



INTERNET GAMING – LICENSING AND REGULATION GROUP
Offshore Gaming Licensing Department

**INTERNET GAMING COMPLIANCE
AND ENFORCEMENT
REGULATIONS**

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Effectivity:

*Revision pertains only to the form, i.e. change of logo. All provisions, terms and conditions, table of offenses, as well as applicable penalties under the Internet Gaming Licensing Regulations which was approved by the Board on July 6, 2023, shall remain in force and effect.

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EXECUTIVE SUMMARY

On February 2, 2017, Executive Order No. 13, series of 2017 clarified and mandated the territorial jurisdictions of state gambling regulators such as the PAGCOR, Cagayan Economic Zone Authority (CEZA), Aurora Pacific Economic Zone and Freeport Authority (APECO) and Authority of the Freeport Area of Bataan (AFAB) in issuing licenses to online gambling activities. Consequently, it strengthened the regulatory authority of PAGCOR over offshore gaming operations.

On July 11, 2018, the PAGCOR Board of Directors approved the Offshore Gaming Regulatory Manual (OGRM) which has served as the main guide over the issuance of offshore gaming licenses and the regulation of offshore gaming licensees.

From its inception, the OGRM has been revised through piece-meal amendments from the observations, experiences, and evaluations in the regulation of offshore gaming operations.

To be sure, the regulation of the industry has had many challenges along the way. Recently, several Licensees and accredited Service Providers were found to be involved in scams and other fraudulent activities. As a result, the offshore gaming industry's credibility has been tainted, in addition to the previous issues that have hounded it and have even led to calls for the outright ban of the industry.

While imposing fines and issuing suspension/cancellation orders are easier ways to respond to these violations, it cannot be ignored that there is a need to revisit current regulations. Moreover, at present, five years into its life cycle, the OGRM is due for a major revision.

Hence, the crafting of new regulations as PAGCOR aims to maintain the highest standards of integrity and show its dedication to fostering a transparent and responsible online gaming environment.

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REGULATION 1. CITATION AND INTERPRETATION

Section 1. This manual shall be referred to as the “Internet Gaming Compliance and Enforcement Regulations.”

Section 2. In these regulations, all words and phrases shall have the same meaning as prescribed in the Internet Gaming Definitions Regulations.

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REGULATION 2. GENERAL COMPLIANCE

Section 1. A licensee/authorized provider shall, throughout the term of its license/authorization, continuously fulfill and comply with all requirements and be responsible for all obligations imposed by all applicable regulations.

Section 2. A licensee/authorized provider shall, throughout the term of its license/authorization, comply with the policies and procedures which must be notified to the OGLD in terms of any internet regulations, and any breach of such policies and procedures shall be tantamount to a breach of internet gaming regulations.

Section 3. The PAGCOR, through the OGLD, may require a licensee/authorized provider to take actions, implement procedures or systems, to make submissions, to provide information, reports, compliance certificates and, or any other evidence of compliance to the PAGCOR, on a regular or *ad hoc* basis, to demonstrate the licensee's/authorized provider's compliance with all applicable regulations.

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REGULATION 3. COMPLIANCE CHECKING

Section 1. The PAGCOR Monitoring Team shall regularly check the conduct and/or operations of a licensee/authorized provider, copy furnish the OGLD.

Section 2. If the OGLD receives a report pertaining to the conduct and/or operations which are not, or may not be, in accordance with the applicable regulations, it shall notify the licensee/authorized provider of this fact through a Notice to Explain, giving such licensee/authorized provider a reasonable time to make any relevant submissions.

Provided that if the licensee/authorized provider fails to make submissions within the prescribed period, the OGLD shall impose appropriate sanctions for the non-submission and resolve the matter based on the information available to it.

Provided further that, in the checking, the OGLD may also request any information from third parties that directly or indirectly provide one or more services to, or obtain one or more services from, the licensee/authorized provider that it deems relevant, without requiring the consent of the licensee/authorized provider and with or without informing the licensee/authorized provider.

Section 3. If the licensee/authorized provider fails to make submissions or, in its submissions, does not address any of the concerns raised by the OGLD, the latter may initiate a compliance review and/or take such other measures, including enforcement measures, as it may deem appropriate.

