

THIRTEEN CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Third Regular Session )

6 SEP -4 P1:41

S.B. No. 2452

RECEIVED BY: Judy

**Introduced by Senator Juan Ponce Enrile**

**Explanatory Note**

Presidential Decree 1869, the charter of the Philippine Amusement and Gaming Corporation (PAGCOR), was crafted during the Marcos administration to consolidate PAGCOR's various enabling laws, namely PD 1067-A, 1067-B, 1067-C, 1399, 1632, and their amendments.

P. D. No. 1869 covers, among others, the powers and functions of PAGCOR, the nature and scope of its franchise, activities, and privileges, and the nature and scope of the regulatory powers granted to it.

Under P. D. 1869, PAGCOR is authorized to operate and, at the same time, is assigned the task to regulate all games of chance in the country with some exceptions. PAGCOR is also intended to serve as a channel to improve, promote, and expand our tourism industry. Finally, PAGCOR is used as a mechanism to help in raising funds for the socio-civic and national development programs of the government.

In line with its mandate, PAGCOR has become a major benefactor to a number of public services and socio-civic project of the country. Such projects include programs for the alleviation of poverty, for the promotion of sports development in the country, for the improvement of the health and education of the people, and for the restoration of peace and order in the land.

The rising number of PAGCOR's gaming activities over the years in our major cities paved the way for the vibrant growth of the gaming industry, and this has made PAGCOR an important income earner of the government. Presently, PAGCOR earns an average income of over Twenty Billion (P20 billion) a year for the government.

While PAGCOR contributes a hefty yearly sum of money to the government, there is still a wide room to expand its operations and to boost its earning capacity via the application of creative and modern business methods, strategies, and techniques, by broadening the nature and scope of its present corporate activities.

Its outmoded charter, however, has outlived its usefulness and is now a roadblock to the utilization of PAGCOR's full potential. Moreover, PAGCOR's franchise has been overtaken by new practices in the gaming industry and by the demands of the present business milieu, like globalization, privatization, mergers, joint ventures, and similar other aggressive corporate arrangements and practices.

This proposed measure intends to correct all of that. It intends to amend and modernize the charter of PAGCOR to provide it with potent and effective tools to realize its full potential as an income-generating agency of the government.

One of the changes being introduced in the proposed legislation is to include whatever newly conceived and developed games of chance and amusements activities there are that are not named or mentioned in PAGCOR's existing franchise. This is intended to remove any

misgivings regarding PAGCOR's authority and power to engage in such newly conceived and developed games of chance and amusement activities.

It is also the intent of the proposed measure to clarify and remove any doubt about PAGCOR's power to enter into joint ventures and similar undertakings. This is also essential to encourage, achieve, and promote competition in the gaming industry.

Under the proposed measure, PAGCOR will expand its authority, powers, functions, and operations beyond its present gaming activities.

PAGCOR will be given under the proposed measure an unequivocal authority and power to engage in activities that shall include the construction, establishment, maintenance, operation, and management of hotels, inns, clubs, resorts, convention centers, theme parks, aquariums, integrated amusement areas or communities, and other recreational and entertainment facilities, casinos where all forms of card games or games of numbers or other forms of games of chance are held and where bets are made, roulette tables, dice tables, slot or pinball machine parlors, bingo parlors and other places where other forms of lotteries are held, racetracks for all kinds of races, jai alai frontons, sports gaming pools, and other forms of games of chance or games of numbers, whether specifically included or mentioned in the proposed measure, or not, including newly conceived and developed games of chance or games of numbers that are not yet named, mentioned, or authorized in any existing franchises, or in any general gaming law of the country, or in any special laws such as Republic Act No. 7922, otherwise known as the Cagayan Special Economic Zone Act of 1995.

It is also made very clear in the proposed legislation that PAGCOR may engage in said activities, either by itself directly or indirectly through a joint venture with others.

It is with the above-cited reasons and objectives that I urge my colleagues to fully support the passage of this measure as soon as possible.



JUAN PONCE ENRILE

THIRTEEN CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Third Regular Session )

6 SEP -4 P.M.

SENATE  
S.B. No. 2452

RECEIVED BY: Joy

Introduced by Senator Juan Ponce Enrile

AN ACT  
TO STRENGTHEN AND RATIONALIZE THE AUTHORITY, POWERS,  
FUNCTIONS, AND ACTIVITIES OF THE PHILIPPINE AMUSEMENT AND  
GAMING CORPORATION (PAGCOR) IN ORDER TO ENHANCE THE  
GROWTH OF THE GAMING INDUSTRY, AMENDING FOR THIS PURPOSE  
PRESIDENTIAL DECREE 1869, OTHERWISE KNOWN AS THE CHARTER OF  
PAGCOR, AS AMENDED

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

SECTION 1. *Title.* – This Act shall be known as the “*Revised Philippine Amusement and Gaming Corporation (PAGCOR) Act of 2006*”.

SEC. 2. Section 1, under Title I of Presidential Decree No. 1869, otherwise known as the charter of the Philippine Amusement and Gaming Corporation, is hereby amended to read as follows:

TITLE I – GENERAL PROVISIONS

SECTION 1. *Declaration of Policy* -- It is hereby declared a policy of the State to [centralize and integrate all games of chance not heretofore authorized by existing franchises or permitted by] **AUTHORIZE, LICENSE, AND REGULATE ALL GAMES OF CHANCE, GAMES OF CARDS AND GAMES OF NUMBERS WITHIN THE TERRITORY OF THE PHILIPPINES AND TO GRANT THE POWER TO AUTHORIZE, LICENSE, AND REGULATE ALL SUCH GAMES OF CHANCE, GAMES OF CARDS, AND GAMES OF NUMBERS TO THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR),** in order to attain the following objectives:

(a) To centralize [and integrate] **IN ONE GOVERNMENT CORPORATE ENTITY THE POWER TO AUTHORIZE, LICENSE, AND REGULATE** the right, **PRIVILEGE,** and authority to operate and conduct games of chance, **GAMES OF CARDS, AND GAMES OF NUMBERS** [into one corporate entity to be controlled, administered and supervised by the Government] **WITHIN THE TERRITORY OF THE PHILIPPINES, EXCEPT AS PROVIDED HEREIN;** and,

(b) [To establish and operate clubs and casinos, for amusement and recreation, including sports gaming pools (basketball) football, lotteries, etc. and such other forms of amusement and recreation including games of chance, which may be allowed by law within the territorial jurisdiction of the Philippines and which will: (1) generate sources of additional revenue to fund infrastructure and socio-civic projects, such as flood control

programs, beautification, sewerage and sewage projects, Tulungan Bayan Centers, Nutritional Programs, Population Control and such other essential public services; (2) create recreation and integrated facilities which will expand and improve the country's existing tourist attractions; and (3) maximize, if not totally eradicate, the evils, malpractices and corruptions that are normally prevalent in the conduct and operation of gaming clubs and casinos without direct government involvement.] **TO ENABLE THE GOVERNMENT THROUGH PAGCOR TO CONSTRUCT, ESTABLISH, MAINTAIN, OPERATE, AND MANAGE HERE OR ABROAD HOTELS, INNS, CLUBS, RESORTS, CONVENTION CENTERS, THEME PARKS, AQUARIUMS, INTEGRATED AMUSEMENT AREAS OR COMMUNITIES, AND OTHER RECREATIONAL AND ENTERTAINMENT FACILITIES, CASINOS WHERE ALL FORMS OF CARD GAMES AND GAMES OF NUMBERS OR OTHER FORMS OF GAMES OF CHANCE ARE HELD AND WHERE BETS ARE MADE, ROULETTE TABLES, DICE TABLES, SLOT OR PINBALL MACHINE PARLORS, BINGO PARLORS AND OTHER PLACES WHERE OTHER FORMS OF LOTTERIES ARE HELD, RACETRACKS FOR ALL KINDS OF RACES, JAI ALAI FRONTONS, SPORTS BETTING, AND OTHER FORMS OF GAMES OF CHANCE OR GAMES OF NUMBERS, INCLUDING NEWLY CONCEIVED AND DEVELOPED GAMES OF CHANCE OR GAMES OF NUMBERS IRRESPECTIVE OF WHETHER THEY ARE SPECIFICALLY INCLUDED OR MENTIONED IN THIS ACT, OR NOT.**

**THE AUTHORITY AND POWER OF PAGCOR TO AUTHORIZE, LICENSE, AND REGULATE GAMES OF CHANCE, GAMES OF CARDS AND GAMES OF NUMBERS SHALL NOT EXTEND TO: (1) GAMES OF CHANCE AUTHORIZED, LICENSED, AND REGULATED OR TO BE AUTHORIZED, LICENSED, AND REGULATED BY, IN, AND UNDER EXISTING FRANCHISES OR OTHER REGULATORY BODIES; AND (2) GAMES OF CHANCE, GAMES OF CARDS, AND GAMES OF NUMBERS AUTHORIZED, LICENSED, AND REGULATED OR TO BE AUTHORIZED, LICENSED, AND REGULATED BY, IN, AND UNDER SPECIAL LAWS SUCH AS REPUBLIC ACT NO. 7922. THE CONDUCT OF SUCH GAMES OF CHANCE, GAMES OF CARDS AND GAMES OF NUMBERS COVERED BY EXISTING FRANCHISES, REGULATORY BODIES, OR SPECIAL LAWS, TO THE EXTENT OF THE JURISDICTION AND POWERS GRANTED UNDER SUCH FRANCHISES AND SPECIAL LAWS, SHALL BE OUTSIDE THE LICENSING AUTHORITY AND REGULATORY POWERS OF PAGCOR.**

SEC. 3. Section 2 under Title II of PD 1869 is hereby amended to read as follows:

TITLE II –  
CREATION OF PHILIPPINE AMUSEMENT AND GAMING  
CORPORATION

SEC. 2. *Philippine Amusement and Gaming Corporation (PAGCOR), Creation and Purpose.* —To implement **THE DECLARED** State policy and to pursue the objectives set forth in [the preceding section] **SECTION 1 OF THIS ACT**, there is hereby created a body corporate to be known as the Philippine Amusement and Gaming Corporation, hereinafter referred to as [the “Corporation”] **“PAGCOR”**, which shall have its principal office in Metropolitan Manila. [The

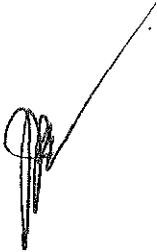
Corporation] **PAGCOR** may establish such **OTHER** offices, agencies, subsidiaries, and branches in **AND OUTSIDE** the Philippines, as [its] **THE** operations AND BUSINESSES OF PAGCOR would require and [as] its Board of Directors may [determine] **DEEM NECESSARY AND PROPER**.

