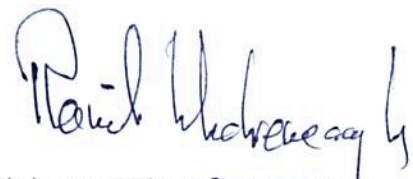


L.D.B. 10/2011

CASINO BUSINESS (REGULATION) ACT, NO. 17 OF 2010

REGULATIONS made by the Minister of Finance under section 4 of the Casino Business (Regulation) Act, No. 17 of 2010, read with section 3 of the aforesaid Act.



Minister of Finance, Economic
Stabilization and National Policies.

Colombo,
.....³¹.....August, 2022.

REGULATIONS

1. These Regulations may be cited as the Casino Business Licensing Regulation No. 1 of 2022.

PART I

LICENCE TO ENGAGE IN THE CASINO GAMING BUSINESS

Application for a Licence or for the renewal of a Licence

2. (1) Every application for a licence to engage in the casino gaming business (hereinafter referred to as a "licence") or for the renewal of a licence shall be made by an applicant to the Minister substantially in the form specified in Schedule to these regulations and shall be accompanied by such documents and information as the Minister may deem necessary to establish the facts contained in such application.

(2) Every application for a licence by an existing operator shall be made prior to the expiry of sixty days from the date of these regulations.

(3) Every application for the renewal of a licence shall be made at least six calendar months prior to the expiry of the licence held by the Licence Holder.

(4) Upon receiving an application for a licence or for the renewal of a licence, the Minister may instruct the Authorised Officer to carry out such investigations and inquiries in relation to such application as the Minister considers necessary for a proper evaluation of the application, which may include an inspection of the following:-

(a) the place or premises on or at which the applicant operates or intends to operate the casino gaming business under the licence; or

(b) any vehicle, equipment or other article which the applicant uses or intends to use for the casino gaming business specified in the application.

(5) The authorised officer shall report to the Ministers of the findings of such investigation or inquiry

(6) The Minister may refuse an application for a licence or for the renewal of a licence-

(a) which is incomplete;

(b) which is not made in accordance with this regulation; or

(c) where an investigation or inquiry under sub regulation (4) of this regulation in relation to the application is refused by the applicant

Matters to be considered in evaluating an application

3. (1) The Minister may consider the report of the authorised officer if any and the following matters when evaluating an application for a licence or for the renewal of a licence-

(a) whether the applicant for or renew a licence possess a sound and stable financial background or financial resources that are adequate to ensure the financial viability of the casino gaming business;

(b) whether such applicant, its shareholders or sponsors have ownership or control of assets or financial resources that are adequate to ensure the financial viability of the casino gaming business;

(c) the contribution that such casino gaming business is likely to attribute to the national economy, the importance of the casino gaming business to promote Sri Lanka as a tourist destination and other financial or non-financial benefits that are likely to accrue to Sri Lanka.

4. The Minister may call for further information or documents as may be required to assist him for the evaluation of the application for the grant of or to renew a License.

Licence Fee

5. (1) The license fee for a license or for the renewal of a license, for a period of Five years or any part thereof, shall be Rupees Five hundred million (Rs.500 million).

(2) In the event the period applied for in the license is for multiples of five years which shall not exceed twenty years, the relevant license fee for such entire period shall be payable upfront.

(3) A license shall be issued only once the proof of upfront payment of the relevant license fee made by the applicant for a license or for the renewal of a license is produced to the Minister

Grant of Licence

6. (1) Upon evaluating any application for a license or for the renewal of a license, the Minister may on being satisfied on the matters set out in regulation 3 and that the applicant has paid the applicable license fee specified in Regulation 5 -

- (i) grant the applicant a license authorising the applicant to engage in the casino gaming at the place or premises, authorised by the license;
- (ii) renew the license with or without modifying the conditions of the license; or
- (iii) refuse to grant or renew the license, as the case may be.

(2) Every license shall be valid for a minimum term of Five years, unless earlier cancelled by the Minister or surrendered by the License Holder.

Cancellation of Licence

7. Any license may be cancelled by the Minister –

- a) consequent to an express provision in such license that provides for termination;
- b) pursuant to action taken after an inquiry under Regulation 8.

