreditations, registrations and activities to be licensed as well as the requirements and applicable fees.

**Section 6. Offshore Gaming License**—That which is issued to the Licensee. Entities who may be licensed are:

- a.) *Philippine-based operator* - duly constituted business enterprise organized in the Philippines
- b.) *Offshore-based operator*-duly constituted business enterprise organized in any foreign country who will engage the services of a PAGCOR-accredited Service / Support Provider for its online gaming activity.

**Section 7. Coverage.** - Any of the following game offerings are covered by the Offshore Gaming License:

- a.) e-Casino (RNG-based or “live” dealer games) – includes table games, slots, other card, wheel and dice games, skill games, arcade-type games;
- b.) Sports betting;

**Section 8. Requirements.** - The applicant for Offshore Gaming License must meet the following requirements;

- a.) Duly constituted business enterprise organized in the Philippines or any foreign country; If organized in any country other than the Philippines, must have a POGO Gaming Agent;
- b.) Compliance with the regulator’s licensing process and requirements which includes the following elements:
  - b.1.) Probity check to be conducted by a third party checker on applicant’s identity or each of key officials of the corporate applicant; finances, integrity, competence and criminality.
  - b.2.) Review of applicant’s business plan;
  - b.3.) Review of applicant’s statutory and operational documentations;
  - b.4.) Review of applicant’s gaming system which shall be aptly certified by a PAGCOR accredited gaming laboratory.
- c.) Must have been issued a Letter of No Objection (LONO) from the LGU on which the offshore gaming operations shall be conducted;

**Section 9.Fees** - The following are the applicable fees to be assessed from applicants of licenses;

a.) Application and Processing Fees –

a.1.) Fore-Casino a fee of US\$50,000.00 dollars;

a.2.) For Sports Betting a fee of US\$40,000.00 dollars;

b.) License Fees – upon approval of the license, the applicant shall pay the corresponding fees, prior to the issuance of its license.

b.1.) For e-Casino a license fee of US\$200,000.00

b.2.) For Sports Betting a license fee of US\$150,000.00

c.) Gaming Taxes – pending the development and installation of an effective intermediary platform, for the initial six month period of implementation of this regulation, licensees shall first be allowed to pay fixed gaming taxes which are as follows;

c.1.) For Live Studio Set-up: US\$10,000.00/month per table;

c.2.) RNG-based games: US\$100.00/month per player;

*(Examples are: card, dice, wheel and tile games, slots, video poker, arcade-type and skill games)*

c.3.) For Sports Betting: US\$40,000.00/month

**Section 10. POGO Gaming Agent Accreditation.** - Accreditation to be given to those providing representation to offshore-based gaming operator.

**Section 11. Requirements** -The representative agent of the offshore gaming operator in the country must be a duly constituted business enterprise organized in the Philippines, and compliant with the latter's licensing process and requirements which includes the following elements:

a.) Probity check on applicant's identity or each of key officials of the corporate applicant; finances, integrity, competence and criminality

b.) Review of applicant's statutory and operational documentations

**Section 12.Fees** - The applicant for accreditation as POGO gaming agent shall pay a fee of US\$20,000.00 dollars to cover probity cost and site visit, as necessary.

**Section 13.Gaming Software/Platform Provider Registration.** - To be issued to Service Providers of gaming systems or platforms to be leased by the offshore gaming operator.

**Section 14. Requirements** - The Gaming Software or Platform Provider of the offshore gaming operator in the country must be a duly constituted business enterprise, and compliant with the latter's licensing process and requirements which includes the following elements:

- a.) Probity check on applicant's identity or each of key officials of the corporate applicant; finances, integrity, competence and criminality
- b.) Review of applicant's statutory and operational documentations

**Section 15. Fees** - The applicant for registration shall pay a fee of US\$20,000.00 dollars to cover probity cost and site visit, as necessary.

**Section 16. Gaming Support Provider Registration.**- To be issued to the provider of other gaming products sourced separately by the Operator which are not part of its leased gaming system such as payment solutions, player registration system, *inter alia*.

**Section 17. Requirements** - The Gaming Support Provider of the offshore gaming operator in the country must be a duly constituted business enterprise, and comply with the latter's licensing process and requirements which includes the following elements:

- a.) Probity check on applicant's identity or each of key officials of the corporate applicant; finances, integrity, competence and criminality
- b.) Review of applicant's statutory and operational documentations

**Section 18. Fees** - The gaming support provider applying for registration with regulator for eligibility to engage the supply or sale of gaming products/solutions shall pay a fee of US\$20,000.00 dollars to cover probity cost and site visit, as necessary.

**Section 19. Business Process Outsourcing (BPO) Registration** - Those providing call center services to the operator shall likewise be registered.

