

GAMBLING REGULATION IN BRAZIL - MONTHLY UPDATE

(July/2018)

*The following informative briefing has been drafted to provide you with an update on the legislative process in Brazil regarding the legalization of gaming offering. For the sake of clarification, it must be noted that, according to Brazilian lawmaking and parliamentary procedure, any Bill of Law “sponsored” by one of the two Houses (Senate or Chamber) in a certain commission must be approved (or sent back to the relevant Commission) by the plenary. **All updates are in red for easy identification.***

I – THE LEGISLATIVE PROCESS TO DATE

1. The Brazilian Congress has been discussing the legalization (and regulation) of gambling activities in Brazil since 2015. During the conversion of the Provisional Measure nº 671/2015 into Law 13.155, of August 4, 2015, fixed-odds sports betting was approved by the Congress and vetoed by the former President Dilma Roussef under the justification that “*the creation of the fixed-odds lottery demands a broader regulation to assure better economic and legal security and adequate levels of fraud and money evasion control. Besides, the law didn’t contain any responsible gaming measures*”.
2. After vetoing the article that was meant to create fixed-odds sports betting, back on September 14, 2015, the former President held a meeting with congressional leaders to assess the feasibility of getting gaming offering approved by both houses. Subsequently, the President of the Senate introduced Bill of Law 186/14 from the Senate in the Special Commission for National Development (“**Commission of the Senate**”). A few days later, another special commission (“**Commission of the Deputies**”) was created in the Chamber of Deputies to draft the Brazilian Gaming Regulatory Framework, based on another project, the Bill of Law 442/1991.
3. On December 9, 2015, the Commission of the Senate approved Bill of Law 186/14. After an appeal by some members of the Senate, the Bill 186/2014 was sent to the Senate’s plenary to be scheduled for the vote. Meanwhile, the Commission of the Deputies continued working on Bill 442/1991.
4. After extensive discussion, on August 30, 2016, the Commission of the Deputies approved the report on the new draft of Bill 442/1991, which was sent to the Chamber of Deputies’ plenary to be scheduled for the vote. Also in August, the Bill of Law 186/2014 returned from the plenary to the Commission of the Senate and its draft was replaced by a new one, presented by Senator Fernando Bezerra, its new rapporteur.

5. Since then, the rapporteur has presented several versions of the draft, the latest from November 4, 2016. On November 9, the Commission of the Senate finally approved the Bill of Law 186/14, and on December 14 a request from Senator Magno Malta was approved and now the Bill of Law is to be analyzed by the Constitution and Justice Commission of the Senate.

6. On December 13, 2016, our partner Luiz Felipe Maia was invited by the General Commission of the Chamber of Deputies to speak to the Deputies about sports betting regulation¹

7. Since December of last year, the potential regulation of the industry has brought some attention from the media. Our local partner Luiz Felipe Maia was interviewed by Folha de São Paulo², the largest newspaper in the country, by TV Bandeirantes³ and by CBN News radio station⁴. On the downside, TV Globo, the largest and most influential TV network in the country will have a compulsive player as one of the main character of their next soap opera. We understand this will give the industry an excellent opportunity to explain responsible gaming initiatives as one of the advantages of a regulated market.

8. During ICE Totally Gaming Conference in London, in February, 2017, our partner Luiz Felipe Maia spoke about the status of the regulation process, while Mr. Alexandre Manoel, from the finance ministry's economic development unit, SEAE, confirmed that officials were crafting a Bill of Law to be presented by the government during the first half of the year, to regulate sports-betting. Maia offered renewed criticism of proposals to tax player winnings heavily, suggesting that the bulk of Brazilian gaming taxes should instead be paid by operators themselves. He also warned that handing Caixa a monopoly over all online gambling "makes absolutely no sense" as players would continue to gravitate to offshore sites offering better odds.

9. The first Bill of Law to be approved on the floor of one of the houses will have to be approved by the other house. If amended, it will need approval by the house of origin before being subject to the President's sanction.

10. It is still very likely that until the end of the year a bill of law specific for sports betting will be presented by the government. The same applies to casinos. The Ministry of Tourism is working on a draft of a bill of law only for casinos, and big casino companies are meeting with government officials to support that initiative.