Cancellation of License after inquiry

8. The Minister may on receipt of any information or any complaint from any person, direct an inquiry to be held by the Authorised Officer against a License Holder to determine whether –

- (a) the licence holder, any agent or an employee of the Licence Holder acting on the instructions of the licence holder or any agent has acted in contravention of any provision of any applicable law including the Betting and Gaming Levy Act, No.40 of 1988 or these regulations;
- (b) the licence holder has provided false information to the Minister, when required in terms of the Act or these regulations; or
- (c) any one or more of the terms and conditions of the licence have been breached by the Licence Holder.

9. The Licence Holder shall be given written notice not less than twenty days prior to the commencement of any such inquiry, of any such inquiry under regulation 8, inviting such licence holder to show cause, if any, in writing and to provide evidence, if any, at least within twenty days from the date such notice to establish that there have been no failures or contraventions.

10. It shall be lawful for the compliance officer to represent such licence holder at such inquiry and take all such measures in connection with such inquiry, as are required by these regulations to be taken by the licence holder.

11. Where the Minister is satisfied after considering the report of the authorised officer submitted to the Minister pursuant to an inquiry initiated under regulation 8, that any one or more of the acts referred to in regulation 8 have occurred, the Minister may, cancel the licence or instead of cancelling the licence,

- (a) order the Licence Holder to rectify the non-compliance;
- (b) introduce additional terms and conditions to the licence in keeping with applicable laws subject to which the casino gaming business shall be operated by the licence holder.

12. The decision taken by the Minister under regulation 11 shall be communicated in writing to the licence holder.

Surrender of a Licence

13. Any licence holder may surrender its licence by giving notice in writing to the Minister along with the original of the licence, and any amendments thereto without prejudice to the obligation on the part of the licence holder to pay all dues to the Government, including taxes, levies, duties or fees payable by the licence holder.

14. Such surrender shall take effect only upon it being approved by the Minister in writing, which approval shall only be granted upon furnishing of sufficient and acceptable proof that all dues to the Government, including taxes, levies, duties or fees payable by the licence holder has been settled in full.



PART II

Obligations of the licence holder

Appointment of compliance officers by licence holders

15. Every licence holder shall appoint a fit and proper person to act as a compliance officer in connection with Casino.

16. The compliance officer shall ensure that the Casino Gaming Business acts in compliance with such applicable laws and the terms and conditions of the licence .

17. In the event of any contravention of any provisions of any applicable law or the terms and conditions of the licence by a licence holder, any agent of a licence holder, or any employee of a licence holder acting on the instructions of such licence holder or agent of such licence holder, it shall be the duty of the licence holder to ensure that such compliance officer provides all relevant information and documents to the Minister or to any officer authorised by the Minister with regard to such breach or violation, when requested by the Minister or to any officer authorised by the Minister, to assist the Minister or to any officer authorised by the Minister with any investigation, inquiry or evaluation of such breach or violation.

Conduct within the Casino

18. A licence holder shall take all appropriate steps to ensure that the following acts are not committed by its employees, patrons or other persons within the Casino:

- (a) soliciting for the purpose of prostitution or for any other unlawful purpose;
- (b) unlicensed moneylending or related activities;
- (c) drunken, disorderly or riotous behaviour;
- (d) illegal betting or gaming activities; or
- (e) any offence or illegal activity in contravention of any applicable law.

Minors not to enter or remain in a Casino

19. A minor shall be strictly prohibited to enter or remain, or take part in any gaming, in any Casino.

20. If a minor is in the Casino, the licence holder shall immediately take reasonable steps to remove the minor from the Casino.

21. The licence holder shall have the right to require a person seeking to enter a Casino or who is inside a Casino to show proof of age or identification.

22. The licence holder shall display within the Casino a notice excluding from the Casino of persons below the age of twenty-one years.

Books, Accounts and Records

23. The licence holder, shall keep and maintain separate accounts, at a licensed commercial bank in Sri Lanka for all banking transactions in relation to all operations of such Casino.

24. The licence holder, shall maintain accounting records in accordance with generally accepted accounting standards and principles, in such a manner as will enable true and fair financial statements and accounts to be prepared and the financial statements in a manner that facilitates convenient and accurate auditing.