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REGULATION 4. COMPLIANCE REVIEW

Section 1. When the OGLD has reason/s to suspect that a licensee/authorized provider is conducting its affairs in serious breach of any applicable regulations or laws of the Philippines or is otherwise no longer suitable to hold a license/authorization, it shall initiate a Compliance Review of such licensee/authorized provider.

Section 2. The licensee/authorized provider shall be informed of the Compliance Review through the issuance of a Show Cause Order indicating the reasons for which it was initiated:

Provided that where the OGLD reasonably believes that informing the licensee/authorized provider of such Compliance Review may prejudice the investigation or any possible outcome thereof or is precluded from informing the licensee/authorized provider by virtue of any applicable law, it may carry out the review without informing the licensee/authorized provider.

Section 3. In conducting the Compliance Review, the OGLD shall have the authority to request and/or access any and all information, documents and other things from the licensee/authorized provider or from third parties that directly or indirectly provide one or more services to, or obtain one or more services from, the licensee/authorized provider, that it deems relevant.

Provided that where the OGLD requests information, documents, or any other things from a third party, it shall not require the consent of the licensee/authorized provider to which the information, documents or other things relate.

Provided further that, where such information, documents, and other things constitute personal data, the OGLD shall only request and, or access the personal data which it deems to be relevant to the review.

Section 4. It shall be a violation of these regulations for the licensee/authorized provider not to provide the OGLD with any information, documents, and, or other things which the OGLD may require, or to otherwise hinder the OGLD's Compliance Review or to neglect to collaborate therewith.

Section 5. The OGLD may require the conduct of probity checking upon suspicion or verified information that a licensee/authorized provider is involved illegal and/or criminal activities.

Section 6. When the Compliance Review is concluded, it shall provide the authorized person with a report thereon which shall include:

- a. The reason/s for which the review was initiated;
- b. The violations of applicable regulations by the licensee/authorized provider, if any, and the evidence proving such violations; and
- c. The enforcement measures which the OGLD has deemed fit to take in the circumstances, if any.

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Provided that the OGLD may withhold any or all the above information if disclosing it to the licensee/authorized provider may prejudice the interests of players or of any other person or would amount to a breach of any applicable law.

Section 7. The licensee/authorized provider may contest the findings in such report within fifteen (15) calendar days from the date of notification thereof, subject to the payment of an applicable fees.

Section 8. Upon receiving the licensee's/authorized provider's contestation, if any, or upon the lapse of fifteen (15) calendars days from the date of notification of the OGLD's report, whichever is earlier, the OGLD shall communicate to the licensee/authorized provider its final decision on the matter, confirming, revoking, or amending the report on compliance.

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REGULATION 5. ENFORCEMENT MEASURES

Section 1. The enforcement measures which the OGLD may take are the following:

- a. An Order, howsoever named, directing the licensee/authorized provider to do, or to refrain from doing something or to otherwise correct its conduct and, or operations; and/or
- b. A Warning, howsoever named, directing the licensee/authorized provider to do, or refrain from doing, something in the future, and/or
- c. Adding, removing, or amending conditions attached to the license/authorized provider held by the relevant licensee/authorized provider; and/or
- d. A Demerit based on Section 2, Regulation 5 of these Regulations; and/or
- e. In the case of a breach which is not a violation enumerated by the regulations, imposing the administrative penalty of Fines; and/or
- f. Suspension of license/authorization; and/or
- g. Cancellation of license/authorization.

Section 2. Table of violations, demerit points

A. Table of Violations

	VIOLATION	DEMERIT POINTS	ENFORCEMENT MEASURES		
			1 ST COMMISSION	2 ND COMMISSION	CONTINUED NON- COMPLIANCE
1.	The Licensee's/ Authorized Provider's Owner/s, Director/s, and/or employee/s of Managerial level is/are convicted of an offense in violation of anti-gambling laws of the Philippines	-	<i>Upon commission of such violations, the following shall be imposed:</i> - Forfeiture of performance bond in favor of the PAGCOR; and - Cancellation of the license/authorization.		
2.	The Licensee's/ Authorized Provider's Owner/s, Director/s, and/or employee/s of	-			



