

## New Sports Betting Law in Brazil

This is a significant milestone in the regulation of operators in this sector in Brazil, as it consolidates the regulation of online sports betting (bets), which had significant earlier chapters with Federal Law No. 13,756/2018, Provisional Measure No. 1,182/2023, and Ministry of Finance Ordinance No. 1,330/2023.

### = Some Definitions provided by the Law:

- **Electronic channel:** a platform, which can be a website, internet application, or both, owned or under the administration of the betting operator, enabling the placement of bets exclusively in a virtual environment.
- **Real sports-themed event:** an event, competition, or act that includes sports competitions, tournaments, games, or tests, whether individual or collective, whose outcome is unknown at the time of the bet. Bets on youth events or events involving individuals under 18 years old are prohibited.
- **Online games:** an electronic channel enabling virtual betting on a game where the outcome is determined by the result of a future random event, based on a random number, symbol, figure, or object generator defined in the rules system.
- **Virtual online game event:** an event, competition, or act of online gaming whose outcome is unknown at the time of the bet; and
- **Betting operator (or simply operator):** a legal entity authorized by the Ministry of Finance to operate bets in Brazil.



*The new legislation allows for betting operations on real sports-themed events (bets) and online gaming events in a virtual environment.*

### = Who can operate?

Legal entities with headquarters and administration in Brazil according to applicable legislation, as well as those authorized by the Ministry of Finance under the terms of Ordinance No. 1,330/2023 (Article 6), and additional regulations to be published soon by the Ministry of Finance.

### = Has the process of prior authorization begun?

No, the Ministry of Finance is currently receiving expressions of interest from legal entities wishing to become a betting operator. When the Ministry of Finance formally establishes the start of accreditation, already established legal entities needing to comply will have a minimum period of 6 months from the moment they receive such a requirement.

## ≡ Exploration Regime:

- **Competitive Environment:** The Ministry of Finance may authorize as many legal entities as comply with the Law;
- **Autorização prévia:** tem natureza discricionária e personalíssima, com prazo de cinco anos;
- **Prior Authorization:** has a discretionary and personal nature, with a duration of 5 years;
- **Review of Authorization:** may occur in cases of merger, spin-off, incorporation, transformation, transfer, or modification of direct or indirect corporate control; and

## ≡ Grant Price:

The Ministry of Finance will issue such prior authorization, but the consideration for the grant will be a maximum of BRL30 million, including three commercial brands for each authorization.

## ≡ General Requirements for Authorization:

**Headquarters and Corporate Purpose:** Eligible legal entities must be established according to the applicable legislation, with headquarters and administration in the Brazilian national territory, having the main corporate purpose of operating bets;

**Additional Requirements:** the below-listed requirements will be detailed by the Ministry of Finance regulations to be published soon:

- ≡ **Minimum Capital:** definition of the minimum value and form of capitalization of the legal entity's social capital.
- ≡ **Gaming Experience:** requirement of proven knowledge and experience in games, bets, or lotteries by members of the authorized legal entity's control group.
- ≡ **Management Positions:** establishment of requirements for the appointment and exercise of positions of direction or management in interested legal entities.
- ≡ **Relationship with the Ministry of Finance:** appointment of a director responsible for the relationship with the Ministry of Finance.
- ≡ **Customer Service:** definition of the structure and operation of customer service for bettors and the operator's ombudsman component.
- ≡ **Cybersecurity:** establishment of technical requirements and cybersecurity for the information technology infrastructure and systems of betting operators, with nationally or internationally recognized certification.
- ≡ **Sports Integrity:** requirement for the operator to integrate or associate with national or international organizations monitoring sports integrity.
- ≡ **Brazilian Participation:** requirement that at least 20% of the legal entity's social capital be held by a Brazilian.