SEC. 4. Section 3 under Title II of PD 1869 is hereby amended to read as follows:

SEC. 3. *Corporate Powers* – [The Corporation] **PAGCOR** shall have the following powers and functions, among others:

- a) to prescribe its By-Laws;
- b) to adopt, alter and use a corporate seal;
- c) to own real or personal property, and to sell, alienate, mortgage, encumber or otherwise dispose the same;
- d) to make **ALL KINDS OF** contracts, and to sue and be sued;
- e) to employ such officers and personnel as may be necessary or proper to carry on its **OPERATIONS AND** businesses;
- f) to acquire, lease or maintain, whether on land, on water, or in the air, personal property and such other equipment, instruments, machines, devices, tools, and facilities as may be necessary, appropriate, or proper to carry out its purposes and to serve and maintain its businesses;
- g) to import, buy, sell, or otherwise trade or deal in merchandise, goods, wares, and objects of all kinds and descriptions that may be necessary, **APPROPRIATE**, or proper to carry out the purposes for which it has been created;
- h) to enter into, make, **CONCLUDE**, perform, and carry out contracts of every kind **AND NATURE** and for any lawful purpose [pertaining to the business of the Corporation, or in any manner incident thereto, as principal, agent or otherwise, with any reason, firm, association, or corporation], **WHICH ARE NECESSARY, APPROPRIATE, PROPER, OR INCIDENTAL TO ANY BUSINESS OR PURPOSE OF PAGCOR, INCLUDING BUT NOT LIMITED TO INVESTMENT AGREEMENTS, JOINT VENTURE AGREEMENTS, MANAGEMENT AGREEMENTS, AGENCY AGREEMENTS, WHETHER AS PRINCIPAL OR AS AN AGENT, MANPOWER SUPPLY AGREEMENTS, OR ANY OTHER SIMILAR AGREEMENTS OR ARRANGEMENTS WITH ANY PERSON, FIRM, ASSOCIATION, OR CORPORATION**;
- i) to borrow money from local or foreign **BANKS, FINANCIAL INSTITUTIONS, OR OTHER** sources as may be necessary or proper for its operations **OR BUSINESS**;
- j) to invest its funds as [the Corporation] **IT** may deem necessary or proper in any activity related to its [principal] **CORPORATE OR BUSINESS** operation, including in [any] bonds and securities issued or guaranteed by the Government of the Philippines, **OR ISSUED**

**OR GUARANTEED BY ANOTHER GOVERNMENT OWNED OR CONTROLLED FINANCIAL CORPORATION;**

- k) [to perform such other powers and functions as may be provided by law; and] **TO LEASE, CONSTRUCT, ESTABLISH, MAINTAIN, OPERATE, AND MANAGE HOTELS, INNS, CLUBS, RESORTS, CONVENTIONS CENTERS, THEME PARKS, AQUARIUMS, INTEGRATED AMUSEMENT AREAS OR COMMUNITIES, AND OTHER RECREATIONAL AND ENTERTAINMENT FACILITIES, CASINOS WHERE ALL FORMS OF CARD GAMES OR GAMES OF NUMBERS OR OTHER FORMS OF GAMES OF CHANCE ARE HELD AND WHERE BETS ARE MADE, ROULETTE TABLES, DICE TABLES, SLOT OR PINBALL MACHINE PARLORS, BINGO PARLORS AND OTHER PLACES WHERE OTHER FORMS OF LOTTERIES ARE HELD, RACETRACKS FOR ALL KINDS OF RACES, JAI ALAI FRONTONS, SPORTS BETTING, AND OTHER FORMS OF GAMES OF CHANCE OR GAMES OF NUMBERS, INCLUDING NEWLY CONCEIVED AND DEVELOPED GAMES OF CHANCE OR GAMES OF NUMBERS IRRESPECTIVE OF WHETHER THEY ARE SPECIFICALLY INCLUDED OR MENTIONED IN THIS ACT, OR NOT;**
- L) **TO PARTICIPATE IN THE OWNERSHIP OR IN THE MANAGEMENT OF BUSINESS ENTITIES, FIRMS, PARTNERSHIPS, CORPORATIONS, ASSOCIATIONS, JOINT VENTURES, OR OTHER FORMS OF INVESTMENT ARRANGEMENTS, WHICH ARE RELATED TO OR CONNECTED WITH ITS BUSINESSES, OPERATIONS, POWERS, AND FUNCTIONS;**
- M) **TO CREATE, ORGANIZE, OR OTHERWISE ESTABLISH, ALONE OR IN ASSOCIATION WITH OTHERS, SUBSIDIARIES AND, WHEN APPROPRIATE AND FEASIBLE, TO LIST THE SHARES OF STOCK OF SUCH SUBSIDIARIES AND OFFER SUCH SHARES OF STOCK FOR SALE TO THE GENERAL PUBLIC THROUGH THE STOCK MARKET, AS THE EXIGENCIES OF THE BUSINESSES OF PAGCOR'S SUBSIDIARIES OR OF ITS OWN BUSINESSES MAY REQUIRE;**
- N) **TO CONSTRUCT, ESTABLISH, MAINTAIN, OPERATE, AND MANAGE TRANSPORTATION FACILITIES LIKE AIRFIELDS, AIRPORTS, AIRCRAFTS, WHARVES, SHIPS, VESSELS, AND LAND TRANSPORTATION VEHICLES AND EQUIPMENT AS ITS OPERATIONS AND BUSINESSES OR THE OPERATIONS AND BUSINESSES OF ITS SUBSIDIARIES MAY REQUIRE;**
- O) **TO OWN ALIENABLE AND DISPOSABLE PUBLIC AGRICULTURAL LANDS (WHETHER RECLAIMED FROM RIVERS, LAKES, BAYS, OR SEAS, OR NOT) BY GRANT OR BY PURCHASE FROM THE GOVERNMENT AND TO HOLD LANDS OF THE PUBLIC DOMAIN OTHER THAN PUBLIC AGRICULTURAL LANDS, INCLUDING ISLETS AND ISLANDS, BY LEASE FROM THE GOVERNMENT,**
- 

**WHETHER SUCH LANDS OF THE PUBLIC DOMAIN ARE ALIENABLE AND DISPOSABLE OR NOT;**

**P) THE PROVISIONS OF ANY LAW TO THE CONTRARY NOTWITHSTANDING, TO RECLAIM LANDS FROM RIVERS, LAKES, BAYS, OR SEAS AND TO LET OUT SUCH LANDS AS ITS OPERATIONS AND BUSINESSES MAY REQUIRE;**

**Q) TO EXERCISE THE POWER OF EMINENT DOMAIN WHENEVER IT IS NEEDED TO CARRY OUT ITS PURPOSES OR WHENEVER IT IS NECESSARY TO SERVE THE PUBLIC INTEREST; AND,**

**[I] R) [to do anything and everything necessary, proper, desirable, convenient, or suitable for the accomplishment of any of the purposes or the attainment of any of the objectives or the furtherance of any of the powers herein stated, either alone or in association with other corporations, firms or individuals, and to do every other act or thing incidental, pertaining to, growing out of, or connected with, the aforesaid purposes, objects or powers, or any part thereof.] TO DO ALL SUCH OTHER ACTS AND THINGS, EITHER ALONE OR WITH OTHER CORPORATIONS, FIRMS, OR INDIVIDUALS, WHICH MAY BE NECESSARY, PROPER, DESIRABLE, CONVENIENT, SUITABLE, OR INCIDENTAL FOR THE ATTAINMENT AND ACCOMPLISHMENT OF THE PURPOSES, OBJECTIVES, OR POWERS GRANTED TO IT IN THIS ACT.**

SEC. 5. Section 4 of PD 1869 is hereby amended to read as follows:

**SEC. 4. *Authorized Capital Stock.*** — [The Corporation shall have an authorized capital stock divided into one million voting and no par value shares, to be subscribed, paid for and voted as follows:

- a) 550,000 shares of stock to be subscribed to and paid for by the Government of the Republic of the Philippines at an original issue value of P200.00 per share; and,
- b) 450,000 shares remaining may be subscribed to by persons or entities acceptable to the Board of Directors at issue value to be determined by such Board of Directors.]

[The voting power pertaining to shares of stock subscribed to by the Government of the Republic of the Philippines shall be vested in the President of the Philippines or in such person or persons as he may designate.]

[The voting power pertaining to shares of stock subscribed by private persons or entities shall be vested in them.]

**PAGCOR'S AUTHORIZED CAPITAL STOCK OF ONE MILLION (1,000,000) VOTING NO PAR VALUE SHARES, OF WHICH FIVE HUNDRED FIFTY THOUSAND (550,000) EQUIVALENT TO FIFTY FIVE (55%) PERCENT OF THE ENTIRE ORIGINAL 1,000,000 VOTING, NO PAR VALUE SHARES HAD BEEN PREVIOUSLY SUBSCRIBED AND PAID FOR BY THE REPUBLIC OF THE PHILIPPINES AT AN ISSUE VALUE OF TWO HUNDRED PESOS (P200.00) PER SHARE, IS HEREBY INCREASED TO TWO (2,000,000) MILLION VOTING NO PAR VALUE SHARES.**

UNLESS CONGRESS SHALL AUTHORIZE AND ALLOW A LOWER PERCENTAGE, AT LEAST FIFTY FIVE (55%) PERCENT OF THE OUTSTANDING ISSUED SHARES OF STOCK OF PAGCOR SHALL, AT ALL TIMES, BE OWNED BY THE REPUBLIC OF THE PHILIPPINES.

IF REQUIRED FOR ANY PURPOSE, QUALIFYING SHARES MAY BE ISSUED TO INDIVIDUALS, WHO SHALL HOLD THE QUALIFYING SHARES ISSUED TO THEM IN TRUST FOR THE REPUBLIC OF THE PHILIPPINES.

EXCEPT FOR THE REPUBLIC OF THE PHILIPPINES, NO OTHER STOCKHOLDER OF PAGCOR SHALL OWN OR HOLD MORE THAN TEN (10%) PERCENT OF THE OUTSTANDING ISSUED SHARES OF STOCK OF PAGCOR.