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	Managerial level is/are convicted of any serious offense under any other law		
3.	Licensee/Authorized Provider obtains the license/authorization by a materially false or misleading representation	-	
4.	Falsification of the Licensee/Authorized Provider of documents/ requirements submitted to PAGCOR	-	
5.	Fraud, misrepresentation, or any other form of deceit in the conduct of its business of the Licensee/Authorized Provider	-	
6.	Failure to operate by the Licensee/Authorized Provider within a period of three (3) months from the issuance of its license/authorization without justifiable cause	50	<i>Upon commission of this offense, a Warning and Notice of Demerit shall be issued. Continued non-operation of fifteen (15) days following the issuance of the Notice of Demerit shall warrant the cancellation of the license/authorization, unless otherwise approved by the Board.</i>
7.	Failure by a Licensee/Authorized Provider to declare an operating site	50	Warning/ Notice of Demerit
8.	Failure by a Licensee/Authorized Provider to declare or misdeclaration of actual operations	50	Warning/ Notice of Demerit
			Suspension of license/ authorization
			Cancellation of license/ authorization



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			Order to apply for appropriate license/ authorization		
9.	Preventing the PAGCOR Monitoring Team from entering the operating address starting from the gates or entrances of a building, and from accessing all areas, rooms, and other openings	50	Show Cause Order with fine of \$50,000.00	Cancellation of license/ authorization and forfeiture of the performance bond	
10.	Delaying inspection team to enter the operating sites or wait for anyone's clearance to access any part of the operating site. For purposes of this provision, delay should mean a time lag of more than five (5) minutes	50	Show Cause Order with fine of \$50,000.00	Cancellation of license/ authorization and forfeiture of the performance bond	
11.	Refusing entry in areas inside the compound where the operating sites are located such as but not limited to dormitories, stock rooms, basements, and rooms of the companies' executive officers	50	Warning/ Notice of Demerit	Suspension of license/ authorization	Cancellation of license/ authorization
12.	Preventing the taking of pictures or video by the inspection team of the premises, machines, and equipment to	50	Show Cause Order with fine of \$50,000.00	Cancellation of license/ authorization and forfeiture of the performance bond	



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	document the conduct of inspection			
13.	Sending early warning signals such as but not limited to foreign songs, cartoon characters, caricatures, and messages in foreign languages to warn employees of PAGCOR's presence during conduct of inspection	50	Show Cause Order with fine of \$50,000.00	Cancellation of license/ authorization and forfeiture of the performance bond
14.	Advertising job opportunities related to cryptocurrency mining, cryptocurrency trading, spamming, and other activities outside the scope of the licensee/ authorized provider's authorized acts	50	Warning/ Notice of Demerit	Suspension of license/ authorization Cancellation of license/ authorization
15.	Being found in possession of the travel documents of their employees for no valid reason	50	Show Cause Order with fine of \$50,000.00	Cancellation license/ authorization and forfeiture of the performance bond
16.	Misdeclaration of the number of employees	50	Show Cause Order with fine of \$50,000.00	Cancellation license/ authorization and forfeiture of the performance bond
17.	Leasing out their license or authorization or office space to other groups or entities	50	Show Cause Order with fine of \$50,000.00	Cancellation of license/ authorization and forfeiture of the performance bond



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18.	Refusing to provide remote access to their CCTV cameras/ CCTV recording	50	Show Cause Order with fine of \$50,000.00	Cancellation of license/ authorization and forfeiture of the performance bond
19.	The presence of the following practices, equipment, or paraphernalia shall be <i>prima facie</i> evidence of involvement in illegal activities: a. Presence of spamming devices inside the operating sites; b. Presence of unexplained and unaccounted numerous mobile phones connected to universal serial bus (USB) terminals; c. Presence of numerous sim cards in the operating sites; d. Social media networks where male employees use female profile pictures; e. Display of pictures of female models; f. Presence of or browsing of pornography and other similar illicit materials in the workplace; g. Presence of set-ups of bedroom, gym, dressers,	50	Show Cause Order with fine of \$50,000.00	Cancellation license/ authorization and forfeiture of the performance bond



