

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **5187**



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

Explanatory Note

It is the policy of the State to protect its citizens, especially minors, from the harmful and pernicious effect of gambling. Towards this end, the State should adapt to the new types of gambling introduced by rapid changes in technology, such as Internet Gambling, and to set strict measures to combat this social menace which dissipate the energy, resources and moral fibre of the people. In the United States in 1999, the National Gambling Impact Study stated that "the high-speed instant gratification of Internet games and the high level of privacy they offer may exacerbate problem and pathological gambling."

In the late 1990s, online gambling gained popularity. Internet gambling websites had increased from just 15 websites in 1996, to 200 websites in 1997. By 2001, the estimated number of people who had participated in online gambling rose to 8 million and growth would continue, despite the legislation and the lawsuit challenges which would continue to be received by online gambling. In 2016, Statista has predicted the size of the online gambling market would have a volume of \$45.86 billion growing to \$56.05 billion by 2018.

Gambling has become one of the most popular and lucrative businesses present on the Internet. This is partly due to the wide range of gambling options that are available to facilitate many different types of people. The money for online gambling can come from credit card, electronic check, certified check, money order, wire transfer, or Bitcoin.

Unfortunately, due to the virtual nature of online gambling, it is hard for players to verify the authenticity of the sites they are using. Unlike in physical casinos, randomness and deck shuffling cannot be verified by visual means. Players interact with other players through GUIs, which connect to the gambling site's server in a non-transparent manner.

Thus, this bill aims to regulate online gaming in the Philippines by creating a regulatory Board which shall promulgate and adopt rules and regulations to govern Internet gaming. The policies to be promulgated by the Board will be implemented in a manner that provides for the security and effective management, administration and control of Internet gaming.

This bill will also require for an independent testing and certification standards for internet games and internet gaming devices and associated equipment. Moreover, internet gaming account credits and payment will be required. Minors, i.e., those under 18 years old will not be allowed to engage in online gambling.

In view of the foregoing, approval of this measure is earnestly sought.


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**AN ACT OTHERWISE KNOWN AS THE INTERNET GAMBLING REGULATORY
ACT OF 2017**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress
assembled:*

1 **SECTION 1. Title.** - This Act shall be known as "*Internet Gambling*
2 *Regulatory Act of 2017*".

3
4 **SECTION. 2. Declaration of Policy.** – It is hereby declared the policy of the
5 State to protect its citizens, especially minors, from the harmful and pernicious effect
6 of gambling. Towards this end, the State should adapt to the new types of gambling
7 introduced by rapid changes in technology, such as Internet Gambling, and to set
8 strict measures to combat this social menace which dissipate the energy and resources
9 of the people.

10
11 **SECTION 3. Definition of Terms.**- For purposes of this Act, the term:

12
13 a) "Board" refers to the Philippine Amusement and Gaming Corporation.

14
15 b) "Licensee" is the duly licensed holder of an Internet Gaming Certificate
16 authorized by the Board to conduct Internet Gaming;

17
18 c) "Authorized Internet game." Any game approved and licensed by the Board
19 to be suitable for use for Internet gaming activities.

20
21 d) "Internet gaming." The placing of bets or wagers with licensee located in
22 this jurisdiction using a computer network through which a licensee may offer
23 authorized Internet games to individuals who have registered and established
24 an Internet gaming account with the licensee.

25

1 e) "Internet gaming account." The formal, electronic system implemented by a
2 licensee to record the balance of a registered player's debits, credits and other
3 activity relating to Internet gaming.

4
5 f) "Internet gaming account agreement." The agreement entered into between
6 a licensee and an individual which governs the terms and conditions of the
7 individual's Internet gaming accounts and the use of the Internet for purposes
8 of placing wagers on Internet games operated by the licensee. The Internet
9 gaming account agreement shall be executed in person.

10
11 g) "Internet gaming device." The technology, including software, system
12 programs, hardware or any other gaming equipment as approved by the Board
13 that is used to manage, administer or control Internet gaming or the wagers
14 associated with Internet gaming to facilitate the offering of authorized Internet
15 games to registered players.

16
17 h) "Internet gaming restricted area." Any room or area within the premises of
18 a licensed facility or other location within the Philippines as approved by the
19 Board to conduct Internet gaming, including where approved by the board,
20 redundancy facilities.

21
22 i) "Licensed facility." The physical land-based location at which a licensed
23 gaming entity is authorized to conduct Internet gaming.

24
25 j) "Key employee." Any person who is employed in a director or department
26 head capacity and who is empowered to make discretionary decisions that
27 regulate Internet gaming operations, including the general manager and
28 assistant manager of the licensed facility, director of Internet gaming, director
29 of credit operations, director of surveillance, director of marketing, director of
30 management information systems, director of Internet gaming system
31 programs or other similar job classifications associated with Internet gaming,
32 persons who manage, control or administer Internet games or the bets and
33 wagers associated with Internet games, director of security, comptroller and
34 any employee who is not otherwise designated as a gaming employee and who
35 supervises the operations of these departments or to whom these departments
36 directors or department heads report and such other positions not otherwise
37 designated or defined under this part which the Board shall determine based
38 on detailed analyses of job description as provided in the internal controls of

1 the licensee as approved by the Board. All other gaming employees unless
2 otherwise designated by the Board shall be classified as non-key employees.

3
4 k) "Supplier" A person that sells, leases, offers or otherwise provides,
5 distributes or services any Internet gaming device or associated equipment for
6 use or play of slot machines or Internet games in the Philippines.

7
8 l) "Supplier license." A license issued by the Board authorizing a supplier to
9 provide products or services related to Internet gaming device or associated
10 equipment to licensee for use in the Philippines for gaming purposes.

11
12 m) "Registered player." An individual who has entered into an Internet
13 gaming account agreement with a licensee.

14
15 n) "Cash equivalent." An asset that is readily convertible to cash, including,
16 but not limited to, any of the following:

17 1) Chips or tokens.

18 2) Traveler's checks.

19 3) Foreign currency and coin.

20 4) Certified checks, cashier's checks and money orders.

21 5) Personal checks or drafts.

22 6) A negotiable instrument applied against credit extended by a
23 certificate holder, an Internet gaming certificate holder or a financial
24 institution.

