

## INSIGHT

### AMENDMENT TO MACAU'S GAMING LAW AND TENDER REGULATION

July 11, 2022

The bill amending Law 16/2001 (the Gaming Law) has been approved on June 21 by Macau's Legislative Assembly, with the favorable votes of all legislators but one. Except for provisions governing gaming promoters, their agents and casino management companies, all the amendments introduced by Law 07/2022 (the Amendment to the Gaming Law) have entered into force on June 23. Following the enactment of the Amendment to the Macau Gaming Law, the Chief Executive (the CE) has approved Administrative Regulation 28/2022 which sets the rules governing the public tender for the award of casino concession contracts. Reg 28/22 has entered into force on July 6 and amends Reg 26/2001 (the original public tender regulation). On this client note, we summarize and explain some of the key changes brought by the Amendment to the Gaming Law and by Reg 28/2022, its implications to the different industry stakeholders, as well as the expected next steps.

#### **A) Background**

On **September 14, 2021**, the Macau Government officially started the process of reviewing and proposing amendments to the Gaming Law. Since its introduction on the 24 of September 2001, the Gaming Law set out the framework for awarding casino concession contracts in the post-monopoly era.

The first phase of the amendment process was a public consultation that ran until **October 29, 2021**. During that period, private citizens and industry stakeholders had the opportunity to submit their views and opinions regarding the proposed areas of amendment to the Gaming Law. These were outlined in a consultation report published by the government.

On **January 14, 2022**, the government submitted to the Macau Legislative Assembly an amendment bill, which was approved in first reading on January 24. Following this approval, the bill was assigned

to the Second Standing Committee of the Assembly (the Second Committee), for itemized discussion and opinion. As expected, such significant legislation was the subject of extensive debate, not only within the Assembly but across the industry and society at large.

On **June 15, 2022**, following extensive working group discussions, a new version of the proposed amendment bill was re-submitted by the Government, taking into consideration some of the suggestions and comments of the Second Committee. The new draft amendment bill was subject to a favorable opinion of the Second Committee and returned to the plenum of the Legislative Assembly for an itemized final vote. Finally, on **June 21, 2022**, the amendment bill was passed, becoming Law 7/2022 and amending the Gaming Law. The Amendment to the Gaming Law was published in the official gazette on June 22 and entered in force the following day.

On **June 23, 2022**, the CE's decree no. 103/2022, approving the extension of the casino concessions, was published in the official gazette and became effective on June 24.

On the same date, the amendments to the existing concession (and sub-concession) contracts were signed, effectively extending the existing concessions and sub-concessions until December 31, 2022 from their previous term, which were due to end on June 26. The amendments to the concession contracts were published in the official gazette on June 24, 2022.

**On July 1**, the CE has approved Administrative Regulation 28/2022 which sets the rules governing the public tender for the award of casino concession contracts. Reg 28/2022 has entered into force **on July 6** and amends Reg 26/2001 (the original public tender regulation).

## ***B) Policy Goals***

The Amendment to the Gaming Law introduces significant changes to the policy goals for the gaming industry, as defined under the original Gaming Law. These changes reflect, in our view, the different scale and maturity of the industry when compared to 2001 (when the original law was approved), as well as the development of Macau's economy and society in the twenty years that have passed since

then. At the same time, the new policy goals also reflect the concerns expressed at national level with matters such as national security and illegal cross-border capital flows.

The first policy goal listed in the Amendment to the Gaming Law is the safeguard of national security and the security of the Macau SAR. It prescribes that the operation of casino gaming may only take place in the assumption that national security is preserved. The most significant consequence of this policy materializes in the ability of the CE to terminate a concession contract on grounds of threat to the national security.

