



PARLIAMENT OF MONGOLIA RESOLVED TO PASS DRAFT LAW ON CASINO FOR FIRST READING

April 16, 2015. Today, the Parliament of Mongolia has agreed to hear the draft Law on Casino and other draft laws. Accordingly, relevant standing committees of the Parliament will now discuss, and prepare, the proposed legislation for the first reading. Earlier, by the resolution of the Parliament of Mongolia dated February 13, 2015 on “Agenda for Parliamentary spring session of 2015”, the Parliament enlisted this draft to be heard by the Parliament.

The bill has been prepared by the Cabinet. According to the Cabinet, the proposed draft law will bring positive impact such as boosting budgetary income, tourism industry and pave road to competing with our neighboring countries for tourism income.

According to the proposed draft law, a casino shall be operated in the territory of Mongolia under the business license. The license will be issued for up to two locations (casinos) by the Cabinet on the basis of a competitive tender process. Term of the license will be 10 years and expected to be extended for same period. As proposed by the authors of the draft law, the license fee will be MNT 35 billion (approx. US\$17.6 million). The license holder will be obliged to pay this amount when extending its license at expiry. The license will not be allowed to transfer by way of pledge or sale.

Casino facility, gaming machines and equipment shall meet relevant international standards and at least 85 % of the casino facility must be dedicated to non-casino activities such as tourism and recreational infrastructure or venues for arts and cultural events.

One of the notable proposed rules under the draft law is that only foreign nationals will be eligible to play in casino. Therefore, access will be restricted to Mongolian citizens to play casino.

Draft law also proposes establishment of Commission for regulating casino activities, which will consist of Chairman and 8 members. Commissioners will be appointed by the Cabinet for 3 years and up to half of the members could be appointed for another term. Commission will oversee implementation of the law and will enjoy authority to approve gaming rules, inspection of casino activity, suspending and lifting suspension of license and propose revoking of license by the Cabinet.

As mentioned above, the casino bill will now be sent to relevant Parliamentary Standing Committee(s). The Committee(s) will prepare for the first reading of the bill for the Parliament. Following the first reading, the Parliament will conduct the second (final) reading on the basis of recommendations and findings of the parliamentary standing committees.

Historically, the first attempt to legalize casino in Mongolia took place in January 1998 by approving Law on Casino. This was followed by the implementation measures, including tendering and selection of casino operator. However, due to the corruption scandal involving certain politicians and MPs and other issues of that time, the law faced strong political and social opposition. As a result, after one year from its enactment, the Law on Casino was repealed and the Law on Prohibition of Establishing and Operating

Casino within Territory of Mongolia was passed instead. Also in 2006, following the wide spread of unregulated gaming activity in Mongolia and as a result of the License for Betting Regulation issued by Ministry of Justice and Home Affairs of Mongolia, an attempt to legalize betting and gaming activity was undertaken once again. Simultaneously, a draft Law on Betting and Wagering was prepared by the Ministry of Justice and Home Affairs of Mongolia, while several MPs proposed a draft Law on Restricted Casino calling for foreigner-only casino in Mongolia. However, neither was considered by the Parliament at the time.

Because of the apparent support of the current Parliament for introduction of casino in order to boost tourism (included as a separate item in the Parliament Resolution #45 of 2015 on “Action plan for overcoming economic difficulty”) we estimate that this fresh attempt of introducing the draft Law on Casino is likely to win support at the parliamentary level becoming a law of Mongolia.

For more information regarding this news, please contact with Maizorig.J, the Managing Partner of the firm. Phone: +(976) 8810305, +(976) 11 330048; email: maizorig@mdsa.mn

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