25 7) Any other instrument or representation of value that the Board
26 deems cash equivalent.

27
28 o) "Certificate." An Internet gaming certificate issued to a Licensee in
29 accordance with this Act

30
31 p) "Associated equipment." Any equipment or mechanical, electromechanical
32 or electronic contrivance, component or machine used in connection with any
33 internet game, computerized systems for controlling and monitoring Internet
34 games, including, but not limited to, Internet gaming devices necessary for the
35 operation of Internet games as by the Board.

1 **SECTION 4. *Authority to play Internet games.*** - A person who is 18 years
2 of age or older is hereby permitted to participate as a registered player in Internet
3 gaming activities and wagering associated with playing an Internet game offered by a
4 licensee in this in accordance with the regulations of the board.

5
6 **SECTION 5. *Regulatory Powers.*** – The Board shall promulgate and adopt
7 rules and regulations to govern Internet gaming in order for Internet gaming to be
8 implemented in a manner that provides for the security and effective management,
9 administration and control of Internet gaming, including, but not limited to,
10 regulations:

11
12 a) Ensuring that Internet games are offered for play in the Philippines is in a
13 manner that is consistent with the provisions of this Act.

14
15 b) Establishing standards and procedures for testing and approving Internet
16 games and Internet gaming devices and associated equipment, and any
17 variations or composites of authorized Internet games, provided that the board
18 determines that the Internet games and any new Internet games or any
19 variations or composites are suitable for use after a test or experimental period
20 under any terms and conditions as the board may deem appropriate.

21
22 c) Establishing standards and rules to govern the conduct of Internet gaming
23 and the system of and wagering associated with Internet gaming including
24 internal controls and accounting controls, and the type, number, payout,
25 wagering limits and rules for Internet games.

26
27 d) Establishing notice requirements pertaining to minimum and maximum
28 wagers on Internet games. Minimum and maximum wagers may be adjusted
29 by the licensee in the normal course of conducting an Internet game, except
30 that changes in the minimum wagers of any Internet game shall not apply to
31 players already engaged in wagering on an Internet game when the minimum
32 wager is changed, unless 30 minutes' notice is provided electronically in a
33 form and manner approved by the board.

34
35 f) Ensuring that all facilities, Internet gaming devices and associated
36 equipment are arranged in a manner to promote appropriate security for
37 Internet gaming.

1 g) Establishing technical standards for the approval of Internet games, Internet
2 gaming devices and associated equipment, including mechanical, electrical or
3 program reliability, security against tampering, the comprehensibility of
4 wagering and noise and light levels, as it may deem necessary to protect
5 registered players from fraud or deception.

6
7 h) Governing the creation and utilization of Internet gaming accounts by
8 registered players, including requiring the following:

9 1) That Internet gaming accounts shall be possessed by a natural
10 person and not in the name of any beneficiary, custodian, joint trust,
11 corporation, partnership or other organization or entity.

12 2) That Internet gaming accounts shall not be assignable or otherwise
13 transferable.

14 3) That no account shall be established for an individual under 18
15 years of age

16 4) That all Internet gaming accounts shall be established in person at a
17 licensed facility.

18
19 i) Establishing procedures for:

20 1) Acquiring funds in an Internet gaming account by cash, transfer or
21 other means.

22 2) The withdrawal of funds from Internet gaming accounts.

23 3) The suspension of Internet gaming account activity for security
24 reasons.

25 4) The termination of Internet gaming accounts and disposition of
26 proceeds in accounts.

27 5) The disposition of unclaimed amounts in dormant Internet gaming
28 accounts.

29
30 k) Establishing mechanisms by which registered players may place limits on
31 the amount of being wagered per Internet game or during any specified time
32 period or the amount of losses incurred during any specified time period.

33
34 l) Establishing mechanisms to exclude from Internet gaming, persons not
35 eligible to play by reason of age or incompetency.

36
37 m) Establishing procedures for the protection, security and reliability of
38 Internet gaming accounts, Internet games, Internet gaming devices and

1 associated equipment and mechanisms to prevent tampering or utilization by
2 unauthorized persons.

3 n) Establishing data security standards to govern age and location verification
4 of persons engaged in Internet gaming activity.

5
6 o) At its discretion, the board may determine whether persons those provide
7 the following goods or services and any other goods or services related to
8 Internet gaming as the board may determine shall be required to obtain a
9 license, permit or other authorization:

- 10 1) Payment processing and related money transmitting and services.
- 11 2) Customer identity or age verification and geospatial technology
12 services.
- 13 3) General telecommunications services, which are not specifically
14 designed for or related to Internet gaming.
- 15 4) Other goods or services that are not specifically designed for use
16 with Internet gaming if the persons providing the goods or services
17 are not paid a percentage of gaming revenue or of money gambled
18 on Internet games or online commission fees by the licensee, not
19 including fees to financial institutions and payment providers for
20 facilitating a deposit by an Internet gaming account holder.

21
22
23 p) The board shall develop a classification system for the licensure, permitting
24 or other authorization of persons that provide the following goods or services
25 related to Internet gaming:

- 26 1) Persons that provide Internet games and Internet gaming devices
27 and associated equipment.
- 28 2) Persons that manage, control or administer the Internet games or
29 the wagers associated with Internet games.
- 30 3) Providers of customer lists comprised of persons identified or
31 selected, in whole or in part, because they placed wagers on Internet
32 gaming.

