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Casino & Gaming

# New Regulations for Commercial Gaming: (1) Establishment of Cambodia's Gaming Regulator and (2) Minimum Capital Requirement for Casino Operation

## Introduction

Following the promulgation of the Law on the Management of Commercial Gaming ("**Law**") in November 2020, the Royal Government of Cambodia ("**RGC**") issued on 26 August 2021 the following sub-decrees:

1. Sub-Decree No. 165 on Organization and Functioning of Commercial Gambling Management Commission of Cambodia ("**Sub-Decree No. 165**"); and
2. Sub-Decree No. 166 on the Minimum Capital Requirement for Casino Operation ("**Sub-Decree No. 166**").

For a discussion on the Law on the Management of Commercial Gaming, please refer to our earlier Client Update titled "[Promulgation of Law on Management of Commercial Gaming](#)" (December 2020).

We set out below the key features of the sub-decrees.

## Sub-Decree No. 165: Establishment of the Commercial Gambling Management Commission of Cambodia ("**CGCC**")

Sub-Decree No. 165 sets out the roles and duties of the CGCC, the governmental body tasked with regulating commercial gaming in the country.

### Composition of CGCC

CGCC comprises the following:

- (a) a General Secretariat with five departments under its subordination:
  - o Department of General Affairs;
  - o Department of Legal Affairs and License Management;

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- Department of Revenue Supervision and Management;
  - Department of Gaming Technical Management; and
  - Department of Security and Order Management; and
- (b) an Internal Audit Unit.

The Minister of Economy and Finance is the chairperson of CGCC who shall regularly report to the Prime Minister on the implementation of policies and strategies as well as any issues arising in relation to the management of the integrated commercial gaming centre(s) in Cambodia, and the gaming sector in general.

### Other Provisions of the Sub-Decree

The Sub-Decree also provides for the following:

- (a) CGCC's conduct including the meeting arrangement and decision-making (*Chapter 2*);
- (b) the use of CGCC's stamp and logo (*Chapter 3*);
- (c) the management and structure as well as the roles and duties of the General Secretariat and the relevant departments comprising the General Secretariat of CGCC (*Chapter 4*);
- (d) the management and conduct of the Internal Audit Unit (*Chapter 5*);
- (e) the officers of CGCC (*Chapter 6*); and
- (f) the sources of funds and management of assets of CGCC (*Chapter 7*).

## Sub-Decree No. 166: Minimum Capital Requirement for Casino Operation

Sub-Decree No. 166 sets out the minimum capital requirements for new and existing casino operators in Cambodia. It applies to both stand-alone casinos and casinos within integrated resorts.

### Definition of "capital"

Sub-Decree No. 166 defines "capital" as current assets that includes shareholders' funds in the company and other immovable properties but excludes the following:

- (a) Non-current assets and pre-paid expenses of the company;
- (b) Unsecured credit and cash advance paid by the company and considered as current assets;
- (c) Amount to be paid by the directors, partners, or associates to the company and considered as current assets;
- (d) Amount exceeding the value of the shares that has been recorded and kept in the company's account based on the market value;

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- (e) Deficit of account receivable by deducting the provision for bad and doubtful debts, and prepared in a form as will be determined by CGCC; and
- (f) Other components for the calculation of the net equity of the company which is to be determined in a separate Prakas to be issued by CGCC.
- (g) Non-current assets and pre-paid expenses of the company;
- (h) Unsecured credit and cash advance paid by the company and considered as current assets;

#### Minimum capital requirements

The minimum capital requirement for casino operators within integrated resorts shall be at least KHR800,000,000,000 (approx. US\$200 million), while that for casino operations outside integrated resorts shall be at least KHR400,000,000,000 (approx. US\$100 million).

Prior to the enactment of the Law, there were no integrated resorts as all existing casino operations are stand-alone operations (i.e., outside integrated resorts). For these existing casino operators duly licensed to operate prior to the enactment of the Law, the minimum capital requirement of at least KHR400,000,000,000 (approx. US\$100 million) must be satisfied over a period of time. This minimum capital requirement shall be implemented in five phases as follows:

Phase	To take place on:	Minimum capital requirement
Phase 1	Year 1	at least KHR50,000,000,000 (approx. US\$12,500,000)
Phase 2	Year 4	at least KHR100,000,000,000 (approx. US\$25,000,000)
Phase 3	Year 7	at least KHR200,000,000,000 (approx. US\$50,000,000)
Phase 4	Year 11	at least KHR300,000,000,000 (approx. US\$75,000,000)
Phase 5	Year 15	at least KHR400,000,000,000 (approx. US\$100,000,000)

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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