



**Internet Gaming – Licensing and Regulation Group
Offshore Gaming Licensing Department**

REGULATORY FRAMEWORK FOR REMOTE PLAY SLOT MACHINES

**Rev. No.: 1
Effectivity:**

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EXECUTIVE SUMMARY

With the advancement of technology, particularly the internet, various and numerous transactions have evolved accordingly, including that of gaming. At present, games in brick-and-mortar casinos, traditional bingos, electronic games, and even billiards are being offered on the internet through online gaming.

However, there are still players who have reservations in playing online. There are issues with the integrity of games which are run mainly by software or through the cloud. Likewise, the difference between seeing computer images as opposed to physical machines to which a player is more accustomed with is understandable.

This gap is now being bridged by technology through Remote Play. This allows the use of the same type of machines used on the casino floor but are connected to the internet so that they can be played online. This is helpful in tapping the market of players transitioning to be online players.

By virtue of the foregoing, the following are laid down as the Regulatory Framework for the conduct of Remote Play- Slot Machines (Remote Play (SM)).

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I. GENERAL PROVISIONS

1. **Remote Play (SM)** refers to a game offering wherein slot machines situated in PAGCOR-operated casinos, locations with junket operations under PAGCOR, or Integrated Resorts, are accessed through remote gaming platforms, exclusively by foreign players located outside the Philippine territory.
2. **Remote Play (SM) Licensee** is the entity duly licensed and authorized by PAGCOR to conduct Remote Play (SM).
3. **Authorized Player** refers to players of the licensee who can access its games through the latter's website with the following criteria:
 - a. Any individual who is physically in a country other than the Philippines; this excludes Filipino citizens, even if abroad, and individuals in territories where online gaming is prohibited;
 - b. Age of at least twenty-one (21) years old; and
 - c. Must be registered and must have established a player account.
4. **Gaming Laboratory** refers to entities responsible for the testing of gaming systems, hardware and software, using industry's accepted and established standards for gaming jurisdictions worldwide.
5. **Gross Gaming Revenue** refers to Gross Bets less the total amount of Payout in online gaming.
6. **Return to Player (RTP)** is the percentage of the total money wagered on a specific type of slot machine or game that will be paid back to players over time.
7. **Offshore Gaming Licensing Department (OGLD)** is PAGCOR's licensing department for Remote Play (SM) License.

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8. **PAGCOR Monitoring Team (PMT)** refers to a group of PAGCOR Compliance Monitoring and Enforcement Department- I-Gaming (CMED-IG) personnel whose task is to monitor and enforce the Remote Play (SM) Licensee's compliance with PAGCOR's regulations.

II. LICENSING OF REMOTE PLAY FOR SLOT MACHINES

1. The OGLD shall process all applications for licensing as a Remote Play (SM) Licensee;
2. The applicant for a Remote Play (SM) License must be a duly constituted business enterprise organized in the Philippines;
3. The applicant must pass PAGCOR's standard probity check for gaming operator suitability and comply with all the documentary and system requirements;
4. The applicant must file a Letter of Intent (LOI) addressed to the Chairman and Chief Executive Officer;
5. Upon receipt of the application, OGLD shall issue a Deposit Notice and Payment Form for the application fee;
6. The applicant shall submit a duly filled out Remote Play (SM) License Application Form (ES Form No. 1) together with the following requirements:
 - a. Company Requirements
 - i. Copy of the Certificate of Registration from the Securities and Exchange Commission (SEC) with required capitalization of at least One Hundred Million Pesos (Php 100,000,000.00) authorized

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capital stock and Twenty-Five Million Pesos (Php 25,000,000.00)
paid up capital;

- ii. Articles of Incorporation (AOI) and By-Laws duly filed and approved by the SEC. The AOI must show that gaming is one of the primary purposes of business; if secondary, a copy of the Board's resolution on the same should be submitted;
- iii. Latest General Information Sheet (GIS) duly filed with the SEC;
- iv. Detailed company profile;
- v. Organizational Chart indicating persons occupying the positions;
- vi. Duly accomplished and notarized Personal Disclosure Sheet (PDS) of key officers of the corporation with the following attachments:
 - For Filipino Citizens – copy of government issued ID
 - For Foreign Nationals – copy of valid passport
- vii. Copy of the following documents:
 - Mayor's Permit/ Business Permit
 - Certificate of Registration with the Bureau of Internal Revenue
- viii. Letter of No Objection from the Local Government Unit where the gaming operations shall be conducted; and
- ix. Proof of Payment of Application Fee.

b. Location/ Business Requirements

- i. Remote Play (SM) Manual of the corporation;
- ii. Operating site may be within a PAGCOR-operated casino or licensed casino with a junket agreement or integrated resorts; provided, that the host casino or integrated resort must give its consent to the proposed Remote Play (SM) operations.