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	and other similar rooms unrelated to the conduct of gaming; h. Presence of unlicensed firearms and ammunitions or high-powered firearms; i. Forced labor practices such as requiring an employee to render work beyond the hours mandated by law.				
20.	Failure by a licensee/ authorized provider to declare a gaming website, and/or available games in operation for auditing of the third-party audit platform.	30	Warning/ Notice of Demerit	Suspension of license/ authorization	Cancellation of license/ authorization
21.	Licensee offers games/ live stream/ gaming content developed by companies not authorized by PAGCOR.	20			
22.	Licensee/ authorized provider is found to have employed undocumented and/or improperly documented foreign national/s	20	Warning/ Notice of Demerit	Suspension of license/ authorization	Cancellation of license/ authorization
23.	Licensee/ authorized provider is found to have employed personnel of prohibited age	20	Warning/ Notice of Demerit	Suspension of license/ authorization	Cancellation of license/ authorization



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24.	Failure to cooperate with a PAGCOR-accredited probity checker, independent testing laboratory, and/or third-party audit platform.	20	Warning/ Notice of Demerit	Suspension of license/ authorization	Cancellation of license/ authorization
25.	Failure of the licensee/ authorized provider to comply with an order from PAGCOR to address/ reply to complaints of players	20	Warning	Notice of Demerit	Suspension of license/ authorization, Cancellation of license/ authorization
26.	Failure to notify PAGCOR when the licensee/ authorized provider ceases operation for one (1) week and cannot explain the causes thereof; or attempts in any way to abscond from its obligations to its players	20	Warning/ Notice of Demerit	Suspension of license/ authorization	Cancellation of license/ authorization
27.	Failure/refusal to provide PAGCOR Monitoring Team viewing and extraction access to the back office.	20	Warning/Notice of Demerit	Suspension of license/ authorization	Cancellation of license/ authorization
28.	Violation by the licensee/ authorized provider of policies, rules, regulations, and subsequent issuances of OGLD	10	Warning/ Notice of Demerit	Suspension of license/ authorization	Cancellation of license/ authorization
29.	Failure of the licensee/ authorized provider to notify the OGLD regarding new or additional,	10	Warning/ Notice of Demerit	Suspension of license/ authorization	Cancellation of license/ authorization

	reduction, or movement of gaming tables at least three (3) days prior to implementation				
30.	Failure of the licensee/ authorized provider to notify the OGLD regarding disposal of gaming table or equipment at least three (3) days prior to implementation	10			
31.	Failure of the licensee/ authorized provider to submit documents, or other requirements as may be prescribed by PAGCOR	10	Warning	Notice of Demerit	Suspension of license/ authorization, Cancellation of license/ authorization
32.	Tampering of sealed certificates	5	Warning	Notice of Demerit	Suspension of license/ authorization, Cancellation of license/ authorization

B. Assessment of Demerits

1. The licensee/authorized provider shall have three hundred (300) merit points for the validity of its license/authorization whether upon first application or renewal. Demerits incurred throughout the license validity will be recorded and deducted from the total merit points.
2. Based on the nature of the offense, each offense will correspond to demerits with equivalent monetary penalties. Each demerit point is equivalent to \$1,000.00.
3. Corresponding monetary penalty will be collected from the licensee/authorized provider. Non-payment of the monetary penalty within the prescribed period shall result in the forfeiture of the amount from the performance bond.
4. OGLD may issue additional list of offenses with corresponding penalties, as it may deem necessary.



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5. Notwithstanding the imposition of penalties and payment of fines, demerit points will be taken into consideration in the renewal of license/authorization. At the expiration of the license, those which incur a total number of 151 demerit points will not be eligible to renew their license/authorization.
6. For licensees/authorized providers who are eligible to apply for the renewal of their license/authorization, application is subject to the payment of arrears and settlement of financial obligations, to include cash penalty for demerits.

