



2020 SMALL TOWN LOTTERY REVISED IMPLEMENTING RULES AND REGULATIONS (STL RIRR)

ARTICLE I DECLARATION OF POLICY AND GENERAL PROVISIONS

Section 1. Policy Statement. The State shall promote a just and dynamic social order through policies geared towards providing adequate basic health services and encouraging economic opportunities that will help generate jobs. The State recognizes illegal numbers games as a widespread social menace and a source of corruption as this has become an influential factor in an individual's disregard for the value of dignified work, perseverance, and thrift.

Republic Act (R.A.) No. 1169, as amended, established the Philippine Charity Sweepstakes Office (PCSO) as the principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character. It expressly authorizes the PCSO to hold and conduct lotteries and other similar activities in such frequency and manner in accordance with the rules and regulations determined by its Board of Directors with the approval of the President of the Philippines.

In pursuit of its mandate and the directives of the President of the Philippines, stringent measures shall be adopted to strengthen the Small Town Lottery (STL) to raise more funds for the Government's priority health programs, promote local business opportunities, generate jobs, and stamp out illegal gambling activities.

Section 2. Rationale. The PCSO conducted experimental test-runs for the STL, which was later declared as one of the agency's *regular products*. The STL was subsequently expanded nationwide under the *2016 STL Revised Implementing Rules and Regulations*. As part of the PCSO's continuous efforts to improve its regular games, the 2020 Small Town Lottery Revised Implementing Rules and Regulations (STL RIRR) are hereby promulgated to strengthen State-run localized lotteries, with the following objectives:

- a. To raise and provide funds for health programs, medical assistance and services, and charities of national character;
- b. To support the national government's drive to eradicate illegal numbers games or operations; and
- c. To generate employment opportunities.

Section 3. Legal Mandate. The STL is a State-run local lottery under the control and supervision of the PCSO, a government-owned and/or -controlled corporation (GOCC) under the Office of the President (OP) pursuant to R.A. No.1169, as amended by Batas Pambansa Blg. 42 and Presidential Decree No. 1157, in relation to Executive Order (EO) No. 14, series of 2010.

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Section 4. Implementation. The STL shall be implemented as a mass-based local lottery of the National Government. The PCSO shall be allowed to engage Authorized Agent Corporations (AAC) to accomplish the objectives of this RIRR, taking into consideration the PCSO's manpower resources and other relevant factors, as may be determined by the PCSO Board of Directors (BOD).

Section 5. Definition of Terms. For purposes of this RIRR the following terms shall mean and be understood as follows:

Agency Agreement refers to the written contract between the PCSO and the AAC. It shall be signed by the AAC's Chairperson, President, or Chief Executive Officer as duly authorized by the AAC's Board. The Agency Agreement defines the respective authorities, rights, duties, and obligations of the AAC and the PCSO. It provides the scope and limitations, as well as the terms and conditions of the contract of agency for STL and its related activities in a particular area, consistent with this RIRR. The effectivity of the Agency Agreement shall commence upon execution thereof;

Agency Commission refers to the approved percentage of the AAC's Retail Receipts or Guaranteed Minimum Monthly Retail Receipts (GMMRR), whichever is higher, and shall be considered as the AAC's share of STL revenues, as provided in this RIRR;

Application Fee refers to the non-refundable processing fee for application of new AACs payable upon submission of complete eligibility requirements;

Authorization Fee refers to the one-time amount to be paid by the AAC to the PCSO Treasury Department for every area of operation applied for, within fifteen (15) calendar days upon receipt of the Notice of Approval as an AAC. It is non-refundable, subject to the exceptions provided in this RIRR;

Authorized Agent Corporation (AAC) refers to a corporation, existing and duly registered with the Securities and Exchange Commission (SEC) and expressly authorized by the PCSO to sell, distribute, promote or market STL in a particular area;

Authority to Operate (ATO) refers to the document signed by the General Manager (GM) allowing an AAC to operate STL after completion of all the post-approval requirements, expressly authorizing said AAC to sell, distribute, promote and market STL in an authorized area of operation for a specific period of time. The ATO shall also indicate the date of the first actual draw;

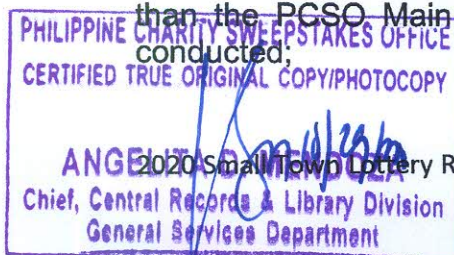
Bet refers to the consideration paid by a player intending to participate in a particular STL draw;

Bettor refers to any person aged eighteen (18) years old and above who places a bet in any STL game;

PCSO Board of Directors (PCSO BOD) refers to the highest collegial policy-making body of the PCSO, whose powers and functions are provided under the PCSO Charter;

Branch Operations Sector (BOS) refers collectively to all offices/units under the Branch Operations Sector of the PCSO;

Branch Office refers to the extension offices in various localities nationwide, other than the PCSO Main Office, where the business and activities of the PCSO are conducted;





Capitalization refers to the paid-up capital of the applicant, as stated in its Articles of Incorporation, in accordance with the PCSO requirement for the operation of STL;

Cash Bond refers to such amount in Philippine currency, of performance guarantee or security of the AAC, which is held in trust by PCSO to answer for all of the AAC's liabilities. The Cash Bond is equivalent to:

- a. One (1) month GMMRR; and,
- b. Three (3) months PCSO share in the GMMRR;

Charity Fund refers to thirty percent (30%) of the STL net receipts, as provided under the PCSO Charter;

Documentary Stamp Tax (DST) refers to the twenty percent (20%) tax imposed on the AAC's Retail Receipts or GMMRR, whichever is higher, in compliance with all applicable tax laws;

Draw refers to an STL activity or procedure wherein the winning set/combination of numbers is determined, in such manner and frequency as provided under this RIRR;

Draw court refers to the place or venue where the STL draw is conducted, as authorized by the PCSO;

Force Majeure includes any law, order, regulation, direction or request of the Philippine Government; strikes or other labor difficulties; insurrection; riots; national emergencies, state of calamity officially declared by competent authority; war; acts of public enemies; fire, floods, typhoons or other catastrophes or acts of God; and other circumstances beyond the control of the parties;

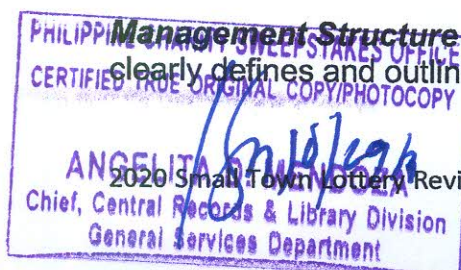
Games refers to the STL game variations, duly authorized by the PCSO, wherein prizes are awarded on the basis of a range of numbers determined by chance;

Guaranteed Minimum Monthly Retail Receipts (GMMRR) refers to the guaranteed amount offered and voluntarily committed by any STL applicant for a given area, accepted by PCSO, and is expressly provided in the agency agreement. The GMMRR represents the assured minimum monthly retail receipts or guaranteed total monthly ticket sales to the PCSO by the AAC;

Illegal Lottery/Illegal Numbers Game/Illegal Gambling Activity refers to unauthorized holding and conduct of lottery; operation of any unauthorized or illegal numbers game; use of unauthorized gambling paraphernalia; and similar activities as defined and prohibited under Presidential Decree 1602, as amended by Republic Act No. 9287, series of 2004, such as, but not limited to, *jueteng, masiao, loteng, bookies operations, game fixing, last-two and their variations*. It also includes the collection of bets for such illegal/unauthorized operation, and similar or related activities not authorized by the PCSO, other government agencies or existing laws and rules;

Lottery refers to a game by which a person pays money for the chance to win prizes through the conduct of draws;

Management Structure refers to the organizational structure of an STL applicant that clearly defines and outlines the roles of its top management, middle management, line





management, employees and sales force, relative to its proposed operation of STL in a specified area and its locational map;

