

BETINFO GAMES & BETTING IN BRAZIL

FOREIGN COMPANIES - AUTHORIZATION AND FORMS OF OPERATION

Foreign companies are authorized to operate Fixed Odds and Online Gaming and Betting activities under the terms of Law 14.790/2023 upon payment of a fee of up to R\$30,000,000.00, in addition to complying with the following requirements:

REGULATORY FRAMEWORK

Requirements:

- Meet the requirements of the regulations issued by the Ministry of Finance;
- Proven knowledge and experience in gaming, betting or lotteries by at least one of the members of the control group;
- Customer service structure and operation for punters and the ombudsman component of the operating agent;
- Technical and cyber security requirements;
- Integration or association of the operating agent with domestic or international sports integrity monitoring bodies;
- Compliance: adopting security and integrity mechanisms when running the fixed-odds lottery.

CORPORATE FRAMEWORK

Requirements:

- Set up a company to operate the activities regulated by the Law in accordance with Brazilian legislation;
- maintain head office and management in the national territory
- meet the minimum share capital amount and method of capital contribution;
- meet the requirements for holding and exercising management positions in the legal entities concerned;
- appoint a company officer responsible for liaising with the Ministry of Finance
- appoint a company officer responsible for customer service and the ombudsman's office;
- have a Brazilian national as a member holding at least 20% (twenty percent) of the legal entity's share capital.

Activities can be locally delimited by Brazilian states in accordance with each state's legislation.

REGULATION - AFFILIATED ACTIVITIES

Any environment involving gaming and betting must comply with the legislation on gaming and betting, including advertising, accounting controls, compliance, etc.

AUTHORIZED ACTIVITIES IN BRAZIL

FIXED ODDS

Definition: multiplication factor of the wager that defines the amount to be received by the punter, in the event of a win, for each unit of national currency wagered;

ONLINE GAMING

Definition: electronic medium that enables virtual betting on a game in which the result is determined by the outcome of a random future event, based on a random generator of numbers, symbols, figures or objects defined in the rules system;



Sports betting (fixed odds), casinos online games and other products are only considered lawful if they fall within the concepts and other conditions set forth by Law 14.790/2023 and applicable regulations.

POINTS SUBJECT TO REGULATION

FIXED ODDS

The application of Law 14.790/2023 on Fixed Odds Games and Online Games depends on regulations issued by the Ministry of Economy.

After the publication of the regulations, sports betting companies have **180 days** to submit their license applications and adhere to the new regulations.

REQUIREMENTS AND CONDITIONS FOR OBTAINING A LICENSE TO OPERATE IN BRAZIL**FEDERAL AND STATE LICENSES**

To obtain a license at federal level, one must **wait for the Ministry of the Economy to issue specific rules** for the development of activities in Brazil, which is expected to occur shortly.

For a state license, the law of the respective state must be observed, and a **license can already be obtained in the state of Rio de Janeiro. Paraná and Maranhão should be the next states to allow licensing.**

ACTIVITIES NOT REGULATED BY LAW

Physical casinos and gambling and bets that do not set the prize at the time of the bet and are not related to real sports-themed events or virtual online gaming events.

ONLINE LOTTERIES

Lottery activities in Brazil are operated by the Federal Government and the states, which **can grant licenses to operate lottery games.**

The introduction or sale of **foreign lottery tickets or raffle tickets**, as well as the sale of state lottery tickets, outside the jurisdiction of the governments that have granted them, **is prohibited in national territory.**

ADVERTISING OF REGULATED ACTIVITIES

As it involves advertising services and products that are restricted and unsuitable for certain audiences, advertisements for betting, **games and online casinos must be structured in a socially responsible manner**, without departing from the purpose of demonstrating and publicizing brands and characteristics. No text, image, or slogan may directly or indirectly pressure people to gamble, nor should it encourage exaggeration, excessive repetition, or irresponsible gambling.

Advertisements for online bets **must pay special attention to the need for protecting children, adolescents, and other vulnerable people.**

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TAXATION OF REGULATED ACTIVITIES

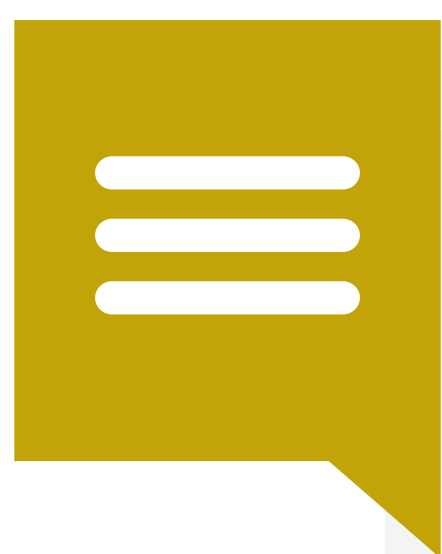
OPERATOR

Of the total amount collected by the companies that will be licensed, the legislation provides for a rate of 12% (twelve percent), on the so-called GGR (Gross Gaming Revenue), which is the revenue obtained by the companies, minus the prizes paid to the players.

This 12 % (twelve percent) tax will be added to the other amounts due under federal, state and local legislation, to be observed according to the activity.

GAMBLER

Net winnings from fixed-odds lottery bets will be subject to Personal Income Tax (IRPF) at 15% (fifteen percent).