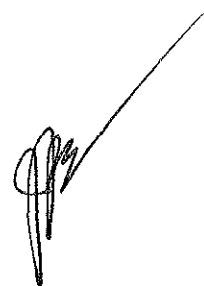
NO UNISSUED SHARES OF STOCK OF PAGCOR SHALL BE SOLD WITHOUT A THOROUGH EXAMINATION AND VALUATION OF THE ASSETS, BUSINESSES, AND INVESTMENTS OF PAGCOR BY A RELIABLE AND REPUTABLE APPRAISER OR APPRAISERS AND WITHOUT THE FAVORABLE RECOMMENDATION OF THE SECRETARY OF FINANCE AND THE APPROVAL OF THE PRESIDENT OF THE PHILIPPINES.

THE SALE OF UNISSUED SHARES OF STOCK OF PAGCOR SHALL BE DONE SOLELY THROUGH OPEN, TRANSPARENT, AND COMPETITIVE PUBLIC BIDDING WITH PRIOR NOTICE TO THE GENERAL PUBLIC.

THE NOTICE TO THE GENERAL PUBLIC SHALL BE DONE THROUGH ADVERTISEMENTS IN AT LEAST THREE NATIONAL NEWSPAPERS OF GENERAL CIRCULATION, AND THE NOTICE SHALL STATE, AMONG OTHER THINGS, THE MINIMUM BID PRICE FOR THE SHARES TO BE SOLD AND THE DATE, TIME, AND PLACE OF THE PUBLIC BIDDING.

THE MINIMUM BID PRICE SHALL NOT BE LESS THAN THE MINIMUM ISSUE VALUE OF THE UNISSUED SHARES OF STOCK OF PAGCOR BEING OFFERED FOR SALE, AND THE MINIMUM ISSUE VALUE SHALL EQUAL AT LEAST THE SUM TOTAL OF THE FAIR MARKET VALUE OF ALL THE ASSETS AND BUSINESSES OF PAGCOR LESS ITS LIABILITIES PER ITS BOOKS OF ACCOUNT PLUS THE SHARE OF PAGCOR IN THE VALUE OF ITS SUBSIDIARIES PLUS THE VALUE OF ITS OTHER INVESTMENTS DIVIDED BY THE NUMBER OF PAGCOR'S OUTSTANDING ISSUED SHARES OF STOCK.

IN ORDER TO MAINTAIN THE FIFTY FIVE (55%) PERCENT CONTROL OF THE REPUBLIC OF THE PHILIPPINES IN PAGCOR, ALL SHARES OF STOCK ACCRUING OR ALLOTTED TO THE REPUBLIC OF THE PHILIPPINES FROM ANY INCREASE IN THE NUMBER OF ISSUED SHARES OF STOCK OF PAGCOR OR FROM ANY INCREASE IN THE AMOUNT OF ITS CAPITAL STOCK SHALL BE ISSUED TO OR SHALL BE SUBSCRIBED BY THE REPUBLIC OF THE PHILIPPINES, AS THE CASE MAY BE, AND SHALL BE PAID FOR BY THE NATIONAL TREASURY.





**THE RIGHT TO VOTE THE SHARES OF STOCK OWNED BY THE REPUBLIC OF THE PHILIPPINES IN PAGCOR IN ANY MEETING OF ITS RECORDED STOCKHOLDERS SHALL BE EXERCISED BY THE PRESIDENT OF THE PHILIPPINES OR BY THE PERSON OR PERSONS THAT HE OR SHE MAY DULY AND PERSONALLY DESIGNATE IN WRITING.**

**THE SHARES OF STOCK OWNED BY THE REPUBLIC OF THE PHILIPPINES IN PAGCOR SHALL NOT BE PLEDGED, MORTGAGED, OR OTHERWISE ENCUMBERED IN ANY MANNER, NOR SHALL SUCH SHARES OF STOCK BE SOLD OR DISPOSED WITHOUT THE PRIOR APPROVAL OF CONGRESS.**

SEC. 6. Section 5 of PD 1869 is hereby amended to read as follows:

*SEC. 5. Government Investment* — [The Government advances to the Corporation authorized on May 29, 1978, having reached the amount of P70,430,752.03, shall be converted into equity as part of the investment of the Government to be applied to the subscription of 550,000 shares.] **ALL OUTSTANDING ADVANCES OF THE GOVERNMENT TO PAGCOR, IF ANY, SHALL BE CONVERTED INTO EQUITY AND SHALL FORM PART OF THE CAPITAL INVESTMENT OF THE REPUBLIC OF THE PHILIPPINES IN THE CAPITAL STOCK OF PAGCOR.**

SEC. 7. Section 6 of PD 1869 is hereby amended to read as follows:

*SEC. 6. Board of Directors, Chairman of the Board, and President of PAGCOR* — [The Corporation shall be governed and its activities be directed, controlled and managed by a Board of Directors, hereinafter referred to as the Board, composed of five (5) members, three (3) of whom shall come from the Government sector and shall be appointed by the President, while the other two (2) shall be from the private sector who own at least 1 share of stock in the Corporation and who shall be elected by the stockholders of the corporation in the annual general meeting or in a special meeting called for such purpose.]

**PAGCOR SHALL BE GOVERNED AND ITS ASSETS, BUSINESSES, OPERATIONS, AND OTHER ACTIVITIES, EITHER AS A CORPORATE OR AS A REGULATORY BODY, SHALL BE DIRECTED, CONTROLLED, MANAGED, HANDLED, AND DISPOSED BY A BOARD OF DIRECTORS, HEREINAFTER REFERRED TO AS THE "BOARD", COMPOSED OF FIVE (5) MEMBERS, THREE (3) OF WHOM SHALL BE FROM THE GOVERNMENT SECTOR, WHO SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES; AND TWO (2) OF WHOM SHALL BE FROM THE PRIVATE SECTOR, WHO SHALL BE ELECTED BY THE STOCKHOLDERS OF PAGCOR IN THE ANNUAL GENERAL MEETING OR IN A SPECIAL MEETING CALLED FOR THAT PURPOSE. EACH OF THE TWO MEMBERS OF THE BOARD FROM THE PRIVATE SECTOR MUST BE A REGISTERED HOLDER OF AT LEAST ONE (1) SHARE OF STOCK OF PAGCOR TO QUALIFY HIM AS A MEMBER OF THE BOARD; PROVIDED, THAT THE TWO (2) PRIVATE SECTOR REPRESENTATIVES SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES IN THE ABSENCE OF PRIVATE INVESTORS OR SHAREHOLDERS**

**WITH SUFFICIENT SHAREHOLDINGS TO ELECT THE PRIVATE SECTOR REPRESENTATIVES TO THE BOARD.**

Each Director shall serve for a term of [one (1) year] **THREE (3) YEARS** and until his successor shall have been duly appointed and qualified.

**THE CHAIRMAN OF THE BOARD OF PAGCOR, HEREINAFTER REFERRED TO AS THE "CHAIRMAN", SHALL BE ITS CHIEF EXECUTIVE OFFICER. HE SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES FOR A FIXED TERM OF SIX (6) YEARS UNLESS SOONER REMOVED FOR CAUSE. HE MAY BE REAPPOINTED FOR ANOTHER TERM OF SIX (6) YEARS, PROVIDED, THAT NO INDIVIDUAL SHALL BE REAPPOINTED AS CHAIRMAN OF THE BOARD MORE THAN ONCE.**

**IN THE EVENT OF DEATH, RESIGNATION, OR REMOVAL OF THE CHAIRMAN OF PAGCOR DURING HIS TERM OF OFFICE, HIS SUCCESSOR SHALL ONLY SERVE THE REMAINING TERM OF THE DECEASED, RESIGNED, OR REMOVED CHAIRMAN.**

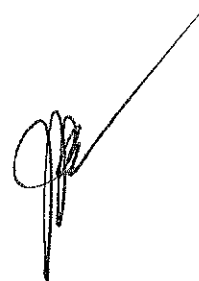
**THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF PAGCOR AT THE TIME OF THE EFFECTIVITY OF THIS ACT SHALL CONTINUE TO SERVE AS SUCH FOR A NEW TERM OF SIX (6) YEARS.**

**PAGCOR SHALL HAVE A PRESIDENT WHO SHALL BE ITS CHIEF OPERATING OFFICER AND WHO SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES FOR A TERM OF SIX (6) YEARS UNLESS SOONER REMOVED FOR CAUSE. HE MAY BE REAPPOINTED FOR ANOTHER TERM OF SIX (6) YEARS, PROVIDED, THAT NO INDIVIDUAL SHALL BE REAPPOINTED AS PRESIDENT MORE THAN ONCE.**

**IN THE EVENT OF DEATH, RESIGNATION, OR REMOVAL OF THE PRESIDENT OF PAGCOR DURING HIS TERM OF OFFICE, HIS SUCCESSOR SHALL ONLY SERVE THE REMAINING TERM OF THE DECEASED, RESIGNED OR REMOVED PRESIDENT.**

**THE MEMBERS OF THE BOARD OF PAGCOR, ITS PRESIDENT, ITS VICE-PRESIDENTS, AND ITS DIVISION HEADS ARE ABSOLUTELY PROHIBITED AND DISQUALIFIED TO HAVE ANY BUSINESS OR FINANCIAL DEALINGS OR INTERESTS IN PAGCOR, AND NEITHER SHALL THEY OR ANY ONE OF THEM HOLD ANY POSITION NOR RECEIVE ADDITIONAL COMPENSATION, ALLOWANCES, OR EMOLUMENTS OF WHATEVER KIND OR FORM FROM ANY ENTITY, FIRM, PARTNERSHIP, CORPORATION, ASSOCIATION, OR JOINT VENTURE THAT HAS BEEN AUTHORIZED OR LICENSED BY PAGCOR TO OPERATE A GAME OF CHANCE WITHIN THE TERRITORY OF THE PHILIPPINES.**

**THE SAME PROHIBITION AND DISQUALIFICATION SHALL EXTEND, WITH EQUAL FORCE AND EFFECT, TO**



**RELATIVES OF THE MEMBERS OF THE BOARD OF PAGCOR, ITS PRESIDENT, ITS VICE-PRESIDENTS, AND ITS DIVISION HEADS, WHETHER THE RELATION IS BY CONSANGUINITY OR AFFINITY WITHIN THE FOURTH CIVIL DEGREE.**

SEC. 8. Section 7 of PD 1869 is hereby amended to read as follows:

SEC. 7. *Powers, Functions, and Duties of the Board of Directors.*—The Board shall have the following powers, functions and duties:

- a) To allocate and distribute, with the approval of the [Office of the] President of the Philippines, the earnings of [the Corporation] **PAGCOR** earmarked to finance infrastructure and socio-civic projects;
- b) To designate the commercial bank that shall act as the depository [bank] of [the Corporation] **PAGCOR** and [/or] **THE** trustee of [the] **ITS** funds [of the Corporation];
- c) To prepare and approve at the beginning of each calendar year a budget that may be [necessary] **REQUIRED** under [any] **ITS** franchise [granted to it], **OR THAT MAY BE NEEDED** to insure the smooth operation of [the Corporation] **PAGCOR**; and to evaluate and approve the budgets submitted to it by other corporations or entities with which it might have any existing contractual arrangement **OR OBLIGATION**;
- d) To submit to the [Office of the] President of the Philippines before the end of February of each year a list of all the infrastructure and[/or] socio-civic projects that [might have] **HAD** been financed **DURING THE PREVIOUS CALENDAR YEAR** from [the Corporation's] **PAGCOR**'s earnings, and to submit such [periodic or] **OTHER** reports [as] **THAT THE PRESIDENT OF THE PHILIPPINES** may [be] require**D** [of it] **FROM PAGCOR** from time to time; [and]
- (E) TO PREPARE AND APPROVE THE PERSONNEL MANAGEMENT POLICIES AND STANDARDS AND THE RULES AND REGULATIONS THAT SHALL GOVERN PAGCOR'S EMPLOYEES, INCLUDING THEIR WAGES, SALARIES, ALLOWANCES, AND BENEFITS, ANY PROVISIONS OF EXISTING LAWS TO THE CONTRARY NOTWITHSTANDING, AND TO DETERMINE AND ESTABLISH THE APPROPRIATE ORGANIZATIONAL STRUCTURE OF PAGCOR AS THE BOARD MAY DEEM FIT TO ADOPT, AND TO CHANGE SUCH ORGANIZATIONAL STRUCTURE WHENEVER SUCH CHANGE BECOME NECESSARY IN THE INTEREST OF EFFICIENCY AND CONVENIENCE OF PAGCOR;**
- (F) TO SERVE AS THE GOVERNING ORGAN OF PAGCOR AND AS THE REGULATORY BODY FOR PURPOSES OF EXERCISING AND ENFORCING THE POWERS GRANTED TO PAGCOR UNDER AND BY VIRTUE OF TITLE III, PARTICULARLY SECTION 9, OF THIS ACT; AND**
- [(e)](G) To perform such other powers, functions, and duties as may be directed and authorized by the President of the Philippines or as may**

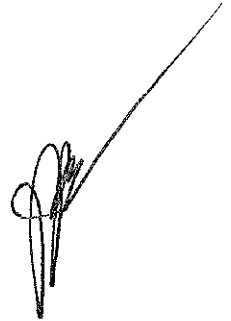
be necessary or proper for the accomplishment of [its] PAGCOR'S purposes and objectives **AND FOR THE EFFECTIVE IMPLEMENTATION AND ENFORCEMENT OF ITS LICENSING AND REGULATORY POWERS.**

SEC. 9. Section 8 under Title III of PD 1869 is hereby amended to read as follows:

**TITLE III – [AFFILIATION] REGULATORY PROVISIONS**

[SEC. 8. REGISTRATION. – All persons primarily engaged in gambling, together with their allied business, with contract or franchise from the Corporation, shall register and affiliate their businesses with the Corporation. The Corporation shall issue the corresponding certificates of affiliation upon compliance by the registering entity with the promulgated rules and regulations thereon.] **LICENSING POWERS OF PAGCOR — EXCEPT (1) FOR THOSE GAMES OF CHANCE, GAMES OF CARDS, AND GAMES OF NUMBERS THAT MAY BE AUTHORIZED, LICENSED, AND REGULATED BY, IN, AND UNDER EXISTING FRANCHISES OR BY OTHER REGULATORY BODIES, OR (2) FOR THOSE GAMES OF CHANCE, GAMES OF CARDS, AND GAMES OF NUMBERS THAT MAY BE AUTHORIZED, LICENSED, AND REGULATED BY, IN, AND UNDER SPECIAL LAWS, SUCH AS REPUBLIC ACT NO. 7922, NO PERSON, WHETHER NATURAL OR JURIDICAL, AND WHETHER FILIPINO OR FOREIGN, MAY ENGAGE IN THE BUSINESS OF OPERATING WITHIN THE TERRITORY OF THE PHILIPPINES CASINOS WHERE ALL FORMS OF CARD GAMES OR GAMES OF NUMBERS AND OTHER FORMS OF GAMES OF CHANCE ARE HELD AND WHERE BETS ARE MADE, ROULETTE TABLES, DICE TABLES, SLOT OR PINBALL MACHINE PARLORS, BINGO PARLORS AND OTHER PLACES WHERE OTHER FORMS OF LOTTERIES ARE HELD, RACETRACKS FOR ALL KINDS OF RACES, JAI ALAI FRONTONS, SPORTS BETTING, OR OTHER FORMS OF GAMES OF CHANCE OR GAMES OF NUMBERS, INCLUDING NEWLY CONCEIVED AND DEVELOPED GAMES OF CHANCE OR GAMES OF NUMBERS IRRESPECTIVE OF WHETHER THEY ARE SPECIFICALLY INCLUDED OR MENTIONED IN THIS ACT, OR NOT, WITHOUT AN AUTHORITY GRANTED AND LICENSE ISSUED BY PAGCOR FOR THAT PURPOSE.**

**EXCEPT (1) FOR THOSE GAMES OF CHANCE, GAMES OF CARDS, AND GAMES OF NUMBERS THAT MAY BE AUTHORIZED, LICENSED, AND REGULATED BY, IN, AND UNDER EXISTING FRANCHISES OR BY OTHER REGULATORY BODIES OR (2) FOR THOSE GAMES OF CHANCE, GAMES OF CARDS, AND GAMES OF NUMBERS THAT MAY BE AUTHORIZED, LICENSED, AND REGULATED BY, IN, AND UNDER SPECIAL LAWS, SUCH AS REPUBLIC ACT NO. 7922, NO PERSON, WHETHER NATURAL OR JURIDICAL, AND WHETHER FILIPINO OR FOREIGN, MAY MANUFACTURE OR POSSESS WITHIN THE TERRITORY OF THE PHILIPPINES OR IMPORT INTO ANY PHILIPPINE TERRITORY ANY GAMING PARAPHERNALIA – PLAYING CARDS, GAMING TABLES, ROULETTE MACHINES, DICE AND DICE TABLES, BINGO CARDS AND BINGO BALLS OR CHIPS, SLOT OR PINBALL MACHINES, MACHINES AND EQUIPMENT FOR LOTTERIES, JAI ALAI BALLS AND EQUIPMENT, AND**



**OTHER CONTRAPTIONS OF CONTRIVANCES AND DEVICES USED FOR GAMBLING OF WHATEVER NATURE AND FOR WHATEVER PURPOSE -- UNLESS THAT PERSON IS A HOLDER OF AN AUTHORITY AND LICENSE FROM PAGCOR TO ENGAGE WITHIN THE TERRITORY OF THE PHILIPPINES IN THE BUSINESS OF OPERATING CASINOS WHERE ALL FORMS OF CARD GAMES OR GAMES OF NUMBERS AND OTHER FORMS OF GAMES OF CHANCE ARE HELD AND WHERE BETS ARE MADE, ROULETTE TABLES, DICE TABLES, SLOT OR PINBALL MACHINE PARLORS, BINGO PARLORS AND OTHER PLACES WHERE OTHER FORMS OF LOTTERIES ARE HELD, RACETRACKS FOR ALL KINDS OF RACES, JAI ALAI FRONTONS, SPORTS BETTING, OR OTHER FORMS OF GAMES OF CHANCE OR GAMES OF NUMBERS, INCLUDING NEWLY CONCEIVED AND DEVELOPED GAMES OF CHANCE, GAMES OF CARDS OR GAMES OF NUMBERS IRRESPECTIVE OF WHETHER THEY ARE SPECIFICALLY INCLUDED OR MENTIONED IN THIS ACT, OR NOT.**

**PAGCOR SHALL GRANT SUCH AUTHORITY AND ISSUE SUCH LICENSE TO ENGAGE IN THE BUSINESS OF OPERATING GAMBLING CASINOS, ROULETTE TABLES, DICE TABLES, SLOT MACHINE PARLORS, LOTTERIES, JAI ALAI FRONTONS, SPORTS BETTING, OR ANY GAME OF CHANCE WITHIN THE TERRITORY OF THE PHILIPPINES ONLY TO PERSONS, WHETHER NATURAL OR JURIDICAL, AND WHETHER FILIPINO OR FOREIGN, WITH SUFFICIENT TECHNICAL KNOWLEDGE, EXPERIENCE, EXPERTISE, AND SKILLS, AND WITH PROVEN FINANCIAL RESOURCES AND FACILITIES TO ENGAGE IN SAID BUSINESS.**

SEC. 10. Section 9 of PD 1869 is hereby amended to read as follows:

**SEC. 9. REGISTRATION AND Regulatory PowerS OF PAGCOR – [The Corporation shall maintain a Registry of the affiliated entities, and shall exercise all the powers, authority and the responsibilities vested in the Securities and Exchange Commission over such affiliated entities mentioned under the preceding section, including but not limited to amendments of Articles of Incorporation and By-Laws, changes in corporate term, structure, capitalization and other matters concerning the operation of the affiliating entities, the provisions of the Corporation Code of the Philippines to the contrary notwithstanding, except only with respect to original incorporation.] (A) EVERY PERSON, WHETHER NATURAL OR JURIDICAL, AND WHETHER FILIPINO OR FOREIGN, WHICH IS ENGAGED IN THE BUSINESS OF OPERATING A GAMBLING CASINO, ROULETTE TABLE, DICE TABLE, SLOT MACHINES PARLOR, BINGO PARLOR, SPORTS BETTING, OR ANY GAME OF CHANCE, WHETHER SPECIFICALLY INCLUDED OR MENTIONED IN THIS ACT, UNDER AN AUTHORITY AND LICENSE FROM PAGCOR, SHALL AFFILIATE AND REGISTER WITH PAGCOR HIS OR ITS GAMING BUSINESS AS WELL AS HIS OR ITS ALLIED BUSINESS OR BUSINESSES, AND PAGCOR SHALL ISSUE A CORRESPONDING CERTIFICATE OF AFFILIATION AND REGISTRATION TO SUCH PERSON UPON HIS OR ITS COMPLIANCE WITH THE RULES AND REGULATIONS THEREON.**

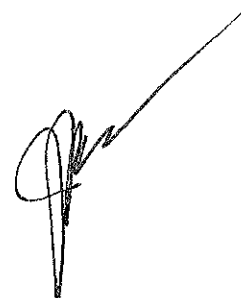
**(B) PAGCOR SHALL MAINTAIN A REGISTRY OF ALL AFFILIATED AND REGISTERED PERSONS, WHICH SHALL BE OPEN TO ANY INTERESTED PARTY.**

