Japanese Casino Law

(and its Full English Translation)

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Overview of the Japanese Casino Law

On December 15th, 2016, the Act Promoting Implementation of Specified Integrated Resort Areas, or more commonly referred to as the Japanese casino law (the “Japanese Casino Implementation Act”), was enacted in the Japanese Diet session with an aim to legalize casino facilities in Japan.

Official discussions on whether to legalize casinos in Japan have been taking place for some time now, dating back to 2006 when the Liberal Democratic Party (the “LDP”) produced a report entitled “Japan’s Basic Policy concerning the Introduction of Casino Entertainment”. These discussions have continued since then, and in the 2016 Japanese Diet session, the LDP and certain other members of a cross-party group called the “Alliance for the Promotion of International Tourism” (the “Alliance”), including as its members Shinzo Abe, the current Japanese Prime Minister, and Taro Asō, the current Deputy Prime Minister and Treasurer (also a former Prime Minister), submitted the bill to legalize casinos to the Japanese Diet which was passed today with slight amendments.

The Japanese Casino Implementation Act in itself does not legalize casinos in Japan just yet. It aims to take a two-stage legislative process by: (i) first passing an act to “facilitate” the development of Integrated Resorts; and (ii) then passing an act to actually “implement” Integrated Resorts. Since the Japanese Casino Implementation Act, as currently proposed, focuses only on the first part, i.e. facilitating the development of Integrated Resorts, it simply contains 23 articles, which describe the basic policy and the process for the introduction of casinos in Japan.

Thus, the passage of various subsequent series of bills will be necessary in order to actually operate casinos in Japan. Below is a brief explanation of the Japanese Casino Implementation Act’s key points.

The Japanese Casino Implementation Act’s Aim to Legalize Only Land Based Casinos

Article 1 of the Japanese Casino Implementation Act provides that “[i]n light of the fact that promoting implementation of Specified Integrated Resort Areas contributes to the development of tourism and local economies, as well as improvement of the financial position, the purpose of this act is to set out the fundamental principles, fundamental policies and other fundamental matters relating to the promotion of the implementation of Specified Integrated Resort Areas, and to do so in a comprehensive and intensive manner by establishing the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas”.

As indicated above, the Japanese Casino Implementation Act in its current form is only contemplating to legalize casinos where people actually visit, thereby promoting tourism and is not necessarily aiming to legalize online casinos. However, it is possible that online casinos could be legalized in the future through different legislation.

Private Entities as Casino Operators; Foreign Operators Permitted

Article 2.1 of the Japanese Casino Implementation Act expressly provides that a Specified Integrated Resort will have
“casino facilities...and other facilities accepted to contribute to the promotion of tourism operated by a private entity”, thereby opening the doors for private entities to become casino operators. On the other hand, the Japanese Casino Implementation Act expressly excludes public entities from establishing and operating casino facilities.

The Japanese Casino Implementation Act includes no provision restricting the operator to an entity incorporated in Japan; thus, it is possible that there may be foreign casino operators.

Having said that, the Japanese Casino Implementation Act provides first that the Specified Integrated Resort Areas shall be promoted “by taking advantage of regional characteristics and the innovation and vitality of the private sector’s ability to contribute to the development of the regional economies and redistribute to the community the proceeds of the healthy casino facilities” (Article 3), and also that “[t]he government shall take necessary measures so that the Specified Integrated Resort Areas will have the features central to establishing genuine internationally competitive and attractive tourist destinations while utilizing regional characteristics” (Article 6).

Based on these provisions in the Japanese Casino Implementation Act, it can be surmised that a foreign operator considering whether to participate in the selection process needs to prepare a proposal that is appealing to the local government not only from a financial perspective, but also from the perspective of understanding the regional characteristics and the needs of the community.

Having to include this level of specificity in an application could be one of many cross-border difficulties that a potential foreign operator may face, since the regional characteristics and the needs of the community, especially in Japan, may be quite different from that in the operator’s own country and other regions of operations.

**Multiple Layers of the Selection Process**

Article 2.2 of the Japanese Casino Implementation Act provides that a Specified Integrated Resort Area should be “an area certified by the competent minister as an area where a Specified Integrated Resort can be established, based on the application of the local government”.

