



The World's most expensive stand alone casino property at US\$6.3 billion, Marina Bay Sands dominates the skyline at Marina Bay in Singapore.

Singapore Casino Legislation Update

By Tan Teck Wang and Anne Goh

The following legislative update covers the key amendments to the Singapore Casino Control Act (Cap. 33A) (the "CCA") which came into operation in 2013.

BACKGROUND

The CCA, first enacted in 2006, sets out the key regulatory regime for regulation of casinos in the Integrated Resorts in Singapore. The objectives of the CCA are to prevent criminal infiltration into casinos, ensure gaming integrity in casinos and protect vulnerable persons and society at large from the potential harms of casino gaming.

The CCA is primarily administered by the Casino Regulatory Authority of Singapore ("CRA"). CRA is a statutory board under the purview of the Ministry of Home Affairs ("MHA") in Singapore. MHA and CRA work closely with other government stakeholders such as the Min-

istry of Social and Family Development, the Ministry of Finance and the Ministry of Trade and Industry to review the casino regulatory regime.

The key drivers for the review of the casino regulatory regime were:

- (i) to enhance the provisions for gaming regulation and where appropriate, streamline regulatory processes;
- (ii) to strengthen law enforcement levers to deal with casino-related crime;
- (iii) to broaden the framework of social safeguards;
- (iv) to refine the regulatory regime to give effect to the economic intent of introducing the Integrated Resorts in Singapore; and
- (v) to improve tax administration.

Feedback on the amendments was obtained from industry, government, community and religious sectors, and the general public.

KEY AMENDMENTS Gaming

The CCA was amended to clarify an existing policy of CRA that the onus is on an applicant to prove his suitability to CRA², and that any license or approval that may be granted under the CCA would be a revocable privilege³.

The terms "junket promoter" and "junket representative" were amended to refer to "international market agent" ("IMA") and "international market agent representative" ("IMAR") respectively, to reflect the international focus of the business. As a related amendment, the term "junket" would now be known as "casino marketing arrangement." In line with the policy intent that IMAs were permitted only for the purpose of bringing in international high-roller clients to Singapore's casinos, casino marketing arrangements involving Singapore Citizens or Permanent Residents ("SCPRs") have been prohibited. Furthermore, CRA has been

legislatively empowered to impose a cap on any commission payable by a casino operator to an IMA. However, to-date, no such cap has been imposed. CRA would also have the powers to suspend or cancel an IMA licence when it is in the public interest to do so. The maximum fine for illegal IMA activity has been raised from S\$300,000 to S\$500,000, for a stronger deterrent effect.

Next, a tiered approach to the imposition of financial penalties was introduced. Prior to the amendments, the maximum financial penalty for a breach by a casino operator was S\$1 million. With the amendments, an enhanced financial penalty of up to 10% of a casino operator's annual gross gaming revenue may be imposed on the casino operator for a serious breach. A serious breach would include, *inter alia*: (i) a breach that may severely affect the integrity of casino operations or that may severely undermine social safeguards, (ii) a breach which arose from a systemic failure or multiple failures in the management or operation of the casino, or (iii) a breach which may be injurious to public interest.

To minimise the threat posed by unsuitable industry players to the industry, CRA would now have additional levers against unsuitable special employees, IMAs and IMARs. CRA may suspend a special employee's licence pending conclusion of any inquiry or disciplinary proceedings against the licence holder in specified circumstances (for example, to prevent a threat to the security of the public or to casino operations, or where the special employee has been convicted of an offence under the CCA). CRA also has the right to suspend or cancel an IMA licence or an IMAR licence to prevent any threat to the security of the public or of casino operations.

Also, independent test laboratories which test gaming equipment for compliance with CRA's technical standards must now be approved by CRA. This allows CRA to have greater regulatory oversight

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over such laboratories, which were previously only subject to a contractual recognition by CRA.

Other gaming-related amendments were made to refine and streamline processes for greater business flexibility. For example, CRA may allow casinos to implement post contract notification of certain classes of controlled contracts (i.e., the casinos would be permitted to enter into the contracts before notification to CRA), instead of complying with a 28-day prior notification period (i.e., in this scenario, the casinos would have to seek approval via a 28-day pre-contract notification process). Another example of creating more business flexibility is the replacement of an approval regime for simulated gaming to a notification regime.