**(C) PAGCOR SHALL BE RESPONSIBLE FOR THE REGULATION AND SUPERVISION OF ALL GAMES OF CHANCE OR GAMES OF NUMBERS AND FOR THE REGULATION AND SUPERVISION OF ALL REGISTERED AND AFFILIATED PERSONS, EXCEPT (1) THOSE COVERED BY SPECIFIC FRANCHISES ENACTED BY CONGRESS, AND (2) THOSE AUTHORIZED AND LICENSED BY, IN, AND UNDER REPUBLIC ACT NO. 7922.**

**(D) PAGCOR SHALL ISSUE AND PROMULGATE THE ESSENTIAL RULES AND REGULATIONS REQUIRED TO REGULATE AND GOVERN THE GAMING ACTIVITIES OF AFFILIATED AND REGISTERED PERSONS. THE RULES AND REGULATIONS SHALL INCLUDE THE APPROPRIATE SANCTIONS:**

- 1) FOR REFUSAL OF A REGISTERED AND AFFILIATED PERSON OR A PLAYER, PATRON, OR CUSTOMER TO COMPLY WITH THE GAMING RULES AND REGULATIONS PROMULGATED BY THE BOARD OF DIRECTORS OF PAGCOR OR WITH ANY REASONABLE AND LAWFUL ORDER OF THE BOARD OF DIRECTORS OF PAGCOR;**
- 2) FOR ANY FRAUD COMMITTED BY A REGISTERED AND AFFILIATED PERSONS AGAINST ANY PLAYER, PATRON, OR CUSTOMER;**
- 3) FOR ANY INFRACTION OR VIOLATION OF THE GAMING RULES AND REGULATION BY ANY PLAYER, PATRON, OR CUSTOMER;**
- 4) FOR REPEATED REFUSAL OR FAILURE, WITHOUT VALID EXPLANATION, TO SUBMIT REQUIRED REPORTS OR TO FILE WITHIN PRESCRIBED PERIOD ESSENTIAL DOCUMENTARY REQUIREMENTS;**
- 5) FOR FAILURE TO PAY HIS OR ITS VALID AND LEGITIMATE MONEY OBLIGATIONS TO PAGCOR; AND,**
- 6) FOR VIOLATION OF ANY CONDITION OF THE REGISTERED AND AFFILIATED PERSONS AUTHORITY AND LICENSE TO ENGAGE IN GAMING BUSINESS WITHIN THE TERRITORY OF THE PHILIPPINES.**

**(E) THE BOARD OF DIRECTORS OF PAGCOR, IN THE EXERCISE OF ITS REGULATORY POWERS AND QUASI-JUDICIAL FUNCTIONS AND POWERS, MAY IMPOSE, AFTER DUE NOTICE AND HEARING WHERE THE GUILTY PARTY IS GIVEN AN OPPORTUNITY TO BE HEARD, A FINE RANGING FROM FIFTY THOUSAND (P50,000.00) PESOS TO ONE MILLION (P1,000,000.00) PESOS FOR VIOLATION EACH OF ANY OF THE SUB-PARAGRAPHS OF**



THE PRECEDING PARAGRAPH (D). THE FINE IMPOSED IN EACH CASE SHALL DEPEND UPON THE GRAVITY OF THE OFFENSE COMMITTED BY THE GUILTY PARTY.

(F) WHEN A REGISTERED AND AFFILIATED PERSON IS FOUND TO HAVE REFUSED WITHOUT ANY JUSTIFIABLE CAUSE TO COMPLY WITH ANY PROVISION OF THE GAMING RULES AND REGULATIONS PROMULGATED BY THE BOARD OF DIRECTORS OF PAGCOR OR WITH ANY REASONABLE AND LAWFUL ORDER OF THE BOARD OF DIRECTORS OF PAGCOR; OR TO HAVE VIOLATED ANY CONDITION OF HIS OR ITS AUTHORITY AND LICENSE TO OPERATE A GAMING BUSINESS WITHIN THE TERRITORY OF THE PHILIPPINES; OR TO HAVE VIOLATED ANY PROVISION OF THE GAMING RULES AND REGULATIONS; OR TO HAVE REFUSED OR FAILED WITHOUT A VALID EXPLANATION TO SUBMIT ANY REQUIRED REPORT OR TO FILE ANY ESSENTIAL DOCUMENTARY REQUIREMENT; OR TO HAVE FAILED TO PAY HIS OR ITS VALID AND LEGITIMATE MONEY OBLIGATION TO PAGCOR; OR TO HAVE COMMITTED ANY FRAUD OR MISCONDUCT AGAINST HIS OR ITS PLAYER, PATRON, OR CUSTOMER, THE BOARD OF DIRECTORS OF PAGCOR MAY FORTHWITH SUSPEND OR TERMINATE THE OPERATION OF THE DISOBEDIENT REGISTERED AND AFFILIATED PERSON, PAGCOR SHALL FORTHWITH ISSUE A CLOSURE ORDER TO TEMPORARILY OR PERMANENTLY CLOSE THE GAMING OPERATIONS AND FACILITIES OF SAID AFFILIATED AND REGISTERED PERSON, AFTER DUE NOTICE AND HEARING GIVEN TO THE GUILTY AFFILIATED AND REGISTERED PERSON.

(G) THE BOARD OF DIRECTORS OF PGCOR IS HEREBY GRANTED THE AUTHORITY TO CALL UPON ANY LAW ENFORCEMENT AGENCY OF THE GOVERNMENT AND ENLIST ITS SERVICES TO ENFORCE ITS CLOSURE ORDERS OR ANY OF ITS ORDERS.

(H) THE BOARD OF DIRECTORS OF PAGCOR, IN THE EXERCISE OF ITS REGULATORY AND QUASI-JUDICIAL FUNCTIONS AND POWERS, IS HEREBY AUTHORIZED ISSUE SUBPOENA AD TESTIFICANDUM AND SUBPOENA DUCES TECUM AND PUNISH PERSONS FOR DIRECT AND INDIRECT CONTEMPT.

SEC. 11. Section 10 under Title IV of PD 1869 is hereby amended to read as follows:

#### TITLE IV—GRANT OF FRANCHISE

SEC. 10. *Nature and term of franchise.*—Subject to the terms and conditions established in this [Decree] ACT, [the Corporation] PAGCOR is hereby granted [for a period of twenty-five (25) years, renewable for another twenty-five (25) years] A NEW FRANCHISE WHICH VESTS ON PAGCOR the right[s], privilege, and authority to CONSTRUCT, ESTABLISH, operate, maintain, AND MANAGE ON LAND OR ON SEA WITHIN THE TERRITORY OF THE PHILIPPINES gambling casinos, [clubs and other recreation or amusement places.] ROULETTE TABLES, DICE TABLES, SLOT MACHINE

**PARLORS, LOTTERIES, JAI ALAI FRONTONS, sports BETTING, [gaming pools, i. e., basketball, football, lotteries, etc. whether on land or sea, within the territorial jurisdiction of the Republic of the Philippines.] RACE TRACKS, AND OTHER FORMS OF GAMES OF CHANCE, INCLUDING NEWLY CONCEIVED AND DEVELOPED GAMES OF CHANCE, IRRESPECTIVE OF WHETHER THEY ARE SPECIFICALLY INCLUDED OR MENTIONED IN THIS ACT, OR NOT.**

**THE TERM OF THE NEW FRANCHISE OF PAGCOR SHALL BE FIFTY (50) YEARS, STARTING FROM THE DAY IMMEDIATELY FOLLOWING JULY 11, 2008, WHICH IS THE EXPIRATION DATE OF PAGCOR'S ORIGINAL FRANCHISE UNDER P.D. NO. 1869 AND ITS AMENDMENTS.**

SEC. 12. Section 11 under Title IV of PD 1869 is hereby amended by Executive Order No. 260, dated 25 July 1987, is hereby further amended to read as follows:

SEC. 11. *Scope of Franchise.*—In addition to the rights and privileges granted [it] **TO PAGCOR** under [the preceding] Section 10 **HEREOF**, [this Franchise shall entitle the Corporation to do and undertake the following] **PAGCOR HAS THE POWER:**

**A) TO AUTHORIZE AND ISSUE LICENSES TO QUALIFIED PERSONS, WHETHER NATURAL OR JURIDICAL, AND WHETHER FILIPINO OR FOREIGN, FOR GAMES OF CHANCE, GAMES OF CARDS OR GAMES OF NUMBERS;**

[a] **B) TO GRANT, enter into, CONCLUDE WITH, OR BE A PARTY TO AN operating [and/or management] AGREEMENT [contracts] OR MANAGEMENT AGREEMENT with any AFFILIATED AND registered [and accredited company or qualified person] ENTITY, FIRM, PARTNERSHIP, CORPORATION, OR INDIVIDUAL THAT possess[ing]ES the TECHNICAL knowledge, EXPERIENCE, expertise, and skills, AND THE FINANCIAL RESOURCES and facilities to [insure the efficient operation of gambling casinos] UNDERTAKE, ESTABLISH, MAINTAIN, AND MANAGE AN EFFICIENT OPERATION OF CASINOS WHERE ALL FORMS OF CARD GAMES OR GAMES OF NUMBERS AND OTHER FORMS OF GAMES OF CHANCE ARE HELD AND WHERE BETS ARE MADE, ROULETTE TABLES, DICE TABLES, SLOT OR PINBALL MACHINE PARLORS, BINGO PARLORS AND OTHER PLACES WHERE OTHER FORMS OF LOTTERIES ARE HELD, RACETRACKS FOR ALL KINDS OF RACES, JAI ALAI FRONTONS, SPORTS BETTING, AND OTHER FORMS OF GAMES OF CHANCE OR GAMES OF NUMBERS, INCLUDING NEWLY CONCEIVED AND DEVELOPED GAMES OF CHANCE, GAMES OF CARDS OR GAMES OF NUMBERS, IRRESPECTIVE OF WHETHER THEY ARE SPECIFICALLY MENTIONED IN THIS ACT, OR NOT: *Provided, that,* [such service fees of such management and/or operator companies whose services may be retained by the Corporation shall not in the aggregate exceed ten (10%) percent of the gross income;] **THE ENTITY, FIRM, PARTNERSHIP, CORPORATION, OR INDIVIDUAL WHOSE SERVICES HAVE BEEN CONTRACTED UNDER A MANAGEMENT AGREEMENT OR AN OPERATING AGREEMENT BY PAGCOR SHALL EITHER RETAIN AS HIS OR ITS SERVICE****