Section 3. Grounds for Suspension and Cancellation of the License/Authorization

A. The Board shall have the power to *motu proprio* suspend a license/authorization in the following instances:

1. The PAGCOR is satisfied that the licensee/authorized provider, or a person holding a direct or indirect interest in the licensee/authorized provider, or a person holding a key function in the licensee/authorized provider, is not, or has ceased to be, in the opinion of the Board, fit and proper to hold such license;
2. The licensee/authorized provider has failed to comply with an order issued by PAGCOR;
3. The licensee/authorized provider has failed to comply with one or more applicable obligations in terms of any regulations or any other applicable law of the Philippines;
4. The licensee/authorized provider has failed to discharge financial commitments for its operations or the PAGCOR has reason to believe that such failure is imminent;
5. The licensee/authorized provider is in breach of laws or regulations at any time in force for the prevention of money laundering and financing of terrorism;
6. Circumstances arise which, had they been present and known to the PAGCOR at the time of issuance of the license, would have led the PAGCOR not to issue such license/authorization;
7. The licensee/authorized provider has failed to pay in a timely manner any and all amounts due to the PAGCOR;
8. The Board, in its discretion, has determined that there is material and sufficient reason for suspension of the license/authorization.

B. The Board shall have the power to *motu proprio* cancel a license/authorization in the following instances:

1. One of the grounds under Section 3 (A) of this Regulation arises and the Board, in its discretion, determines that cancellation of the license/authorization is the most appropriate measure;
2. The Board has suspended the license/authorization in terms of Section 3 (A) of this Regulation and, in the circumstances of the case, it becomes satisfied that the matter which led to the suspension cannot be rectified.

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C. The suspension or cancellation of the license/authorization shall not affect any liability of the licensee/authorized provider for anything done or omitted to be done, or for any amounts due which may have already accrued before the date of suspension or cancellation.

D. Without prejudice to any applicable law, the liability of the licensee/authorized provider to pay any applicable compliance contribution, gaming devices levy and, or gaming tax shall stop accruing during any period in which the license/authorization is suspended:

Provided that the licensee/authorized provider shall have no right to recover any applicable dues paid in advance.

Section 4. Cancellation of License/Authorization

For cases when the Board cancels a license or authorization and orders the closure of an operating site and cessation of internet gaming operations under these regulations, the following shall apply:

1. The licensee/authorized provider shall be banned from re-applying with OGLD for a period of one (1) year or a longer period as may be determined by the Board reckoned from the date of license/authorization cancellation.
2. The original certificate/s to the licensee/authorized provider shall be surrendered immediately upon license/authorization cancellation.
3. The Performance Bond shall be forfeited in favor of PAGCOR subject to the guidelines under the Internet Gaming Licensing Regulations.
4. Payment of outstanding financial obligations due to PAGCOR.

Section 5. Request for Reconsideration

1. For cases when the concerned licensee/authorized provider files a Request for Reconsideration on the cancellation of the previously granted license/authorization, its operations shall remain suspended pending decision of the Board.
2. In meritorious cases when the Board grants the Request for Reconsideration, the licensee/authorized provider shall resume its operations only upon issuance by the OGLD of a Notice to Resume Operations.

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REGULATION 6. INSPECTION PROCEDURES

Section 1. To augment the regular inspection conducted by the PAGCOR Monitoring Team, the OGLD, in its own discretion, may conduct two (2) types of site inspection:

- a. Pre-operational inspection – refers to the inspection conducted by the OGLD to verify all information declared by an applicant. This inspection is specific for new applicants. Recommendation arising from the pre-operational inspection shall be one of the requisites for the issuance of a Notice to Commence Operations by the OGLD; and
- b. Regulatory inspection – refers to the inspection conducted by the OGLD and/or the PAGCOR Inspection Team in the exercise of the former's regulatory authority. This may be conducted any time after the grant of license to confirm legality of the conduct of operations.

Section 2. General Procedures

During the conduct of the inspection, the licensee/authorized provider shall adhere to the following provisions:

- a. Must allow the on-the-spot inspection of all their sites at any time;
- b. Must designate at least one (1) authorized representative who will assist the inspection team in the conduct of the inspection and is capable to answer all queries of the inspection team regarding the conduct of its operations;
- c. Must provide full access to all rooms/offices to the inspection team;
- d. Must present documents relating to their operations as may be required by the inspection team; and
- e. Must allow the taking of pictures by the inspection team of the premises, machines, and equipment.

Section 3. Responsibility of the Inspection Team

The OGLD and/or the PAGCOR Monitoring Team shall adhere to the following provisions to ensure integrity of the inspection procedure:

- a. Must present Inspection Itinerary duly signed by the Senior Manager – OGLD to the authorized representative.
- b. Must wear their PAGCOR IDs during the conduct of their inspection.
- c. Must dutifully note findings gathered during the inspection and properly recommend course of action to be taken by the OGLD.