Mobile or Fixed Terminal and/or applications refers to an electronic system or cash register, which records data, in real time, into the PCSO main server each and every bet received and sold by the AAC;

Net Receipts refers to the Retail Receipts or GMMRR, less printing cost, which shall not exceed two percent (2%) of the Retail Receipts, as defined in the PCSO Charter;

Notice of Approval refers to a written communication issued by the Office of the General Manager (OGM) to an AAC, which has been found qualified by the PCSO BOD to operate STL in a particular area;

Operating Fund refers to the STL net receipts intended for the operating expenses of the PCSO as provided under its Charter;

Payout/Prize refers to the total amount of winnings paid to a winning STL player for a winning bet;

Presumptive Monthly Retail Receipts (PMRR) refers to the baseline amount, which shall be one of the bases of evaluating and determining the most competitive and acceptable monthly minimum retail receipts, as computed below:

PMRR = 30% of Voting Population (based on latest available COMELEC data) x Minimum Bet per day* x 30 days

* The minimum bet per day shall be determined depending on various factors such as the economic and demographic situation, location, extent of operations, peace and order, historical data and other factors that may affect operations in the proposed area of STL operation as recommended by the SCG, subject to approval of the PCSO BOD.

Printing Cost refers to the amount to be deducted for printing of tickets, which in no case shall exceed two percent (2%) of Retail Receipts, as provided in the PCSO Charter;

Prize Fund refers to the STL Net Receipts for the payment of prizes, as provided in the PCSO Charter;

Probationary Status refers to the non-renewable and non-extendible one (1) year period of authorized sale, distribution, promotion, marketing and assistance in the conduct of STL of a new AAC, subject to performance review after six (6) months of operation, unless revoked or pre-terminated by the PCSO under this RIRR. It shall commence on the first (1st) day of the actual STL draw;

Receiving Area. An area duly designated by the PCSO Management for the purpose of receiving, processing, and evaluating STL Applications;

Regular Status refers to the three (3)-year period granted after the one (1) year probationary period of authorized sale, distribution, promotion, marketing and assistance in the conduct of STL of a qualified AAC, unless revoked or pre-terminated

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Renewal of the Agency Agreement refers to the renewal of the authority to operate of a *compliant AAC under regular status*. Such renewal shall be for a period of three (3) years, subject to escalation of the GMMRR at the rate determined by the PCSO BOD upon recommendation of the OGM, effective on the first (1st) year of renewal; *Provided*, that such escalation shall not exceed the maximum average bet of PhP7.50 per day;

Renewal Fee refers to the non-refundable processing fee for the renewal of the Agency Agreement of existing AACs under regular status;

Retail Receipts refers to the total actual bets placed by bettors at a given time, inclusive of DST;

Sales Force refers to the AAC's designated sales and marketing machinery or field sales supervisors (*cabos*) and field sales representatives (*cobrades*) with whom the PCSO and the AAC do not have employer-employee relationship. The AAC shall be solely responsible for the commission and incentives of these personnel for all STL tickets sold;

Small Town Lottery (STL) refers to the PCSO's mass-based local lottery in provinces, or in highly urbanized or independent component cities. STL includes activities such as collection of bets, issuance of tickets, conduct and holding of draws, payments to winners and remittances, and other related activities under this RIRR;

STL Applicant refers to a corporation applying as an AAC;

STL Area of Operation refers to a specific area applied for by the AAC for STL activities, which may be provinces, or in highly urbanized or independent cities or such other territorial grouping determined by the PCSO for purposes of over-all control and supervision. For ease and convenience, STL areas for operation shall be grouped as follows:

- a. Northern and Central Luzon Region (NCL);
- b. Southern Tagalog and Bicol Region (STBR);
- c. Visayas Region (Vis);
- d. Mindanao Region (Min); and
- e. National Capital Region (NCR) or the cities/municipalities within Metro Manila.

STL booth refers to AAC outlets or kiosks approved by the PCSO for purposes of selling and payment of STL winnings;

STL station refers to the extension office of the AAC located in its area of operation, authorized by the PCSO for the purpose of consolidating the sales collected by its sales representatives;

Tax on Prize Fund refers to the five percent (5%) tax on prize fund pursuant to Section 4 of the PCSO Charter;

Tax on winnings refers to the twenty (20%) tax against prizes or winnings above Ten Thousand Pesos (PhP10,000.00) under RA No. 10963; and





Ticket refers to the official printed paper/document, as authorized by the PCSO, evidencing the details of a bet for a specific draw in a particular area and serves as proof thereof.

**ARTICLE II
STL CORE GROUP (SCG)**

Section 6. Composition and Functions. The STL Core Group (SCG) refers to the group in the PCSO, which will assist the OGM to oversee the overall operations of the STL.

The SCG shall be composed of the following:

Chairperson:

The General Manager (who will vote only in case of impasse)

Vice Chairperson:

Assistant General Manager for the Gaming, Product Development and Marketing Sector.

Members:

- a. Representative of the Chairperson, PCSO (Non-voting);
- b. Representative from the Vice-Chairperson and Office of the General Manager, PCSO (Non-voting);
- c. A representative from each office of the Members of the Board, PCSO (Non-voting);
- d. Representative from the Branch Operations Sector, PCSO;
- e. Manager, Accounting and Budget Department;
- f. Manager, Legal Department;
- g. Manager, Internal Audit Services.

A majority of the voting members shall constitute a quorum for purposes of conducting business.

Every member shall have a permanent alternate.

There shall be a Secretariat to the STL Core Group whose primary function is to provide administrative support thereto. The Secretariat shall be organized and constituted by the OGM.

Section 7. Functions of SCG. The SCG shall perform the following functions:

- a. Evaluate and process all STL applications including applications for renewal of the Agency Agreement;
- b. Undertake the following activities:
 - i. Review the STL Reports submitted by the Office of the Assistant General Manager for Branch Operations Sector (OAGM-BOS) every ~~second~~ ^{second (2nd)} week of the ensuing month or as the need arises;

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- ii. Recommend to the GM appropriate revisions or improvements to existing policies, including amendments to this RIRR to enhance STL operations and for better control, accountability and monitoring; and
- iii. Make appropriate recommendations to the GM on the disqualification; revocation; pre-termination or termination Agency Agreements and/or ATOs.

Section 8. Functions of Branch Operations Sector (BOS). The NCR Department and/or the concerned Branch Offices shall have the following duties and functions:

a. Supervise STL operations of AACs, pursuant to the following:

- i. Sales Report and Remittance. The NCR Department and/or the concerned Branch Office shall:
 1. Monitor the daily and monthly sales reports and remittances of AACs;
 2. In case of any discrepancy between the sales report and remittance of the AAC, the Branch Office shall reconcile with the AAC concerning the difference. The Branch Office shall then confirm the payment made by the AAC with the PCSO Accounting and Budget Department. Reconciliation of accounts shall not exceed ten (10) working days to determine whether an AAC has made full and timely remittance.
 3. In the event that an AAC fails to make full and timely remittance of its GMMRR, promptly submit a recommendation for the termination of the Agency Agreement with said AAC, through the concerned BOS-Department and OAGM-BOS to the GM.

The GM shall issue, without delay, the appropriate documents to implement the recommendation of the Branch Operations Sector (BOS).

- ii. Conduct of STL draw. All STL draws must be conducted by the PCSO, in compliance with Article VII of this RIRR;
 - iii. Monitoring of STL draw results broadcast and publication; and
 - iv. Submission of regular reports and other documents as may be required;
- b. Monitor compliance of AACs with this RIRR, Agency Agreement and all other pertinent PCSO issuances and regulations. Non-compliance should be reported within five (5) calendar days to the OAGM-BOS by the concerned Branch Office, copy furnished the OGM, for appropriate action;
- c. Inspect the principal office of AAC based on the submitted proof of ownership or lease contract of the principal office;



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- d. Inspect and evaluate the proposed STL draw court, STL stations and STL booths and submit recommendation through the concerned BOS-Department and OAGM-BOS for approval of the GM;
- e. Provide AACs with ID template, as prescribed by the PCSO, for STL sales supervisors and representatives, which shall be provided with control numbers and duly entered into the records of the office;
- f. Submit the following monthly reports to the respective Department Manager for consolidation:
 - i. Sales and Remittances of AACs;
 - ii. Problems encountered in the operation of STL including matters pertaining to illegal number games; and
 - iii. Such other reports as may be required.