**FEE AN AMOUNT THE AGGREGATE OF WHICH SHALL NOT EXCEED TEN (10%) PERCENT OF THE GROSS INCOME, OR PAY A FIXED MONTHLY RENTAL FOR HIS OR ITS OPERATION;**

- (C) **TO** purchase foreign exchange that may be required [for the importation of] **TO IMPORT** equipment, facilities, and other gambling paraphernalia **WHICH ARE** indispensable [y]E [needed] or useful to [insure the successful] the operation of gambling casinos, **ROULETTE TABLES, DICE TABLES, SLOT MACHINE PARLORS, LOTTERIES, JAI ALAI FRONTONS, SPORTS BETTING, AND OTHER FORMS OF GAMES OF CHANCE;**
- (D) **TO** acquire rights of way [or access to or thru public land, public waters or harbors, including the Manila Bay Area; such right shall include but not limited to the right to lease and/or purchase public lands, government reclaimed lands, as well as lands of private ownership or those leased from the Government.] of whatever nature and for whatever purpose, [This right shall carry with it the privilege of the Corporation] **INCLUDING THE RIGHT AND PRIVILEGE** to utilize piers, quays, boat landings, and [such] **ANY** other [pertinent and related] facilities [within these specified areas] for [use as] **LOADING AND UNLOADING**, landing, anchoring, or berthing [sites in connection with its authorized casino operations] **VESSELS, SHIPS, YACHTS, BOATS, AND OTHER WATER CRAFTS;**
- (E) **To** [B]build or construct structures, buildings, [castways] **COAST WAYS, piers, decks**, as well as any other form of landing and boarding facilities for its floating casinos; [and]
- (F) **TO CONDUCT MARKETING PROGRAMS FOR THE PROMOTION OF ITS BUSINESS WITH FEATURES, INCENTIVES AND AMENITIES THAT PAGCOR MAY DEEM NECESSARY, PROPER, AND SUITABLE TO ENABLE IT TO ATTAIN GLOBAL COMPETITIVENESS IN THE GAMING, RECREATIONAL, AND AMUSEMENT INDUSTRY; AND,**
- (G) To do and perform such other acts **AND THINGS** directly related to the efficient, **SAFE**, and [successful operation] **PROFITABLE** conduct **AND OPERATION** of games of chance [in accordance with existing laws and decrees.

SEC. 13. Section 12 under Title IV of PD 1869 is hereby amended to read as follows:

SEC. 12. *Special Conditions of Franchise* – [After deducting five (5%) percent as Franchise Tax, the Fifty (50%) percent share of the Government in the aggregate gross earnings of the Corporation from this Franchise, or 60% if the aggregate gross earnings be less than P150,000,000.00 shall be immediately be set aside and shall accrue to the General Fund to finance the priority infrastructure development projects and to finance the restoration of damaged or destroyed facilities due to calamities, as may be directed and authorized by the Office of the President of the Philippines.]

**FIVE PERCENT (5%) OF THE AGGREGATE GROSS EARNINGS OF PAGCOR SHALL BE REMITTED TO THE BUREAU OF INTERNAL REVENUE AS FRANCHISE TAX OF PAGCOR.**

**THE GROSS WINNINGS OF PAGCOR ON GAMING SHALL BE DISTRIBUTED AS FOLLOWS:**

**(A) FIVE PERCENT (5%) SHALL BE RETAINED BY PAGCOR TO FUND ITS EXPANSION PROGRAM AND CAPITAL EXPENDITURES, INCLUDING BUT NOT LIMITED TO THE ACQUISITION OF NEEDED LANDS AND THE CONSTRUCTION OF HOTELS, INNS, CLUBS, RESORTS, CONVENTION CENTERS, THEME PARKS, AQUARIUMS, INTEGRATED AMUSEMENT AREAS OR COMMUNITIES, RACETRACKS, JAI ALAI FRONTONS, AND OTHER RECREATIONAL AND ENTERTAINMENT FACILITIES REQUIRED BY OR RELATED TO ITS BUSINESS;**

**(B) AFTER DEDUCTING THE FOREGOING, THE FIVE PERCENT (5%) SHARE OF THE PHILIPPINES SPORTS COMMISSION (PSC) SHALL BE COMPUTED AND DIRECTLY REMITTED TO THE PSC;**

**(C) AFTER DEDUCTING THE FOREGOING, TEN PERCENT (10%) OF THE REMAINING AMOUNT SHALL BE DIRECTLY REMITTED TO THE DEPARTMENT OF EDUCATION FOR THE CONSTRUCTION OF SCHOOL BUILDINGS, THE MODERNIZATION OF EXISTING SCHOOL FACILITIES, AND THE RESTORATION AND MAINTENANCE OF HISTORICAL, CULTURAL, AND HERITAGE SITES, AS MAY BE DETERMINED BY THE PRESIDENT OF THE PHILIPPINES;**

**(D) AFTER DEDUCTING THE FOREGOING, TEN PERCENT (10%) OF THE REMAINING AMOUNT SHALL BE DIVIDED EQUALLY BETWEEN, AND DIRECTLY REMITTED TO, THE ARMED FORCES OF THE PHILIPPINES (AFP) AND THE PHILIPPINE NATIONAL POLICE (PNP) FOR THE MODERNIZATION AND UPGRADING OF THEIR EQUIPMENT AND FOR THE HOUSING OF THEIR PERSONNEL;**

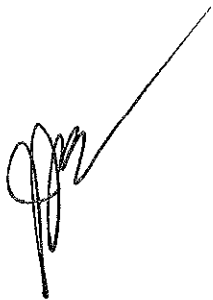
**(E) AFTER DEDUCTING THE FOREGOING, ONE PERCENT (1%) OF THE REMAINING AMOUNT SHALL BE REMITTED TO THE BOARD OF CLAIMS;**

**(F) AFTER DEDUCTING THE FOREGOING, THREE PERCENT (3%) OF THE REMAINING AMOUNT SHALL BE ALLOCATED TO FUND THE LAWS ENACTED BY THE CONGRESS OF THE PHILIPPINES; AND,**

**(G) AFTER DEDUCTING THE FOREGOING, THIRTY PERCENT (30%) OF THE REMAINING AMOUNT SHALL BE REMITTED TO THE NATIONAL TREASURY.**

**(H) THE REMAINDER SHALL BE ALLOCATED BY THE BOARD FOR THE OPERATIONAL EXPENSES OF PAGCOR AND FOR THE SOCIAL FUND OF THE PRESIDENT OF THE PHILIPPINES.**

SEC. 14. Section 14 of PD 1869 is hereby amended to read as follows:



SEC. [14] 13. *Other Conditions OF THE FRANCHISE.* --- IN ADDITION TO THE SPECIAL CONDITIONS IMPOSED IN SECTION 12 HEREOF, PAGCOR IS REQUIRED TO COMPLY WITH FOLLOWING OTHER CONDITIONS:

- (a) *Place* -- [The Corporation] **PAGCOR** shall conduct its [gambling] **GAMING** activities [or games of chance] **UNDER ITS FRANCHISE** on land or **ON** water within the [territorial jurisdiction] **TERRITORY** of the [Republic of the] Philippines. When [conducted] **IT CONDUCTS ITS GAMING ACTIVITIES** on water, [the Corporation] **PAGCOR** shall have the **AUTHORITY AND** right to dock [the floating casinos] in any part of the Philippines [where vessels/boats are] **ITS OWN FLOATING CASINOS OR FLOATING CASINOS** authorized [to dock under the Customs and Maritime Laws.] **AND LICENSED BY IT TO OPERATE IN THE PHILIPPINES AND TO USE ANY GOVERNMENT PIERS, WHARVES, AND DOCKING FACILITIES SUBJECT TO THE REQUIREMENTS OF IMMIGRATION, CUSTOMS, AND MARINES LAWS OF THE PHILIPPINES.**
- (b) *Time* --- [Gambling activities may be held and conducted] **CASINO OPERATIONS WHERE ALL FORMS OF CARD GAMES OR GAMES OF NUMBERS AND OTHER FORMS OF GAMES OF CHANCE ARE HELD AND WHERE BETS ARE MADE, ROULETTE OPERATIONS, DICE GAMES, SLOT OR PINBALL MACHINE OPERATIONS, BINGO AND OTHER FORMS OF LOTTERY OPERATIONS, JAI ALAI GAMES, SPORTS BETTING AND OTHER SIMILAR OPERATIONS MAY TAKE PLACE** at any time of [the] day **AND/or** night[;provided, however, that in places where curfew hours are observed, all players and personnel of the gambling casinos shall remain within the premises of the casinos].
- (c) *Persons Allowed to Play* --- **THE FOLLOWING PERSONS SHALL BE ALLOWED TO PLAY IN ANY GAMING ESTABLISHMENTS OWNED, OPERATED, MAINTAINED, AND MANAGED BY PAGCOR OR AUTHORIZED AND LICENSED BY PAGCOR:**
- (i) **FOREIGN** tourists and [/or] foreigners who are not **PERMANENT** residents of the Philippines;
  - (ii) Residents **OF THE PHILIPPINES** with a gross **MONTHLY** income [for the previous year] of at least **FIFTY THOUSAND (P50,000.00)** pesos **IN THE PREVIOUS YEAR** which fact shall be certified to by the Bureau of Internal Revenue; and
  - (iii)The [number of] guests of [the above-mentioned] qualified persons **UNDER PARAGRAPHS 1 AND 2 ABOVE** [shall be limited to tow (2) only; provided that the said guests] **WHO** are at least **TWENTY-ONE (21)** years of age.
- (d) *Persons not Allowed to Play* --- **THE FOLLOWING PERSONS SHALL NOT BE ALLOWED TO ENTER OR PLAY IN GAMING ESTABLISHMENTS:**
- (i) Government officials [connected directly with the operation of the Government or any of its agencies];

(ii) Members of the Armed Forces of the Philippines [including the Army, Navy, Air Force or Constabulary];

**(III) MEMBERS OF THE PHILIPPINE NATIONAL POLICE, MEMBERS OF THE NATIONAL BUREAU OF INVESTIGATION, AND MEMBERS OF OTHER LAW ENFORCEMENT UNITS OF THE GOVERNMENT EXCEPT WHEN SUCH MEMBERS ARE IN THE ACTUAL PERFORMANCE OF THEIR OFFICIAL DUTY TO ARREST A CRIMINAL OR A MALEFACTOR, TO PREVENT THE COMMISSION OF A CRIME, TO SERVE A WARRANT OF ARREST TO SOMEONE INSIDE A GAMING ESTABLISHMENT, TO LEND SUCCOR TO A PERSON UNDER THREAT, TO RESCUE A PERSON OR PERSONS, OR TO HELP IN THE EVACUATION OF PERSONS OR IN MAINTENANCE OF ORDER IN THE EVENT OF ACCIDENTS, EARTHQUAKES, FIRES, AND OTHER CALAMITIES; AND,**

(iv) **STUDENTS AND** persons [under] **BELOW** twenty-one (21) years of age [or students of any school, college or university in the Philippines].