11. It is a fact that sports betting and casinos do not have the same negative public perception as bingos, slot machines and "Jogo do Bicho" (the local "animal game" lottery) have in Brazil. In exclusively political terms, it would be much easier for the government to approve

¹ The recording is available at <http://www2.camara.leg.br/atividade-legislativa/webcamara/arquivos/videoArquivo?codSessao=58660>

² <http://www1.folha.uol.com.br/mercado/2017/01/1846114-expatriados-do-bingo-aguardam-volta-do-jogo-para-retornar-ao-pais.shtml>

³ <https://youtu.be/MZ4hxYQvvqE>

⁴ <http://cbn.globoradio.globo.com/editorias/economia/2017/01/07/CERCA-DE-R-15-BILHOES-DEVEM-REFORCAR-COFRES-PUBLICOS-SE-JOGOS-DE-AZAR-FOREM-LEGALIZADO.htm>

on those two gaming verticals instead of trying to push the current bill of law, which comprises all verticals.

12. Casinos have the appeal of creating jobs and growing tourism. They are also easier to inspect and control than widespread small bingo halls. Sports Betting is also easy to control, since most of their operation is online, and the revenue stream (and, therefore, the taxes) will come immediately since most of the major international operators already have a Brazilian-resident customer base.

13. Some key issues will have to be dealt with by any piece of legislation. There is a very high concern about money laundering, responsible gaming, tax evasion and corruption. The solutions already exist and must be adapted to the Brazilian reality. One good example is the use of Caixa, the federal bank in charge of the lottery, to centralize payment accounts for the sports betting industry. This solution would give the government the level of information and control they believe they should have, plus the revenues from those payment services and, at the same time, would be a very good solution for the industry, that would count on more than 13,000 points of sale and a very solid tradition that would bring security to the new public.

14. On June 29, 2017, Senator Ciro Nogueira presented the Bill of Law 213/2017, which prohibits operations with credit or debit cards or with electronic money, for the purpose of participating in online games of chance hosted by offshore websites, as follows:

“Art. 1. Operations in the national territory with credit or debit cards or with electronic currency, for the purpose of participating in online games of chance hosted by offshore websites, are prohibited.

Art. 2. Article 9 of Law No. 12,865, of October 9, 2013, shall become effective with the addition of the following paragraphs 7 and 8:

“Art. 9 °

§7° The Central Bank of Brazil, respecting the guidelines Established by the National Monetary Council, shall determine rules for the implementation of control mechanisms aimed at preventing financial institutions issuers of credit cards or debit card, as well as any other payment institution, from authorizing operations with credit or debit card or electronic currency involving the participation in online games of chance hosted by offshore websites

§8° The Central Bank of Brazil, respecting the guidelines established by the National Monetary Council, shall determine rules for the immediate cancellation of operations that may fall in the cases set forth by the § 7 of this article, being forbidden any transfer of funds between players and gaming operators.”

Art. 3 This Law shall enter into force on the date of its publication.”

15. If approved and converted into Law, this Bill may become a problem for all offshore operator with clients in Brazil. Its approval, however, is unlikely because of constitutionality issues.

16. On October 25, Senator Benedito de Lira introduced a new draft of the Bill 186/2014 that replaces the Bill of Law from the Senate. This new version is the result of a very broad negotiation effort involving several stakeholders. It is a more mature text and counts with the support from members of both houses.

17. Bill 186/2014 was rejected by the Justice and Constitution Commission on March 07 by a vast majority of 13 against it and only two Senators in favor (the rapporteur and Senator Ivo Cassol). With such a defeat, the Bill is unlikely to be presented at the plenary for vote. In this sense, the President of the Senate has already spoken that he will not schedule the Bill for vote this year.

II – PARLIAMENTARY FRONT AND OTHER RELEVANT LOBBYING INITIATIVES

18. On September 28, 2017, Deputado Cesar Halum filed a request for the creation of the Parliamentary Front for the approval of the Regulatory Framework of the Games in Brazil, with the support of 262 signatures, 91 more signatures than required.

19. The purpose of this Parliamentary front is to influence Rodrigo Maia, president of the Chamber of Deputies, to discuss the gaming regulation. Deputado Cesar Halum argues that the approval would raise BRL 18 billion in taxes annually. In South America, gaming is legal in all countries, except Brazil and Bolivia.