33 34 **SECTION 6. General and specific powers.**

35 (a) General Power.-

- 36 1. The board shall have general and sole regulatory authority over the
37 conduct of gaming, including Internet gaming, or related activities as
38 described in this part. The board shall ensure the integrity of the

1 acquisition and operation of Internet games, Internet gaming devices
2 and associated equipment and shall have sole regulatory authority over
3 every aspect of the authorization, operation and play Internet games.
4

5 b) Specific powers.- The board shall have the specific power and duty:

6 1. At its discretion, to award, revoke, suspend, condition or deny an
7 Internet gaming certificate in accordance with this Act.
8

9 2. In addition to the power of the board regarding license and permit
10 applicants, to determine at its discretion the suitability of any person
11 who furnishes or seeks to furnish to a licensee directly or indirectly
12 any goods, services or property related to Internet games, Internet
13 gaming devices and associated equipment or through any
14 arrangements under which that person receives payment based directly
15 or indirectly on earnings, profits or receipts from the Internet games,
16 Internet gaming devices and associated equipment. The board may
17 require any such person to comply with the requirements of this part
18 and the regulations of the board and may prohibit the person from
19 furnishing the goods, services or property.
20

21 3. The board shall not approve an application for or issue or renew a
22 license, certificate, registration or permit unless it is satisfied that the
23 applicant has demonstrated by clear and convincing evidence that the
24 applicant is a person of good character, honesty and integrity and is a
25 person whose prior activities, criminal record, if any, reputation, habits
26 and associations do not pose a threat to the public interest or the
27 effective regulation and control of Internet gaming operations or create
28 or enhance the danger of unsuitable, unfair or illegal practices,
29 methods and activities in the conduct of Internet gaming operations or
30 the carrying on of the business and financial arrangements incidental
31 thereto.
32

33 4. To publish annually in the Official Gazette and on the Board's
34 Internet website a complete list of all persons who file an application
35 for the authorization to conduct Internet gaming and the status of each
36 Application or Internet gaming certificate.
37

1 5. To review detailed site plans identifying the restricted area or room
2 where an applicant proposes to manage, administer or control Internet
3 gaming operations within a licensed facility to determine the adequacy
4 of the proposed internal and external security and proposed
5 surveillance measures.

6
7 6. To require each licensee to:

- 8 i. Provide written information on its Internet gaming
9 website which explains the rules for each Internet
10 games, payoffs or winning wagers and other
11 information as the board may require.
- 12
13 ii. Provide specifications approved by the board to
14 integrate and update the licensed facility's surveillance
15 system to cover all areas in the licensed facility where
16 Internet gaming will be managed, administered or
17 controlled. The specifications shall include provisions
18 providing the board and other persons authorized by the
19 board with onsite access to the surveillance system or
20 its signal.
- 21
22 iii. Designate one or more restricted areas within the
23 licensed facility where Internet gaming activity will be
24 managed, administered or controlled.
- 25
26 iv. Provide the board with access to the Internet website,
27 signal or transmission used in connection with Internet
28 gaming.
- 29
30 v. Ensure that visibility in the designated restricted area in
31 the licensed facility where Internet gaming will be
32 managed, administered or controlled is not obstructed
33 in any way that could interfere with the ability of the
34 licensee, the board and other persons authorized by the
35 board or other persons authorized under this part to
36 oversee the surveillance of the conduct of Internet
37 gaming operations.

- vi. Adopt procedures for the recordation, replication and storage of all play and transactions for a period to be determined by the board.
- vii. Adopt policies or procedures to prohibit any authorized person from having access to Internet gaming devices and associated equipment, including software, system programs, hardware and any other gaming equipment which is used to manage, administer or control Internet gaming.
- viii. Adopt data security standards to verify the age of persons engaged in Internet gaming activity and prevents unauthorized access by any person whose age has not been verified or whose age cannot be verified in accordance with regulations adopted by the board.
- ix. Adopt standards to protect the privacy and security of persons engaged in Internet gaming activity.
- x. Collect, report and pay any and all applicable taxes and fees and maintain all books, records and documents related to the licensee's Internet gaming activities. All books, records and documents shall be immediately available for inspection during all hours of operation in accordance with the regulations of the board and shall be maintained in a manner and during periods of time as the board shall be regulation require.

7. To require each licensee to provide on a quarterly basis the following information with respect to Internet gaming:

- i. The name of any person, entity or firm to whom any payment, remuneration or other benefit or thing of value has been made or conferred for professional services, including, but not limited to, legal, consulting and lobbying services;

- 1 ii. The amount or value of the payments, remuneration, benefit or thing
2 of value;
3 iii. The date on which the payments, remuneration, benefit or thing of
4 value was made; and
5 iv. the reason or purpose for the procurement of the services.

6
7 **SECTION 7. *Internet gaming certificate required and content of***
8 *Application.-*

9 a) Certificate required.- No person shall operate or attempt to conduct
10 Internet gaming, except for test purposes, to the public without first obtaining
11 an Internet gaming certificate from the board. An applicant may seek
12 approval to conduct Internet gaming by filing an application for an Internet
13 gaming certificate with the Board.

14
15 The Board shall prescribe the form and manner to govern the submission of a
16 application for an Internet gaming certificate. Not more than one Internet
17 gaming certificate shall be issued to operate Internet gaming within a
18 licensed facility.

19
20 b) Content of Application.- In addition to information and
21 documentation demonstrating that applicant is legally and technically
22 qualified for an Internet gaming certificate under this Act, the
23 application seeking board approval to conduct Internet gaming shall
24 include the following:

25 1. The name, business address and contact information of the
26 applicant

27
28 2. The name and business address, job title and a photograph of
29 each principal and key employee of the applicant who will be
30 involved in the conduct of Internet gaming.

31
32 3. An itemized list of the Internet games and any other game or
33 games the applicant plans to offer over the Internet for which
34 authorization is being sought. The applicant shall, in
35 accordance with regulations promulgated by the board, file any
36 charges in the number of authorized games offered through
37 Internet gaming with the board.

1 4. The estimated number of full-time and part-time
2 employment positions that will be created at the licensed
3 facility if Internet gaming operations are authorized.

4
5 5. A brief description of the economic benefits expected to be
6 realized if Internet gaming operations are authorized.

7
8 6. The details of any financing obtained or that will be obtained
9 to fund the fund the cost of commencing Internet gaming
10 operations.

11
12 7. Information and documentation concerning financial
13 background and resources, as the board may require, to
14 establish by clear and convincing evidence the financial
15 stability, integrity and responsibility of the applicant.

16
17 8. Information and documentation, as the board may require, to
18 establish by clear and convincing evidence that the applicant
19 has sufficient business ability and experience to create and
20 maintain a successful Internet gaming operation. In making this
21 determination, the board may consider the applicant's financial
22 information employment data and capital investment.

23
24 9. Information and documentation, as the board may require, to
25 establish by clear and convincing evidence that the applicant
26 has or will have the financial ability to pay the Internet gaming
27 authorization fee.