**THE PROHIBITION CONTAINED IN PARAGRAPH (D) HEREOF SHALL NOT APPLY TO THE MEMBERS OF THE BOARD, OFFICIALS, AND EMPLOYEES OF PAGCOR AND TO GOVERNMENT MEDICAL DOCTORS AND MEDICAL AIDS WHO RESPOND TO AN EMERGENCY CASE.**

SEC. 15. Section 13 of PD 1869 is hereby amended to read as follows:

**TITLE IV -- EXEMPTIONS FROM CUSTOMS DUTIES AND TAXES AND UTILIZATION OF FOREIGN CURRENCIES**

SEC. [13] 14. *Customs duties, taxes and other imposts on importations.* — **ANY PROVISION OF REVENUE LAWS OR REGULATIONS TO THE CONTRARY NOTWITHSTANDING, [A]all importations of equipment, TOOLS, vehicles, [automobiles], VESSELS, ships, YACHTS, boats, barges, aircrafts, [and such other] INCLUDING gambling paraphernalia, [including] EQUIPMENT, INSTRUMENTS, accessories, or related facilities, for the sole and exclusive use of [the] casinos AND OTHER FORMS OF GAMES OF CHANCE SUCH AS ROULETTE TABLES, DICE TABLES, SLOT OR PINBALL MACHINE PARLORS, BINGO PARLORS AND OTHER PLACES WHERE OTHER FORMS OF LOTTERIES ARE HELD, JAI ALAI FRONTONS, RACETRACKS FOR ALL KINDS OF RACES, HOTELS, INNS, CLUBS, RESORTS, CONVENTION CENTERS, THEME PARKS, AQUARIUMS, INTEGRATED AMUSEMENT AREAS OR COMMUNITIES, AND OTHER RECREATIONAL AND ENTERTAINMENT FACILITIES [the proper and efficient management and administration thereof, and such other clubs, recreation and amusement places to be] CONSTRUCTED, established, MAINTAINED, OPERATED, AND MANAGED under and by virtue of [this] THE franchise OF PAGCOR shall be exempted from [the payment of all kinds of] customs duties, taxes, and other imposts, including all [kinds of] OTHER fees, levies, assessments, or charges of any kind, nature OR DESCRIPTION, whether IMPOSED,**

**CHARGED, LEVIED, OR ASSESSED BY THE National GOVERNMENT or BY THE local GOVERNMENTS.**

[Vessels and/or accessory] **SHIPS, YACHTS, boats, OR OTHER WATER CRAFTS AND THEIR EQUIPMENT, INSTRUMENTS, AND ACCESSORIES** imported **OR TO BE IMPORTED** by any [corporation having existing contractual arrangements with the Corporation] **NATURAL OR JURIDICAL PERSON WHICH IS AUTHORIZED AND LICENSED BY PAGCOR** to operate any game of chance or imported by someone that has a valid and subsisting operating agreement or management agreement with PAGCOR, for the sole and exclusive use of the [casino or to be used to service the operations and requirements of the casino] **IMPORTER IN HIS GAMING BUSINESS**, shall [likewise] **ALSO** be [totally] exemptED from the payment of **ALL** customs duties, taxes, and other imposts [including] and [kinds of] **ALL OTHER** fees, levies, assessments, or charges of any kind,[or] nature, **OR DESCRIPTION**, whether **IMPOSED, CHARGED, LEVIED, OR ASSESSED BY THE National GOVERNMENT or BY THE local GOVERNMENTS.**

SEC. 16. A new section 15 is hereby inserted:

SEC. 15. *Income TAX and other taxes.*— (a) [Franchise Holder]**PAGCOR: ANY PROVISIONS OF REVENUE LAWS OR REGULATIONS TO THE CONTRARY NOTWITHSTANDING**, no **NATIONAL OR LOCAL** tax of [any] **WHATEVER** kind, **NATURE**, form, [income or otherwise, as well as fees, charges, or levies of whatever nature, whether National or Local,] **OR DESCRIPTION, INCLUDING TAXES ON WINNINGS, DOCUMENTARY STAMP TAX, VALUE ADDED TAX, AND INCOME TAX** shall be **LEVIED**, assessed, and collected [under this Franchise from the Corporation; nor shall any form of tax or charge attach in any way to the earnings of the Corporation] **FROM PAGCOR AND NO OTHER TAXES, FEES, LEVIES, ASSESSMENTS, OR CHARGES OF WHATEVER KIND, NATURE, FORM, OR DESCRIPTION, WHETHER IMPOSED, CHARGED, LEVIED, OR ASSESSED BY THE NATIONAL GOVERNMENT OR BY LOCAL GOVERNMENTS, SHALL BE LEVIED AND ASSESSED AND COLLECTED FROM**, except a Franchise Tax of five (5%) percent [of the gross revenue or earnings] **ON THE AGGREGATE GROSS EARNINGS** derived by [the Corporation] **PAGCOR** from its operation under [this] **ITS [F] Franchise.**

[Such] **THE FRANCHISE** tax shall be due and payable quarterly to the National Government and shall be in lieu of all [kinds of] **DUTIES**, taxes, fees, levies, assessments, **OR CHARGES**, of [any] **WHATEVER** kind, nature, **FORM**, or description, [levied, established or collected by any municipal, provincial, or national government authority] **WHETHER IMPOSED, CHARGED, LEVIED, OR ASSESSED BY THE NATIONAL GOVERNMENT OR BY THE LOCAL GOVERNMENTS.**

(b) **OTHERS: GRANTEES, LICENSEES, INVESTORS, OPERATORS, CLIENTS, AND PATRONS: ANY PROVISION OF REVENUE LAWS OR REGULATIONS TO THE CONTRARY NOTWITHSTANDING**, [T]the exemption [herein granted for earnings] **FROM TAXES ON WINNINGS, DOCUMENTARY STAMP TAX, VALUE ADDED TAX, AND INCOME TAX GRANTED TO PAGCOR ON ITS EARNINGS, WHICH IT**

derived from the operations [conducted] **OF GAMES OF CHANCE OR GAMES OF NUMBERS** under [the] ITS franchise [specifically from the payment of any tax, income or otherwise as well as any form of charges, fees or levies,] shall inure to the benefit of **ITS GRANTEEES, LICENSEES, INVESTORS, OPERATORS, CLIENTS, AND PATRONS** [and extend to corporation(s), association(s), agency(ies), or individual(s) with whom the corporation or operator has any contractual relationship], **INCLUDING THOSE WITH WHOM PAGCOR HAS AN OPERATING AGREEMENT OR MANAGEMENT AGREEMENT** in connection with the **ESTABLISHMENT, operation[s], MAINTENANCE, AND MANAGEMENT** of [the] **HOTELS, INNS, CLUBS, RESORTS, CONVENTION CENTERS, THEME PARKS, INTEGRATED AMUSEMENT AREAS OR COMMUNITIES, AND OTHER RECREATIONAL AND ENTERTAINMENT FACILITIES, casinos** [authorized to be conducted under this franchise and to those receiving compensation or other remuneration from the Corporation or operator as a result of essential facilities furnished and/or technical services rendered to the Corporation or operator] **WHERE ALL FORMS OF CARD GAMES OR GAMES OF NUMBERS, AND OTHER FORMS OF GAMES OF CHANCE ARE HELD AND WHERE BETS ARE MADE, ROULETTE TABLES, DICE TABLES, SLOT OR PINBALL MACHINE PARLORS, BINGO PARLORS AND OTHER PLACES WHERE OTHER FORMS OF LOTTERIES ARE HELD, RACETRACKS FOR ALL KINDS OF RACES, JAI ALAI FRONTONS, SPORTS BETTING, AND OTHER FORMS OF GAMES OF CHANCE THAT ARE CONDUCTED AND OPERATED UNDER THE FRANCHISE OF PAGCOR OR ARE AUTHORIZED AND LICENSED BY IT.**

- (c) **ENTERTAINERS:** THE REMUNERATION OF ENTERTAINERS HIRED OR CONTRACTED BY PAGCOR OR BY ITS OPERATORS OR INVESTORS IN PURSUANCE OF THE FRANCHISE OF PAGCOR AND TO PROMOTE THE OBJECTIVES OF THIS ACT SHALL BE EXEMPTED FROM ALL TAXES, LEVIES, ASSESSMENTS, FEES, AND CHARGES, WHETHER IMPOSED, LEVIED, CHARGED, ASSESSED, AND COLLECTED BY THE NATIONAL GOVERNMENT OR BY LOCAL GOVERNMENTS.
- (d) **SERVICE INCENTIVES FROM CUSTOMERS:** ANY AMOUNT RECEIVED BY EMPLOYEES OF PAGCOR OR ITS GRANTEEES, LICENSEES, INVESTORS OR OPERATORS BY WAY OF SERVICE INCENTIVES OR TIPS FROM CLIENTS AND PATRONS IN GAMING ESTABLISHMENTS SHALL BE EXEMPT FROM INCOME TAX.
- (e) *Dividend Income* – [Notwithstanding any provision of law to the contrary, in the event the Corporation should declare a cash dividend, that portion of the dividend income corresponding to the participation of the private sector shall, as an incentive to the beneficiaries, be subject only to a final income tax rate of ten (10%) percent in lieu of the regular income tax rates. The dividend income shall not in such case be considered as part of beneficiaries' taxable income; provided,] **ANY PROVISION OF LAW TO THE CONTRARY NOTWITHSTANDING, A FINAL INCOME TAX OF TEN (10%) PERCENT, IN LIEU OF THE REGULAR INCOME TAX, SHALL BE IMPOSED AND COLLECTED ON THAT**

**PORTION OF ANY DIVIDEND DECLARED AND DISTRIBUTED BY PAGCOR TO ITS PRIVATE STOCKHOLDERS, WHETHER SUCH DIVIDEND IS IN CASH OR IN PROPERTY, THE CLEAR INTENT OF CONGRESS BEING NOT TO TREAT SUCH CASH OR PROPERTY DIVIDEND AS A PART OF THE REGULAR TAXABLE INCOME OF THE PRIVATE STOCKHOLDERS IN ORDER TO GIVE THEM AN INCENTIVE TO INVEST IN THE SHARES OF SOCK OF PAGCOR.**