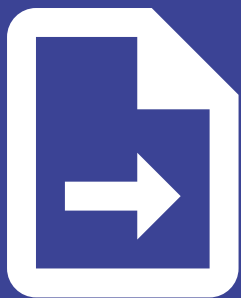


*Restrictions for Controller Shareholder: the controlling shareholder of the operating company cannot have a stake in a Football Anonymous Society (SAF) or professional sports organization. Additionally, acting as a manager of a Brazilian sports team is prohibited.*

## ≡ Mandatory Corporate Policies and Betting Integrity

**Corporate Governance:** The granting and maintenance of authorization for bets depend, in addition to other requirements defined by the Ministry of Finance, on the proof by the interested legal entity of the implementation of internal policies, procedures, and internal controls for:

- Customer service and ombudsman;
- Prevention of money laundering, financing of terrorism, and proliferation of weapons of mass destruction;
- Responsible gaming and prevention of pathological gambling disorders; and
- Betting integrity and prevention of result manipulation and other frauds.



Additionally, operators must register on the “[consumidor.gov.br](https://consumidor.gov.br)” a digital platform that provides a public and free service enabling direct communication between consumers and businesses for the alternative resolution of consumer disputes through the internet, in accordance with Decree No. 8,573/2015. Furthermore, they are required to join national or international organizations dedicated to monitoring sports integrity.

Furthermore, to ensure effective compliance, the operator must designate a responsible person for the following areas, with the accumulation of functions prohibited: accounting, data security, ombudsman, operational security and integrity, and compliance.

## ≡ Taxation and Oversight Fee:

- Net prizes received by bettors will be taxed at a rate of 15% for Individual Income Tax (IRPF);
- Operators must pay Income Tax (IR) at a rate of 12% on Gross Gaming Revenue (GGR), which is the final revenue collected by operators, deducting all legal deductions and prize payments to bettors; and
- Additionally, operators must pay a monthly Oversight Fee, ranging from BRL54,419.56 to BRL1,944,000.00, depending on the GGR range in the month.

## ≡ Method of Conducting Bets and Games

Electronic channels and authorized physical establishments used by operators must follow these specifications and prohibitions:

- Have a betting platform that meets technical and operational requirements;
- Provide information on its corporate name, authorization number and date, physical address of its headquarters, telephone number, and email for SAC and ombudsman on its channels;
- Any advance, anticipation, bonus, or prior advantage is prohibited as a promotion, advertisement, or publicity for the bet.; and
- Any partnerships to enable or facilitate access to credit by the bettor are prohibited.

## ≡ Protection for Bettors:

**Basic Rights of Bettors:** In addition to rights already provided in the Consumer Protection Code, the legislation mentions specific basic rights for bettors:

- Clear information about rules and ways to use premises, equipment, systems, and electronic betting channels;
- Clear information about conditions and requirements for settling lottery forecasts and prize verification, prohibiting the use of ambiguous or generic writing;
- Clear information about the risks of losing bet amounts and about disorders related to pathological gambling; and
- Protection of personal data according to the General Data Protection Law (LGPD) of 2018.



**Right to Guidance and Assistance:** Operators are required to provide bettors with services through electronic or toll-free telephone channels, headquartered in Brazil, available twenty-four hours a day, seven days a week, capable of addressing complaints, doubts, and other issues related to bets. The service must be provided in Portuguese by fluent individuals. In physical establishments, service must also be offered in person.

## **Advertising Rules**

The Law also addresses the regulation of advertising related to bets, so that communication, advertising, and marketing actions related to bets must follow guidelines to be established by the Ministry of Finance, with self-regulation encouraged.

The forthcoming regulation should address, at least, three aspects:

- Warnings discouraging gambling and warning about its harms;
- Informative actions for awareness and prevention of pathological gambling, including the prohibition of participation by individuals under 18 years old; and
- Restriction of advertising and promotion of bets to adults, avoiding children and adolescents as the target audience.

It is also worth noting the provisions of Annex X of the Brazilian Code of Advertising Self-Regulation of CONAR.

## **bns=law**

We have prepared this material to provide a simplified overview of the key points introduced by the Law No. 14,790/2023 and the consolidation of the new regulation of online sports betting (bets) in Brazil.

We recommend to our clients and potential parties interested in becoming betting operators in Brazil to seek legal assistance. This will ensure compliance with all requirements imposed by the new legislation.

Our team has expertise, and therefore, we offer security and credibility for the commencement of activities.

## **Contact us**



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