The Opinion of the Second Commission on the Amendment to the Gaming Law sheds some light to the scope and extent of such policy. Firstly, it clarifies that the concept of national security today goes far beyond territorial and military security. In fact, the Opinion of the Second Commission, points towards a holistic approach to national security, one that encompasses, amongst others, economic, technological, cyber, and financial security. Secondly, and for these reasons, it is also the opinion of the Second Commission that this policy goal cannot be achieved by simply deferring to the behaviors criminalized as a threat to national security by Law 2/2009 (the National Security Law).

Closely related to the safeguard of national security is the new policy goal of harmonization of the operations of casino gaming with the policies and mechanisms of the Macau SAR to prevent illegal cross-border flow of capitals and anti-money laundering. This goal directly addresses the concerns, expressed at National level, with the illegal cross-border flow of funds for gaming (estimated at USD 150 billion a year) and the raise of such concerns to a level of national security. This change in central policy led, in the past two years, to a concerted crackdown in cross-border gaming as well as to the amendment of China's Penal Code, in particularly of its section 303, which now criminalizes the promotion of overseas gambling in China. In the words of the Second Gaming Commission, with such changes "the VIP rooms will hardly be able to continue their current business model".

Significantly, the key economic policy goal of the original Gaming Law – to use gaming as an engine for the development of tourism, of economic growth and social stability (i.e., employment) – has been replaced by the use of gaming to promote an adequate economic diversification and to

promote the sustainable economic development of Macau. This subtle, but important difference regarding the broader economic role of the gaming industry, ties in with another new policy goal introduced by the Amendment to the Gaming Law: the regulation of the size of the gaming industry.

This policy goal materializes in a series of new provisions in the Amendment to the Gaming Law aimed at limiting the size of the industry: prohibition of sub concessions, reduction of the contract terms in ten years, cap on the number of tables and slots, only one concessionaire per junket, reinforcement of suitability checks, phase out of the satellite casinos, no revenue share with third parties, etc.

### **C) Key Amendments**

#### **1 Concession Contracts and Concessionaires**

- 1.1 Number of Contracts – the maximum number of casino concessions to be granted by the Government increased from three to six, but no sub-concessions are allowed. In practice, the maximum number remains aligned with the existing number of operators (three concessionaires and three sub concessionaires).

The specific number of concession contracts to be granted will be determined by the Chief Executive (CE) in the opening of the public tender by which future casino concessionaires will be selected.

- 1.2 Term of the Contracts – the maximum term of a concession contract is reduced to 10 years (from 20 years) with a possible exceptional extension for an additional 3 years (from the 5-year extension currently allowed). The specific term will be agreed upon in the concession contracts.
- 1.3 Share Capital – casino concessionaires will be required to have a minimum issued share capital of MOP5 billion (or approx. USD625 million) which must be fully paid up in cash and may only be utilized upon the beginning of operations under a new concession contract (to be granted). The

net asset value of a concessionaire must not fall below the prescribed minimum share capital throughout the term of the concession.

- 1.4 Managing Director – the minimum share capital mandatorily held by the managing director has been increased to 15% (from 10%). As in the original Macau Gaming Law, the managing director must be a permanent resident of Macau.
- 1.5 Scope of Business – a casino concessionaire is no longer required to have as exclusive scope of business the operation of casino games of chance. However, the pursuit of other types of commercial activities must be approved by the Secretary of Economy and Finance (SEF).
- 1.6 Public Listing – a casino concessionaire, and the subsidiaries which are controlled by a casino concessionaire, may not be publicly listed. This prohibition does not apply to the shareholders of casino concessionaires but the latter must inform DICJ if any of its shareholders holding 5% or more of its share capital is, or becomes, publicly listed.
- 1.7 Other Obligations: The Amendment to the Gaming Law introduces other new obligations to casino concessionaires, such as the obligation to: (i) undergo a contract performance review every three years; (ii) notify the CE in advance of any material financial commitments in excess of a threshold to be defined by contract; (iii) notify DICJ in case one of its Qualified Shareholders is, or will be, operating casino games of chance in another jurisdiction.