20. Since a bill of ordinary law requires the approval of half of the present deputados to be converted into law, the fact that 262 legislators, representing more than 51% of the house, have signed the request, is a very strong signal that the matter is very likely to be approved when voted.

21. On October 17, 2017, Instituto do Jogo Legal, a local association created by former and current Brazilian gaming operators, held a dinner party in Brasilia to celebrate the launching of the Parliamentary Front for the approval of the Regulatory Framework of the Games in Brazil, with the presence of more than 100 people, including 5 congressmen.

22. In the morning after, on October 18, there was a ceremony at the Chamber of Deputies to launch the Parliamentary Front for the approval of the Regulatory Framework of the Games in Brazil. Their goal is to lobby for the vote of the Bill 442/91 at the Lower House and they intend to convince the President of the Lower House, Deputado Rodrigo Maia, to include the bill in the schedule for vote. The Front's motto is "to regulate all gaming modalities or none".

23. At the same time and at the same building, a group of casino representatives met with Secretaries of Tourism and Federal Deputies from several states during the hearing of the National Forum of Secretaries and State Officers of Tourism (Fornatur). The intention of the meeting was to lobby for the regulation of casinos, regardless of any other gaming modality.

III – LOTEX – PUBLIC TENDER FOR THE NATIONAL INSTANT LOTTERY

24. The Exclusive Instant Lottery (“LOTEX”), created by Law no 13,155, of August 4th, 2015, was included in Brazil’s National Privatization Program (NPP) by Decree Nr. 9.155, of September 11th, 2017. Such Decree also determined that the Brazilian Development Bank (BNDES) would be the responsible institution regarding both the execution and monitoring of the privatization process.

25. On August 15th, 2017, after carrying out the relevant analysis, BNDES concluded that the privatization should be structured as a concession, as it would attract a higher number of investors and improve financial returns.

26. The Secretariat for Economic Monitoring of the Ministry of Finance believes that the concession will expand competition, as well as modernize and improve the lottery market in Brazil. Turnover from ticket sales would be split in three: (1) 65% for payout; (2) 18.3% for the concessionaire and (3) 16.7% for the Federal Government.

27. The concession term will have a term of fifteen (15) years and the minimum bid for the right to operate LOTEX will be five hundred and forty-six million Brazilian Reais (546 BRL Million). Renovation is not expressly contemplated.

28. The privatization Project has been monitored by the Federal Audit Court (TCU). In the first phase of the process, TCU approved the economic and financial model under Award 514/2018, dated March 14th, 2018. The next phase shall commence after the invitation to bid is made public.

29. On June 12, 2018, the Provisional Measure 841 (PM 841/2018) entered into force in Brazil. The said PM 841/2018 provides on the National Public Security Fund and the allocation of the lotteries revenue. According to its statement of justification, it allows public security to be funded by part of the federal lotteries collected resources and all resources raised from LOTEX.

30. PM 841/2018 also provides for federal lotteries payout, establishing it at a rate of 50% of the total amount of lotteries sales. The payout percentage was raised to ensure that the federal lotteries would compete in equal condition with LOTEX. In this regard, when drafting the said provisional measure, the government considered that LOTEX operation would enter into force in 2019, being, thus, necessary to meet the requirements of budgetary and financial management.

31. It is important to highlight that, due to its purpose of increasing public security funding, the said PM intervenes in the sporting system, by allocating resources from sports-related institutions and programs to the NPSF.

32. As per article 62 of Brazilian Constitution, PM 841/2018 shall be in force for a maximum period of 120 (one hundred and twenty) days. During the said term, it shall be voted at the Brazilian House of Representatives and the Brazilian Senate in order to become a permanent

law. PM 841/2018 is currently being analyzed by a Joint Committee of the National Congress and after its report, it shall be analyzed and voted at the House of Representatives. The Joint Committee has recently proposed amendments to the PM 841/2018, as displayed below:

| Amendment number | Congressman | Purpose |
|------------------|-----------------------------------|--|
| 001 | Senator Jader Barbalho (MDB/PA) | Amendment of article 7 (I), demanding transfer of 80% of the NPSF resources to District and State Funds, granting preference to those with the highest level of violence |
| 006 | Deputy Miro Teixeira (REDE/RJ) | Change of Article 13, paragraph 6, preserving the original legal allocation defined to lottery revenues that are related to NPSF |
| 009 | Deputy Renzo Braz (PP/MG) | Amendment of Articles 14, 15, 17, 18, including the obligation of allocating resources to Santa Casa da Misericórdia, a public institution that provides public health services. Article 24-A assigns to the Executive Power the competence to implement the distribution of resources to every Santas Casas da Misericórdia |
| 0010 | Deputy Leonardo Picciani (MDB/RJ) | Amendment of Article 15 (I) and (II), and the addition of 8 paragraphs to this Article, aiming to protect the integrity of the sporting system and to preserve the allocation of resources to sports-related institutions |
| 0011 | Deputy Aureo (Solidariedade/RJ) | Addition of sole paragraph to Article 17 and amendment of Article 17 (I) (e) and (II) (d), with the purpose of stimulating affiliated clubs to implement programs against sexual abuse and sexual exploitation of children and adolescents |
| 0012 | Deputy Goulart (PSD/SP) | Amendment of the draft of Articles 15, 16 and 17, maintaining the participation of the Ministry of Sports on the allocation of resources |
| 0013 | Deputy Goulart (PSD/SP) | Amendment the draft of Article 26 (XI) (a) |
| 0014 | Deputy João Derly (REDE/SP) | Suppression of Articles 14 (I) (e) (f), (II) (e) (f), 15 (I) (e) (f) (g), (II) (e) (f) (g), 16 (I) (f) (g) (h), (II) (f) (g) (h), 17 (I) (e) (f) (g) (h) (i), (II) (d) (e) (f), 22, 26 (II) (a), (XI), (XVI), (XVII), with the purpose of blocking the effects of PM 841/2018, regarding allocation of resources for sports sponsoring |
| 0015 | Deputado Edmar Arruda (PSD/PR) | Suppression of Article 26 (X), to safeguard resources allocated to APAE, an institution for disabled people |
| 017 | Deputy Hiran Gonçalves (PP/PR) | Modification of drafting of Article 19, paragraph 1, stating that Articles 14 (II), 15 (II), 16 (II) and 17 (II) would be applied immediately after the beginning of inflow of resources collected from LOTEX into the single account of the National Treasure |
| 0018 | Deputy João Derly (REDE/SP) | Amendment of Article 18, ensuring that LOTEX continue to sponsor sports |
| 0019 | Deputy Hugo Leal (PSD/RJ) | Addition of a new Article 19. It ensures that 2% of the amount destined to NPSF would be allocated to a Fund, which would guarantee the public security agent's consort assistance in case of death or illness during the practice of the profession. |
| 0021 | Deputy Hugo Leal (PSD/RJ) | Suppression of Article 5, sole paragraph (I) |