28
29 10. Detailed site plans identifying the applicant's proposed
30 restricted area where Internet gaming operations will be
31 managed, administered or controlled within the licensed
32 facility as approved by the board.

33
34 11. A detailed description of all the following:

- 35
36 i. The applicant's initial system of internal and
37 accounting controls applicable to Internet gaming.
38

b. Information on the experience and qualifications of each subcontractor to provide the services anticipated.

c. The names of all proposed subcontractor's owners, executives and employees that will be directly or indirectly involved in the applicant's Internet gaming operations, as well as sufficient personal identifying information on each such person to conduct background checks as may be required by the board.

12. The Internet gaming devices and associated equipment, including the computer system or systems that the applicant plans to or will utilize to manage, administer or control its Internet gaming operations, including, but not limited to:

i. Connectivity.

ii. Software and hardware.

iii. Antifraud systems.

iv. Virus and hacker protection.

v. Data protection.

vi. Access controls.

vii. Firewalls.

viii. Emergency and disaster recovery,

ix. Redundancy

x. Internet gaming devices and associated equipment, including, but not limited to, hardware and software that ensure all of the following:

a. The Internet games are authorized Internet games.

b. The Internet games are independent and fair and played by natural persons.

c. Internet game and wagering rules are available to all registered players.

d. All data used for the operation of each Internet game is randomly generated.

13. Compliance Certification of its Internet gaming devices and associated equipment, including Internet gaming software, by a board-approved

gaming laboratory to ensure that the gaming software complies with the requirements of the Act, if required by the board.

14. Detailed description of accounting systems, including, but not limited to, accounting systems for all of the following:

- i. Registered Internet gaming accounts,
- ii. Per-hand charges, if applicable,
- iii. Transparency and reporting to the board and the department,
- iv. Distribution of revenue to the Government and winnings to registered players.
- v. Ongoing auditing and internal control compliance reviews.

15. Detailed information on security systems at the licensed facility to protect the Internet gaming website from internal and external breaches and threats,

16. Any other information as the board may require.

c) Confidentiality, - Information submitted to the board under subsection (b) of this Section is considered confidential.

SECTION 8. *Issuance of Internet Gaming Certificate.*

a) Requirements for approval of Application, -

1. The board may approve an application for an Internet Gaming Certificate upon finding, upon clear and convincing evidence, all of the following:

i. The applicant's Internet gaming operations comply in all respects with the requirements of this Act and regulations promulgated by the board.

ii. Age verification requirements designed to block access to individuals under 18 years of age and those persons excluded, denied access or prohibited from Internet gaming in accordance with this Act, as approved by the board, have been implemented by the applicant

iii. The applicant has implemented or will implement appropriate data security standards to prevent unauthorized access by any person whose age has not been verified or cannot be verified in accordance with the regulations promulgated and adopted by the Board.

iv. The applicant has implemented or will implement appropriate

standards to protect the privacy and security of registered players.

v. The applicant's initial system of internal and accounting controls applicable to Internet gaming, and the security and integrity of all financial transactions in connection with the system, complies with this Act and regulations promulgated and adopted by the Board.

vi. The Applicant is in good standing with the board.

vii. The conduct of Internet gaming activities will have a positive economic impact through increased revenue and employment opportunities.

2. It shall be an express condition of any Internet gaming certificate that a licensee shall collect, report and pay all applicable taxes and fees and shall maintain all books, records and documents pertaining to licensee's Internet gaming operations in a manner approved by the board. All books, records and documents shall be immediately available for inspection by the board during all hours of operation in accordance with the regulations of the board and shall be maintained in a manner and during periods of time as the board shall require.

b) Issuance of Internet gaming certificate.-

1. Upon approval of the application for an Internet gaming certificate, the board shall issue an Internet gaming certificate to the applicant. The issuance of an Internet gaming certificate prior to the full payment of the authorization fee required this Act shall not relieve the licensee from the obligation to pay the authorization fee in accordance with the requirements of this Act.

c.) Term of internet gaming certificate. - Subject to the power of the board to deny, revoke or suspend an Internet gaming certificate issued in accordance with the requirements of this section, an Internet gaming certificate shall be renewed every three years and shall be subject to the requirements under this Act.

d) Sanctions.- A licensee that fails to abide by the requirements of this chapter or any condition contained in the licensee's statement of conditions governing the operation of Internet gaming shall be subject to board imposed administrative sanctions or other penalties authorized under this Act.

1 e) Background investigations.--Each application for an Internet gaming certificate shall
2 be accompanied by a nonrefundable fee established by the board to cover the cost of
3 background investigations. The board shall determine by regulation the persons
4 involved, directly or indirectly, in a licensee's Internet gaming operations who shall be
5 subject to background investigation. The reasonable and necessary costs and expenses
6 incurred in any background investigation or other investigation or proceeding under this
7 chapter shall be reimbursed to the board.
8

9 **SECTION 9. *Internet Gaming Certificate*.** - The following shall apply:
10

11 a) An Internet gaming certificate shall be in effect unless:

- 12 1. The certificate is suspended or revoked by the board consistent with the
13 requirements of this part.
- 14 2. The licensee does not seek renewal of its Internet gaming certificate.
15

16 b) The Internet gaming certificate shall include an itemized list by type and of
17 internet games approved by the Board and authorized for Internet gaming
18 conducted by the licensee. The licensee may increase or decrease the number
19 of Internet games authorized for play on its Internet website or change the
20 type of Internet games played on its Internet gaming website upon notice to
21 the board and approval by the board. Unless approved by the board or a
22 designated employee of the board, the total number and type of internet
23 games offered for play by the licensee may not differ from the number and
24 type approved by the board and authorized in the Internet gaming certificate.
25

26 c) A licensee shall be required to update the information in its initial Internet
27 gaming petition at times and in the form and manner as prescribed by the
28 board.
29

30 **SECTION 10. *Date of initial Internet gaming authorizations*.** - The Board shall
31 prescribe the date on which application for an Internet gaming certificate must be filed with the
32 board and shall approve or deny a petition within 90 days following receipt.
33

34 **SECTION 11. *Commencement of Internet gaming operations*.** - A licensee may not
35 operate or offer internet games for play on its Internet gaming website until the Board determines
36 that:

- 37 a) The licensee is in compliance with the requirements of this Act,
- 38 b) The licensee's internal, administrative and accounting controls are
39 sufficient to meet the requirements of this Act,
- 40 c) The licensee's Internet gaming employees, where applicable, are licensed,
41 permitted or otherwise authorized by the board to perform their respective duties.
- 42 d) The licensee is prepared in all respects to offer Internet gaming to the

1 public over its Internet gaming website.

