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Casino & Gaming

# Regulations in Relation to the Implementation of the Law on Management of Commercial Gaming Issued

## Introduction

In November 2020, the Law on Management of Commercial Gaming ("**Gaming Law**") was promulgated as the primary legislation that would govern the commercial gaming industry in Cambodia. It covers all kinds of commercial games including casino games, luck-based games, betting games and other games pursued for monetary benefits or the equivalent thereof by players. We covered the Gaming Law in our earlier Legal Update titled "[Promulgation of Law on Management of Commercial Gaming](#)".

Following the promulgation of the Gaming Law, the Royal Government of Cambodia ("**RGC**") issued two sub-decrees in August 2021 that: (i) established the Commercial Gambling Management Commission of Cambodia ("**CGMC**") as the governmental body that would regulate the commercial gaming industry in the country and (ii) sets out the minimum capital requirements for new and existing casino operators. For more details, please refer to our earlier Legal Update titled "[New Regulations for Commercial Gaming: \(1\) Establishment of Cambodia's Gaming Regulator and \(2\) Minimum Capital Requirement for Casino Operation](#)".

There are some regulations subsequently issued to implement other aspects of the Gaming Law such as:

- Prakas No. 009 on the Management of Game Rules, Game Equipment, and/or Game Software for the Casino Operations ("**Prakas No. 009**");
- Guideline No. 011/22 on the Registration of Game Types, Game Rules, Game Equipment and/or Game Software of Casino Games and Luck-Based Games ("**Guideline**");
- Prakas No. 001 on Formalities, Procedures and Conditions for the Development of Integrated Resort ("**Prakas No. 001**"); and
- Sub-Decree No. 102 on Penalties for Offenses Provided for Under the Law on the Management of Commercial Gaming ("**Sub-Decree**").

In this Update, we highlight the key aspects of these Prakas, Sub-Decree and Guideline.

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## **Prakas on Management of Game Rules, Game Equipment and/or Game Software for Casino Operations**

Issued on 24 December 2021 by the Minister of Economy and Finance and the Chairman of CGMC, Prakas No. 009 seeks to ensure that all gaming activities in casinos are transparent and carried out fairly. It also aims to maintain good order and safety in the commercial gaming sector.

The requirements contained in Prakas No. 009 include:

- (a) **Prior approval from CGMC needed for types and rules of games** before any type of game can be operated or played in a casino. The approved game rules must be displayed prominently in the casino premises on the game tables. The approved games must be operated by "special employees" duly licensed by CGMC. Casino operators are required to provide customers with the necessary guidance or assistance during the course of the games.
- (b) **Game equipment and game software used in casinos must be manufactured and distributed by CGMC-licensed companies.** The game equipment and/or game software to be used in the operation of casinos must (i) be manufactured, installed, imported, sold or distributed by companies duly licensed by CGMC; and (ii) not be dated older than 10 years.
- (c) **Registration of game types, game rules, game equipment and/or game software.** Prakas No. 009 sets out the details needed for the application for registration of game types, game rules, game equipment and/or game software, for instance, application must be made in a prescribed form, and the required relevant supporting documents. It also stipulates the applicable fees and costs in relation to the application for registration.
- (d) **Prior approval from CGMC is required to remove game type, game rule, game equipment and/or game software.** A game type, game rule, game equipment and/or game software may be removed from the casino operation provided that the General Secretariat of CGMC ("GS-CGMC") has inspected the same and reported such removal to CGMC for approval.

## **Guideline on the Registration of Game Types, Game Rules, Game Equipment and/or Game Software of Casino Games and Luck-Based Games**

Issued by GS-CGMC on 24 March 2022, the purpose of the Guideline is to ensure that all casino games and luck-based games activities comply with the Gaming Law and other regulations related to the management of commercial games.

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Under the Guideline, casino operators, casino owners, integrated resorts owners and luck-based games operators which have requested for the extension of their licences for year 2022 are required to register their game types, game rules, game equipment and/or game software following the format provided by GS-CGMC. The completed application forms must be submitted by **30 September 2022** to:

Building No. 6-7 (General Department of Customs and Excise Cambodia, Floor 26),  
Preah Norodom Boulevard, Sangkat Phsar Thmey 3, Khan Daun Penh  
Phnom Penh Capital  
Tel: 012 956 745

Failure to comply with this requirement constitutes an offence under the Gaming Law and applicable regulations.

For fresh registration of game types, game rules, game equipment and/or game software, the procedure will be as follows:

- (a) Obtain an application form at GS-CGMC or online at [www.cgmc.gov.kh](http://www.cgmc.gov.kh), or via GS-CGMC's official telegram channel at Tel: 012 956 745; and
- (b) Submit the completed application form to GS-CGMC at the address stated above, together with the required supporting documents.

## **Prakas on Formalities, Procedures and Conditions for the Development of Integrated Resort**

Issued by the Minister of Economy and Finance and the Chairman of CGMC on 26 May 2022, Prakas No. 001 sets out the formalities and procedures to ensure the effective governance of integrated commercial gaming resorts ("**Integrated Resorts**") in Cambodia.