ARTICLE III APPLICATION AND EVALUATION OF STL AACs

Section 9. Qualifications and Disqualifications. The STL applicant must possess the following qualifications:

- a. Must be a duly registered corporation with the Securities and Exchange Commission (SEC);
- b. Must have sufficient sales force to efficiently undertake STL in the area applied for, as determined by the SCG;
- c. Must be one hundred percent (100%) owned by Filipino individuals; and
- d. The minimum required Paid-up capital of an applicant corporation shall be at least Twenty-Five Million Pesos (Php25,000,000.00).

The following shall be disqualified to apply as STL AAC:

- a. Terminated AACs/ASAs due to violations of the RIRR;
- b. Existing AACs/ASAs with overdue accounts due to the PCSO;
- c. AAC applicant with individual stockholders and officers of AACs/ASAs under (a) and (b) above.

Section 10. Submission of documents for application. The STL applicant shall submit to the PCSO, through the SCG Secretariat, one (1) original copy and six (6) duplicate copies of the following documents:

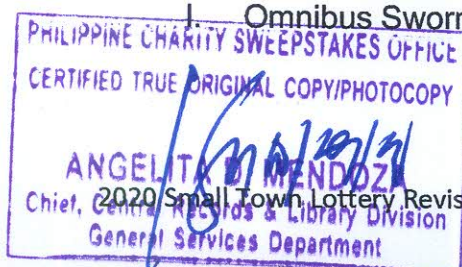
- a. Duly sworn STL application form, signed by any of its following officers: Chairperson, President, or Chief Executive Officer;
- b. Corporate Secretary's Certification of a Resolution from the Board of the Corporation granting him/her the authority to execute/sign the said application, and particularly stating therein the area applied for;





- c. Certified True Copy of Certificate of Registration issued by the SEC with attached certified true copy of Articles of Incorporation and By-laws;
- d. Company Profile including, but not limited to the following:
 - i. Corporate Background;
 - ii. Organizational Structure, including qualifications and comprehensive background of Directors and Officers of the corporation;
 - iii. Workforce/Manpower;
 - iv. Management History;
 - v. Financial Information;
 - vi. Business Portfolio;
 - vii. Official email address;
 - viii. Proof of ownership or lease contract of the principal office; and
 - ix. Corporate Social Responsibility (CSR) activities to be conducted within its area of operation.
- e. Latest Valid Tax Clearance for corporations already in operation or Certificate of Registration duly issued by the Bureau of Internal Revenue (BIR) for newly established corporations;
- f. Certificate of Registration of the STL applicant, its directors and employees issued by the following:
 - i. Philippine Health Insurance Corporation (Philhealth);
 - ii. Social Security System (SSS); and
 - iii. Home Development Mutual Fund (PAG-IBIG).
- g. Audited Financial Statement (AFS) of the immediately preceding year, as submitted to SEC, duly stamped received by the BIR for corporations registered with the SEC for at least one (1) year; Certified copy of the BIR certification of business registration for newly-registered corporations;
- h. Updated General Information Sheet of STL applicant and its corporate stockholders to establish ownership to the level of the individuals in compliance with Article III, Section 9 (c);
- i. Certificate of No Derogatory Information (CNDI) from SEC as provided for under SEC Memorandum Circular No. 3, series of 2018 for corporations registered with the SEC for more than one (1) year;
- j. Latest/Comprehensive Curriculum Vitae/Bio-Data of its corporate officers and directors, showing their qualifications and experience, including at least two (2) government issued IDs;
- k. Latest National Bureau of Investigation (NBI) Clearance of Directors and Executive Officers of the STL applicant and valid for six (6) months upon submission;

l. Omnibus Sworn Statement executed by all of the Board of Directors;



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- m. Funding Disclosure of capital investors (financiers), if any, including statement of bank deposit/s, assets and properties owned, leased, or managed by the corporation, and other relevant fund sourcing information;
- n. Feasibility study on the proposed STL area applied for, showing the projected viability of the implementation of the STL in the said area, taking into account the following considerations:
 - i. Information/data on illegal numbers games which have operated in their proposed area, particularly on its estimated daily sales based on field reports;
 - ii. Financial statistics indicating the feasibility of STL operation in the proposed area;
 - iii. Employment to be generated within the community, to include both sales force complement and administrative/management personnel. STL Sales Supervisors and Representatives shall be residents in the AAC's area of operation;
 - iv. Profile of the proposed area in terms of population, main sources of livelihood, local products, trade and industry, peace and order condition, religious beliefs and practices, and other relevant information; and
 - v. Proposed operating plan, which must include, but is not limited to the following:
 - 1. Deployment plan for *cabos* and *cobradores* per municipality, barangay or location in the area applied for;
 - 2. Sales forecasts based on the market's potential of the game and taking into account existing illegal numbers games and other relevant factors in the area applied for;
 - 3. Sales and marketing plan to promote STL and deter patronage of competing illegal numbers games, if any, in the area applied for.
- o. Proposed GMMRR in a sealed envelope signed on the flap by the authorized representative of the STL applicant;
- p. Sketch and photo of principal place of business;
- q. Copy of the Official Receipt (OR) issued by the PCSO Treasury Department for the payment of the non-refundable Application Fee of One Hundred Thousand Pesos (PhP100,000.00);
- r. Such other documents as may be required by law.

Section 11. Post-Approval Requirements. The STL applicant shall comply with the post-approval requirements within the periods described in Table 1:

Table 1. Post-Approval Requirements

| | Particulars | When to Comply |
|---|---|---|
| 1 | Pay the Cash Bond | Within fifteen (15) calendar days from receipt of Notice of Approval from the OGM |
| 2 | Pay the Authorization Fee | |
| 3 | Execute the Agency Agreement and Cash Bond Agreement; | |

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| | Particulars | When to Comply |
|---|---|--|
| 4 | Establish and maintain a business office for STL within the PCSO approved area of operation; | Within forty-five (45) calendar days from receipt of Notice of Approval from the OGM |
| 5 | Establish and maintain its STL draw court and STL stations per PCSO Approved Specifications with the following distance restrictions: <ol style="list-style-type: none"> i. 100 meters away from educational institutions for Grade Schools up to Senior High Schools; ii. 100 meters away from religious structures; iii. 200 meters away from existing lotto/KENO outlets; and iv. 50 meters away from existing STL booths. | |
| 6 | Attendance by its key officers, including its operations manager, in the STL procedures and protocols orientation, which will be conducted by the PCSO; | |
| 7 | Submit its complete list of all employees, which shall include officers, administrative, sales representatives, and collectors; | |
| 8 | Submit sample identification card and prescribed uniform for its sales force. | |

Section 12. Documents for Renewal. The following shall be required for renewal of an AAC:

- a. Letter of Intent for Renewal signed by the Chairperson, President, or CEO as authorized by the Board and addressed to the PCSO;
- b. Corporate Secretary's Certification of a Resolution from the Board of Directors of the STL applicant granting the authorized representative the authority to execute/sign the said Letter of Intent;
- c. Updated General Information Sheet of STL applicant and its corporate stockholders to establish ownership to the level of the individuals in compliance with Article III, Section 9 (c);
- d. Latest Tax Clearance issued by the BIR;
- e. Latest Certificate of Remittances for the preceding year from the following agencies:
 - i. Philhealth;
 - ii. SSS; and
 - iii. PAG-IBIG.
- f. Latest Audited Financial Statement (AFS) of the immediately preceding year as submitted to SEC, duly stamped received by the BIR;

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- g. Latest Certificate of No Derogatory Information (CNDI) from SEC as provided for under SEC Memorandum Circular No. 3, series of 2018;
- h. Omnibus Sworn Statement executed by all of the Board of Directors;
- i. Latest/Comprehensive Curriculum Vitae/Bio-Data of its corporate officers and directors showing their qualifications and experience;
- j. Latest National Bureau of Investigation (NBI) Clearance of Directors and Executive Officers of the Corporation and valid for six (6) months upon submission;
- k. Latest photos of actual office and STL draw court.