2 e) The licensee has implemented necessary internal, administrative,
3 accounting controls, security arrangements and surveillance systems for the
4 operation of internet gaming.

5 f) The licensee is in compliance with or has complied with the payment of the
6 Internet gaming certificate fee.

7
8 **SECTION 12. *Situs of Internet gaming operations.*** - All wagers made through Internet
9 gaming shall be deemed to be initiated, received or otherwise made within the geographic
10 boundaries of the Philippines. Internet gaming shall be exclusively conducted by a licensee
11 provided, however, that the intermediate routing of electronic data associated or in connection with
12 Internet gaming shall not determine the location or locations in which a bet or wager is initiated,
13 received or otherwise made.

14
15 **SECTION 13. *Establishment of Internet gaming accounts.***

16
17 a) Registration restrictions. - Only natural persons who has first
18 established an Internet gaming account with the licensee shall be
19 permitted to play an Internet game offered by or place any bet or
20 wager associated with an Internet game offered by the licensee. An
21 Internet gaming account shall be in the name of a natural person and
22 may not be in the name of any beneficiary, custodian, joint trust,
23 corporation, partnership or other organization or entity. A licensee
24 shall not permit an individual to establish an Internet gaming account
25 unless the person is 18 years of age or older.

26
27 b) Establishment of Internet gaming accounts. -

28
29 1. An Internet gaming account shall be executed in person. Each Internet
30 gaming account shall comply with the internal controls of the licensee
31 that, at a minimum, require the following:

32 i. The filing and execution of an Internet gaming account
33 application, the form of which has been preapproved by the
34 board.

35
36 ii. Proof of age and residency as demonstrated by at least two
37 forms of identification approved by the board through regulation.

38
39 iii. Physical address of the principal residence of the prospective
40 account holder in the Philippines, electronic mail address of the
41 prospective account holder and other contact information, as the
42 board or licensee may require.

1 iv. Password or other secured identification provided by the
2 licensee to access the internet gaming account or some other
3 mechanism approved by the board to authenticate the player as
4 the holder to the internet gaming account.

5
6 v. An acknowledgment under penalty of perjury that false or
7 misleading statements made in regard to an application for an
8 Internet gaming account may subject the applicant to civil and
9 criminal penalties.

10
11 2. The licensee may accept or reject an application after receipt and
12 review of the application and proof of age for compliance with the
13 provisions of this Act. The licensee shall have the right, at any time with
14 or without cause, to suspend or close any Internet gaming account at its
15 sole discretion.

16
17 3. The address provided by the applicant in the application for an Internet
18 gaming account shall be deemed the proper address for the purposes of
19 mailing checks, account withdrawals, notices and other materials.

20
21 4. An Internet gaming account shall not be assignable or otherwise
22 transferable, and the licensee may, at any time, declare all or any part of
23 an Internet gaming account to be closed for wagering.

24
25
26 c) Password required.—As part of the application process, the licensee shall
27 provide the prospective Internet gaming account holder with a password to access
28 the gaming account or shall establish some other mechanism approved by the
29 Board to authenticate the individual as the holder of the Internet gaming account
30 and allow the individual access to the Internet gaming account.

31
32 d) Grounds for rejection.—Any prospective Internet gaming account holder who
33 provides false or misleading information on the application for an Internet gaming
34 account is subject to rejection of the application or cancellation of the account by
35 the licensee.

36
37 e) Suspension of Internet gaming account.—The licensee shall have the right to
38 suspend or close any Internet gaming account at its discretion.

39
40 f) Persons prohibited from establishing or maintaining an Internet gaming
41 account.—The following persons shall not be entitled to establish or maintain an
42 Internet gaming account:

- i. Any person under 18 years of age
- ii. Mentally incompetent persons
- iii. Any person on the list of persons who are to be excluded or ejected from any licensed facility pursuant to rules to be promulgated by the Board.
- iv. Any gaming employee or key employee of a licensee.

SECTION 14. *Internet gaming account credits and payment.* –

a) Credits to Internet gaming accounts. - Notwithstanding any provision of this part to the contrary, credits to an Internet gaming account shall not be made except as provided by this section. The following shall apply;

1. A deposit to an Internet gaming account by an account holder may be submitted by the account holder to the licensee in one of the following forms:

- i. Cash given to the licensee.
- ii. Check, money order, negotiable order of withdrawal or wire or electronic transfer, payable and remitted to the licensee.
- iii. Charges made to an account holder's credit card upon the account holder's direct and personal authorization, which authorization may be given to the licensee in a form and manner prescribed by regulation of the board, if the use of the credit card has been approved by the licensee,
- iv. Any other method approved by the board,

b) Payment of winnings.-When an Internet gaming account holder wins an Internet game, the licensee shall credit the holder's Internet gaming account the appropriate amount pursuant to the rules of the particular game. When the account holder logs off or cashes out, the licensee shall credit the holder's gaming account in the amount of tokens or other cash equivalents cashed in.

c) Rights of the licensee,—A licensee shall have the right to:

- 1. Credit an Internet gaming account as part of a promotion.
- 2. Refuse, for any valid reason, all or part of any wager or deposit to the account of an account holder.

d) Interest prohibited. - Funds deposited in a registered player's Internet gaming account shall not bear interest to the account holder.

e) Debits to Internet gaming accounts. - Debits to an Internet gaming account shall not be made except as follows:

1 1. When an account holder logs onto a gaming account and exchanges account
2 funds for Internet tokens or other cash equivalents, the licensee shall debit the
3 holder's account in the amount of funds exchanged- Upon receipt by a licensee of
4 an account wager or an account purchase order, the licensee shall debit the
5 account holder's Internet tokens or other cash equivalents in the amount of the
6 wager or purchase.