### **Minimum capital requirement and security deposit**

According to Prakas No. 001, the applicant for the development of an Integrated Resort ("**Applicant Company**") must fulfill the minimum capital requirement of KHR2 trillion (approximately US\$500 million). The minimum capital requirement refers to the current assets of the Applicant Company including the shareholders' funds and other immoveable properties, but excludes the following:

- (a) the non-current assets and prepaid expenses of the Applicant Company;
- (b) the unsecured loans and advances provided by the Applicant Company that are considered as current assets;

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- (c) the amounts to be paid by the directors, partners, or associates to the Applicant Company and which are considered as current assets;
- (d) the amounts exceeding the value of the shares that has been recorded and kept in the Applicant Company's account based on the market value;
- (e) the deficit of account receivable by deducting the provision for bad and doubtful debts and prepared in a form as determined by CGMC; and
- (f) other components for the calculation of the net equity of the Applicant Company which is to be determined in a separate Prakas of CGMC.

In addition to the above minimum capital requirement, the Applicant Company must also place a security deposit with CGMC with an amount equivalent to at least 5% of its capital.

### **Development Agreement**

The development of an Integrated Resort must be carried out in accordance with an integrated resort agreement ("**Development Agreement**") with CGMC. The Development Agreement sets out the minimum requirement to develop an integrated resort as prescribed by Prakas No. 001.

### **Other requirements**

The Applicant Company must also fulfill other requirements such as legal and tax registration, obtaining an approval-in-principle from the Office of the Prime Minister, securing land development rights, and submitting a feasibility study, a masterplan, etc.

### **Transfer of rights to develop an Integrated Resort**

Any transfer of right to develop an Integrated Resort must be subject to the prior approval of CGMC. The following must be accomplished before the said transfer:

- (a) signing of new Development Agreement with CGMC; and
- (b) payment of transfer fee of KHR400 million (approximately US\$100,000) and related costs.

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## **Sub-Decree on Penalties for Offences under the Law on the Management of Commercial Gaming**

Issued by the RGC on 31 May 2022, the Sub-Decree sets out the various types of offences and applicable penalties for violating the provisions of the Gaming Law, and empowers CGMC to impose penalties in relation to the Gaming Law.

The Sub-Decree classifies the offences under the Gaming Law into four main categories and the penalties for each category. It also provides for the mechanism to object a CGMC's ruling in imposing the penalties.

### **(a) Offences in relation to the operation of commercial gaming**

The entities that may be liable for the commission of the offences in this category as well as the punishable acts are as follows:

- (i) Owners of integrated resorts or casinos, commercial gaming operators, and related stakeholders which operate with an expired licence;
- (ii) Owners of integrated resorts or casinos, commercial gaming operators, and related stakeholders which transfer licences without the approval of CGMC;
- (iii) Related stakeholders which operate as junket operators/promoters or "special employees", or manufacturers, installers, importers, sellers, or distributors of gaming equipment and/or programs without a licence;
- (iv) Commercial gaming operators or related stakeholders which do not commence business operations within a specified timeline after obtaining a licence from CGMC, as required by law and applicable regulations;
- (v) Commercial gaming operators or related stakeholders which continue their business operations after their licences have been suspended or revoked;
- (vi) Casino operators which suspend or cease their business operations temporarily without the approval of CGMC; and
- (vii) Operators of betting games, luck-based games and other commercial games which suspend or cease their business operations temporarily without the approval of CGMC.

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### **(b) Offences relating to gaming revenues**

It will be an offence if commercial gaming operators fail to: (i) submit gaming revenues declarations to CGMC as required by the Gaming Law; or (ii) pay the gaming revenues accordingly.

### **(c) Offences relating to the obligations of gaming operators and stakeholders**

The entities that may be liable for the commission of the offences in this category as well as the punishable acts are as follows:

- (i) Casino operators which fail to comply with obligations set out in Article 32 (para. 1), Article 33 (para. 2), Article 36 (para. 2), Article 42 and Article 58 (para. 1) of the Gaming Law, such as failure to obtain a license, transfer of license, etc.
- (ii) Commercial gaming operators which fail to make full payment to winners of the games whether in cash or otherwise, pursuant to the Gaming Law or applicable regulations.
- (iii) Commercial gaming operators which fail to prohibit and/or report to CGMC any side-betting activities amongst their customers inside the casinos or commercial gaming establishments.
- (iv) Commercial gaming operators which fail to report, inform, or notify CGMC pursuant to Articles 33 (para. 1), Article 34 (para. 2), Article 36 (para. 3), Article 38 (para. 2), Article 44 (para. 2 and 4), Article 58 (para. 2) and Article 65 (para. 1) of the Gaming Law.
- (v) Commercial gaming operators (other than luck-based game operators) who fail to stop restricted persons as described in Article 68, such as allowing minors to enter the commercial gambling centre, and failing to put in place management measures for the entry as set out in Article 69 of the Gaming Law.
- (vi) Casino operators which fail to comply with the obligations as set out in Articles 71 and 72 of the Gaming Law such as providing sufficient information to customers, ensuring the safety of customers, etc.
- (vii) Commercial gaming operators (other than luck-based game operators) which fail to install security equipment for voice and video recordings in their casinos or commercial gaming establishments as required by CGMC.