Section 13. Standards for Evaluation of STL applications. The following standards shall be used by the SCG in evaluating STL applications:

- a. The STL applicant must possess all the qualifications and none of the disqualifications under this RIRR, upon submission of its STL application to the PCSO and at any time during the term of the Agency Agreement;
- b. The STL applicant, including its individual stockholders and officers, must have no derogatory records with any of the following: Philippine Drug Enforcement Agency (PDEA), Philippine National Police Drug Enforcement Group (PNP-DEG), PNP, NBI, AMLC, SEC, BIR and/or other regulatory agencies;
- c. The STL applicant, including its individual stockholders and officers, must have no outstanding liabilities with the PCSO, including Authorization Fee, Cash Bond, fines, penalties, under-remittance/non-remittance;
- d. Documentary requirements of the STL applicant should be complete and duly accomplished. The same shall be evaluated based on the criteria/rating factors set by the PCSO;
- e. A proposed GMMRR that is below the PMRR shall be automatically disqualified;
- f. All proposed and committed GMMRR per area of STL operation, shall be ranked from highest and most responsive to lowest and least responsive;
- g. The GMMRR shall not be the only consideration in the selection of the AAC. Other factors such as, but not limited to, information on illegal numbers games in the area applied for; financial information; business portfolio; and other considerations as may be taken into account by the SCG;
- h. The criteria in Table 2 shall apply in the determination of the best and most responsive proposal:

Table 2. Criteria for Best and Most Responsive Proposal

| CRITERIA* | 1 st | 2 nd | 3 rd | 4 th |
|-----------|-----------------|-----------------|-----------------|-----------------|
| | HIGHEST | HIGHEST | HIGHEST | HIGHEST and All |

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| | | | | other Applicants |
|---------------------------|--------|--------|--------|------------------|
| I. Capitalization | 20 pts | 15 pts | 10 pts | 5 pts |
| II. GMMRR | 40 pts | 35 pts | 30 pts | 10 pts |
| III. Management Structure | 25 pts | 20 pts | 15 pts | 5 pts |
| IV. Manpower | 15 pts | 12 pts | 10 pts | 4 pts |

- i. The SCG, after evaluation, shall recommend to the OGM the STL applicants with the three (3) highest scores.
- j. The SCG, through the GM, shall recommend to the PCSO BOD the STL applicants with the three (3) highest scores based on the evaluation conducted by the SCG;
- k. The PCSO BOD shall approve and grant the authority to operate STL in the area applied for from the list transmitted by the OGM;
- l. The approval of the PCSO BOD shall be final and non-appealable.

Section 14. Issuance of Authority to Operate and Commencement of STL Operations.

- a. Within five (5) calendar days from full compliance by the AAC of the post-approval requirements as certified by the concerned Branch Office, the OGM shall issue the ATO to the AAC;
- b. In no case shall the AAC conduct an actual STL draw without the ATO.
- c. Prior to STL operation, the PCSO shall submit appropriate written notices to concerned LGUs to ensure the smooth entry and efficient conduct of STL activities.

Section 15. Fees. The following shall be observed as regards fees to be paid in this RIRR:

- a. All fees shall be paid in cash and/or manager's check in the name and favor of the PCSO, to the Treasury Department upon issuance of the order of payment by the OAGM-BOS;
- b. The Official Receipt issued by the PCSO shall be submitted to the OAGM-BOS as part of the application and post-approval requirements;
- c. Table of Fees and Cash Bond. The amount of fees provided in Table 3 may be increased, subject to the approval of the PCSO BOD upon the recommendation of the OGM.





Table 3 Table of Fees and Cash Bond

| Type | Amount | When To Pay |
|---|---|--|
| Application Fee for New Applicants | PhP100,000.00 for each and every area applied for; | Upon submission of application, an order of payment shall be issued by the OAGM-BOS. |
| Renewal Fee for Existing AAC | PhP100,000.00 | Upon submission of application for renewal, an order of payment shall be issued by the OAGM-BOS. |
| Authorization Fee | Equivalent to twenty-five (25%) percent of the approved GMMRR for each and every area applied for | Within 15 calendar days from receipt of the Notice of Approval as AAC issued by the OGM |
| Cash Bond | Equivalent to 1 month GMMRR and three (3) months PCSO Share in the GMMRR | Within 15 calendar days from receipt of Notice of Approval issued by the OGM |

d. Cash Bond

- i. The Cash Bond represents the performance security of the AAC, equivalent to one (1) month GMMRR and three (3) months PCSO Share in the GMMRR and shall be paid prior to the signing of the Agency Agreement;
- ii. The Cash Bond shall have the following terms and conditions:
 1. It shall secure the performance by the AAC of all its obligations under this RIRR and the Agency Agreement, including tax liabilities, unpaid PCSO Operating Fund and Charity Fund share in the GMMRR, unpaid penalties or fines for any violation of this RIRR, as well as the Agency Agreement, claims for damages, and other applicable charges, if any;
 2. All liabilities of the AAC shall be charged to the Cash Bond, subject to its replenishment within five (5) working days from receipt of notice thru email or private/public courier as stated in Section 32;
 3. The accrued interest from the Cash Bond shall be credited in the name and favor of the PCSO;
 4. Upon expiration of the Agency Agreement and submission of all required reports, the Cash Bond, after lawful deductions, shall be refunded to the AAC within thirty (30) calendar days;
 5. Such other terms and conditions as may be provided in the Cash Bond Agreement.

e. The Application Fee and Renewal Fee are non-refundable. The Authorization Fee is non-refundable except when the AAC fails to commence STL operations due to force majeure.

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ANGELITIA D. MENDOZA
Chief, Centennial Small Town Lottery Revised Implementing Rules & Regulations
General Services Department





Section 16. Classification of Authority. AACs shall be classified following Table 4:

Table 4. Classification of AACs' Authority

| Particulars | Period of Operation | Conditions |
|---------------------|---------------------|---|
| Probationary Status | One (1) year | <ol style="list-style-type: none"> 1. The AAC has exclusive authority to operate STL in the designated area of operation; 2. The AAC's Agency Agreement is subject to pre-termination under this RIRR; 3. The AAC must continue to possess all qualifications and none of the disqualifications under this RIRR during the lifetime of the Agency Agreement; 4. The AAC's account must be current with no outstanding liabilities due to the PCSO (<i>i.e.</i>, no deficient Cash Bond, or unpaid fines, etc.). |
| Regular Status | Three (3) years | <ol style="list-style-type: none"> 1. The AAC has exclusive authority to operate STL in the designated area of operation; 2. The AAC's Agency Agreement is subject to pre-termination under this RIRR; 3. The AAC must continue to possess all qualifications and none of the disqualifications under this RIRR during the lifetime of the Agency Agreement; 4. The AAC's account must be current with no overdue accounts due to the PCSO (<i>i.e.</i>, no deficient Cash Bond, or unpaid fines, and other fees). |
| Renewal Status | Three (3) years | <ol style="list-style-type: none"> 1. The AAC has exclusive authority to operate STL in the designated area of operation; 2. The AAC's Agency Agreement is subject to pre-termination under this RIRR; 3. The AAC must continue to possess all qualifications and none of the disqualifications under this RIRR during the lifetime of the Agency Agreement; 4. An interested compliant Regular AAC shall submit to the OGM a letter of intent to apply for Renewal Status, together with all documentary requirements and payment of applicable fees not later than ninety (90) calendar days prior to the expiration of the three (3) year Regular Period. Otherwise, the area shall be opened for other STL applicants, using the GMMRR with escalation for the evaluation of new STL applicants; 5. The renewal of the Agency Agreement is subject to the escalation of the GMMRR; 6. The AAC's account must be current with no overdue accounts due to the PCSO (<i>i.e.</i>, no deficient Cash Bond, or unpaid fines, and other fees.), including payment of additional Cash Bond corresponding to the escalation of the GMMRR. |

