



# Remote gambling licences in Singapore



## Introduction

The Remote Gambling Act (“Act”) came into force on 2 February 2015. The Act is extremely broad, criminalising the entire spectrum of remote gambling. The Act prohibits all forms of remote gambling activity, including gambling remotely, facilitating others to do so, transmitting and receiving bets and providing remote gambling services. By doing so, it aims to target all participants in remote gambling activity, from the gambler to the betting agent to the operator.

The Act also prohibits promoting or advertising remote gambling, and provides powers for websites and payment transactions to be blocked. Furthermore, the Bill seeks to further its objective of protecting youths by mandating rigorous penalties for the offences of employing young persons (under 21 years of age) in remote gambling activities and inviting young persons to gamble remotely.

Despite its draconian consequences, the Act does provide an exemption regime for operators. Under Section 26 of the Act, a person can apply for a certificate of exemption that would authorise it to provide a Singapore-based remote gambling service where (a) the service is provided in the course of carrying on a business in Singapore, (b) the central management and control of the service is in Singapore, or (c) any relevant Internet content is hosted in Singapore. The MHA may issue such a certificate if it considers such an exemption to be “in the public interest”. In determining whether it is in the public interest to issue a certificate of exemption, the MHA may have regard to, and give such weight as the MHA considers appropriate to, all of the following matters:

- whether the applicant is established, incorporated, registered or otherwise based in Singapore so as to aid the enforcement of any condition of the certificate of exemption, if issued;
- whether any director or key officer of the applicant has been convicted of one or more offences in Singapore which, in the opinion of the Minister, renders the director or key officer unsuitable to be a director or key officer of an exempt operator;
- whether the applicant is a not-for-profit entity that distributes the moneys forming part of its funds to public, social or charitable purposes in Singapore; and
- whether the applicant has a consistent track record of compliance with legal and regulatory requirements applicable to it, whether in relation to remote gambling or otherwise and whether in Singapore or elsewhere.

In addition, the MHA will assess whether the applicant is able to meet the stringent requirements to be imposed on any exempt operator. These requirements include the need for robust social safeguards, and measures to maintain gaming integrity, and to address law and order concerns.

## Exception to Singapore’s Remote Gambling Ban

On 8 July 2015, the Ministry for Home Affairs (“MHA”) received applications from two entities, the Singapore Turf Club (“STC”) and Singapore Pools Private Limited (“Pools”),



for certificates of exemption under Section 26 of the Act to offer remote gambling services for their existing products. The MHA has stated that it will take between nine and 12 months to evaluate and assess the applications before deciding whether or not to grant a certificate of exemption.

STC and Pools have duly taken note of the Act's exemption regime and plan to take full advantage of it. Indeed, even at this preliminary application stage, Pools has announced a seven-year contract with leading sports betting systems developer OpenBet for the provision of sports betting products and services and to replace its ten-year-old sports betting system. Both STC and Pools are owned by Singapore Totalisator Board, a statutory board under the Ministry of Finance. STC is the sole authorised operator of horse racing, and totalisator for horse betting services in Singapore. Pools currently operates three lottery games (TOTO, 4D, and Singapore Sweep) and is the sole legal bookmaker and totalisator for football and motor racing betting.

STC and Pools currently enjoy a monopoly of all gambling offerings in Singapore. The certificate of exemption will allow them to further extend their gambling offering via the internet. Singapore practised a controlled relaxation of gambling offering. While the government outlawed all gambling, it recognises that illegal gambling will go underground. The government has decided to permit some level of gambling outlets and the better way to allow for this is to offer these services via government controlled entities like STC and Pools. This has reduced although not totally eliminated the illegal gambling activities. The remote gambling menace is more difficult to police and the uncontrolled access to such gambling sites has dwarfed the patronage of two licenced land-based casinos. In May 2015, the Singapore police conducted raids on remote gambling activities and arrested 11 people suspected of providing remote gambling services. We anticipate that more enforcement actions will be taken under the Remote Gambling Act to curtail such activities.

The potential issuance of certificate of exemptions for STC and Pools will allow another avenue for gamblers to legally participate in remote gambling activities.

However, would such expansion of gambling offerings meet the objectives of the Remote Gambling Act? Section 7 of the Act states that the purpose of this Act is to regulate remote gambling and remote gambling services affecting Singapore with the object of (a) preventing remote gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime or disorder; and (b) protecting young persons and other vulnerable persons from being harmed or exploited by remote gambling.

It will always be inherently difficult to regulate an entity as dynamic and penumbral as the internet. By nature, internet gambling is particularly susceptible to money laundering. The anonymity afforded by the internet, the virtual nature of cash flows and the complexity of payment processing all combine to make money laundering difficult to detect, even if transactions are restricted to two state-sanctioned operators. This may derogate from the Act's stated object of preventing remote gambling from being a source of crime or disorder.

Further, the faceless characteristic of online gambling poses unique challenges for regulators in their bid to keep out young and vulnerable persons. For example, age-verification systems are easily circumvented. While Pools says it plans to display the time spent on the gambling website, and allow people to apply for self-exclusion orders, it remains to be seen if remote operators will be able to employ effective methods to prevent young and vulnerable persons from accessing their online platforms.

However, there are also potential benefits to exempting STC and Pools from the Act. Having a tightly-controlled exemption regime in place would provide a relatively safe environment for gamblers to indulge their impulses, allowing the Government to minimise the social impact of remote gambling. Another ancillary but not inconsiderable benefit of allowing such a regime is the immense tax revenue that would accrue.

### Conclusion

At first blush, the applications by STC and Pools might seem to run counter to the objectives of the Act. However, if the two operators are able to devise sufficient safeguards against the potential downsides of having an exemption regime, Singapore might stand to benefit in the long run. Safeguards come with a cost and the operators will need to weigh the cost of compliance against the benefit to the applicants in providing remote gambling services. We await eagerly on the controls that the authorities will impose on the applicants in granting the certificate of exemptions.

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