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- (viii) Commercial gaming operators (other than luck-based game operators) which fail to keep and store data of voice and video recordings from the security feeds in their casinos or commercial gaming establishments as required by CGMC.
- (ix) Commercial gaming operators (other than luck-based game operators) which install ATM machines within the gaming vicinity of the casinos or commercial gaming establishments in violation of Article 80 (para. 2) of the Gaming Law.
- (x) Commercial gaming operators which fail to comply with the obligations as set out in Articles 54, 55, 56 and 57 of the Gaming Law concerning internal governance such as maintaining financial record, audit report, etc.
- (xi) Commercial gaming operators or related stakeholders which fail to comply with Article 73 of the Gaming Law on requesting permit and approval for commercial gaming advertisements.
- (xii) Commercial gaming operators or related stakeholders which fail to pay annual licence fees as determined by CGMC.
- (xiii) "Special employees" who hold another position as a special employee in another commercial gambling centre, etc., as set out in Article 53 (para. 2) of the Gaming Law.
- (xiv) Licence holders which directly or indirectly obstruct the collection of revenues or the carrying out of duties of CGMC's officers, its employees or agents.
- (xv) Licence holders of junket operators/promoters, manufacturers, installers, importers, sellers and/or distributors of gaming equipment and/or programs which fail to comply with the conditions of their licences.

### **(d) Offences relating to game rules, gaming equipment and programs**

It will be an offence if commercial gaming operators commit any of the following acts:

- (i) Failure to comply with the conditions as set out in Articles 74 (para. 2), 76, 78 and 79 of the Gaming Law to provide staff training on operation of gaming equipment and/or programs, etc.;
- (ii) Possession of gaming equipment and/or programs without an approval from CGMC; and
- (iii) Operating gaming equipment and/or programs incorrectly or deviating from the standards and technical specifications as approved by CGMC.

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If you have any queries on the above, please feel free to contact our team members below who will be happy to assist.

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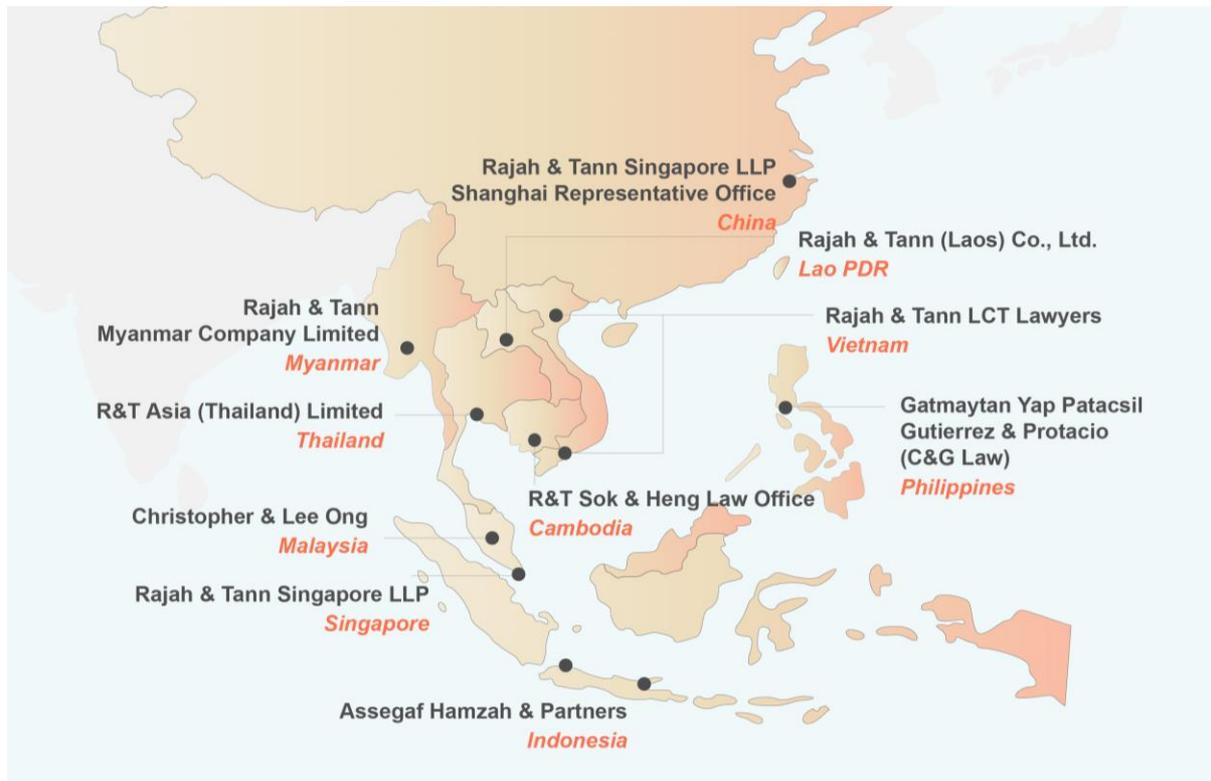
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