- c. Payment of the following non-refundable Application Fees:

Type of Application	Application Fee
First Issuance – valid for 3 years	\$100,000.00
Renewal per year	\$30,000.00

7. The application shall only be recommended to the Board of Directors for approval upon compliance with all the following:

- a. Submission of complete documentary requirements;
- b. Payment of the non-refundable application fee;
- c. Satisfactory results of ocular inspection to verify the legitimacy of the corporation and proposed operations by the PAGCOR Inspection Team composed of representatives from the OGLD, CMED-IG, Slot Machine Department (SMD), Information and Technology Department (ITD), Internal Audit Department (IAD), and the host branch as may be applicable; and
- d. Compliance with the prescribed probity requirements.

III. COMMENCEMENT OF OPERATIONS

1. Once the application is approved, the applicant must comply with the pre-operational requirements:
 - a. Posting of the Performance Bond in the amount equivalent to six (6) months MGF or equivalent to six (6) months fees for the existing machines, whichever is higher;
 - b. Submission of the website/s where Remote Play (SM) will be conducted;
 - c. Certification from a PAGCOR accredited Gaming Laboratory of the following standards and requirements:
 - i. GLI 11 – Gaming Devices in Casinos;

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- ii. PAGCOR Technical Standards for Electronic Gaming Machines ver. 1.0; and
 - iii. Certification attesting to the Internet Protocol (IP) blocking of all Philippine IP addresses.
 - d. The PAGCOR Inspection Team composed of representatives from the OGLD, CMED-IG, SMD, ITD, IAD, and host branch shall then conduct a final inspection of the Licensee's office and all its related facilities, whether owned or outsourced, and system walkthrough of the Remote Play (SM) Platform, from player registration to income reporting, to determine the full compliance of its system with the regulations and its capability and readiness to fulfill the prescribed scope of service; and
 - e. Full simulation of the Remote Play (SM) must be conducted and approved by PAGCOR.
2. Upon satisfactory completion of the pre-operational requirements, the Licensee shall be issued a Notice to Commence Operations.
 3. The Licensee is given until three (3) months from board approval of their application for Remote Play (SM) License to commence their operations. Failure to operate within the prescribed three-month period shall warrant the imposition of the Minimum Guarantee Fee (MGF), corresponding demerits, and possible administrative penalties.

IV. REMOTE PLAY (SM) PLATFORM REQUIREMENTS AND STANDARDS

1. The Applicant's gaming protocols must comply with the minimum requirements and standards set forth hereunder.

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2. The Remote Play (SM) Platform shall not accept bets coming from within Philippine territory and shall not be accessible in any way whatsoever inside the Philippines or by Filipinos abroad.
3. The proposed Remote Play (SM) Platform must comply with the following standards:

A. Player Registration

New players may either personally register in the office/registration area of the Licensee which must be within the operations site and witnessed by CMED-IG personnel or through Remote Registration.

The Remote Play (SM) platform's player registration or Know-Your-Customer (KYC) process is required for all players and must contain the following:

- i. Requires the prospective Player to enter his/her:
 - a. Full Name
 - b. Date of Birth
 - c. Contact Number
 - d. Current Address
 - e. Nationality
 - f. Occupation, and
 - g. Source of Income.
- ii. Only persons twenty-one (21) years of age and above shall be allowed to register.
- iii. Requires the prospective Player to submit a copy of the bio page of his/her valid passport.
- iv. Requires the prospective Player to declare the following information:

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- a. That he/she is at least twenty-one (21) years of age; and
 - b. That he/she is not among any of those persons disqualified under the law to engage in gambling.
- v. A screenshot of a mandatory real-time photo ID to verify player eligibility and identity.
- vi. Prior to account confirmation, each player must read and accept the Terms of Use of the Remote Play Platform (SM). The Licensee shall submit its Remote Play (SM) Terms of Use and must be approved by the OGLD prior to implementation in the Remote Play (SM) Platform. A player's violation of any provisions of the Terms of Use shall be a ground for the suspension or cancellation of his/her account.
- vii. Failure to provide all requirements during registration shall result in an incomplete registration and should prevent a prospective player from placing bets.
- viii. The Licensee must institute its own privacy policy.