## **2 Tax and other Financial Commitments**

- 2.1 Tax Rate – the special gaming tax rate (levied over casino gross gaming revenue) remains unchanged at 35%. However, the mandatory contributions under the original Gaming Law of (i) up to 3% (to a public fund aimed at promoting, amongst others, cultural, scientific and social development) and of (ii) up to 2% (to urban and touristic development and to Macau’s social security fund) are set by the amended law at the top of the range, i.e. of 3% and 2% respectively. This amendment effectively raises the total tax rate in 1%, from 39% to 40% (special gaming tax

+ mandatory contributions). Gaming concessionaires remain subject to other taxes, including Complementary Income Tax (“Profits Tax”). However, the CE has the prerogative, based on public interest and on a temporary and exceptional basis, to exempt, totally or partially, the concessionaires from payment of Profits Tax. In the past 20 years, the casino concessionaires have been fully exempted from the payment of such tax.

- 2.2 Tax Incentives – the amended law introduces the possibility of reducing, or even exempting, the mandatory contributions of the casino concessionaires (3% + 2%) for reasons of public interest, including for the purposes of incentivizing the concessionaires to expand their client base to markets other than Greater China. This incentive, which must be granted by the Chief Executive, is the materialization in law of a recent policy direction to reduce the dependency on the Chinese market. The details on how operators can qualify for the incentive or how it will work are left for further regulation.
- 2.3 Special Premium – in addition to the annual premium payable by a casino concessionaire, the amended law introduces a special premium, based on a minimum annual revenue per each gaming table and each slot machine, to be determined by decree of the Chief Executive. The special premium is payable if the average annual gross revenue of a concessionaire per gaming table and per slot machine (calculated based on its maximum number of authorized tables and slots) falls below the minimum annual revenue determined by the CE. The amount of the special premium is the difference between the two figures. Effectively, this amendment establishes a minimum annual consideration due by each concessionaire.

### **3 Casino Ownership, Scope, and Reversion**

- 3.1 Ownership – The Amendment to the Gaming law determines that all casinos must be located in properties owned by casino concessionaires. This rule is a departure from the original gaming law, whereby casinos could be located in properties owned by third parties, subject to government approval.

There are two significant exceptions to this rule:

- (i) One refers to casinos located in properties owned by the government itself and which may be assigned to the concessionaires under their concession contracts. This may include the properties that will revert to the Macau SAR upon expiry of the current gaming concessions which could, under the new concessions, be temporarily transferred to the concessionaires during the new concession term.
- (ii) The other refers to third party properties that are currently operated by the concessionaires or by a third party under a management agreement, which are not required to revert at the end of the existing concessions. These properties may continue to be operated in the current form for a period of 3 years, subject to Government approval. Following such 3-year period, these properties may continue to be operated under a (new) management agreement executed with a management company and they will not be required to revert to the Government upon expiry of the new concessions, unless otherwise agreed with the concessionaires and their owners.

3.2 Scope – The scope of a casino is defined by the amended law and must include the following areas: (i) gaming floor; (ii) cage; (iii) entries, exit and control and surveillance areas; (iv) area for deposit and storage of gaming chips and cash; (v) counting room and (vi) an area for logistics, to be defined in the concession contracts.

The definition of the scope of a casino is very relevant as it determines and limits the area that must be owned by a concessionaire and, consequently, the area that will be subject to reversion to the government at the term of the concession contracts.

Significantly, all other non-gaming areas of the property are not required to be owned by the concessionaire. However, the respective owners must assure the free circulation of people within the property (i.e. in and out of the casino) and the supply of utilities and the operation of

ancillary services facilities and amenities, such as communication and surveillance networks, staff areas, air conditioning, etc.