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General Services Department



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a. Conversion from Probationary Status to Regular Status:

- i. Upon expiration of the one (1) year Probationary Status and the contract is not converted to regular status, the Probationary AAC shall cease STL operations without need of notice or demand;
- ii. An interested compliant Probationary AAC shall submit to the OGM, a letter of intent to apply for conversion to Regular Status, together with all documentary requirements and payment of applicable fees not later than ninety (90) calendar days prior to the expiration of the one (1) year Probationary Period Otherwise, the area shall be opened for other STL applicants;
- iii. The Probationary AAC shall be eligible for conversion to Regular Status if it has no outstanding liabilities due to the PCSO at the time of the application for regularization, such as GMMRR payments in arrears, deficient Cash Bond, Excess Prize Fund at the end of the year, unpaid taxes; or a combination the foregoing; and
- iv. The issuance of a Notice of Approval by the OGM and execution of an Agency Agreement conferring Regular Status to the qualified AAC shall be completed within fifteen (15) calendar days prior to the expiration of the Probationary Period.

b. The foregoing procedure shall apply to the Renewal of an AAC with a Regular Status.

c. The foregoing procedure shall apply for the Renewal of an AAC with a Renewal Status.

ARTICLE IV

DUTIES, OBLIGATIONS, AND RESTRICTIONS OF THE AAC

Section 17. Binding Effect. The AAC shall strictly comply with the duties, responsibilities and obligations imposed under the 2020 STL RIRR, the Agency Agreement, Cash Bond Agreement, Labor laws and Tax Laws, as well as other rules and regulations that the PCSO may issue from time to time.

Section 18. Duties and Obligations of the AAC. The AAC shall undertake the following:

- a. Commence actual commercial STL operations (*i.e., sell, distribute, market and assist in the conduct of STL operations within its designated area*) and STL draws in such frequency and manner, as may be prescribed by the PCSO, upon receipt of the Authority to Operate;

Deposit/Remit on the next banking day the total amount due to the PCSO pursuant to the Revenue Allocation for STL. In no case shall the total monthly sales collection be lower than the approved GMMRR in the area;

- b. Submit to the NCR Department or the concerned Branch Office, the Daily Sales Report on the next day;

- c. Disseminate immediately and extensively, on its own account, the results of each local draw through the following:

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General Services Department





- i. Print, radio or TV; and
 - ii. Social media.
- d. Hold in trust the Prize Fund for and on behalf of the PCSO, and pay all prizes or winnings under such terms as determined by the PCSO. Any deficiency in the Prize Fund arising from the payment of prizes or winnings shall be for the exclusive account of the AAC. The PCSO shall not be responsible for or be required to reimburse deficiencies in prize payouts. All excess Prize Fund at the end of the year shall be remitted to the PCSO;
- e. Provide, at its own cost, uniforms and identification (ID) cards, as prescribed by the PCSO, for its sales force and other employees. The sales force and employees must strictly wear PCSO prescribed uniforms and prominently display their ID cards when they are on duty;
- f. Submit the following reports to the NCR Department or concerned Branch Office on or before the second (2nd) day of the ensuing month:
- i. Monthly sales report per Province/Municipality/City or areas of STL operation or activities;
 - ii. Summary of all prizes and winnings paid and charged against the Prize Fund;
 - iii. Summary of the payroll and/or commissions paid to Sales Representatives as proof of disbursement of the share of the AAC's sales force from the Operating Fund; and
 - iv. Such other reports or required information, in such form and frequency, as may be directed by the PCSO or its duly authorized representative/s.
- g. Remit the twenty percent (20%) Final Tax on winnings above PhP10,000.00 within the period as may be prescribed by PCSO;
- h. Submit the Alphalist of winners (for winnings of more than PhP10,000) and prize pay-out utilization report (for winnings of PhP10,000 and below) on the tenth (10th) day of the ensuing month:
- i. Submit the following reports to the NCR Department or concerned Branch Office on or before the fifteenth (15th) day of the succeeding month:
 - ii. Updated list of its sales force and employees with their corresponding ID numbers and specimen signatures, copy furnished the PNP Regional Office and local PNP station where the AAC's stations operate;
 - iii. Any addition and/or reduction of personnel from the list mentioned in the immediately preceding paragraph must be submitted to the NCR Department or concerned Branch Office, copy furnished the PNP Regional Office, within forty-eight (48) hours from its effectivity; *Provided*, that in case of termination of services of any members of its sales force, the AAC shall have the obligation to retrieve issued IDs and surrender the same to the nearest PCSO Office or Branch Office;
 - iv. Updated list of existing STL stations and STL booths, copy furnished the PNP Regional Office; and
 - v. Such other reports or required information, in such form and frequency, as may be directed by the PCSO or its duly authorized representative/s.

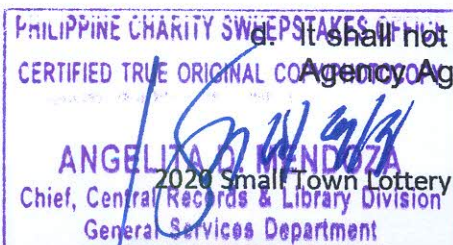




- i. Maintain and keep proper books of accounts of its STL operations in accordance with generally accepted accounting principles. Said books of accounts, financial records and all documents in support thereof shall be kept at the AAC's principal office; *Provided*, that all books of accounts shall be readily available for inspection by the PCSO and/or the Commission on Audit, at any day, during authorized STL operating hours;
- j. Indemnify the PCSO, its BOD members, officers, and employees, for whatever injury or damage they may suffer in relation to the STL operations, by reason of the failure, negligence, or delay on the part of the AAC and/or its employees, in the performance of its obligations under the Agency Agreement, provided that the PCSO, its Board, officers or employees, are without fault or negligence;
- k. Pay the PCSO, BOD members, officers and employees liquidated damages in the minimum amount of Ten Million Pesos (PhP10,000,000.00) for whatever cost or damage they may incur or suffer by reason of any action or suit wherein they, without bad faith, malice or negligence, are impleaded;
- l. The AAC, its incorporators, directors including its key officers shall be jointly and severally or solidarily liable for charges, fees, fines, penalties and GMMRR;
- m. Strictly observe the exclusivity and non-transferability of the ATO;
- n. Maintain a business office for STL within the PCSO approved area of operation;
- o. Maintain its STL draw court and STL stations (per PCSO Approved Specifications) with the following distance restrictions:
 - i. One hundred (100) meters away from educational institutions for Grade Schools up to Senior High Schools;
 - ii. One hundred (100) meters away from religious structures;
 - iii. Two hundred (200) meters away from existing lotto/KENO outlets; and
 - iv. Fifty (50) meters away from existing STL booths.

Section 19. Restrictions of the AAC in STL Operations. The AAC shall abide by the following restrictions or conditions:

- a. It shall not transfer its place of business or establish another office for STL operations without prior notice and written approval of the PCSO;
- b. It shall not establish any additional STL draw court, STL station and STL booths without prior inspection and approval by the PCSO of the proposed specifications and location;
- c. It shall only sell, distribute and market within its area of operation authorized STL games and its sanctioned variations;



d. It shall not sub-contract or transfer any of its rights or obligations under the Agency Agreement. Shareholders shall not assign, transfer, cede, sell, nor





dispose any portion of its/their stock shares to any natural/juridical person/s without the prior written approval by the PCSO;

- e. It shall only accept bets and/or process prize claims from individuals eighteen (18) years old and above. No sale to minors, personally or by other persons on their behalf, shall be allowed consistent with the PCSO's responsible gaming policy;
- f. It shall not use any lotto or any PCSO national game draw results as basis for STL game winning numbers or combinations;
- g. It shall not engage lotto agents and operators as its STL sales force; and
- h. It shall not engage in or operate games other than STL.
- i. An AAC, at any time during the lifetime of the Agency Agreement, may request for its rescission provided that there is no ground for termination against the AAC. Such withdrawal or rescission of the Agency Agreement shall be subject to the following:
 - i. All outstanding liabilities, including taxes and other monetary obligations of the AAC shall be deducted from its existing CASH BOND;
 - ii. Fifty (50%) percent of the remaining CASH BOND shall be forfeited in favor of PCSO as opportunity loss; *and*
 - iii. The AAC shall waive any and all claims that it may have against PCSO.