25. A licence holder shall, within six months after the end of each financial year, prepare financial statements and accounts including: -

- (a) a trading account, where applicable, for the financial year;
- (b) a profit and loss statement or statement of comprehensive income for the financial year;
- (c) a statement of its financial position as at the end of the financial year that provides a true, fair and accurate representation of the financial operations of the licence holder in relation to the Casino; and
- (d) a statement including its gross gaming revenue and net gaming revenue,

26. The Minister may, by notice in writing, require the manager or other principal officer of the bank referred to in regulation 23 to provide the Minister or any other competent authority in Sri Lanka as directed by the Minister, a statement of account or such other particulars relating to the accounts of any Licence Holder.

27. All books, accounts and records required to be kept by a licence holder under these regulations shall unless otherwise specified, be retained for a period of at least six years and shall be provided if requested by the Minister.

28. The books, accounts and records referred to in these regulations shall at all times

- (a) be kept in a safe place; and
- (b) be immediately and easily accessible.

Audits

29. A licence holder shall ensure that all annual financial statements of the licence holder are audited in accordance with generally accepted auditing standards by a firm of accountants operating in Sri Lanka.

30. A Licence Holder shall, within six months of the last day of each financial year, or such further period as may be approved by the Minister, submit to the Minister copies of its audited annual financial statements.

31. The Minister may request additional information or documents from either the Licence Holder or its auditor regarding the financial statements and the services performed by the auditor.

Gaming Records

32. A licence holder shall keep:

- (a) accurate, complete, legible permanent records of all gaming transactions;
and
- (b) accounting records maintained, with detailed subsidiary records, identifying revenue, expenses, assets, liabilities and equity including-
 - (i) individual game records to reflect drop, win and the percentage of win to drop by table for each table game and to reflect drop, win and the percentage of win to drop for each type of table game, per such accounting period as may be approved by the Minister;
 - (ii) individual game records reflecting similar information as referred to in (i) in respect of all other games;
 - (iii) slot machine analysis reports which reflect turnovers and payouts per machine and compare actual hold percentages to theoretical hold percentages on a daily, monthly, quarterly, annual and twelve-month rolling basis;
 - (iv) the records to be maintained by the licence holder in keeping with the internal control standards; and
 - (v) any other records that the Minister specifically requires to be maintained.

Other Records

33. A licence holder shall, where it is a company, keep:-

- (a) a copy of its constitutional documentation, including any amendments thereto;
- (b) a permanent register of all employees, reflecting the date of appointment, status and, where applicable, date of termination of employment of each;
- (c) minutes of all shareholder meetings;
- (d) minutes of all meetings of the board of directors; and

- (e) if the Minister so requires, (in the case of a company which is not listed) a register of all shareholders, listing every shareholder's name, address, the number of shares held and the date on which the shares were acquired.

Employers and their employees

34. Every licence holder shall employ the key employees as specified in these regulations for operating a Casino.

35. A key employee shall mean a person who-

- (a) holds a managerial position and is authorised to make decisions, involving the exercise of discretion, in connection with the operations of a casino; or
- (b) is employed in any capacity relating to any of the following activities of a Casino:
 - (i) the conduct of gaming;
 - (ii) the movement of money or chips about the casino premises;
 - (iii) the exchange of money or chips to patrons of the casino;
 - (iv) the counting of money or chips on the casino premises;
 - (v) the security and surveillance of the Casino;
 - (vi) the operation, maintenance, construction or repair of Gaming Machines;
 - (vii) the supervision of any of the above activities;
 - (viii) any other activity relating to the operations of the Casino as may be specified by the Minister, for the purposes of this regulation by notice in writing given to a licence holder.

36. Every licence holder shall ensure that the persons employed as key employees are reasonably fit and proper persons to hold such office, discharge the functions and duties attached to such office and are provided adequate training.