**Section 20. Requirements.** - Applicant for registration shall submit and comply with the following;

- a) must be a duly constituted business enterprise in the Philippines;
- b) Compliance with the requirements for application as an accredited or registered enterprise of the regulator which includes the following elements:
  - b.1.) Probity check on applicant's identity or each of key officials of the corporate applicant; finances, integrity, competence and criminality;
  - b.2.) Review of applicant's statutory and operational documentations;

- c) Duly executed Service Agreement with a licensed Offshore Gaming Operator, when applicable.

**Section 21. Fees** - BPO applicants shall be assessed a fee of US\$50,000.00 to cover probity cost and site visit, as necessary.

**Section 22. Data/Content Streaming Provider** - Those providing real time streaming of casino games from a live dealer gaming studio set-up to the operator shall likewise be registered and shall be required to obtain a Permit to Possess of their gaming equipment and paraphernalia.

The Permit to Possess ("PTP") is a certificate issued by PAGCOR to providers of a studio gaming set-up. The PTP, allows said provider to import, store, transfer/move, ship-out and operate gaming equipment and/or gaming paraphernalia in its gaming studio for the sole purpose of video streaming footages of live gaming action in conjunction with the operation of offshore gaming as contemplated in these regulations. Taxes and duties levied on the importation of any gaming equipment and/or paraphernalia brought into the country by the provider shall be for its sole account. The PTP is site specific and issued on a per venue basis.

**Section 23. Requirements** - Applicant for registration as Data/Content Streaming Provider shall submit and comply with the following:

- a) Duly accomplished Application for Permit to Possess (OG Form No. \_\_)
- b) Copy of the Registration Certificates issued by either the Department of Trade and Industry (DTI) or the Securities and Exchange Commission (SEC), whichever is applicable.
- c) Photocopy of the Mayor's Permit or Business Permit
- d) Compliance with the requirements for application as an accredited or registered enterprise of the regulator which includes the following elements:
  - b.1.) Probity check on applicant's identity or each of key officials of the corporate applicant; finances, integrity, competence and criminality;
  - b.2.) Review of applicant's statutory and operational documentations;
- e) Duly executed Service Agreement with a licensed Offshore Gaming Operator.

**Section 24. Fees** – Data/Content Streaming provider applicants shall be assessed an application and processing fee of US\$ 40,000 and a Permit to Possess fee of US\$100,000.00 per studio to cover probity check, regular inspection and monitoring of the gaming studio that houses the gaming equipment and/or paraphernalia.

Licensed offshore gaming operators in possession of their own live gaming studios shall likewise be required to apply for a Permit to Possess of their gaming equipment and paraphernalia for a fee of US\$ 2,000 per table. Any unexplained loss, unauthorized transfer or sale of said equipment or paraphernalia shall be fined an amount of US\$100,000.00 chargeable against their posted bond.

**Section 25. *Renewal Fees*** - Licensees, agents and service providers shall renew their licenses, accreditation and registration yearly and must comply with the requirements for renewal at least a month prior to expiration, for a fee similar to their application and processing fees;

#### **Title IV**

##### ***General Conditions for the Grant of Offshore Gaming License***

**Section 26. *Qualifications of Licensee*** - The Board shall not grant a license unless it is satisfied that the applicant meets the following eligibilities, as applicable:

- (a) Of good repute, considering character, honesty, and integrity;
- (b) Not associated to any person who, in the opinion of the Board, is not of good repute considering character, honesty, and integrity or has undesirable or unsatisfactory financial resources;
- (c) Sufficient experience and ability to establish and manage offshore gaming operations;
- (d) Not among those excluded from engaging in gaming under this regulation or any other law on the matter;
- (e) In the case of an artificial person, of stable financial standing and satisfactory corporate structure;

**Section 27. *Standard Terms and Conditions***. -The licensee shall faithfully abide by the following terms and conditions:

- a) Licensees shall be required to post a performance bond in cash in the amount of TWO HUNDRED FIFTY THOUSAND (\$250,000.00) dollars, which amount shall be used to settle accountabilities with PAGCOR in case licensee absconds or is found to be under-declaring his gross winnings to deprive PAGCOR of its rightful share. Any amount deducted from this cash bond shall be immediately replenished by the licensee within 72 hours from the time the deduction; The performance bond shall be valid for the entire duration of the license and subsequent renewal, if granted.