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| 0024 | Deputy Hugo Leal (PSD/RJ) | Addition of a new Article 5, with the intention of creating NPSF's Advisory Council. |
| 0025 | Deputy Hugo Leal (PSD/RJ) | Addition of Article 20, ensuring that 2% of the percentage destined to NPSF would be allocated to a Fund for indemnity of police officers and penitentiary agents, in case of confirmation of death or illness due to the practice of the profession |
| 0028 | Deputy Heráclito Fortes (DEM/PI) | Addition of Article 25-A, which amends the text of Article 3 of Act n° 12.037/2009 |
| 0030 | Deputy Hugo Leal (PSD/RJ) | Amendment of Article 5, allowing the allocation of resources also to voluntary service programs instituted by police forces (XII) |
| 0032 | Deputy Pedro Fernandes (PTB/MA) | Addition of an article to the said PM, attributing to the Federal Accounts Tribunal the competence to monitor and inspect the application of resources allocated to national sports entities |
| 0037 | Deputy Deley (PTB/RJ) | Suppression of Article 22, applying the percentage of allocation of resources determined before the publication of the PM 841/2018 |
| 0045 | Deputy Luís Carlos Heinze (PP/RS) | Amendment of Article 21, changing Article 14 of Act n° 7291/1984, in a way that entities, sponsoring horse racing by exploitation of betting, could have permission granted by Ministry of Agriculture, Livestock and Food Supply to extract sweepstakes or any other lottery, electronic gaming or sports betting modalities, related or not to horse racing results |
| 0049 | Deputy Jô Moraes (PCdoB/MG) | Addition of an article to PM 841/2018, stating that at least 20% of the amount raised from federal lotteries would be implemented in projects designed for combatting violence against women |
| 0051 | Senator Rudson Leite (PV/PR) | Suppression of Articles 3 (II), 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 25, 26 (I) (II) (III) (IV) (V) (VII) (VIII) (IX) (XI) (XII) (XVI) (XVII) |
| 0056 | Deputy Subtenente Gonzaga (PDT/MG) | Amendment of Article 8, including item (V) (not having overdue nor rejected provision of accounts referring to resources previously transferred by NPSF), as another condition for the allocation and transference of resources under Article 7 |
| 0057 | Deputy Subtenente Gonzaga (PDT/MG) | Addition of Section V and Article 13 to the PM 841/2018, concerning Public Security Plans. |
| 0066 | Deputy Otavio Leite (PSDB/RJ) | Addition of an article, that creates an alternative funding source for Public Security |
| 0067 | Deputy Otavio Leite (PSDB/RJ) | Addition of an article, highlighting the necessity of conformity of state and district lottery regulation with the rules set by the said PM 841/2018. Addition of an article, determining the annual allocation of at least 50% of state and district lotteries' net operating profit of the previous financial year as resources for Public Security. |
| 0074 | Deputy Erika Kokay (PT/DF) | Addition of an article, authorizing "Caixa Econômica Federal" to participate in the concession auction of LOTEX, ruled by Act 13155/2015 |
| 0079 | Senator Lindbergh Farias (PT/RJ) | Addition of a new Article 26, which changes the draft regarding Article 3 (I) of Act 7689/1988 |
| 0082 | Deputy Floriano Pesaro (PSDB/SP) | Addition of an article, which inserts a sole paragraph into Article 3 of Act 8313/1991, with the purpose of not considering NPSF's resources as susceptible to contingency |

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| 0083 | Deputy Floriano Pesaro (PSDB/SP) | Addition of item (VI) to Article 4, including in the FNPS's Management Council representatives of the Ministry of Culture |
| 0087 | Deputy Floriano Pesaro (PSDB/SP) | Amendment of Article 13, paragraphs 2 and 3, providing on the opportunity to channel prizes not claimed by gamblers into the Student Fund |
| 0091 | Deputy Alfredo Kaefer (PP/PR) | Amendment of Article 16, aiming to allocate resources to the National Fund of the Child and Adolescent's Rights and to the National Fund for the Elderly |
| 0093 | Deputy Goulart (PSD/SP) | Addition of an article to Chapter III of the PM 841/2018, establishing the criteria for the allocation of resources collected from lotteries to be created after the entry into force of the said PM |

33. As result of the several amendments proposed for the PM 841/2018 there was legal uncertainty around the payout no proposal for LOTEX. Therefore, none of the interested companies presented offers and the bid for LOTEX, which was supposed to be held this month, has been canceled until further notice.

IV – RIO GRANDE DO SUL - GAMING OPERATIONS UNDER COURT INJUNCTIONS

34. The situation in the State of Rio Grande do Sul, in the south of Brazil remains the same, with several small operations opening and closing every day. This is due to a court decision has stated that gambling is not prohibited in that State, because the prohibition set for the in article 50 of the Misdemeanor Act of 1941 would be unconstitutional. The public attorney has appealed from that decision and now the case is pending judgment by the Federal Supreme Court⁵, where it has been granted “general repercussion” effects, meaning the decision of this case will be binding to all other similar cases in the country.

35. Until this appeal is not judged, the effects of the prior decision from the Rio Grande do Sul court remain in force. As result, many bingo halls are opening in the state, without any regulation. This may create some political pressure on the subject for the regulation, but depending on how these operators behave, it may create the opposite effect.

36. The most recent case involves the gaming parlor named Winfil, with more than 450 slot machines and very aggressive adverting. This venue was open with a court injunction issued by a Federal Judge, that prohibited the police and other public authorities to seize and destroy the slot machines. Despite that decision, a few days after the launch of the betting operation, another judge issued an order and an entire police squad seized all money handlers and the cash from all slot machines. No one was arrested.