PART III

Definitions

37. In these Regulations:

“Act” means the Casino Business (Regulation) Act, No. 17 of 2010;

“applicant” means a company and includes an existing operator

- “authorised officer” means the Commissioner General of Inland Revenue appointed under the Inland Revenue Act, No. 24 of 2017;
- “Casino” shall have the same meaning assigned to that expression under the section 5 of the Act,
- “casino gaming business” means the business of a Casino;
- “compliance officer” means an individual who is appointed under regulation 15 as a compliance officer;
- “company” means a company incorporated in Sri Lanka under the Companies Act, No. 7 of 2007.
- “chips” means a manufactured object used exclusively for Gaming and transacting in a Casino and redeemable for a cash value stipulated on the face thereof and issued or sold by a Licence Holder to patrons for exclusive use at its licensed premises;
- “cost of sales” means all marketing, advertising and promotion costs; the cost of air tickets, hotel accommodation, food and beverage, for patrons borne by the Licence Holder; any commission payable by the Licence Holder; bad debts and doubtful accounts in accordance with generally accepted accounting standards; and the cost of other complementary items for patrons borne by the Licence Holder;
- “existing operator” means an existing operator engaged in casino gaming business in Sri Lanka, having registered with the Department of Inland Revenue to carry on casino gaming business pursuant to section 2A of the Betting and Gaming Levy Act, No. 40 of 1988 as amended, that shall be eligible to apply for a licence under these regulations to engage in the casino gaming business in Sri Lanka;
- “gaming” shall have the same meaning assigned to that expression under the Betting and Gaming Levy Act, No. 40 of 1988;
- “gaming machine” means a machine used by individuals to gamble; or to play games of chance and skill; or games of chance, to win money in a Casino;
- “generally accepted accounting standards” means the Sri Lanka Accounting Standards set by the accounting standards committee under the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995;
- “generally accepted auditing standards” means the Sri Lanka Auditing Standards based on the Existing Standards on Auditing (ISA) published by the Existing Auditing and Assurance Standards Board (IAASB) of the Existing Federation of Accountants (IFAC) with appropriate modifications to meet local conditions in compliance

with the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995;

“gross gaming revenue” means the difference between the amounts of money wagered by patrons, less the total winnings:

“licence holder” means a holder of a License issued under regulation 5;

“minor” means any natural person under the age of twenty-one years;

“net gaming revenue” means the gross gaming revenue less the cost of sales;

“winnings” includes any monetary or non-monetary prize:

Schedule I

(Regulations 2)

CASINO LICENSE APPLICATION FORM

1. Application for : Existing casino operation
 New casino operation
2. Applicant :
(Casino license applicant being the owner or the legal person that is the owner of the casino)
3. Address of the Applicant :
4. Taxpayer Identification No. (TIN) :
(Issued by the Department of Inland Revenue)
5. Company/Business Registration No. :
6. Name of the Casino :
7. Place /Address of the Casino :
8. Administrative District within which the Casino is located :
9. Is the Casino belonged to a chain of Casinos : Yes
 No
10. If yes,
 - (a) Name of chain :
 - (b) Number of casinos in chain :
 - (c) Active jurisdictions :
11. Opening hours of the Casino :
Opening Time :
Closing Time :

12. Compliance Officer appointed : Yes
 No

13. If yes, Name of Compliance Officer :

14. Contact details of Compliance Officer :

15. Casino Manager
(Please provide information of the casino manager)

(a) Name :

(b) Address :

(c) NIC/ Passport Number :

(d) Place and date of issue :

(e) Email :

(f) Telephone number(s) :

16. Available games
(Please supply information of the casino games to be offered. May also be attached as an Annex)

Table Games

Type of Game Table	No. of Game Tables

Slot Machines

Type of Slot Machine	No. of Slot Machines

Other Games

(1)

(2)

(3)

17. Signature

The application must be signed by the natural person or persons authorized to sign in accordance with the articles of incorporation. By signing this application the signatory asserts:-

1. that the application is applied for a licence as referred to in section 2 of the Casino Business (Regulation) Act, No.17 of 2010, in order to operate the casino gaming business at the place or premises indicated in this application form,
 2. that this application form was filled in completely and truthfully, and
 3. that the signatory will comply with all relevant legal and licence requirements.
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	Signatory 1	Signatory 2	Signatory 3
Name in Full			
Passport /NIC No.			
Issuing date			
Signature			
Date			