[h]However, [that] such **CASH OR PROPERTY** dividend [income] shall be totally exempted from **THE TEN (10%) PERCENT FINAL** income [or other forms of taxes] tax [if invested] **IF THE RECIPIENT SHALL INVEST THE CASH DIVIDEND OR THE CASH EQUIVALENT OF THE PROPERTY DIVIDEND** within six (6) months from the [date the dividend income is received, in the following] **RECEIPT OF THE CASH OR PROPERTY DIVIDEND:**

- (i) [operation of the casino(s) or investments in any affiliate activity that will ultimately redound to the benefit of the Corporation or any other corporation with whom the Corporation has any existing arrangements in connection with or related to the operations of the casino(s)] **IN A BUSINESS ENGAGED IN ANY GAME OF CHANCE SUCH AS, BUT NOT LIMITED TO, GAMBLING CASINOS, ROULETTE TABLES, DICE TABLES, SLOT MACHINE PARLORS, LOTTERIES, JAI ALAI FRONTONS, RACE TRACKS, OR SPORTS BETTING ESTABLISHED, MAINTAINED, OPERATED, AND MANAGED UNDER THE FRANCHISE OF PAGCOR;**
- (ii) **IN** Government bonds, securities, treasury notes, [or] **AND** debentures **WITH MATURITIES OF NOT LESS THAN FIVE (5) YEARS;** or
- (iii) **IN SHARES OF STOCK OF BOI-registered [or export-oriented] corporations OR IN SHARES OF STOCK OF EXPORT OR TOURISM ORIENTED CORPORATIONS.**

SEC. 17. A new section 16 is hereby inserted:

**SEC. 16. Utilization of Foreign Currencies.** --- [The Corporation] **PAGCOR** shall have the right and authority, solely and exclusively [in connection with the] **FOR** operations of [the casino(s),] **ITS GAMING, RECREATIONAL, AND AMUSEMENT BUSINESS** to purchase, receive, exchange, **HOLD, OWN,** and disburse foreign exchange, subject to the following terms and conditions:

- (a) [A] Specific areaS in [the casino(s) or] **PAGCOR'S** gaming [pit] **ESTABLISHMENTS** shall be [put up] **RESERVED** solely and exclusively for players and patrons utilizing **OR AND BETTING IN** foreign currencies;
- (b) [The Corporation]**PAGCOR** shall designate a duly accredited commercial bank agent of the [Central Bank] **BANGKO SENTRAL NG PILIPINAS** to handle, administer, and manage the [use] **RECORDING, REPORTING, AND UTILIZATION** of foreign currencies [in the casino(s)] **RECEIVED,**

**ACQUIRED, AND EARNED BY PAGCOR FROM THE OPERATIONS OF ITS GAMING BUSINESS ACTIVITIES.**

- (c) [The Corporation] **PAGCOR** shall provide a[n] **SUITABLE AND ADEQUATE** office [at casino(s) exclusively for the employees of designated bank, agent of the Central Bank,] **FOR THE USE OF THE CHOSEN COMMERCIAL BANK** where [the Corporation] **PAGCOR** shall maintain a [dollar] **FOREIGN CURRENCY** account [which will be utilized exclusively for the above purpose and the casino dollar treasury employees] **FOR THE SOLE AND EXCLUSIVE USE OF ITS GAMING BUSINESS OPERATIONS;**
- (d) Only [persons with] **HOLDERS OF** foreign passports or [certificates of identity (for Hong Kong patron only)] **SIMILAR IDENTITY DOCUMENTS** duly issued by the governments [or country of residence will] **OF THEIR RESPECTIVE COUNTRIES SHALL** be allowed to play in the [the foreign exchange gaming pit] **SPECIFIC AREAS IN PAGCOR'S GAMING ESTABLISHMENTS RESERVED SOLELY AND EXCLUSIVELY FOR PLAYERS AND PATRONS WHO UTILIZE AND BET IN FOREIGN CURRENCIES.**
- (e) Only foreign currenc[y] **IES ACCEPTABLE AND** prescribed **BY THE BANGKO SENTRAL NG PILIPINAS** [to form] **AS** part of the [Philippine] International Reserve **OF THE PHILIPPINES** [and the following currencies: Australian Dollar, Singapore Dollar, Hong Kong Dollar] shall be used in [this] **THE gaming [pit] ESTABLISHMENTS OF PAGCOR.**
- (f) The disbursements, administration, management, and recording of foreign [exchange] currencies used in the [casino(s)] **GAMING ESTABLISHMENTS OF PAGCOR** shall be carried out in accordance with [existing] foreign exchange regulations[;] **ISSUED AND PROMULGATED BY THE BANGKO SENTRAL NG PILIPINAS.** [and periodical] **PERIODIC** reports of the transactions **OF PAGCOR** in foreign [exchange] currencies [by the Corporation] shall be duly recorded and reported to the [Central Bank] **BANGKO SENTRAL NG PILIPINAS** thru [the designated Agent Bank] **ITS AGENT COMMERCIAL BANK;** and
- (g) [The Corporation] **PAGCOR** shall issue the necessary rules and regulations for the guidance and information of players **WHO ARE** qualified to [participate in the foreign exchange gaming pit, in order to make certain that the terms and conditions as above set forth are strictly complied with] **PLAY IN THE SPECIFIC AREAS IN PAGCOR'S GAMING ESTABLISHMENTS RESERVED SOLELY AND EXCLUSIVELY FOR PLAYERS AND PATRONS WHO UTILIZE AND BET IN FOREIGN CURRENCIES.**

SEC. 18. Section 15 of PD 1869 is hereby amended to read as follows:

**TITLE V—GOVERNMENT AUDIT**

SEC. [15] **17. Auditor.**- The Commission on Audit [or any government agency that the Office of the President may designate] shall appoint a



representative who shall be the Auditor of [the Corporation] **PAGCOR** [and] **TOGETHER WITH** such personnel as may be necessary to assist said [representative] **AUDITOR** in the performance of his duties. The salaries of the Auditor [or representative] and his staff shall be fixed by the [Chairman of the] Commission on Audit [or designated government agency, with the advice of the Board,] and said salaries and other expenses shall be paid by [the Corporation] **THE COMMISSION ON AUDIT**.

The funds of the [Corporation] **PAGCOR** to be covered by the audit shall be limited to the 5% franchise tax and the [50% of the gross earnings pertaining to the Government as its share] **GOVERNMENT SHARE IN PAGCOR'S GROSS WINNINGS AS PROVIDED IN SECTION 12 HEREOF. A COPY OF THE AUDIT REPORT FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR SHALL BE SUBMITTED BY THE COMMISSION ON AUDIT TO THE PRESIDENT OF THE PHILIPPINES NOT LATER THAN THE END OF THE SECOND QUARTER OF THE IMMEDIATELY SUCCEEDING CALENDAR YEAR.**

**THE AUDITOR AND THE MEMBERS OF HIS STAFF, INCLUDING THEIR RELATIVES BY CONSANGUINITY OR AFFINITY WITHIN THE FOURTH CIVIL DEGREE, SHALL HAVE NO BUSINESS OR ANY KIND OF FINANCIAL DEALINGS DIRECTLY OR INDIRECTLY WITH PAGCOR OR WITH ITS SUBSIDIARIES, AFFILIATES, GRANTEES, AND LICENSEES, NOR SHALL SUCH AUDITOR AND MEMBERS OF HIS STAFF, INCLUDING THEIR RELATIVES BY CONSANGUINITY OR AFFINITY, RECEIVE ANY KIND OF ADDITIONAL SALARIES, COMPENSATION, ALLOWANCES, FRINGE BENEFITS, OR ANY OTHER FORM OF EMOLUMENTS DIRECTLY OR INDIRECTLY FROM PAGCOR OR FROM ITS SUBSIDIARIES, AFFILIATES, GRANTEES, AND LICENSEES.**

SEC.19. Section 16 under Title VI of PD 1869 is hereby amended to read as follows:

**TITLE VI-EXEMPTION FROM CIVIL SERVICE LAW**

SEC. [16] **18. Exemption.**- All positions in [the Corporation] **PAGCOR**, whether technical, administrative, professional or managerial are exempt from the provisions of the Civil Service Law, rules and regulations, and shall be governed only by the personnel management policies set by the Board of Directors. All employees of the [casinos] **GAMING** and related services **OF PAGCOR** shall be classified as "confidential" appointees.

SEC. 20. Section 17 and Section 18 under Title VII of PD 1869 are hereby deleted.

SEC. 21. Section. 19 under Title VIII of PD 1869 is hereby amended to read as follows:

**TITLE [VIII] VII- REPEALING, SEPARABILITY AND EFFECTIVITY CLAUSES**

SEC. 19. **Repealing Clause.**—All laws, decrees, executive orders, [administrative orders], **PROCLAMATIONS**, rules and regulations, **AND OTHER ISSUANCES, OR PARTS THEREOF, WHICH ARE**

inconsistent [here]with **THE PROVISIONS OF THIS ACT**, are hereby repealed, amended, or modified [accordingly].

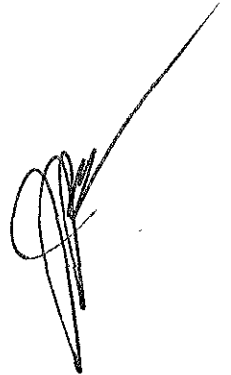
SEC. 22. A new Section 20 is hereby inserted to read as follows:

**SECTION 20. SEPARABILITY CLAUSE. —THE PROVISIONS OF THIS ACT ARE SEPARABLE, AND IN THE EVENT ONE OR MORE OF SUCH PROVISIONS ARE DECLARED UNCONSTITUTIONAL, THE VALIDITY OF THE OTHER PROVISIONS NOT DECLARED UNCONSTITUTIONAL SHALL NOT BE AFFECTED.**

SEC. 23. Section 20 of PD 1869 is hereby amended to read as follows:

**SECTION [20] 21. Effectivity—This [Decree] ACT shall take effect [immediately] FIFTEEN (15) DAYS FROM THE DATE OF ITS PUBLICATION, UPON THE INITIATIVE OF THE GRANTEE, IN AT LEAST TWO (2) NEWSPAPERS OF GENERAL CIRCULATION IN THE PHILIPPINES.**

Approved .

A handwritten signature in black ink, consisting of several loops and a long, sweeping line extending upwards and to the right.