7
8 2. A licensee may authorize a withdrawal from an Internet gaming account when
9 the account holder submits to the slot machine licensee all of the following;

- 10
11 i. Proper identification.
12 ii. The correct password or other authentication Information for accessing
13 the gaming account,
14 iii. A properly completed and executed withdrawal form in a form and
15 manner approved by the board through regulation.
16

17 3. Upon receipt of a properly completed and executed withdrawal form, and, if
18 there are sufficient funds in the gaming account to cover the withdrawal, the
19 licensee shall send, within three business days of receipt of the withdrawal
20 form, a check payable in the amount requested to the account holder at the
21 address specified in the application for the Internet gaming account or shall
22 transmit payment to the account holder electronically as approved by the board
23 by regulation.
24

25 **SECTION 15. *Dormant Internet gaming accounts.* –**
26

27 a) *Dormant Internet gaming accounts.*—Any funds remaining in Internet gaming
28 accounts inactive or dormant for the period and under the conditions as
29 established by regulation of the board shall be paid 50% to the licensee and 50%
30 to the Board.
31

32 b) *Closure of dormant accounts.*—Before dosing a dormant Internet gaming
33 account, the licensee shall attempt to contact the account holder by mail, phone or
34 electronic mail to inform the account holder that the Internet gaming account is
35 inactive and may be subject to termination at such time and manner as determined
36 by regulation of the board.
37

38 **SECTION 16. *Log-in procedure required.* –**
39

40 a) *Establishment of iog-in procedure.*—Each licensee shall establish a logⁿ in
41 procedure for Internet gaming account holders to access Internet gaming. The log-
42 in procedure shall include the provision of the appropriate authentication

1 information by the Internet gaming account holder for access to the Internet
2 gaming account. The licensee shall not allow an account holder to log-in and
3 access the Internet gaming account holder's Internet gaming account unless the
4 Internet gaming account holder provides the correct password or other
5 authentication information.

6
7 b) Exchange of funds.—Upon log-in, the Internet gaming account holder shall
8 have the option to exchange any amount of funds in the Internet gaming account
9 for Internet tokens or other cash equivalents to be used for Internet gaming.

10
11 c) Credits to account—Upon logging off, the current amount of the Internet
12 gaming account holder's Internet tokens or other cash equivalents shall be credited
13 to the Internet gaming account holder's Internet gaming account.

14
15 **SECTION 17. *Information provided at log-in.*** - The licensee shall configure its Internet
16 gaming website to include a link that, upon log-in, will allow an Internet gaming account holder to
17 access all of the following information:

18
19 a) The current amount of money in the Internet gaming account holder's Internet
20 gaming account, including the current amount of the Internet gaming holder's
21 Internet tokens or other cash equivalents,

22
23 b) The Internet gaming account holder's wins and losses since the Internet gaming
24 account was established.

25
26 c) The Internet gaming account holder's win and losses at the beginning of the
27 current gaming session and the wins and losses at the end of the current gaming
28 session,

29
30 d) The complete text in searchable format of the rules of each internet game
31 offered by the slot machine licensee and any other information as the board may
32 require.

33
34 **SECTION 18. *Responsibilities of licensee.*** -

35
36 a) Facilities and equipment-- All facilities and Internet gaming devices
37 and associated equipment shall:

- 38
39 1. Be arranged in a manner promoting appropriate security for Internet gaming.
40 2. Include a closed-circuit visual monitoring system according to rules or
41 specifications approved by the board, with board access to the licensee's Internet
42 gaming website, signal or transmission used in connection with Internet gaming.

3. Not be designed in any way that might interfere with or impede the board in its regulation of Internet gaming.
4. Comply in all respects with regulations of the board.

SECTION 19. *Internal, administrative and accounting controls.* –

a) Submissions to board. - Notwithstanding any provision of this Act, each licensee who shall submit a description of its system of internal procedures and administrative and accounting controls for Internet gaming to the board, including provisions that provide for real time monitoring, recordation or storage of all internet games and a description of any changes to its procedures and controls. The submission shall be made at least 90 days before Internet gaming operations are to commence or at least 90 days before any change in those procedures or controls is to take effect, unless otherwise directed by the board.

b) Filing. - Notwithstanding subsection (a), the procedures and controls may be implemented by a licensee upon the filing of the procedures and controls with the board. Each procedure or control submission shall contain both narrative and diagrammatic representations of the system to be utilized with regard to Internet gaming, including, but not limited to;

1. Accounting controls, including the standardization of forms and definition of terms to be utilized in the Internet gaming operations.

2. Procedures forms and, where appropriate, formulas to govern the following;

- i. Calculation of hold percentages;
- ii. Revenue drops;
- iii. Expense and overhead schedules;
- iv. Complimentary services; and
- v. Cash equivalent transactions.

3. Job descriptions and the system of personnel and chain of command, establishing a diversity of responsibility among employees engaged in Internet gaming operations and identifying primary and secondary management and supervisory positions for areas of responsibility, salary structure and personnel practices.

4. Procedures for the registration of players and establishment of Internet gaming accounts, including a procedure for authenticating the age of applicants for gaming accounts.

1 5. Procedures for the termination of a registered player's Internet gaming
2 account by the account holder and the return of any funds remaining in
3 the gaming account to the account holder.

4
5 6. Procedures for the suspension or termination of a dormant gaming
6 account.

7
8 7. Procedures for the logging in and authentication of a registered player
9 in order to enable the player to commence Internet gaming and the
10 logging off of the registered player when the player has completed play,
11 including a procedure to automatically log a registered player out of the
12 player's Internet gaming account after a specified period of inactivity.

13
14 8. Procedures for the crediting and debiting of registered players' Internet
15 gaming accounts.

16
17 9. Procedures for:

18
19 i. The cashing of checks to establish credit in an Internet gaming
20 account;

21 ii. The receipt and security of cash to establish credit in an
22 Internet gaming account, whether the cash is received by wire
23 transfer or by other means as approved by the board; and

24 iii. Receipt of other electronic negotiable instruments approved
25 by the board to establish credit in an Internet gaming account.

26
27 10. Procedures for the withdrawal of funds from an Internet gaming
28 account by the registered player.

29
30 11. The redemption of chips, tokens or other cash equivalents used in
31 Internet gaming and the payout of jackpots.