This wording in Article 2.2 indicates that there would be at least two layers of the selection process: (i) selection by the competent minister of the local government where the Integrated Resort would be established; and (ii) selection by the local government of the location where the operator plans to operate the casino.

The Japanese Casino Implementation Act is silent as to which selection procedure would precede the other; however, presumably the competent minister would not be able to select the local government where an Integrated Resort should be established by the location alone and without knowing the actual plans contained in the application of the local government.

As such, an applicant operator must propose a plan that is appealing and attractive to the local government, so that
the local government will prepare the application to be submitted to the competent minister adopting such plan. The local government’s application adopting the applicant operator’s plan must then be selected by the competent minister as the location that is appropriate to be designated as a Specified Integrated Resort Area.

Conclusion

While it is clear that Japan is still at a very early stage of discussion regarding the legalization of casinos, the Japanese Casino Implementation Act states that the “necessary legislative measures for this purpose should be taken with the intent of doing so within one year after the enforcement of this act” (Article 5). Therefore, various legislative measures need to take place to actually “implement” the establishment of Integrated Resorts.

While the Japanese Casino Implementation Act provides that these measures should take place within one year, it is possible that debates on how to implement the bill could take longer, particularly since the actual details and mechanisms for implementing the bill, including the measures to be taken against gambling addiction problems, would be set forth in subsequent legislation and regulations.
Act Promoting Implementation of Specified Integrated Resort Areas

Chapter I
General Provisions

Article 1 (Purpose)
In light of the fact that promoting implementation of Specified Integrated Resort Areas contributes to the development of tourism and local economies, as well as improvement of the financial position, the purpose of this act is to set out the fundamental principles, fundamental policies and other fundamental matters relating to the promotion of the implementation of Specified Integrated Resort Areas, and to do so in a comprehensive and intensive manner by establishing the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas.

Article 2 (Definition)
The term "Specified Integrated Resorts" as used in this act means an integrated complex in which casino facilities (limited to those established and operated in the Specified Integrated Resort Areas by private entities authorized as prescribed under a separate law by the Casino Control Committee established under Article 11, hereinafter the same), convention facilities, recreation facilities, exhibition facilities, lodging facilities and other facilities accepted to contribute to the promotion of tourism operated by a private entity.

2. The term “Specified Integrated Resort Areas” as used in this act means an area certified by the national government as an area where a Specified Integrated Resort can be established, based on the application of the local government, as prescribed under a separate law.

Article 3 (Fundamental Principles)
The implementation of the Specified Integrated Resort Areas shall be promoted on the basis of achieving international competitiveness and attractive extended stay sight-seeing visits, by taking advantage of regional characteristics and the innovation and vitality of the private sector’s ability to contribute to the development of the regional economies and redistribute to the community the proceeds of the healthy casino facilities operated under appropriate national government surveillance and management.

Article 4 (Responsibility of the National Government)
The national government shall be responsible for promoting the implementation of the Specified Integrated Resort Areas in accordance with the fundamental principles set out in the previous Article.

Article 5 (Legislative Measures, etc.)
The government shall, in accordance with the provisions set out in the subsequent Chapter, promote the implementation of the Specified Integrated Resort Areas, and take necessary measures for that purpose. Any necessary legislative measures for this purpose should be taken with the intent of doing so within one year after the enforcement of this act.
Chapter II

Fundamental Matters related to the Promotion to Implement Specified Integrated Resort Areas

Section 1
Fundamental Policies regarding the Promotion to Implement Specified Integrated Resort Areas

Article 6 (Formation of Internationally Competitive and Attractive Tourist Destinations and Other Matters)

The government shall take necessary measures so that the Specified Integrated Resort Areas will have the features central to establishing genuine internationally competitive and attractive tourist destinations while utilizing regional characteristics.

Article 7 (Strengthening the International Competitiveness of the Tourism Industry and Other Matters, and Development of the Regional Economies)

The government shall utilize the funds, management skills and technical skills of the private sector, and take other necessary measures so that the implementation of the Specified Integrated Resort Areas will strengthen the international competitiveness and stimulate other areas of the economy, such as by improving the country’s tourism industry and increasing job opportunities.

Article 8 (Respect for the Policies of Local Governments)

Of the local governments’ concepts regarding the implementation of the Specified Integrated Resort Areas (including the selection of the business operator which is to establish and operate the Specified Integrated Resorts), the government shall take necessary measures to reflect those of the local governments concepts that are excellently capable in promoting the implementation of the Specified Integrated Resort Areas.