- 3.3 Reversion – the reversion mechanism is slightly altered by the Amendment to the Gaming Law. Under the original Gaming Law, only the casinos temporarily transferred by the government to the concessionaire were required to be reverted by operation of law, whereas any other casinos would only revert if so agreed by contract. Pursuant to the Amendment to the Gaming Law, all casinos owned by a concessionaire must revert to the government at the term of the concession contract. The reversion mechanism operates for no consideration, i.e. the casinos revert without payment of any compensation, except when the government decides to recover the operation of the concession, pursuant to article 46, or rescind the concession on grounds of public interest, under article 47-A.

As referred above, casinos located in third parties properties that are currently operated (and remain in operation) by the concessionaires or by a third party under a management agreement and which are not required to revert at the end of the existing concession pursuant to the existing concession contracts, may, subject to certain requirements, continue to be operate without being owned by the concessionaire and, as result, will not be required to revert, unless otherwise agreed with the concessionaires and their owners.

#### **4 Gaming Tables, Electronic Gaming Machines (EGMs) and Chips**

- 4.1 Number of Tables and EGMs – The maximum number of gaming tables and EGMs operating in the market at any given time will be determined by the CE. The number of gaming tables and EGMs allowed in each casino will be subject to approval of the SEF. Such approval must take into consideration several factors, which include the level of investment realization of each concessionaire, including in non-gaming amenities.



The SEF may reduce the number of gaming tables and/or EGMs of a particular concessionaire if the latter (i) does not reach the minimum annual GGR, as determined by the CE, in two consecutive years, or (ii) does not fully utilize the authorized number of gaming tables and/or EGMs.

- 4.2 Gaming Chips – The purchase of gaming chips must also be authorized by the DICJ. The issuance and circulation of gaming chips will be subject to authorization by the SEF, which may set a cap to the total number of chips in circulation. Significantly, a casino concessionaire must hold an equivalent amount in cash or credit titles to guarantee the redemption of all chips in circulation.

## 5 Controlling<sup>1</sup> and Qualified Shareholders<sup>2</sup>

- 5.1 Performance Guarantees – A Controlling Shareholder may be required by the SEF to guarantee the obligations and undertakings of the concessionaire. In the event a concessionaire does not have a Controlling Shareholder, such guarantees may be required from any, some or all Qualified Shareholders.
- 5.2 Limitations to Cross-Shareholdings – a Qualified Shareholder (and a concessionaire itself) is prohibited from directly acquiring shares in another concessionaire (in the original Gaming Law the cap for permitted direct acquisitions was of 5%) and to indirectly hold 5% or more.
- 5.3 Liability for Outstanding Chips – an individual or entity that is a Qualified Shareholder at the term or termination of a concession contract will be jointly liable with the concessionaire for the payment of outstanding gaming chips.

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<sup>1</sup> A Controlling Shareholder is defined under Macau law as an entity or individual that, by itself or jointly with other entities of which it is also a controlling shareholder, or with other shareholders whom it has entered into a shareholders' agreement, holds, in respect of a company, the majority of its share capital, more than half of its voting rights or the power to elect the majority of the members of its board.

<sup>2</sup> For the purposes of this Client Note, a Qualified Shareholder is a shareholder holding 5% or more of the share capital of a casino concessionaire.

- 5.4 Liability for Payment of Fines – a Qualified Shareholder is jointly liable with the concessionaire for the payment of regulatory fines applied to the concessionaire in connection with its casino operations.