Section 20. Special Conditions on Illegal Gambling and Related Activities. All AACs shall strictly comply with and abide by the following conditions on illegal gambling and related activities:

- a. To report immediately to the PCSO or any of its branches or offices, the conduct, presence or existence, of any illegal or unauthorized gambling activity or operations by any person or persons within its approved area of operation;
- b. To avoid, and is prohibited from, at all times and any and all circumstances, giving, delivering, remitting, granting, paying or contributing any money, cash or anything of value or consideration, directly or indirectly, to any person or individual, any local official, any local government unit (LGU), any member of the House of Representatives or his office, the local office or command of the PNP, NBI or any other law enforcement agency, or any of its members or officers, in consideration for, by reason of, or otherwise related to the conduct of STL operations;
- c. To report immediately to the PCSO or any of its branches or offices, any person, including any PNP/NBI official, any government official or employee, who requests, asks, solicits, extorts, demands or in any manner seeks the payment or delivery of money, cash or anything of value or consideration, directly or indirectly, from any AAC in connection with, by reason of, or otherwise related to the conduct of STL operations;

d. To ensure utmost compliance with these special provisions on illegal gambling and related activities, the PCSO reserves the right to initiate and





file the necessary and appropriate criminal and/or administrative charges against the AAC, or any of its officers or employees, against any police officer, government employee or any person, who are found under existing laws and procedures to have violated any provisions of the Revised Penal Code and such other penal laws.

The PCSO may enter into an agreements or arrangements with appropriate law enforcement agencies, to promote and protect STL against competing illegal numbers games;

- e. The PCSO reserves the right to initiate and file appropriate criminal, civil and administrative charges against the AAC; its officers or employees; including police officers, government officials and employees in collusion with the AAC for violating the provisions of RA No. 9287, its Implementing Rules and Regulations; and applicable provisions of the Revised Penal Code of the Philippines, as the case may be.

ARTICLE V STL TICKETS, WINNINGS, RESTRICTIONS

Section 21. AACs shall use tickets authorized and prescribed by the PCSO, without prejudice to the future use of fixed/handheld terminals or similar devices. For this purpose, PCSO shall issue guidelines for the implementation of STL Official Retail Receipt (STL ORR).

Section 22. The STL receipt is a bearer instrument. Thus, the holder is presumed to be its owner. In the event that a person claims ownership over a winning ticket, but fails to present the same, PCSO and/or the AAC or any of their officers/employees shall not be responsible for lost receipts.

Section 23. Winners shall claim their prizes from the AACs which issued the ticket/receipt. Prizes not claimed within one (1) year from the draw date shall be forfeited and shall be remitted to the PCSO to form part of the PCSO Charity Fund as provided in Section 48 of this RIRR.

Section 24. No prize shall be paid to or redeemed by any person under the age of eighteen (18) years.

Section 25. The AAC shall be solely responsible for paying the prize winnings of bettors. Any deficiency in the Prize Fund shall be shouldered by the AAC.

ARTICLE VI VIOLATIONS AND THEIR PENALTIES

Section 26. Major Violations. The following major violations by AACs shall be grounds for automatic termination of the Agency Agreement and revocation of ATO:

- a. Failure to fully and timely remit the PCSO share in their GMMRR;
- b. Acceptance of bets from minors and/or using minors as sales representatives/bet collectors. The automatic termination of the Agency



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Agreement is without prejudice to the filing of the appropriate civil and criminal actions;

- c. Use of STL as a front for illegal lotteries and/or acting as *bookies* for competing illegal numbers games;
- d. Failure or refusal to pay the legitimate prize payout without justifiable reason;
- e. Failure to secure the PCSO's prior approval for any change in the ownership, members of the Board of the AAC, including changes in the place of business, transfer of ownership or any interest, directly or indirectly, to any person;
- f. Misrepresentation and/or concealment of material facts and information in the STL application and supporting documents in order to influence the outcome or screening of the AAC, or any stage of the selection process either deliberately or inadvertently;
- g. Commission of three (3) verified minor violations during the effectivity of the Agency Agreement;
- h. Commission of fraudulent acts or misrepresentation, such as, but not limited to:
 - i. Supplying false information regarding the corporation, its stockholders, directors or officers;
 - ii. Providing false or incorrect information on any pertinent fact regarding the STL and management;
 - iii. Fixing, rigging or otherwise manipulating the betting, collection, draw and payment process;
 - iv. Manipulating sales reports;
 - v. Intra-corporate dispute or squabble not divulged to the PCSO, adversely affecting the interest and reputation of the PCSO in the STL operation; and
 - vi. Failure to act within a reasonable period of time on any official communication from the PCSO that will adversely affect the interest and reputation of the PCSO in STL operations.

The termination of Agency Agreement and revocation of the ATO shall have the following effects:

- a. AACs shall cease to operate;
- b. Forfeiture of the Cash Bond by way of penalty, after satisfying all obligations due to PCSO, and without prejudice to the other remedies that may be taken by the PCSO to protect its interest;
- c. Confiscation by PCSO of the draw machines and STL paraphernalia and identification cards of STL sales force;
- d. Disqualification to apply as an AAC in the future; and

e. Such other effects provided in this RIRR.





Section 27. In cases covered by the preceding section, the OGM shall issue a notice of termination and last STL draw to the erring AAC, which shall be final and executory.

Section 28. Minor Violations. The following are considered as minor violations:

- a. Failure to submit any required report, other reports or required information/document and /or comply with any written requirement of the PCSO within the prescribed period;
- b. Failure to comply with the directives, orders, circulars and other issuances of the PCSO;
- c. Non-compliance with the Standard Operating Procedures of draw operations;
- d. Failure to provide a back-up draw machine during draws;
- e. Transferring business office or establishing one without prior notice and approval from the PCSO;
- f. Not wearing proper IDs and uniforms of the AAC personnel, as reported by law enforcement agency;
- g. Stoppage of operation without justifiable reasons for one (1) day;
- h. The AAC's non-compliance with minimum public health standards set by the Department of Health and other government agencies, including the health protocols issued by the PCSO, and
- i. Such other acts, as may be determined by the PCSO as minor violation of STL rules.

Section 29. Penalties for Minor Violations. For minor offenses, the computed fines shall be paid within five (5) calendar days from receipt of notice, using the formula below:

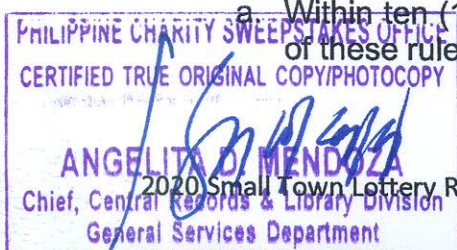
| |
|--|
| <p><i>Fine for each and every minor violation = 1/10 of 1% of <u>GMMRR</u> 30 days</i></p> |
|--|

Nothing herein shall be construed as preventing the PCSO from imposing additional fines or penalties, as needed in the exigency of the service, and for the protection of the Government's interest and share from the AAC's STL operations.

Section 30. The OGM shall have the authority to impose penalties on the AAC for minor violations of rules and regulations under this RIRR.

Section 31. Procedure for Imposition of Penalties on Violations. Action on any and all major and minor violations of rules and regulations under this RIRR, shall be subject to the following procedures:

- a. Within ten (10) calendar days upon receipt and verification of any violation of these rules, the BOS shall report it to the SCG, copy furnished the OGM;



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- b. The SCG shall evaluate the report and submit its recommendation to the GM for approval within ten (10) calendar days upon receipt of report from the BOS:
- c. Within ten (10) days from receipt of the SCG recommendation, the GM shall issue her decision and inform the BOS thereof;
- d. The BOS shall inform the AAC in writing of the decision of the GM, within five (5) calendar days from the receipt by the BOS of the GM's decision.