Law and Order

Casino operators are now required to ensure that illegal betting activities and unlicensed casino marketing activities do not occur in the casinos. This measure complements the existing obligation for casino operators to take steps to ensure that criminal activities such as vice, illegal money-lending and disorderly behaviour do not occur within the casinos. Specific casino-related offences such as offences

relating to cheating at play, collusion and possession of unlawful devices to counterfeit chips were created to make the CCA an all-encompassing piece of legislation to deal with the range of crimes which commonly take place within the casinos.

Social Safeguards

Prior to the amendments in 2013, SCPRs were already prohibited from receiving chips on credit unless they were premium players (“PPs”)⁴. In addition to this requirement, the CCA was amended to allow CRA to prescribe procedural requirements in regulations for the extension of chips on credit to SCPR PPs. The regulations on credit were also amended on 31 January 2013 to require a SCPR PP to register for a credit qualifying programme with the casino operator before he may obtain any chips on credit. Under the credit qualifying programme, a SCPR PP may only obtain chips on credit where he has been shown to be able to put at risk a minimum amount of S\$100,000 on gaming (which should be his capital and not include any winnings), and the casino operator has assessed that the SCPR PP is credit-worthy.

A casino operator would also have to implement a responsible gambling programme which complies with a responsible gambling code to be issued by CRA. A responsible gambling programme would be subject to CRA's approval. A casino operator would also have to conduct regular reviews and international benchmarking exercises to ensure that responsible gambling measures remain up-to-date and relevant. CRA may also require a special audit to be conducted on a casino operator's responsible gambling programme, or advertising or promotion campaigns, at the casino operator's costs.

A new visit limit regime targeted at protecting local patrons who are financially vulnerable was also introduced. A visit limit is a cap on the number of times that an individual may enter a casino per

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Singapore's government has imposed certain restrictions to prevent the spread of organized crime and social ills that often plague the casino gaming cities.

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month. The cap would differ from individual to individual depending on his or her circumstances. Once the visit limit is reached, the individual becomes excluded from the casino for the remainder of the month in which the visit limit is reached. The visit limit regime complements the existing range of social safeguards such as exclusion orders to protect financially vulnerable locals from the potential harms of casino gaming. Individuals and families may apply to the National Council on Problem Gambling ("NCPG") on voluntary self-imposed visit limits and family visit limits, respectively. In addition, NCPG would be empowered to appoint a Committee of Assessors to determine whether NCPG should impose a visit limit on a financially vulnerable local.

Alignment with Economic Intent

CRA would, with effect from 1 January 2015, take into account an applicant's ability to maintain, promote and develop an Integrated Resort as a compelling tourist destination when assessing whether to grant or renew a casino

licence. This would be considered together with other requirements for suitability, such as the lack of criminal links and social safeguards.

The Minister responsible for tourism development and promotion would be empowered to appoint an evaluation panel ("EP"). The EP would provide an independent opinion to CRA on the ability of the casino operator to fulfil its economic obligations to the Singapore Government. The casino operator's ability to do so would be considered based on a wide range of indicators such as visitor appeal and trends, industry standards, benchmarks with similar international attractions and tourism contributions.

Tax

The Minister for Finance was empowered to prescribe obligations of the casino operator for tracking revenue attributed to premium players. The regulations on casino tax were also amended to set out the requirements on the classifying and verifying of gross gaming revenue from PPs and non-PPs as the tax rates arising from the play of each category are different.

CONCLUSION

These amendments reflect the Government's objective to ensure that the regulatory regime remain sufficiently robust to meet potential challenges posed by the ever evolving gaming industry. The casino regulatory regime will be continually reviewed to ensure that it remains relevant. ♣

¹ This Singapore Casino Legislative Update is written by Mr. Tan Teck Wang, General Counsel and Ms. Anne Goh, Assistant General Counsel, both of the Casino Regulatory Authority of Singapore.

² Section 185B(1) of the CCA reads: "Where the Authority is required to be satisfied that any applicant for a licence or an approval, or any other person connected to the application, is suitable or qualified for the purposes of the licence or approval, the burden of proving that suitability or qualification shall be on the applicant and each other person connected to the application, as the case may be."

³ Section 185A of the CCA reads: "For the avoidance of doubt, any licence or approval granted under this Act is a revocable privilege."

⁴ A premium player is defined in section 2 of the CCA and generally refers to a patron of a casino who opens a deposit account with the casino operator with a credit balance of not less than \$100,000.