- b) Licensees shall not stop or interrupt the running of its operations during the validity of its license, without due notice to PAGCOR at least three days ahead of the scheduled stoppage or interruption. This is to ensure that proper notice is given to the game players, and avoid creating the notion that the licensee has suddenly stopped its operations to abscond from its obligations;
- c) Licensees shall submit to PAGCOR during the period of remittance, the stipulated monthly reports of all offshore gaming transactions according to the required format of PAGCOR;
- d) For monitoring purposes, licensed offshore gaming operators shall fully integrate its offshore online gaming operations with PAGCOR's intermediation platform within a period of six months from commencement of its operations;
- e) For monitoring purposes, licensee shall allow the inspection of the premises, machines and equipment being used in its operations at any time upon request of PAGCOR's monitoring and enforcement personnel duly assigned for the purpose;
- f) All wagering, financial and administrative software to be implemented shall be subject to PAGCOR's evaluation and approval. Testing and inspection of the wagering system, particularly those that are intended to safeguard against betting by Filipinos or persons prohibited from gambling under the laws of their respective countries of origin shall be conducted by PAGCOR prior to implementation;
- g) All hardware equipment to be utilized shall be subject to PAGCOR's evaluation and approval. Licensed offshore gaming operators shall not install, modify, decommission, remove or destroy any such equipment without written authority from PAGCOR;
- h) Licensed offshore gaming operators shall be solely responsible for ensuring that no wagers would be accepted from Filipinos, persons below 21 years of age and from jurisdictions where such forms of gambling are prohibited;
- i) Licensed offshore gaming operators shall notify all its players that bets shall be deemed "*void where prohibited by law*".
- j) If licensed offshore gaming operator is found to be violating any provision of the Anti-Money Laundering Law or any law of the Republic of the Philippines, the license shall be deemed automatically terminated.

**Section 28 . Suspension and Cancellation of License.**- during the pendency of its investigation, the Board may suspend a license upon receipt of a complaint or of an information from the monitoring task force based on the following grounds:

- (a) licensee is not, or is no longer, in the opinion of the Board, a suitable person to hold the license;
- (b) licensee is convicted of an offense in violation of anti-gambling laws of the Philippines;
- (c) licensee is convicted of any serious offense under any other law;
- (d) licensee violates a condition attached to the license;
- (e) licensee ceases operations for one day without due notice to PACOR, and cannot explain the causes thereof; or attempts in any way to abscond from his obligations to his players;
- (f) licensee fails to discharge his financial commitments;
- (g) licensee is bankrupt or under rehabilitation;
- (h) licensee obtained the license by a materially false or misleading representation or in some other improper way;
- (i) licensee failed to prevent Filipino citizens, minors and those prohibited by law, to participate on its offshore games;
- (j) licensee failed to operate within the period of one month from the issuance of its license;
- (k) license is required to be suspended to ensure that the public interest is not affected in an adverse and material way, or the integrity of the conduct of gaming is not jeopardized in any way.

In the event that the licensee shall be found guilty of any of the above mentioned violations, the same shall result to the cancellation of its license and automatic forfeiture of its performance bond.

A suspension or cancellation under this section shall be by written notice given to the licensee and shall take effect upon receipt, or tender if the licensee refuses receipt or otherwise cannot be served notice.

**Section 29. License Non-Transferable.**-Licenses shall be in the form of a certificate for licensed operators and any license issued under this regulations cannot be transferred by way of sale, inheritance succession, gift, or otherwise to any person, without prior consent of the Board and under any additional condition for the transfer and only if the transferee meets the requirements of this regulations.

## Title V

### *Interim Provisions*

**Section 30. *Amendment of Rules and Regulations after Six Months.*** - The provisions found in this regulations are for the initial six (6) months of implementation only. The provisions may be revised, amended, supplemented or totally replaced as needed after six months based on the evaluation of results of the initial implementation.

**Section 31. *Limit on Applications.*** - For the initial six months of implementation, application for offshore gaming license shall be limited only to twenty five (25) applicants to ensure a focused and comprehensive monitoring and evaluation. Such number may be increased upon the discretion of the Board if circumstances warrant;

**Section 32. *Limit on Applicants.*** - Only to those operators who can establish that they were previously operating under franchises issued by other regulatory agencies will be allowed to apply for licenses. Those found to be previously operating online games illegally, will not be permitted to apply for licenses.

**Section 33. *Creation of Ad Hoc Licensing Committee.*** - For a speedy processing of the licenses, accreditations and registrations hereto required, an Ad Hoc Licensing Committee is hereby established to accept, process and make recommendations to the Board on the abovementioned applications. The committee shall be composed of select efficient employees from the Gaming, Licensing and Development Department (GLDD) in close coordination with a representative from the Office of the CEO. Final grant of license shall be subject to Board approval.

**Section 34. *Creation of a Monitoring Task Force.*** - PAGCOR shall make the proper representations with other law enforcement agencies tasked with the implementation of gambling and immigrations laws, to secure the participation of these agencies in the creation of an inter-agency task force, which will specifically be tasked to perform the following functions:

- a.) Conduct surveillance and monitoring activities to locate and identify illegal online gaming operators;
- b.) Make the proper recommendations to the task force head as to the actions to be taken to effect the closure and cessation of these illegally operating online gaming operators;
- c.) Report violations which are being committed by licensed offshore operators against these regulations;
- d.) Report any extortion activities being done to licensed offshore gaming operators by other law enforcement agencies, or by their agencies as well;

They shall be known as Task Force POGO and will be composed of a personnel from the office of the CEO, select employees from the CMED of PAGCOR, the National Bureau of Investigation and the Bureau of Immigration.

Approved during the Board Meeting held on the \_\_\_\_\_ day of SEP 01 2016,  
2016.