## **6 Gaming Promoters (“Junkets”)**

- 6.1 Exclusivity – in a significant departure from the original Gaming Law, gaming promoters may only be engaged by one casino concessionaire only, i.e. they cannot provide gaming promotion services to more than one concessionaire.
- 6.2 Commission – in another significant departure from a long-standing market practice under the original Gaming Law, gaming promoters and casino concessionaires may no longer enter revenue share arrangements. Pursuant to the Amendment to the Gaming Law, a gaming promoter may only be paid consideration in the form of a commission<sup>3</sup> (levied over net rolling). Payment of commissions shall be subject to a 5% tax, to be withheld by the concessionaire. The CE may, based on public interest, partially exempt the gaming promoter’s tax up to 40% of the tax rate due (i.e. up to 2%), for a period up to five years.
- 6.3 Tax Treatment of Comps – under the original Gaming Law, gaming promoters could be exempted from paying tax over consideration received from the casino operators in the form of accommodation, transportation, food and beverage, entertainment, etc. The Amendment to the Gaming law has revoked the provision allowing this exemption, effectively treating comps as taxable income of the gaming promoters.
- 6.4 Supervision – the Amendment to the Gaming Law determines and details the supervision and control obligations of concessionaires over the gaming promoters. These include, amongst others, the obligation to adopt preventive measures of illegal junket activities and the obligations to disclose any facts that may affect the solvency of a gaming promoter.

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<sup>3</sup> Commissions payable to Gaming Promoters are currently capped at 1.25% of net rolling as per dispatch of the SEF number 83/2009.

6.5 “Junket Law” – another bill (colloquially known as the Junket Law) is currently under discussion in the Legislative Assembly. The Junket law will further regulate the licensing, operation and supervision of gaming promoters and their agents, as well as their relations with the casino concessionaires.

## **7 Management Companies and “Satellite Casinos”**

7.1 Definition – the Amendment to the Gaming Law introduces the term “Management Company”, which is defined as a company for the management a concessionaire’s casino(s) pursuant to a management agreement.

Although the concept of management company was already present in the original Gaming Law, it was used to refer to a company with management powers over the concessionaire’s entity rather than over one or more casino properties. To the best of our knowledge, none such entity was ever formed or operated.

7.2 “Satellite Casinos” – the expression is commonly used in the Macau gaming industry but has no legal definition and, therefore, its precise meaning is often not clear. We are of the view that the term applies to casinos that are operated by a third party under a contract with a concessionaire, the terms and conditions of which vary significantly from case to case. The legal nature of these agreements is not always clear. Some could potentially qualify as a transfer or assignment of the right to operate a casino from a concessionaire to a third party, which was subject to government approval, whereas others could potentially qualify as management agreements.

The Amendment to the Gaming Law brings some clarity into this topic, as:

- a) On one hand, it absolutely prohibits any form of transfer or assignment (partial or in full) of the concessionaires’ rights to operate casinos or of any of the concessionaire’s rights and obligations in respect of casino gaming.

- b) On the other hand, it allows for management companies to be formed with the purpose of managing specific casinos on behalf of its owners, the concessionaires.

7.3 Casino Ownership and Revenue Share – the satellite model was anchored on two commercial assumptions permitted under the original Gaming Law: (i) the ownership of a casino property by a third party (the satellite) that managed such casino pursuant to an agreement with a concessionaire; and (ii) the sharing of the gaming revenue by the concessionaire with the owner/manager of the satellite casino.

The first assumption has been substantially limited by the Amendment to the Gaming Law, as explained in section 3.1 of this client note. The second assumption has been effectively removed, by the prohibition of sharing of gaming revenues with third parties.

Effectively, pursuant to the Amendment to the Gaming Law, what currently known as “satellite operators” will be forced to change the way they do business, and restructure their contractual relationships with the concessionaires, in order to continue to operate as licensed management companies.

7.4 Transition Period – However, after an intense debate within the Legislative Assembly and between the Assembly and the Government, a transition period of three years was prescribed in the Amendment to the Gaming Law. During such transition period, the existing arrangements between the concessionaires that are granted a new concession contract and the owners of the third-party properties (which are not required to revert upon expiry of the concessions) may continue for a period of 3 years, subject to approval of the CE. In that period, the commercial terms of the existing contracts, including the sharing of gaming revenue, will be permitted to continue.

At the end of the transition period, a concessionaire may only operate in such third-party properties under an agreement with a licensed management company and pursuant to the rules applicable to such companies. The sharing of gaming revenue will no longer be permitted and

the consideration for the services provided by the management company must be paid in the form of a management fee with no correlation with casino revenues.