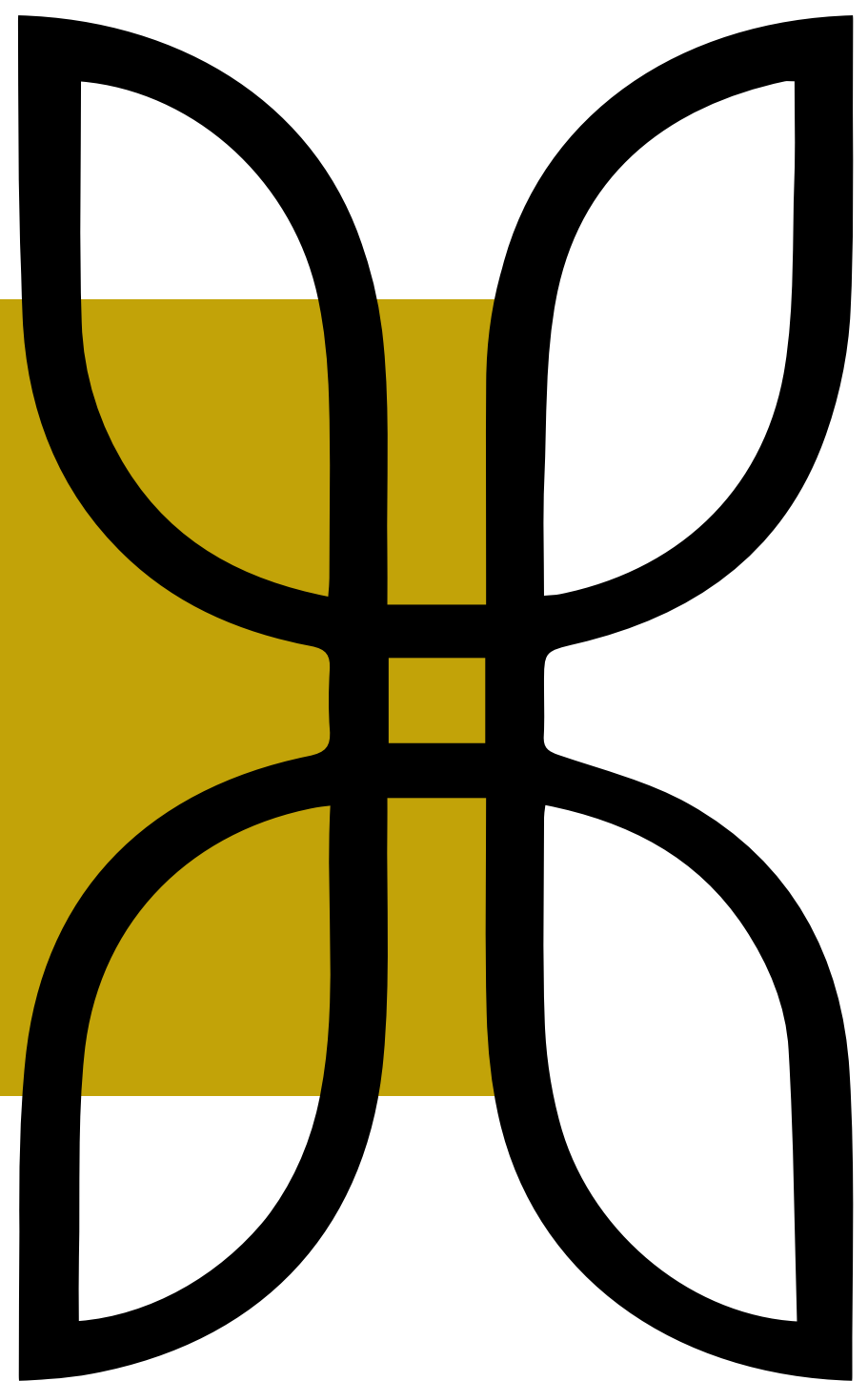
PLEASE NOTE

ONLY UPON ISSUANCE OF THE REMAINING REGULATIONS WILL THERE BE A FULLY REGULATED ENVIRONMENT IN BRAZIL. THEREFORE, EACH ACTIVITY MUST BE SCRUTINIZED UNDER NATIONAL LEGISLATION IN ORDER TO VERIFY ITS LEGALITY AND THE POSSIBILITY OF OBTAINING A LICENSE.

WHO WE ARE

MANUCCI ADVOGADOS

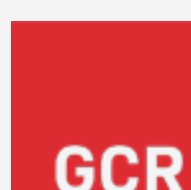
Manucci Advogados is a full-service global law firm with experience in advising foreign clients and investment activities in Brazil.



FIRON LAW FIRM

Firon Law Firm is one of the leading and most respected law firms in Israel. The firm is proud to be one of Israel's most globally active law firms in a variety of sectors and markets, alongside overseas branches, and partnerships.

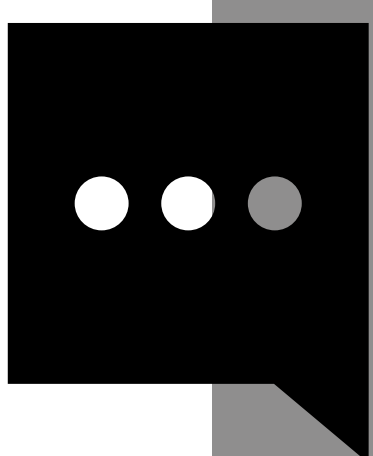
The firm has solidified its position as a key player in the internet, gaming, and e-commerce sectors, receiving recognition on an international scale. Its specialization in gaming is underscored by its representation of renowned online businesses, software and gaming developers, as well as providers for regulated online gambling sites and operating platforms for casual gaming. Additionally, the firm's expertise extends to advising digital marketing companies, payment processing entities, and more. Today, the firm stands as a leader in these sectors, particularly in Gaming and E-commerce, boasting ongoing representation of major online businesses, software developers, and providers for regulated online gambling sites. Their extensive experience also encompasses advising digital marketing companies, payment processing entities, and other related entities.



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TALK
TO US