32
33 12. The recording of transactions pertaining to Internet gaming.

34
35 13. Procedures for the security of personal identifying information of
36 registered players and other information as required by the board and
37 funds in Internet gaming accounts.

38
39 14. Procedures for the transfer of Internet gaming revenue from Internet
40 gaming accounts to the counting process.

41
42 15. Procedures and security for the counting and recordation of revenue.

16. Procedures for the security of Internet gaming devices and associated equipment within a restricted area on the premises of the licensed facility or in a secure facility inaccessible to the public and specifically designed for that purpose off the premises of a licensed facility but within the geographic boundaries of the Philippines as approved by the board.

17. Procedures and security standards as to receipt of and the handling and storage of Internet gaming devices and associated equipment.

18. Procedures and security standards to protect the licensee's Internet gaming website and Internet gaming devices and associated equipment from tampering by any person,

19. Procedures for responding to suspected or actual tampering with a licensee's Internet gaming website and Internet gaming devices and associated equipment, including partial or complete suspension of Internet gaming or the suspension of any or all player internet gaming accounts when warranted.

c) Review of submissions. –

1. The board shall review each submission required by subsections (a) and (b) and shall determine whether the submission conforms to the requirements of this Act and regulations promulgated by the board and whether the system submitted provides adequate and effective controls for Internet gaming operations of the particular licensee,

2. If the board determines that insufficiencies exist, it shall specify the insufficiencies in writing to the licensee, who shall make appropriate alterations to ensure compliance with the requirements of this chapter and regulations of the board. When the board determines a submission to be adequate in all respects, it shall notify the licensee.

3. Except as otherwise provided in subsection (a), no licensee shall commence or alter Internet gaming operations unless and until the system of procedures, controls and alternations is approved by the board.

SECTION 20. *Internet games and Internet gaming devices and associated equipment testing and certification standards.*

a) Testing required. –

1. No Internet game or internet gaming device or associated equipment shall be used to conduct Internet gaming unless it has been tested by the

board. The board may, in its discretion and for the purpose of expediting the approval process, refer testing to any testing laboratory as approved by the board.

2. The board shall establish, by regulation, technical standards for approval of internet games and Internet gaming devices and associated equipment, including mechanical, electrical or program reliability, security against tampering and threats, the comprehensibility of wagering and noise and light levels, as it may deem necessary to protect the registered player from fraud or deception and to ensure the integrity of Internet gaming.

b) Independent testing and certification facility. - Any costs associated with the board's testing and certification facility shall be assessed on persons authorized by the board to distribute or otherwise provide Internet games and Internet gaming devices and associated equipment to licensees. The costs shall be assessed in accordance with a schedule adopted by the board.

SECTION 21. . *Internet gaming Certificate fee. -*

a) Amount of Certificate fee. - Each applicant that is issued an Internet gaming certificate to conduct Internet gaming in accordance with this Act shall pay a one-time non refundable fee in the amount of (insert amount).

b) Payment of fee, - The authorization fee under subsection (a) shall be remitted to the board within 60 days of the board's approval of the application to conduct Internet gaming. The board may allow the fee to be paid in installments, provided that all such installments are paid within the 60-day time period and that the installment payments are made in accordance with the terms of an agreement between the board and the applicant that sets forth the terms of the installment payment.

c) Renewal fee. - Notwithstanding any other provision of this chapter, an applicant that has been issued an Internet gaining certificate in accordance with the requirements of this Act shah pay a renewal fee in the amount of (insert amount) upon the renewal of its internet gaming certificate in accordance with this Act.

SECTION 22. *Impact of Internet gaming, annual report.* - Within sixty (60J days at the end of one year after the commencement of internet gaming, the Board shah submit a report to the appropriate congressional committees on the impact of Internet gaming on compulsive and problem gambling and gambling addiction in the Philippines.

1 **SECTION 23. *Prohibited acts; penalties –***

2
3 a) The penalty of imprisonment from five (5) years to ten (10) years or a fine
4 ranging from five million (Php5,000,000.00) pesos to ten million (Php
5 10,000,000.00) pesos to or both shall be imposed upon any person or entity who
6 knowingly operate, conduct, permit, or otherwise knowingly allow the operation
7 or conduct of any Internet gaming or Internet game or an Internet gaming device
8 or its associated equipment without a valid internet gaming certificate issued by
9 the Board. The same penalty shall also be imposed:

10
11 i. In case of a juridical entity, the key employees who knowingly permit
12 the operation of an illegal Internet game or an Internet gaming device or
13 its associated equipment

14 ii. Financiers or Capitalist. - Any person who finances the operations of
15 any illegal numbers game.

16 iii. Protector or Coddler, - Any person who lends or provides protection,
17 or receives benefits in any manner in the operation of any illegal internet
18 game.

19
20 b) The penalty of imprisonment from *five (5) years* to *ten (10) years* or a fine
21 amounting of *one hundred thousand (Php100, 000.00)* or both shall be imposed
22 upon any parent, guardian or person exercising moral authority or ascendancy
23 over a minor, ward or incapacitated person, who induces or causes such minor,
24 ward or incapacitated person to commit any of the offenses punishable in this Act,
25 Upon conviction, the parent, guardian or person exercising moral authority or
26 ascendancy over the minor, ward or incapacitated person shall be deprived of
27 his/her authority over such person in addition to the penalty imposed.

28
29 c) The penalty of a fine amounting to *one hundred thousand (Php100, 000.00)*
30 pesos shall be imposed upon any licensed entity, gaming employee, key employee
31 or any other person to permit a Internet game or Internet gaming device or
32 associated equipment to be operated, transported, repaired or opened on the
33 premises of a licensed facility by a person other than a person licensed or
34 permitted by the Board pursuant to its rules.

35
36 d) The penalty of a fine amounting to *five hundred thousand (Php 500,000.00)*
37 pesos shall be imposed upon any licensed entity or other person who knowingly
38 manufacture, supply or place Internet game or Internet gaming devices or
39 associated equipment into play on the premises of a licensed facility without the
40 authority of the board.