⁵ Recurso Extraordinário 966.177 RG/RS

V – CASINO EFFORTS

37. Representatives from Sands and Ceasars have had meetings with the Secretary of Economic Monitoring during the last 30 days. The General Law of Tourism is about to be discussed in the Chamber of Deputies and Deputy Paulo Azi has already stated his intention to present an amendment including the authorization for resort casinos to operate in Brazil.

38. The proposal of the casinos depends on the request of urgency of the Deputy Herculano Passos, which aims to accelerate the processing of Brasil Mais Turismo projects, which encompasses the new General Tourism Law.

VI – COMPARATIVE CHART

| | Bill of Law 442/1991 | Bill of Law 186/2014 |
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| Origin | Chamber of Deputies | Senate |
| Status | Approved by the Special Commission | Draft proposed by the rapporteur, Senator Benedito de Lira was rejected by the Justice and Constitution Commission |
| Next steps | Voting in the Plenary of the Chamber to be scheduled | Voting in the Plenary of the Senate to be scheduled |
| Modalities | <ul style="list-style-type: none"> • Casinos • Bingos • Fixed-odds sports betting • VLTs • Online Gaming • Lotteries • Jogo do Bicho | <p>The law regulates all games of chance ("Jogos de Fortuna"), defined as the games which result depends exclusively or mainly on a future and aleatory event. The law explicitly provides for:</p> <ul style="list-style-type: none"> • Jogo do Bicho • Video-Bingo (Class II machines) and video-jogo (VLTs), both land-based and online • Bingos • Casino resorts • Sports betting and other non-sports related types of betting, both land-based and online • Online casino games |
| Licenses | <ul style="list-style-type: none"> • Casinos: public bid for concession – 30-year term, renewable for equal terms • Bingos: authorization for 20 years, renewable for one equal term | <p>All gaming modalities must be approved by the Federal Government</p> <ul style="list-style-type: none"> • Casinos, sports betting and online games are licensed by the Federal Government; • Bingos are licensed by the States and the Federal District; and |

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| | <ul style="list-style-type: none"> • Jogo do bicho: BRL 5, MM minimum paid-up capital. Unlimited time license. • Lotteries: States may have bids for concession of lottery services with 20-year term. • Online Gaming: not defined. • VLT: BRL 20 MM minimum paid-up capital. Type of license not defined. | <ul style="list-style-type: none"> • Jogo do Bicho and VLTs are licensed by the Municipalities. <p>The procedures and criteria for licensing are to be determined by future regulation.</p> |
| Requirements | <ul style="list-style-type: none"> • Operator must be a company incorporated under the laws of Brazil, with headquarters and management in the country • Technical capacity • Fiscal regularity • Financial and economic integrity • Final individual shareholders must be identified • Shareholders, directors and managers shall not have a criminal record • Gaming incorporations shall not be shareholders, managers or directors | <p>Operator must be organized as a company incorporated under the laws of Brazil, with headquarters and management in the country and prove:</p> <ul style="list-style-type: none"> • Fiscal regularity • Financial integrity • Shareholders, officers and managers cannot have been convicted for crimes nor be an elective officer, spouse or relative. • Public officials and relatives cannot be part of companies operating games of chance in Brazil • All gaming licenses will be granted through a standard contract, followed by a public announcement procedure ad, if applicable, a public procurement process to be determined by the regulation. |
| Casinos | <ul style="list-style-type: none"> • 1 Casino in States with population up to 15 (fifteen) million; 2 Casinos in States with population between 15 (fifteen) and 25 (twenty-five) million; and 3 Casinos in States with population is larger than 25 (twenty five) million. • Only 1 license per State for each economic group and up to 5 licenses in the National territory. • Minimum size and number of rooms requirements based on the population of the State. | <ul style="list-style-type: none"> • The license can be granted upon payment and shall be granted for 30-years from the beginning of the operation. • Casinos shall be located at resorts, with high standard hotel accommodations, areas designed to host meetings and social, cultural and artistical events, bars and restaurants and shopping centers. • The casino shall not occupy more than ten percent (10%) of the resort area. |