B. Membership Verification and Monitoring

The Remote Play (SM) Platform shall have the capability to ensure that only the registered player is using his/her account to bet. Hence, either of the following functionalities for membership verification shall be mandatorily implemented in the platform:

- i. Biometrics verification
 - a. Facial verification;
 - b. Fingerprint scanning; and
 - c. Iris scanning.

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or

- ii. 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. Responsible Gaming

The Remote Play (SM) Platform must show an infographics or short video clip to the player upon log-in showing PAGCOR's responsible gaming reminders.

D. Customer Care Center

The Remote Play (SM) platform must incorporate a Customer Service system where all concerns of the players may be lodged and promptly addressed.

V. CONDUCT OF GAMING

The conduct of Remote Play (SM) shall be subject to the Licensee's own Operations Manual and Implementing Rules and Guidelines which are to be submitted to the OGLD for approval. This shall include the following but not limited to submission of gaming lay-out, surveillance plan, return to player percentage, and game mechanics.

VI. FINANCIAL OBLIGATIONS OF REMOTE PLAY LICENSEES

A. Regulatory Fee

1. The Licensee shall be imposed of a monthly regulatory fee computed based on whichever is highest of the following:
 - a. \$ 15,000.00 for the first 50 machines, and \$ 350.00 per machine in excess of the 50 machines;

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- b. 20% of the Gross Gaming Revenue; and
 - c. Minimum Guaranteed Fee (MGF) amounting to \$ 15,000,00.
- 2. The Licensee shall be billed the monthly regulatory fee every 10th day of the succeeding month and the same should be settled on the 15th day of the month;
- 3. Failure to submit proof of payment on the 15th day of the month shall result in the imposition of interests on the outstanding balance; and
- 4. Non-payment of the regulatory fee for two (2) consecutive months shall result in the forfeiture of the amount from the Licensee's Performance Bond.

B. Performance Bond

1. Posting and Forfeiture of Performance Bond
 - a. The Licensee must post a Performance Bond as indicated in III (1) (a) of these regulations.
 - b. The Performance Bond is non-transferrable one-time payment.
 - c. The Performance Bond shall be used to cover any unpaid financial liabilities of the Licensee.
 - d. If the Performance Bond is less than the Licensee's accounts payable to PAGCOR, the amount in excess of that is still due and demandable to the Licensee.
 - e. The Licensee shall replenish its Performance Bond within thirty (30) days from the date of forfeiture, otherwise, the Licensee shall be imposed penalties as may be deemed necessary by the OGLD.

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2. Processing of Refund

- a. The Licensee shall submit to the OGLD a letter-request for the refund of the Performance Bond;
- b. Only Licensees who are clear of all financial obligations with PAGCOR are entitled to a refund;
- c. Board-approved requests for refund shall be forwarded to the Accounting Department for their appropriate action; and
- d. All original copies of the Remote Play (SM) License must be surrendered to the OGLD prior to the release of refund of the Performance Bond.

C. Additional Site/ Transfer of Site Fee

Application for additional site or transfer of operating site to a building other than that of the existing operating site shall be \$20,000 inclusive of inspection fee and printing of one certificate.

VII. GROUNDS FOR THE SUSPENSION AND CANCELLATION OF LICENSE

A. The following shall be grounds for the suspension of a Remote Play (SM) License:

1. The Licensee or its owners, operators, or key officer is charged of an offense in violation of anti-gambling laws of the Philippines;
2. The Licensee or its owners, operators, or key officer is charged of any serious offense under any other law;
3. The Licensee does not cooperate with the PAGCOR Inspection Team for the inspection of their premises, machine, and equipment;

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4. The Licensee fails to discharge its financial commitments;
5. The Licensee obtained the license by a materially false or misleading representation in some other improper way;
6. The Licensee fails to prevent Filipino citizens, minors, and those prohibited by law, to participate in its Remote Play (SM); and
7. The Licensee 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.