Section 32. Proof of Service of Notice. All notices to be issued by the PCSO shall be served to the AAC, through any of the following:

- i. **Personal Service:** Proof of personal delivery shall consist of the stamp of actual receipt by the AAC or its authorized representative, showing the date of receipt, name and signature of the person who received the notice. In case the addressee or its authorized representative refuses to receive the notice, the person serving the same shall execute an affidavit of service to narrate and attest to such refusal;
 - ii. **Registered Mail and/or Courier Mail:** The registry receipt and/or return card issued by the post office and/or official receipt issued by commercial courier mail service providers is likewise allowed as proof of service of the notice;
 - iii. **Electronic Mail:** The print out of the electronic mail sent shall be proof of the service of the notice. Proof of receipt shall be the return email by the AAC acknowledging receipt of the PCSO's email.
- e. Nothing herein shall prevent the PCSO from using short messaging services of telecommunication companies and/or mobile messaging applications including future technology for convenience and fast exchange of information, notices and advisories to the AAC and/or its duly authorized representatives.

ARTICLE VII MANAGEMENT AND CONDUCT OF DRAWS

Section 33. The PCSO and the AAC shall uphold the integrity and transparency of the conduct of STL draws.

Section 34. All STL draws shall be conducted only by the PCSO authorized personnel in such manner, frequency and time as may be determined and approved by the PCSO and in accordance with this RIRR.

Section 35. The STL draws shall be open to the public and broadcasted live using the following platform:

- i. National/local TV station or national/local radio station; and
- ii. Social media.

Section 36. The STL draws shall be witnessed and certified by a Panel of Witnesses composed of a chairperson and two (2) members and/or COA representative. The Members of the Panel of Witnesses shall be selected from the local residents in the area and must be of legal age.





Section 37. Only the PCSO authorized draw machines and draw balls shall be used in the conduct of STL Draws.

Section 38. At least one (1) Back-up Draw Machine shall be made available during the conduct of draws.

**ARTICLE VIII
OPEN AREAS FOR STL OPERATION AND ACTIVITIES**

Section 39. Opening of Areas for STL Operations. Open areas, including vacated areas due to termination or withdrawal by the AAC from the Agency Agreement, shall be immediately opened to STL applicants upon recommendation of SCG, subject to Board approval:

- a. Upon declaration of an area as vacant by the GM, announcements to the public shall be made through the following modes of communication:
 - i. Broadcast within the live lottery draws of the PCSO for at least seven (7) consecutive days;
 - ii. Publication in at least one (1) newspaper of general circulation for two (2) days, with an interval of three (3) calendar days; and
 - iii. Posting continuously at www.pcsso.gov.ph and other PCSO Social Media platforms like PCSO's Facebook and YouTube Official accounts.
- b. The PCSO shall accept STL applications for a non-extendible period of fifteen (15) calendar days following the first day of announcements mentioned above. If the fifteenth (15th) day falls on a non-working day, the next working day shall be the deadline for receiving applications.
- c. All documentary requirements shall be submitted to the SCG Secretariat, subject to payment of applicable fees and evaluation procedures under this RIRR.

**ARTICLE IX
PRESUMPTIVE MONTHLY RETAIL RECEIPTS (PMRR)**

Section 40. The PMRR shall serve as baseline reference in the evaluation of the best and most responsive GMMRR proposal, per area applied for, following the formula below:

| |
|---|
| $\text{PMRR} = 30\% \text{ of Voting Population (based on latest available COMELEC data)} \times \text{Minimum Bet per day}^* \times 30 \text{ days}$ |
|---|

* The minimum bet per day shall be determined depending on various factors such as the economic and demographic situation, location, extent of operations, peace and order, historical data, and other factors that may affect operations in the proposed area of STL operation as recommended by the SCG, subject to approval of the PCSO BOD.

Section 41. The SCG shall conduct periodic review of the existing PMRR to evaluate, among others, the viability of STL operations in the respective areas as well as the sustainability of the PMRR, as follows:

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Chief, Central Records & Library Division
General Services Department





- a. For AACs under Probationary Status – six (6) months after the start of their operations;
- b. For Existing AACs (for regularization) – immediately upon approval of this RIRR, unless waived by the AAC.

Section 42. The SCG shall submit the result of the periodic review to the GM for endorsement of the PMRR to the Board for approval.

**ARTICLE X
GUARANTEED MINIMUM MONTHLY RETAIL RECEIPTS (GMMRR)**

Section 43. The GMMRR offered by the STL Applicant shall not be lower than the PMRR and shall be the basis of computing the amount/share due to the PCSO, except in cases where the actual sales exceed the GMMRR.

Section 44. The GMMRR shall be fixed and not subject to any adjustment or re-computation during the effectivity of the Agency Agreement.

Section 45. The GMMRR shall be subject to escalation in case of renewal of the Agency Agreement after the three (3)-year Regular Status of the AAC as provided in Section 5 of this RIRR. Any such escalation shall not exceed the maximum average bet of PhP7.50 per day. Upon renewal, the AAC shall post the additional Cash Bond and Authorization Fee corresponding to the increase in its GMMRR.

Section 46. Percentage Compliance for New AACs. Minimum compliance at the start of operations of a new AAC in newly opened or reopened areas shall be based on the schedule in Table 5:

Table 5. Percentage Compliance for New AACs

| Number of Months of Operation | Percentage Compliance |
|-------------------------------|---|
| First Month | At least 30% of GMMRR (regardless of the day of first days of STL draw) |
| Second Month | At least 60% of GMMRR |
| Third Month | 100% of GMMRR |

This provision shall not apply to areas that were previously operated in by GMMRR-compliant AACs, but whose agency agreements were not renewed by PCSO in order to prevent disruption of STL revenues generated for PCSO in the area.

Section 47. The computation of GMMRR shall be pro-rated for the months where no STL draw are conducted, like New Year's Day (January 1), Holy Thursday, Good Friday, Black Saturday, Easter Sunday, and Christmas Day (December 25), as well as by reason of force majeure. Such pro-rated GMMRR, as approved by the General Manager, shall be reported to the PCSO Board in the immediately succeeding Board Meeting. AACs may request for the conduct of STL draws for legal holidays, subject to the approval of the GM, in which case, the AAC shall remit one hundred percent (100%) of the GMMRR for said months.

In the event of any force majeure as defined in Section 5 hereof is characterized by extraordinary circumstances such as the worldwide public health emergency, and

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other events of similar nature of extensive scale or is prolonged for a period exceeding thirty (30) days, the Board may approve the temporary suspension of STL operations based on guidelines and recommendations of competent authority.

Prior to the resumption of operations, the Board may, as it deems necessary, approve the following:

1. The adoption of remedial measures to address the effects of the crisis/force majeure and enable the STL AACs to comply with their obligations;
2. The recommended Reduced GMMRR Percentage Compliance/Remittance based on measurable factors affecting sales of STL indicated in published economic studies, government issued/recognized guidelines, and related findings of the PCSO on its operations, subject to the approval of the Office of the President.