Article 9 (Regulations on Casino Facilities Related Entity)

Those who intend to establish and operate casino facilities (including those who intend to engage in business related to the establishment and operation of casino facilities), those who intend to manufacture, import or sell casino-related equipment, and those who intend to provide services to visitors at the casino facilities (the “Casino Facilities Related Entity”) must comply with the regulations of the Casino Control Committee set out in Article 11, as prescribed under a separate law.

Article 10 (Regulations Concerning the Establishment and Operation of the Casino Facilities)

In the establishment and operation of the casino facilities, the government shall take the necessary measures with respect to the matters listed below, with consideration to properly preventing fraudulent activity at the casino facilities, and eliminating harmful influences that may be associated with the establishment and operation of the casino facilities:

1. Matters concerning the preparation of standards necessary to ensure the fairness of games played at the casino facilities;
2. Matters concerning the proper use of chips and other monetary substitutes used at the casino facilities;
(3) Matters concerning the regulations necessary to exclude from Casino Facilities Related Entities and visitors of the casino facilities, any boryokudan and other persons whose involvement in the casino facilities would be improper;

(4) Matters concerning the implementation of equipment, organizations and other systems pertaining to the surveillance and security by those who establish and operate the casino facilities for the purpose of preventing the occurrence and reporting of crimes;

(5) Matters concerning the regulations necessary to maintain public morals or the like;

(6) Matters concerning the regulations on advertising and provision of information;

(7) Matters concerning the dissemination of knowledge required to protect youths, and other measures necessary for the sound upbringing of youths; and

(8) Matters concerning the measures necessary to prevent visitors of the casino facilities from being adversely affected by the use of the casino facilities such as gambling addiction.

2. In addition to the matters prescribed in the preceding paragraph, the government shall, from the view point of preventing adverse effect from the use of the casino facilities by those other than foreign national tourists, determine the range of people who may enter the casino facilities and take other necessary measures in relation to the entry into the casino facilities.

Section 2

Fundamental Characteristics and Duties of the Casino Control Committee

Article 11

The Casino Control Committee shall be established, as prescribed under a separate law, as an external organ of the Cabinet Headquarters, and shall regulate the Casino Facilities Related Entity to maintain order and ensure safety in the establishment and operation of the casino facilities.

Section 3

Levy etc.

Article 12 (Levy)

The national and local governments may, as prescribed under a separate law, collect a levy from those who establish and operate the casino facilities.

Article 13 (Admission Fee)

The national and local governments may, as prescribed under a separate law, collect an admission fee from visitors of the casino facilities.
Chapter III
Headquarters for the Promotion and Implementation of Specified Integrated Resort Areas

Article 14 (Establishment)

For the purpose of promoting the implementation of the Specified Integrated Resort Areas in a comprehensive and intensive manner, the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas (the “Headquarters”) shall be established in the Cabinet Headquarters.

Article 15 (Affairs under the Jurisdiction)

The Headquarters shall have authority over the following affairs:

1. Matters concerning general coordination to promote the implementation of the Specified Integrated Resort Areas;

2. Matters concerning drafting bills and proposed cabinet orders necessary for promoting the implementation of the Specified Integrated Resort Areas in a comprehensive and intensive manner;

3. Matters concerning the liaison and coordination between the relevant organizations and the concerned bodies related to promoting implementation of the Specified Integrated Resort Areas.

2. For the matters pertaining to the Headquarters, the competent minister as stipulated in the Cabinet Act (Act No. 5 of 1947) shall be the Prime Minister.

Article 16 (Organization)

The Headquarters shall consist of a Director-General of the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas, a Vice Director-General of the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas, and Members of the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas.

Article 17 (Director General of the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas)

The Headquarters shall be headed by the Director-General of the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas (the “Director-General”), and the position of Director-General shall be served by the Prime Minister.

2. The Director-General shall be responsible for the general coordination of the Headquarters’ affairs, and shall direct and supervise the relevant officials.

Article 18 (Vice Director General of the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas)

The Vice Director-General of the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas (the “Vice Director-General”) shall be assigned to the Headquarters and shall be appointed from among the Ministers of State.

2. The Vice Director-General shall assist the duties of the Director-General.
Article 19 (Members of the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas)

The Headquarters shall have the Members of the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas (the “Members”).