B. The following shall be grounds for the cancellation of the Remote Play (SM) License:

1. The Licensee is not, or is no longer, in the opinion of the Board, suitable to hold the license;
2. The Licensee or its owners, operators, or key officer is convicted of an offense in violation of anti-gambling laws of the Philippines;
3. The Licensee or its owners, operators, or key officer is convicted of any serious offense under any other law;
4. The Licensee repeatedly refuses to cooperate with the PAGCOR Inspection Team for the inspection of their premises, machine, and equipment;
5. The Licensee ceases operation without due notice to PAGCOR, and cannot explain the causes thereof; or attempts in any way to abscond from his obligations to his players or PAGCOR;
6. The Licensee repeatedly fails to discharge financial commitments;

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7. The Licensee fails to remit financial obligations due PAGCOR for at least two (2) consecutive months;
8. The Licensee fails to replenish its Performance Bond despite reminders from PAGCOR;
9. The Licensee is declared bankrupt or under rehabilitation;
10. The Licensee obtained the license by a materially false or misleading representation in some other improper way;
11. The Licensee failed to prevent Filipino citizens, minors, and those prohibited by law, to participate in its Remote Play (SM); and
12. The Licensee failed to operate within the period of three (3) months from the issuance of its license, unless otherwise approved by the PAGCOR Board of Directors;

VIII. MISCELLANEOUS PROVISIONS

1. Remote Play (SM) shall be monitored by the Compliance Monitoring and Enforcement Department- I-Gaming (CMED-IG). For this purpose, CMED-IG shall create its own implementing rules and guidelines for the proper monitoring of Remote Play (SM);
2. The Remote Play (SM) License is a mere privilege and is not a contract between PAGCOR and the Licensee. It is not a property of the Licensee, nor does it create any vested right or interest. Such license may be suspended or cancelled at any time upon the discretion of the PAGCOR Board of Directors for grounds provided for under these regulations.

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3. The License may not be transferred by way of sale, inheritance, succession, gift or otherwise to any person or entity, without prior consent of the Board of Directors of PAGCOR;
4. The Licensee shall be solely responsible for ensuring that no wagers would be accepted from Filipinos, person below twenty-one (21) years of age, and from player in jurisdictions where such forms of gaming are prohibited;
5. The Licensee shall not install, modify, decommission, remove, or destroy any equipment without the written authority from the OGLD;
6. For monitoring purposes, the Licensee shall allow the inspections of the premises, machines, and equipment being used in its operations at any time by the PAGCOR Monitoring Team or OGLD personnel duly assigned for the purpose;
7. The Licensee shall comply with the provisions set forth in the Anti-Money Laundering Act (AMLA), as amended, the Terrorism Financing Prevention and Suppression Act (TFPSA), their Implementing Rules and Regulations (IRRs), the 2021 AML/CTF Guidelines for Designated Non-Financial Business and Persons, and other regulatory issuances of the Anti-Money Laundering Council (AMLC)

Accordingly, they shall comply with documentary requirements, compliance checking requirements, and other submissions as may be required by the Anti-Money Laundering Council, and its equivalent regulating unit in PAGCOR, covering the overall money laundering and terrorism financing (ML/TF) risk management and control framework. OGLD must be copy furnished in all submissions;

8. The Licensee must not stop or interrupt the running of its operations during the validity of its license, without due notice and approval from OGLD. This is to

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ensure that proper notice is given to the game players and such stoppage is reasonable;

9. The Licensee must ensure that bets from the Philippine territory shall not be allowed and that streaming feeds shall not be utilized for any other purpose than for Remote Play (SM) outside the Philippine territory;
10. All costs incurred for the conduct of Remote Play (SM) whether essential and/or incidental shall be shouldered by the Licensee;
11. All claims by any contractee of the Licensee or by any third-party shall be shouldered by the Licensee, and the latter shall hold PAGCOR free from all claims and obligations; and
12. In the event that Remote Play (SM) is declared suspended or closed by the Office of the President or by any competent authority, the same shall have the same effect upon the licenses and certificates issued herein. The Licensees shall then hold PAGCOR free from all claims, obligations, and accountabilities arising from the above declaration.