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| | <ul style="list-style-type: none"> • Bid for licenses, valid for 30 years, renewable for equal terms. • Slot machines must have a minimum payout of 80%. | <ul style="list-style-type: none"> • The same economic group cannot explore more than three (3) casinos in integrated leisure complexes. |
| Bingos | <ul style="list-style-type: none"> • Allowed at bingo halls, jockey clubs and soccer stadiums. • Minimum size and paid-up capital requirements based on the population of the city. • Only videobingo machines are allowed, with a minimum payout of 80%. Slots are not permitted. • Up to 500 machines per bingo hall and 300 in soccer stadiums and jockey clubs. • Licenses valid for 20 years, renewable for equal terms | <ul style="list-style-type: none"> • Authorized only one bingo hall per 150k inhabitants. In cities with less than 150k inhabitants, only one bingo hall shall be authorized. • Bingo shall only be explored in bingo halls, in a human-contact free procedure, and with a closed TV and sound circuit. • Prizes shall be paid only in cash. • Other than bingo only videobingo machines are allowed at the Bingo hall and the minimum payout shall be 80% of the handle per terminal. • Licenses shall be granted for 20 years' time and can be renewed for the same period. |
| Fixed-odds Sports or non-Sports Betting | <ul style="list-style-type: none"> • Licensing subject to further regulation • Central Server must be in Brazil | <ul style="list-style-type: none"> • Fixed-odds Sports or non-Sports Betting can be operated both land-based or online. • The central server must be located in Brazil • Details subject to further regulation. |
| Jogo do Bicho and VLTs | <ul style="list-style-type: none"> • Minimum paid-up capital of BRL 5MM • License shall be valid for undetermined term • VLTs are named BR1 Machines and can operated by companies with a minimum paid-up capital of BRL 20MM, at small places with 5-10 machines, locates at least 500 meters from bingo halls and 2,000 meters from casinos. | <ul style="list-style-type: none"> • Licenses shall only be granted for entities that prove to have a reserve of funds in guarantee for payment of the obligations and duties arising from the Law. • Licenses shall be valid for 10 years and shall be restricted to the municipal territory. • VLTs are authorized only at the casinos and videobingo at Bingo halls. |
| Lotteries | <ul style="list-style-type: none"> • Only Federal and State-owned lotteries are authorized. | <ul style="list-style-type: none"> • State lotteries ate granted the same rights granted by law to the federal lottery. |

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| Poker | <ul style="list-style-type: none"> Classified as a game of skill. Not subject to the law | <ul style="list-style-type: none"> Classified as a game of skill. Not subject to the law |
| AML | <ul style="list-style-type: none"> All operations over BRL 10k must be identified. | <ul style="list-style-type: none"> All operations must be identified through player's CPF or Passport. All prizes over BRL 10,000.00 must be informed to the Federal Government. |
| Taxation | <ul style="list-style-type: none"> PIS/COFINS social contributions: 3.65% on GGR Ordinary corporate taxes ($\pm 34\%$ of the net profit) | <p>New Gaming Tax – paid monthly:</p> <ul style="list-style-type: none"> 10% on GGR for land-based operations 15% on GGR for online operations <p>Other Taxes:</p> <ul style="list-style-type: none"> PIS/COFINS social contributions: 3.65%. Corporate taxes ($\pm 34\%$ of the net profit) Services Tax (2% - 5% on GGR) |
| Tax on Player's Winnings | <ul style="list-style-type: none"> 15% withholding tax on actual gains at the time of the withdrawal or payment. | <ul style="list-style-type: none"> 15% withholding tax on net prizes at the time of the withdrawal or payment. |
| Responsible Gaming | <ul style="list-style-type: none"> Obligation to create a responsible gaming plan National Registration of Problem Gamblers | <ul style="list-style-type: none"> Educative campaigns to alert the risks of gaming and stimulate support groups. Prohibition of addicted persons registered on a record to gamble. Operators are not allowed to give credits or loans of any kind to players. |
| Regulatory Agency | <ul style="list-style-type: none"> The Federal Government must to enact another law creating the agency | <ul style="list-style-type: none"> Not included. The control, regulation, and inspection will be performed by a department/organ/secretary of the Federal, State and Municipal Governments, to be defined by the regulation. |