2. The Members shall be all of the Ministers of the State, other than the Director-General and Vice Director-General.

Article 20 (Submission of Materials and Other Cooperation)

The Headquarters may request the head of any relevant administrative organ, local public entity, incorporated administrative agency (referring to any of the incorporated administrative agencies prescribed in Article 2, paragraph 1 of the Act on General Rules for Incorporated Administrative Agency (Act No. 103 of 1999)) or the local incorporated administrative agency (referring to any of the local incorporated administrative agencies as prescribed in Article 2, paragraph 1 of the Local Incorporated Administrative Agency Act (Act No. 118 of 2003)), or the representative of any special corporation (referring to any of the corporations directly established by legislation or by special act of incorporation under special legislation which are subject to the provision of Article 4, paragraph 1, item 9 of the Act for Establishment of the Ministry of Internal Affairs and Communications (Act No. 91 of 1999) to submit materials, to express opinions, to give explanations and to offer other necessary cooperation if it is deemed necessary to implement the matters under its jurisdiction.

2. The Headquarters may also request necessary cooperation from parties other than those specified in the preceding paragraph if it is deemed particularly necessary to implement the matters under its jurisdiction.

Article 21 (Council for Promotion & Implementation of Specified Integrated Resort Areas)

The Headquarters shall have the Council for Promotion & Implementation of Specified Integrated Resort Areas (the “Promotion Council”).

2. The Promotion Council consists of no more than twenty committee members with relevant knowledge and experience appointed by the Prime Minister.

3. The Promotion Council studies and deliberates the important matters pertaining to the measures taken for the purpose of promoting the implementation of Specified Integrated Resort Areas, and states its opinion to the Director General.

4. The Promotion Council, when having stated its opinion pursuant to the preceding paragraph, shall publicize the content thereof without delay

5. The Director General, when having taken the measures pursuant to the opinion as provided in paragraph 3, shall give notice to the Promotion Council
Article 22 (Secretariat)

A secretariat shall be established to the Headquarters for the administration of the Headquarters’ affairs.

2. The secretariat shall have a secretary-general and necessary staff.

3. The secretary general shall take control of the affairs of the secretariat in accordance with orders of the Director-General.

Article 23 (Delegation to Cabinet Order)

In addition to what is provided for in this act, the necessary matters concerning the Headquarters shall be prescribed by Cabinet Order.

Supplementary Provisions

(Effective Date)
1. This act shall come into effect as of the day of its promulgation, provided that the provisions of Chapter III shall come into effect as of the day specified by Cabinet Order, within a period not exceeding three months from the day of promulgation.

(Review)
2. The provision of this Act and the measures to be taken pursuant to the provision under Article 5 shall make necessary reviews with a target of doing so within five years from the enforcement of this Act.

In light of the fact that promoting implementation the Specified Integrated Resort Areas contributes to the development of tourism and the local economies, as well as improvement of the financial position, the aim is to set out the fundamental principles, fundamental policies and other fundamental matters concerning promoting implementation of the Specified Integrated Resort Areas, and to do so in a comprehensive and intensive manner by establishing the Headquarters of Promotion & Implementation of Specified Integrated Resort Areas. This is the reason this bill has been submitted.
Providing advice concerning the Japanese IR Bill and gaming regulations to various gaming companies, casino operators, equipment manufacturers, foreign law firms, and state agencies. Named “Japan Leading Gaming Law Advisor of the Year” in 2016 by Acquisition International Magazine.

Multiple publications concerning the Japanese gaming regulations including the IR Bill:

- “The Policy Objective of IR Bill –what is the objective and how should it be reached–” (Japan IR Association, April 2015)
- “The International Comparative Legal Guide to: Gambling 2015 (General Chapter)” (Global Legal Group Ltd. 2014)

In areas other than gaming, Hitoshi Ishihara has a good track record of providing accurate and timely advice matching clients’ needs, backed by over seven years’ experience in the United States, with an exceptional focus on cross-border business negotiation, dispute resolution, M&A, international trade, and corporate/commercial matters (including advice concerning corporate governance, compliance, joint venture management, and internal investigations).

**Professional and Academic Associations**

- Dai-ni Tokyo Bar Association
- State Bar of California
- International Masters of Gaming Law

**Languages**

- Japanese
- English