41
42 e) The penalty of a fine amounting to *five hundred thousand (Php500,000.00)*

1 pesos shall be imposed upon any licensed entity or other person who knowingly
2 manufacture, supply or place Internet gaming devices or associated equipment
3 into operation at a licensed facility without the approval of the board.
4

5 f) The penalty of imprisonment from *five (5) years* to *ten (10) years* or a fine
6 ranging to *five million (Php5, 000,000.00) pesos* to *ten million (Php10,*
7 *000,000.00) pesos* or both shall be imposed upon shall be upon a licensed entity
8 or other person who knowingly manufacture, supply, operate, carry on or expose
9 for play Internet game or Internet gaming device or associated equipment after the
10 licensee's license has expired.
11

12 g) The penalty of imprisonment from *Jive (5)years* to *ten (10)years* or a fine
13 amounting to *five hundred thousand (Php500,000.00) pesos* or both shall be
14 imposed upon any person to knowingly alter, tamper or manipulate Internet
15 gaming devices or associated equipment, including software, system programs,
16 hardware and any other device or equipment used in Internet gaming operations,
17 in order to alter the odds or the payout of an Internet game or to disable the
18 Internet game from operating according to t he rules of the game as authorized by
19 the board.
20

21 h) The penalty of imprisonment from *five (5) years* to *fen (10) years* or a fine
22 ranging from *Jive million (Php5, 000,000.00) pesos* to *ten million (Php*
23 *10,000,000.00) pesos* or both shall be imposed upon any person who knowingly
24 offer, or allow to be offered, any Internet game that has been altered, tampered
25 with or manipulated in a way that affects the odds or the payout of an Internet
26 game, or disables the internet game from operating according to the rules of the
27 game as authorized by the board.
28

29 i) The penalty of imprisonment from *five (5)years* to *ten (10)years* or a fine
30 ranging from *five million (Php5,000,000.00) pesos* to *ten million*
31 *(Php10,000,000.00) pesos* or both shall be imposed upon any licensee or
32 employee of a licensee who knowingly allows a person under 18 years of age to
33 open, maintain or use an Internet gaming account, except that the establishment of
34 all of the following facts by a licensee or employee of a licensee shah constitute a
35 defense to any regulatory action by the board or the penalty authorized under this
36 section:
37

- 38 i. the underage person falsely represented that he was of the permitted 18
- 39 years of age in the application for an Internet gaming account; and
- 40 ii. the establishment of the Internet gaming account was made in good
- 41 faith reliance upon such representation and in the reasonable belief that
- 42 the underage person was 18 years of age.

1 **SECTION 24. *Liability of Government Employees and/or Public Officials.* –**

2
3 a) If the operator or its key employee in any illegal internet gaming operation is a
4 government employee and/or public official, whether elected or appointed shall
5 suffer the penalty of twelve (12) years and one (1) day to twenty (20) years and a
6 fine ranging from Three million pesos (P3,000,000.00) to Five million pesos
7 (PS,000,000.00) and perpetual absolute disqualification from public office.

8
9 In addition to the penalty provided in the immediately preceding section, the
10 accessory penalty of perpetual disqualification from public office shall be
11 imposed upon any local government official who, having knowledge of the
12 existence of the operation of any illegal numbers game in his/her jurisdiction, fails
13 to abate or to take action, or tolerates the same in connection therewith.

14
15 b) In the case of failure to apprehend perpetrators of any illegal numbers game,
16 any law enforcer shall suffer an administrative penalty of suspension or dismissal,
17 as the case may be, to be imposed by the appropriate authority.

18
19 **SECTION 25. *Immunity from Prosecution,*** - Any person who serves as a witness
20 for the government or provides evidence in a criminal case involving any violation of this Act, or
21 who voluntarily or by virtue of a subpoena testificandum or duces tecum, produces, identifies, or
22 gives testimony shall be immune from any criminal prosecution, subject to the compliance with the
23 provisions of Presidential Decree No. 1732, otherwise known as Decree Providing Immunity from
24 Criminal Prosecution to Government Witnesses and the pertinent provisions of the Rules of Court.

25
26 **SECTION 26. *Prosecution, Judgment and Forfeiture of Property.*** - Any person
27 may be charged with or convicted of the offenses covered by this Act without prejudice to the
28 prosecution of any act or acts penalized under the Revised Penal Code or existing laws.

29
30 During the pendency of the case, no property or income used or derived therefrom which
31 may be confiscated and forfeited shall be disposed, alienated or transferred and the same shall be in
32 custodia legis and no bond shall be admitted for the release of the same.

33
34 The trial prosecutors shall avail of provisional remedies provided for under the Revised
35 Rules on Criminal Procedure.

36
37 Upon conviction, all proceeds, gambling paraphernalia and other instruments of the crime
38 including any real or personal property used in any illegal internet, game operation shall be
39 confiscated and forfeited in favor of the State. All assets and properties of the accused either owned
40 or held by him/her in his/her name or in the name of another person found to be manifestly out of
41 proportion to his/her lawful income shall be prima facie presumed to be proceeds of the offense
42 and shall likewise be confiscated and forfeited in favor of the State.

1 In all cases, ten percent (10) of the value of any property forfeited in a final and executory order
2 under this Act shall be earmarked as additional funding for the Philippine National Police (PNP) to
3 be used for law enforcement purposes.
4

5 **SECTION 27. *Witness Protection.*** –Any person who provides material information,
6 whether testimonial or documentary, necessary for the investigation or prosecution of individuals
7 committing any of the offenses under Sections 3, 4, 5 and 6 herein shall be placed under the
8 Witness Protection Program pursuant to Republic Act No. 6981-
9

10 **SECTION 28. *Rules and Regulations.*** - The Board, together with the Department of
11 Interior and Local Government, the Department of Trade and Industry, and in consultation with the
12 Philippine National Police [PNP], shall promulgate the rules and regulations for the
13 implementation of this Act
14

15 **SECTION 29. *Separability Clause.*** - If any provision or part hereof is held invalid or
16 unconstitutional, the remainder of this Act or the provisions not otherwise affected shall remain
17 valid and subsisting.
18

19 **SECTION 30. *Repealing Clause.*** - All laws, decrees, orders, rules and regulations or
20 parts thereof inconsistent with this Act are hereby repealed or modified accordingly.
21

22 **SECTION 31. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after its
23 publication in at least two (2) newspapers of general circulation.

Approved,