**ARTICLE XI
REVENUE ALLOCATION**

Section 48. The Retail Receipts of PCSO from STL operations are subject to the following allocation pursuant to Section 6 of Republic Act No. 1169 as amended:

| STL REVENUE ALLOCATION | EXPRESSED AS PERCENTAGE OF RETAIL RECEIPTS |
|--------------------------------------|--|
| GROSS RECEIPTS | 100.0000% |
| LESS: PRINTING COST | 2.0000% |
| NET RECEIPTS | 98.0000% |
| ALLOCATION OF GROSS RECEIPTS | |
| PRIZE FUND (55% OF NET RECEIPTS) | 53.9000% |
| SHARE OF AAC's | 10.0000% |
| COMMISSION OF SALES FORCE | 10.0000% |
| PRIZE FUND TAX | 2.6950% |
| NET PRIZE FUND | 31.2050% |
| CHARITY FUND (30% OF NET RECEIPTS) | 29.4000% |
| OPERATING FUND (15% OF NET RECEIPTS) | 14.7000% |
| TOTAL AMOUNT TO BE REMITTED TO PCSO | 52.2950% |

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2020 Small Town Lottery Revised Implementing Rules & Regulations
Chief, Central Records & Library Division
General Services Department



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| DETAILS OF PCSO SHARE AND AAC SHARE | |
|--|-----------|
| PCSO SHARE | 52.2950% |
| TAXES | |
| EXPANDED WITHHOLDING TAX FROM AGENCY COMMISSION | 1.5000% |
| VAT WITHHOLDING FROM AGENCY COMMISSION | 0.5000% |
| EXPANDED WITHHOLDING TAX FROM SALES FORCE COMMISSION | 1.0000% |
| VAT WITHHOLDING TAX FROM SALES FORCE COMMISSION | 0.5000% |
| PRIZE FUND TAX | 2.6950% |
| DOCUMENTARY STAMP TAX | 20.0000% |
| TOTAL | 26.1950% |
| INCOME | |
| PRINTING COST TO PCSO | 2.0000% |
| PCSO CHARITY FUND | 9.4000% |
| PCSO OPERATING FUND | 14.7000% |
| TOTAL | 26.1000% |
| AAC SHARE | |
| SHARE OF AAC's | 10.0000% |
| COMMISSION OF SALES FORCE | 10.0000% |
| SHARE OF SALES AGENT/SUPERVISOR/REPRESENTATIVE | 0.0000% |
| PRINTING COST TO AAC | 0.0000% |
| NET PRIZE FUND | 31.2050% |
| Total Income AAC Share | 51.2050% |
| Less: Withholding Taxes | |
| EXPANDED WITHHOLDING TAX FROM AGENCY COMMISSION | 1.5000% |
| VAT WITHHOLDING FROM AGENCY COMMISSION | 0.5000% |
| EXPANDED WITHHOLDING TAX FROM SALES FORCE COMMISSION | 1.0000% |
| VAT WITHHOLDING TAX FROM SALES FORCE COMMISSION | 0.5000% |
| Total Withholding Taxes | 3.5000% |
| NET AAC SHARE | 47.7050% |
| TOTAL AAC SHARE AND PCSO SHARE | 100.0000% |

**ARTICLE XII
ADDITIONAL PROVISIONS**

Section 49. No STL operation shall be used for partisan political purposes and activities.

Section 50. No officer or employee of the PCSO or any of his/her relative within the fourth degree of consanguinity or affinity may be a stockholder or employee of any AAC or hold any financial relation to the operation of an AAC.

Section 51. Failure or omission by the PCSO to enforce, assert or invoke any and all provisions of this RIRR shall not be considered a waiver of any of its rights to enforce

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its authority or of its rights and remedies with respect to such breach or violation thereof.

Section 52. The grant of authority to operate STL is a privilege and not a right. The AAC's authority is limited within its authorized area of operation and is deemed non-transferable. For this reason, the PCSO shall, at its sole discretion, opt to revoke and/or pre-terminate the ATO and Agency Agreements of AACs at any given time, as public policy requires.

Section 53. Hold Harmless Clause. The PCSO, its officers and employees, shall be free and be held harmless from all claims, losses, damages, expenses, complaints, charges, liability, or exposure, however caused, resulting from or arising out of or in any way connected with the AAC's conduct and operation of the STL and the implementation of this RIRR including the Agency Agreement and ATO issued to the AAC;

- a. The PCSO shall be free from and shall not be subject to Pay-out Risks in excess of the Prize Fund, inclusive of the Jackpot Prizes. All prizes shall be funded from the collected Prize Fund. Excess prize requirements shall be shouldered by the AAC;
- b. The AAC shall keep the PCSO harmless and shall not file any suit against the agency, its appointed officials, officers and employees, resulting from or arising out of or in any way connected with the authority of the PCSO to promulgate and implement rules and regulations for the effective and efficient operation of STL; and said undertaking shall also be binding to any and all persons claiming right/s under the AAC.

Section 54. Assistance of law enforcement agencies. *Gambling in all its forms, unless allowed by law, is prohibited* and in this jurisdiction, only the PCSO is authorized and mandated under RA No. 1169, as amended, to hold and conduct State-run lotteries and similar activities. In the accomplishment of the objectives of STL, the PCSO may seek the assistance of appropriate law enforcement agencies to accomplish the objectives of this RIRR and deter or stamp out illegal numbers gam s competing with the STL, consistent with RA No. 9287.

ARTICLE XIII
TRANSITORY PROVISIONS

Section 55. Transition from the 2016 and 2018 to 2020 STL RIRRs

- a. All AACs that resumed their operations after the lifting of the suspension of Small Town Lottery effective 27 August 2019 shall:
 - i. Submit all documents required in this RIRR within three (3) months from its effectivity;
 - ii. Execute a new Agency Agreement under this RIRR, subject to the following:

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1. AACs under Regular Status whose Agency Agreement shall expire in 2020 shall execute a new Agency Agreement under Renewal Status. Their GMMRR shall be subject to escalation



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at the rate determined by the PCSO BOD upon recommendation of the OGM, provided that in no case shall such escalation exceed the maximum bet of PhP7.50 per day;

2. AACs under Regular Status not falling within the immediately preceding paragraph shall execute an Agency Agreement under Regular Status for the period covering the unexpired portion of their agreement using their existing GMMRR;

b. Existing AACs, previously granted the authority to operate STL under the 2016 and 2018 STL RIRRs, that fail to comply within fifteen (15) calendar days from the effectivity of this RIRR to comply with the conditions of President Rodrigo Roa Duterte shall be automatically terminated, and their corresponding areas of operation shall be immediately reopened for bidding.

Section 56. Transition to Fixed and Mobile Handheld Terminal (MHT) System. The PCSO shall establish guidelines for the use of Fixed and MHT, including the acquisition of software and hardware requirements. All AACs shall use the PCSO approved Fixed and MHT System in the conduct of their STL operations within three (3) months from acceptance of the Fixed and MHT System by the PCSO.

**ARTICLE XIV
FINAL PROVISIONS**

Section 57. Amendments and Modifications. The PCSO may revise this RIRR and issue related guidelines as it deems necessary for the effective implementation of the various provisions of this RIRR, provided that any amendment to this RIRR shall be subject to the approval of the PCSO BOD and ratification and/or confirmation of the Office of the President.

Section 58. Separability Clause. Should any provision of the 2020 STL RIRR be declared unconstitutional, the same shall not affect the validity of the other provisions thereof.

Section 59. Repealing Clause. All prior resolutions, orders, rules, regulations, and other issuances or parts thereof which are inconsistent with the provisions of this 2020 STL RIRR are hereby revoked, repealed or modified accordingly.

Section 60. Effectivity. The 2020 Small Town Lottery Revised Implementing Rules and Regulations (STL RIRR) shall take effect immediately after approval by the Office of the President and its publication in at least one (1) newspaper of general circulation.

Approved by the PCSO Board of Directors through Board Resolution No. 0018, Series of 2020, on 09 January 2020 (As Amended).

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ANGELITAD. MENDOZA
Chief, Central Records & Library Division
General 2020 Small Town Lottery Revised Implementing Rules & Regulations



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PHILIPPINE CHARITY SWEEPSTAKES OFFICE

Sun Plaza Building, 1507 Shaw Boulevard corner Princeton Street, Mandaluyong City 1552

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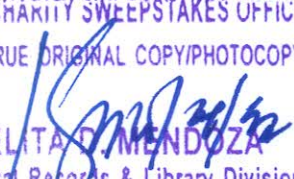

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ROYINA M. GARMA
Vice-Chair and General Manager


RAMON IKE V. SENERES
Director

SANDRA M. CAM
Director


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