- 7.5 “Junket Law” – the licensing, operation and supervision of casino management companies, as well as their relations with the casino concessionaires will also be further regulated by the Junket Law.

## **8 Corporate Social Responsibility and Responsible Gaming**

- 8.1 Corporate Social Responsibility – the Amendment to the Gaming Law introduces a set of corporate social responsibility obligations for the concessionaires, including, amongst others, (i) to support local SMEs, (ii) to support the diversification of local industries; (iii) to guarantee labor rights, including labor credits, and (iv) to provide training and promotion opportunities to local employees.
- 8.2 Promotion of Gaming – concessionaires are only allowed to promote gaming related activities in Macau within its casinos. Outside of Macau, the concessionaires must comply with local law governing the promotion of gaming.
- 8.3 Responsible Gaming Program – a responsible gaming program has long been put in place by the Government, in which the concessionaires have voluntarily participated. The Amendment to the Gaming Law has now made mandatory that casino concessionaires develop their own responsible gaming program as well as that they periodically revise it and improve it. The responsible gaming program must include, amongst others, measures to promote responsible gaming behavior, to assure compliance with exclusion measures, to set up a working group to provide support to problem gamblers and to promote training and support to employees.

## 9 Transitional provisions

9.1 Entry into force – the Amendment to the Gaming Law has become effective on June 25, 2022. However, several legal provisions will be subject to exceptional and/or transitional arrangements, as follows.

9.2 Concessionaires – the Amendment to the Gaming Law will not apply to the provisions of the existing concession contracts, which will remain subject to the provisions of the original Gaming Law until the term of the existing contracts. This includes the provisions in respect of minimum share capital and managing director requisites.

Although the law does not expressly refer it, we are of the view that this exception extends to the sub-concession agreements as well. The Amendment to the Gaming Law will, however, apply to the existing concessionaires and sub-concessionaires in two circumstances:

- (i) to matters which are not governed by the provisions of the concession contracts;
- (ii) in relation to the scope of reversion of the casinos, which will be defined and will operate under the provisions of the Amendment to the Gaming Law.

9.3 “Satellite” Casinos – a transition period is allowed for the continuation of the existing form of operation of “Satellite Casinos” for a period of 3 years from the date on which the new concession contracts become effective and an exceptional regime will apply to those casinos thereafter. Please refer to section 7.3. of this client note.

9.4 Types of games of chance – the types of games of chance that can be operated in the casinos as defined in the original Gaming Law will remain authorized, until a new order is issued by the SEF (re)defining the types of games of chance that be operated in the casinos.

9.5 Gaming promoters and management entities – the provisions of the new law applicable to gaming promoters, their collaborators and to the management entities, will only apply from the commencement of the new concession contracts.

## 10 Regulation 28/2022

10.1 Scope – Reg 28/22 governs the public tender to award casino concession contracts, the requisites and formalities of the contracts to be awarded and the suitability and financial soundness requirements of the bidders, the concessionaires and other relevant entities and individuals. Reg 28/22 amends Reg 26/2001, which governed the original public tender launched in 2001.

10.2 Types of Tenders – Similarly to what was determined by Reg 26/2002, there are two alternative types of public tender that the Macau government may launch: (i) open public tender; (ii) restricted public tender (with pre-qualification):

- (i) In an open public tender, any entity may bid, provided it complies with the requirements set out in the Macau Gaming Law and in the tender opening dispatch issued by CE. A bid is eligible provided it is formally valid and all eligible bidders will be invited to discuss their proposals with the Government.
- (ii) In a restricted public tender, only an entity that fulfills certain pre-determined criteria may qualify to bid. Only the selected applicants will be invited to discuss their proposal with the Government. The CE may extend invitations for specific entities to submit an application for qualification and must admit at least two more selected applicants than the number of concessions to be awarded.

