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## Overview of the Japanese casino bill

The so called “casino bill” is expected to be re-submitted to the Japanese Diet session with the aim to legalize casinos in Japan. While the legalization of casinos has been a topic in Japan for quite some time now, the so called “casino bill”, or more accurately the “Bill Promoting Implementation of Specified Integrated Resort Areas” (hereinafter the “Casino Bill”) was submitted to the Diet during the previous Diet session which was held in the fall of 2014.

However, the previous Diet session came to an abrupt end when the Lower House was dissolved due to the political scandal of certain diet members. Therefore, the content of the Casino Bill was not fully deliberated during the previous Diet session. The re-submission of the Casino Bill which is expected to take place would be a second attempt to pass the Casino Bill. Below is a brief explanation of the Casino Bill’s key points as currently drafted at the time of this writing.

### 1. The casino bill aims to take a two stage legislative process

The aim of the Casino Bill, as currently proposed, is only to “facilitate” the development of Integrated Resorts and 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, the Casino Bill simply contains 23 articles which only describe the basic policy and the rough outline of the process for the introduction of casinos in Japan. The passage of various subsequent series of bills will be necessary in order to actually implement and operate casinos in Japan. While the Casino Bill provides that these legislative measures should take place within one year after the passage of the Casino Bill as described above, it is

possible that debates on how to implement the bill could take substantially longer, particularly since the actual details and mechanisms for implementing the bill would be set forth in subsequent legislation and regulations, which have not yet been discussed. Once these legislative measures are clarified, the selection for the location where Integrated Resorts could be established will take place, and the selection process will commence.

### 2. The casino bill aims to legalize only land based casinos

Article 1 of the Casino Bill 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,...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...”. Article 3 of the Casino Bill further provides that “[t]he implementation of the Specified Integrated Resort Areas shall be promoted on the basis of achieving international competitiveness and attractive extended stay sight-seeing visits”.

As it is understood by the title of the Casino Bill (i.e. Bill Promoting Implementation of Specified Integrated Resort



Areas) and its actual text described above, the Casino Bill in its current form is only contemplating to legalize casinos where people actually physically visit thereby promoting tourism (i.e. land based casinos) and is not necessarily aiming to legalize online casinos, although it is possible that online casinos could be legalized in the future through different legislation.

### 3. Private entities as casino operators; foreign operators permitted

Article 2.1 of the Casino Bill expressly provides that a Specified Integrated Resort will have “casino facilities (limited to those established and operated in the Specified Integrated Resort Areas by private entities...), convention facilities, recreation facilities, exhibition facilities, lodging 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 Casino Bill expressly excludes public entities from directly establishing and operating casino facilities, although it does not exclude the possibility of public entities investing in private entities, thereby composing a joint venture. The Casino Bill includes no provision restricting the operator to an entity incorporated in Japan; thus, it is possible that there may be foreign casino operators.

### 4. Selection process conducted at national and local level

Article 2.2 of the Casino Bill 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 Casino Bill 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 mere location and without knowing the actual plans contained in the application of the local government. Therefore, one can reasonably assume that the selection by the local government of the operator (in order for them to prepare the application containing their plans) would precede, at least to a certain extent, the competent minister’s selection 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 a plan. And then, the local government’s application adopting the applicant operator’s plan must be selected by the competent minister as the location that is appropriate to be designated as a Specified Integrated Resort Area.

#### \*About the author

Hitoshi Ishihara is a partner at Anderson Mōri & Tomotsune providing a variety of legal services to his clients establishing and doing business in Japan, 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, JV management, and internal investigations). His distinctive English skill, backed by over seven years experience in the United States, enables him to effectively bridge the linguistic and cultural gap faced by his clients.

Mr. Ishihara also has extensive focus and knowledge concerning the Japanese gaming law, including the anticipated law change to legalize casino operations in Japan.

In the intellectual property field, Mr. Ishihara has extensive experience in IP licensing and transactions and also provides advice on regulatory issues. He is admitted in both Japan and California (United States).