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- d. Must keep confidential and not divulge or use for any purpose other than to monitor operational activities of licensee/authorized provider, all findings gathered during the inspection, including, but not limited to, pictures, information provided by the authorized representative/s, copies of documents, among others.
- e. Additional personnel may also be assigned to inspect site addresses provided their names are included in the Inspection Itinerary.

Section 4. Post-Inspection Procedure

- a. Upon conclusion of the inspection, the authorized representative shall sign the Inspection Form to attest to the inspection conducted by the team.
- b. The inspection team must draft a Report of Findings with Recommendation addressed to the AVP, OGLD not later than seven (7) working days from date of inspection.
- c. For cases when there are noted discrepancies between current license/authorization and actual operations, the inspection team must submit appropriate recommendation for approval/consideration of the AVP, OGLD.
 1. Upon approval of recommendation, the OGLD must issue a *Warning or Order* to the licensee/authorized provider in view of the noted discrepancy as well as advise actions to be taken.
 2. The licensee/authorized provider must comply with the directives set forth in the *Warning or Order* as well as with the Deposit Notice attached to the same.
 3. The OGLD and/or PAGCOR Inspection Team must monitor compliance within one (1) month upon issuance of the *Warning or Order*. Report on the compliance of licensee/authorized provider must be submitted by the inspection team to the AVP.
- d. For other cases needing compliance by the licensee/authorized provider, OGLD must issue an *Order for Compliance* to the former. OGLD must likewise monitor compliance within one (1) month upon issuance of the *Notification*. Report on the compliance of licensee/authorized provider must be submitted by the inspection team to the AVP, OGLD.

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REGULATION 7. GUIDELINES ON GAMING TABLES

A. Rules on Live Tables (Green Tables)

1. The gaming area and the number of live tables must be clearly specified in the floor plan. Removable partitions to segregate the Live Tables from the other types of tables are not allowed.
2. All tables in the gaming area, whether turned on or off shall be considered live.
3. Any licensee/authorized provider found with a table with or without a camera and placed outside the gaming area shall be issued a Notice of Demerit and said table shall be considered live until dismantled.
4. Tables not used as live tables should be properly labeled and attached with PAGCOR seal.
5. Schedule of marketing activities must be definite;
6. Stress testing shall be allowed for a non-extendible period of seven (7) days only, afterwards, the tables shall be deemed live.

B. Rules on Training Tables (Red Tables)

1. The training area must be separate from the gaming area which should be clearly specified in the floor plan.
2. Training schedule must be definite and should be between 8:00 a.m. to 5:00 p.m. only.
3. Signages for training tables must be of standard size, fixed, sealed/tagged with a specific bar code for training tables.
4. The tabletop for training tables must be colored red and must follow the design to be provided by PAGCOR, distinguishable from live gaming tables which shall be colored green.
5. The playing cards used in training must be labeled with "for training only".

C. Additional monitoring via CCTV

1. The licensees and authorized providers must install CCTV cameras inside all their declared operating sites, especially in their gaming areas, and provide remote access to PAGCOR.
2. The CCTV recording shall have a back-up recording, which will be both stored for a minimum period of two (2) months.

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3. To ensure privacy, only designated personnel from PAGCOR shall have remote access to the CCTV coverage 24/7.

D. Reportorial Requirements

The following must be submitted to OGLD and CMED not later than the last day of the month:

1. Floor plan specifying the gaming area and the number of live tables;
2. Marketing activities for the succeeding month;
3. Training schedule.

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REGULATION 8. MISCELLANEOUS PROVISIONS

Section 1. Repeal

All prior rules, regulations, and guidelines which are inconsistent with these Regulations are hereby repealed or deemed modified accordingly.

Section 2. Separability Clause

If, for any reason, any provision of these rules is declared unconstitutional or contrary to law, the other parts, or provisions hereof which are not affected thereby shall continue to be in full force and effect.

Section 3. Effectivity

These rules shall become effective upon approval by the PAGCOR Board of Directors. Upon becoming effective, these rules shall be applied to all licensees and authorized providers to the extent that they are applicable.