

VIETNAM



# Recent regulations on the casino business



By Vo Huu Tu

Gaming is one of the sectors that has been drawing increased attention from foreign investors in recent years. And among Asian countries, one of the more attractive targets for gaming development is Vietnam.

In order to obtain the Vietnamese Government's approval for gaming investment projects, casino traders have proposed the construction of tourism complexes that will include casinos. These projects are sold as income generators for the State budget and as major employers for local workers.

As an example, American company Las Vegas Sands Corporation has recently proposed two resort complexes, which include casinos, in Ho Chi Minh City and Hanoi. While there has been some controversy regarding the proposals, the Vietnamese Government is still considering the projects.

To address the increased interest in gaming development in Vietnam, the Government has prepared and released a draft decree on casino business (the Draft Decree) that addresses most of the aspects of casino business.

**The players**

The Draft Decree preserves the current regulation that prohibits Vietnamese nationals from gambling. Only foreigners and Vietnamese residing overseas are allowed to play games in the casino.

**Conditions required for investors to run a casino business**

According to the Draft Decree in order to be granted an investment certificate to run a casino an investor is required to meet certain conditions.

First of all, the casino must be located in a tourism area (i.e. a group of buildings servicing tourism activities, entertainment activities, recreation, commercial and other activities). The casino's establishment must conform to the master plan on casino business as approved by the Prime Minister. That means the casino cannot be established and operated independently but must be associated with the main business activity of the investor. This requirement is intended to promote the development of tourism and commerce in Vietnam. It also offers a major obstacle to casino developers as the costs of developing a major tourist center can be prohibitive.

Secondly, investors participating in a casino/tourism project

must have at least 10 years experience in running and managing a tourism area that contains a gambling centre.

Finally, and most onerously, the minimum registered investment capital for the tourism project must be at least US\$4 billion, and prior to development the investor must demonstrate its financial capacity to undertake the proposed investment.

**The Certificate of satisfaction**

Apart from the requirement of obtaining an investment certificate, before operating a casino, the investor must apply for a certificate of satisfaction of conditions for casino business (an SC certificate).

To obtain an SC certificate, the investor must satisfy, among others, the following:

- It has already completed investment in all the main items of works which would enable the licensing of the casino business;
- The proposed business location satisfies the conditions as required. In particular, the business location must be arranged at a distance apart from areas in which other business activities of the investor are held, and must (i) not exceed 3 percent of the total construction area of the buildings or works in the tourism area, (ii) have a separate entry/exit, (iii) have security staff and electronic monitoring equipment ensuring strict and accurate control of all people entering and exiting such area, and (iv) have protective equipment and facilities, fire and explosion fighting and preventive equipment, and emergency exits to ensure security; and
- The investor has managers and operators satisfying the conditions on professional expertise and qualifications, having clear records and not being prohibited by law from establishing or managing an enterprise.

The Draft Decree is currently available for public comment. If approved, it would be the first set of comprehensive gaming regulations in Vietnam.

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