

CAMBODIA'S NEW LAW ON THE MANAGEMENT OF COMMERCIAL GAMBLING

On the making for ages, a long-awaited gambling law, Law on the Management of Commercial Gambling (“**LMCG**”), was eventually promulgated by His Majesty the King of Cambodia on 14 November 2020, after being adopted by the National Assembly on 05 October 2020. This LMCG has been seen as a comprehensive and fundamental legal regime in the gambling industry, which aims to ensure and strengthen the effective management of the integrated commercial gambling centres and gambling businesses in the kingdom with a positive belief to provide a boost to the country's economy.

So far, the lack of regulatory law to oversee this gambling industry has caused numerous troubling gambling activities. One of the remarkable grounds is that, the LMCG may have been thought of after the influx of online foreign gamblers to Sihanoukville, a coastal province of Cambodia, in the last few years.

The LMCG contains a range of provisions, entirely consisting of 12 Chapters and 97 Articles.

The most fundamental features, among others, provided in this new law are as follows:

I. Scope of the Law

The LMCG is applicable to any commercial gambling centres and commercial gambling businesses operating within the territory of the Kingdom of Cambodia.

II. Responsible Authority

According to the LMCG, Commercial Gambling Committee of Cambodia (“**CGCC**”) was established to take responsibility of proposing new policies, issuing gambling regulations and licenses, collecting gambling revenue, taking any and all necessary actions in relation to the management and enforcement of gambling laws and regulations.

The composition of the committee consists of eleven (11) members from relevant ministries and state institutions, and is under the presidency of the minister of the Ministry of Economy and Finance.

On the same page, in case of any offense arising under this law, judicial police of General Commissariat of National Police of the Ministry of Interior would be in charge.

III. Commercial Gambling Zoning

As per the LMCG, the commercial gambling zone is divided into two (02):

1. A prohibited zone; and
2. A permitted zone.

A prohibited zone refers to any area in which the gambling business operation is not permitted under any forms or circumstances, generally for preservation of respect for the culture and religion. One of the most practical examples of a prohibited zone is Angkor Wat, located in Siem Reap province of Cambodia. However, for any commercial gambling centres which have been operated within the prohibited zone prior to the entry into force of the LMCG is an exemption.

A permitted zone refers to any area other than the prohibited zone.

It is worth noting that, commercial gambling activities outside Integrated Commercial Gambling Centres or ICGC (discussed herein below), stipulated in Article 23 under the LMCG, includes free trade zones of the airport, international ports, and cruises that are located in the permitted zones and any of those that hold written permit from CGCC on the case by case basis.

IV. Licensing

There is a long list of licenses introduced under the LMCG, to be issued by CGCC. Briefly speaking, below is a list of licenses which a stakeholder in the commercial gambling industry and relevant activities may wish to obtain:

- Casino license;
- Betting game license;
- Luck-based game license;
- Other commercial gambling license(s);
- Special employee license;
- Commercial gambling promoter (or junkets) license; and
- Gambling equipment and/or software manufacturers, installers, importers, sellers and/or distributors license.

It is vital to note that any types of commercial games operated by commercial gambling operator shall obtain prior approval.

V. Integrated Commercial Gambling Centre

Integrated Commercial Gambling Centre (“**ICGC**”) refers to the development site permitted by the Royal Government of Cambodia including but not limited to hospitality resorts, restaurants, shopping malls, hotels, sporting centers, entertainment and sightseeing centers, and/or convention or exhibition centers, duty-free shops, and one or more casino operators operating commercial gambling on the development site.

Under the new law, to be qualified for applying for the development right of ICGC, a prospective owner of ICGC shall duly incorporate and register itself as a legal entity under the Law of Cambodia and as a legal entity, the applicant shall have ownership or legal rights over one or more development site(s) of its ICGC. The applicant shall comply with the LMCG and relevant regulations imposed by CGCC. Prior to submission of the application to CGCC for review and approval, the applicant shall apply to obtain ICGC development principle from the Prime Minister of Cambodia.

The successful applicant is required to sign ICGC development agreement with CGCC.

VI. Casino Development

According to Article 30 of the LMCG, the eligibility requirement for casino development is the same as that of the ICGC development, which requires the applicant to duly incorporate and register itself as a legal entity under the Law of Cambodia. As a legal entity, the applicant shall have ownership or legal rights over one or more development site of its casino. Prior to submission of the application to CGCC for review and approval, the applicant shall request to obtain casino development principle from the Prime Minister of Cambodia.

The successful applicant for casino development shall sign casino development agreement with CGCC.

The development right is granted after:

- a) Obtainment of ICGC development principle from the Prime Minister of Cambodia;
- b) Payment of the deposit determined by CGCC for performance security as a casino owner in the execution of casino development agreement; and
- c) Casino development agreement signed by CGCC and disclosed publicly.

1. Casino Operation Agreement (“COA”)

Pursuant to Article 31(1) and 32 (2), COA refers to a legal instrument that defines a relationship between a casino operator and an ICGC owner or a casino operator and a casino owner. The execution and amendment of COA is subject to the review of, comment and approval from CGCC.

The term of COA shall not exceed the validity period of the casino license per se.

2. Casino License

Casino license is valid for twenty (20) years commencing from its public announcement of its existence; however, it is applicable only for any casinos located in ICGC. Yet, any casinos which are located outside the ICGC, their license is only valid for no more than five (5) years.

Under the LMCG, only the casino license with commercial gambling operation shall be mortgaged, hypothecated, or transferred for commercial purposes, and with consent of CGCC.

VII. Dispute Settlement

According to Article 85 of LMCG, any party may bring the dispute(s) arising in connection with commercial gambling activities to CGCC for reconciliation, except for criminal offenses, stipulated under the applicable laws of Cambodia.

VIII. Administrative Punishment and Sanction

The administrative punishment under this law includes (1) written warning, (2) license suspension, and (3) license withdrawal, all of which are determined by CGCC.

- 1) Written warning:** It tends to provide the instruction on appropriate and compliance operation, modification, and cessation or suspension of any activities related to casino operators and/or other commercial gambling operators.

- 2) **License suspension:** Any casino operator who does not follow or take CGCC's instruction/written warning seriously or is in violation of the LMCG is subject to the suspension of its license.
- 3) **License withdrawal:** The license withdrawal is essentially applicable to those who remain operating their business during their license suspension period; failing to fulfill their tax obligation; transferring, in whole or in part, in any forms or means, its commercial gambling license, or commercial gambling operation without any approval of CGCC.

Any operator who is directly affected by CGCC's decision regarding administrative punishment is entitled to file a complaint to the court within thirty (30) days as of the date of the receipt of such decision.

IX. Conclusion

The LMCG shall be a necessary path and valuable legal instrument for both executive and judicial bodies to effectively utilize it in performing their duties and responsibilities to the best as per actual circumstance and globalization. It is hoping that, with the existence of this law and its strict mechanisms, it would not only increase the revenue for the country but also contribute to the prevention of money laundering and terrorist funding.

Should any additional information be required regarding this legal alert or if you have any further inquiry, please contact our team at info@anlor.legal or reach out to our professionals below:



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