10.3 Process – an open public tender will have the following key phases:

- (i) Appointment of the Tender Commission and opening of the Public Tender
- (ii) Consultation of the Tender Program and submission of requests for clarifications

- (iii) Submission of Proposals
- (iv) Opening of Proposals and decision on admission of bidders and of proposals
- (v) Consultation/Negotiation of Proposals
- (vi) Comments to Concession Contract Draft
- (vii) Provisional Award
- (viii) Final Award
- (ix) Execution of the Concession Contract(s)

In a restricted public tender, the process will differ in that before the submission of proposals (Phase iii) there will be an application for pre-qualification. In this phase, the Tender Commission will determine if a bidder is qualified according to the criteria defined. Only qualified bidders will be allowed to submit proposals and move to the next phases.

- 10.4 Tender Commission – Although the award of the casino concessions is given by the CE, the public tender process is led by a commission appointed by the CE and formed by at least three members. The Tender Commission will have the power to review and decide in all matters in respect of the public tender until the execution of the concession contracts, with exception of the provisional and final awards of the concessions. Significantly, it will issue the report based on which the CE will grant the concessions.
- 10.5 Proposal – a proposal submitted by a bidder must include, amongst others, the following elements: (i) experience in operating casino games of chance; (ii) a plan to expand the client base in foreign markets; (iii) gaming and non-gaming investment plans; (iv) management plans in respect of the casinos currently being operated in Macau; (v) proposal on supervision and prevention of illegal activities in the casinos; (vi) corporate social responsibility plan, etc.
- 10.6 Award Criteria – the proposal elements described above (together with the proposed variable premium amount) will be the key criteria to be considered in selecting the bidders and awarding the concessions.



- 10.7 Opening of the Tender – the opening of the tender, which is formally made by dispatch of the CE, is a key phase of the tender process. Amongst others, it will determine: (i) the type of tender to be adopted; (ii) the tender program; (iii) the tender phases and respective timelines; (iv) the bidders’ admission requirements; (v) the amount and form of the tender bond; (vi) the duration of the concessions to be awarded; (vii) the bidder’s selection criteria, etc.
- 10.8 Suitability Check – Reg 28/22 introduces the following key changes to the suitability criteria and verification process of relevant entities and individuals:
- a) the suitability verification process is extended to the employees of a concessionaire, to Qualified Shareholders, as well as to the entities that cooperate with a concessionaire or by any form directly or indirectly participate in the gaming operations.
  - b) the monetary minimum threshold for a non-shareholder entity to be qualified as “closely associated to a bidder or concessionaire” is increased to MOP1 billion (from MOP 500 million in Reg 26/2001).
  - c) the following criteria were added as relevant to assess the suitability of an applicable entity or individual: (i) if the way that it normally conducts business or the nature of its business activities indicates an increased risk profile; (ii) its economic and financial soundness; (iii) if there are reasonable suspects in respect of the legality of the source of funds or in respect of the true identity of the owner of the funds to be used in the gaming activities; (iv) if there is evidence of inadequate transactions with criminal organizations; (v) if it has been charged with, or convicted of, committing a crime with a prison sentence of three years or more.

**D) Next Steps**

Following the approval of the Amendment to the Macau Gaming Law and the extension of the existing concession contracts until December 31, the government will launch a public tender to award new concession contracts, which are deemed to start on January 1, 2023.

The first step in that direction was the issuance and publication of Reg 28/22, an amendment to the tender regulation. Following such publication, the Chief Executive will form a tender commission and officially open the public tender. The tender process is expected to run until the end of the third quarter and the concession contracts negotiated with the awarded bidders and executed on or before the end of 2022.



**RUI PINTO PROENÇA**

Managing Partner

[contact](#)



**RUI FILIPE OLIVEIRA**

Partner

[contact](#)



**Carlos Eduardo Coelho**

Senior Associate

[contact](#)

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